



Village of Palmetto Bay

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2020

VILLAGE OF PALMETTO BAY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared by

The Village of Palmetto Bay Finance Department

VILLAGE OF PALMETTO BAY, FLORIDA

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INTRODUCTORY SECTION



April 28, 2021

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 of Palmetto Bay (the Village) 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 (Annual Report) of the Village of Palmetto Bay for the fiscal year ended September 30, 2020.

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 Marcum LLP, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the Village's financial statements for the fiscal year ended September 30, 2020, 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 unmodified opinions that the Village of Palmetto Bay's financial statements for the fiscal year ended September 30, 2020 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 US 1 corridor.

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

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

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

The annual budget serves as the foundation for the Village of Palmetto Bay's financial planning and control. All departments of the Village are required to submit proposed budgets to the Village Manager, who then makes any necessary revisions. The Village Manager then presents to the Village Council for their review, a budget estimate of the revenues and expenditures of all the Village's departments. Two public hearings are conducted, to inform the taxpayers of the proposed budget and to receive their comments. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1 by the passage of an ordinance. The Village's budget is approved at the fund level. The Village Manager may amend the adopted budget for adjustments between departments administratively in the General Fund, but the Village Council must approve all budget adjustments between other 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 2020 of \$292,647, which is a 0.5% decrease from prior year. The average County residential taxable value is \$230,847. Total property values for the Village increased by 4.2%. 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 Downtown Palmetto Bay Zoning District. The mixed-use district includes commercial, office and residential uses. In 2014, Miami-Dade County completed a water and sewer infrastructure expansion project along the U.S. 1 corridor which sets the necessary infrastructure to attract development to the area. In 2018, the Village Council approved the new Downtown Code. The new Downtown Code considers the desired Village Scale development of the residents, considers the market trends of development while allowing a well-planned approach to mixed use environments. In summary the new code will allow up to 5-story mixed-use buildings within the Island Sector in the Downtown District and a step-down approach in height and scale towards the residential areas of the Village. The first building part of the redevelopment efforts was completed in 2019 with 271 apartments and retail at ground floor. It is within the Main Street Sector and sits along the Village's Main street, Franjo Road. In 2020 the second development was completed with 210 apartments along US1, the main thoroughfare. Currently another apartment complex is being built next to the Village's largest park and it is expected to be completed early 2022. Project commencement for a car dealership, an assisted living facility and several restaurants have initiated the building permitting process and will be completed by 2023. The project list pipeline contains 7 projects which will be going in front of Council for approval during 2021. The projections for redevelopment are attractive and will continue to rise due to the large opportunity zone the Village's Downtown District encompasses.

The \$10.8 million Downtown Main street project that was started in 2017 was delayed due to COVID-19 but is slated to be finished in 2021. As mentioned, one project has been completed on Main street and a second has submitted plans. Hopefully with the full completion of Main street it will become the "Complete Street" that it was envisioned to be, within a live, walk, play and entertainment area.

Financial Policies

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

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

Pension Benefits

The Village of Palmetto Bay maintains a defined contribution pension plan with the International City Managers' Association, Retirement Corporation (ICMA RC) for its full-time employees, created in accordance with Internal Revenue Code Section 401(a). The Village automatically contributes 6% for all full-time employees. In addition, each employee is allowed to contribute up to 6% of their compensation 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 Annual Report for the fiscal year ended September 30, 2019. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

The preparation of the Annual Report 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 Marcum LLP, our independent auditors.

Sincerely,



Nicholas Marano, Village Manager



Desmond Chin, Finance Director

VILLAGE OF PALMETTO BAY, FLORIDA

ELECTED AND APPOINTED OFFICIALS

VILLAGE COUNCIL

Mayor	Karyn Cunningham
Vice Mayor	Leanne Tellam
Council Member	Patrick Fiore
Council Member	Steve Cody
Council Member	Marsha Matson

VILLAGE MANAGER

Nicholas Marano

VILLAGE ATTORNEY

John Dellagloria

VILLAGE CLERK

Missel Arocha

FINANCE DIRECTOR

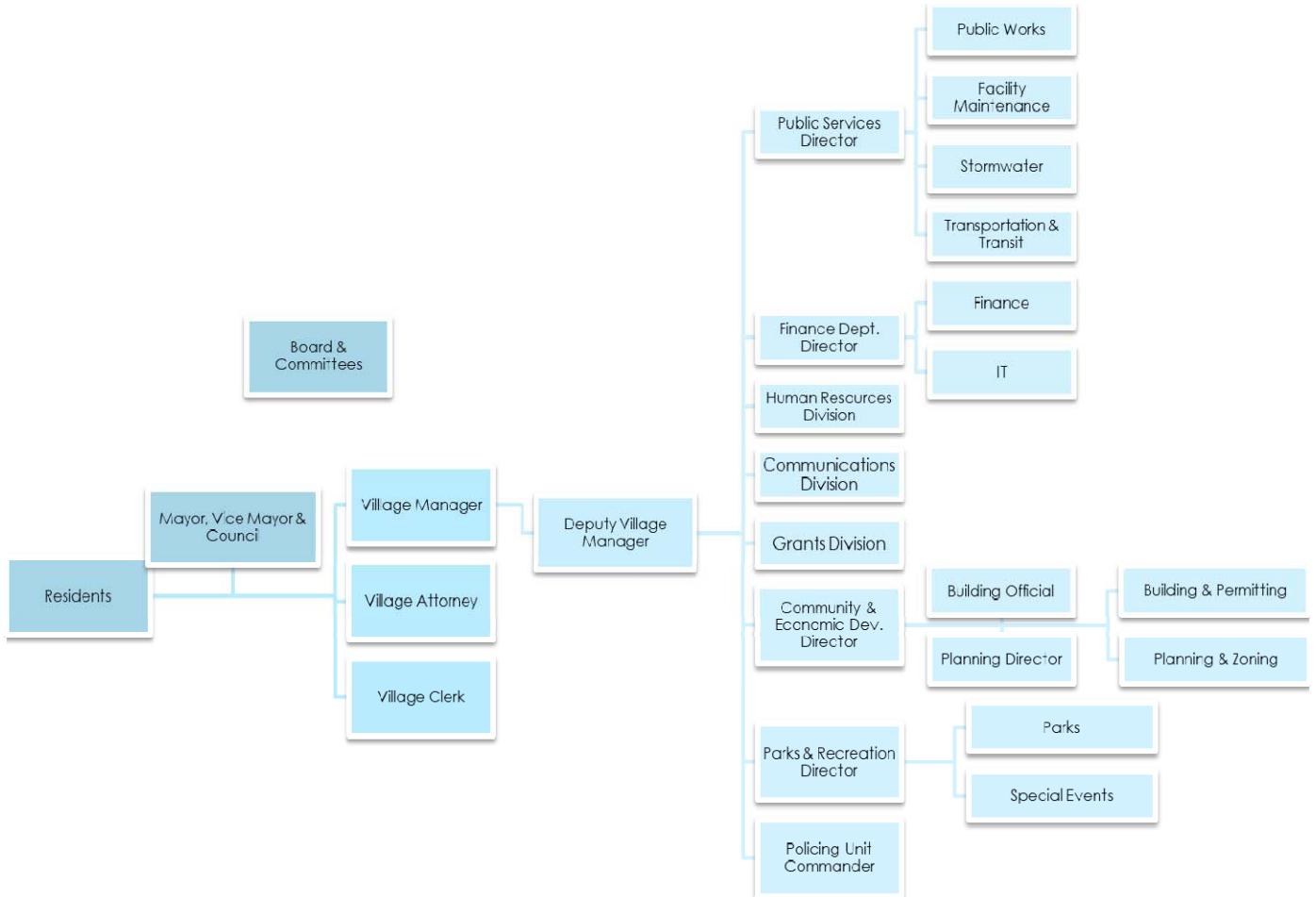
Desmond Chin, CPA

VILLAGE AUDITORS

Marcum LLP

VILLAGE OF PALMETTO BAY, FLORIDA

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Palmetto Bay
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida (the "Village"), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Prior Period Adjustment

As discussed in Note 2 to the financial statements, the Village identified and corrected an error in regards to the recognition of certain grant revenues. The correction resulted in revenues in the amount of \$890,248, that were improperly excluded from the statement of net position and statement of activities as of and for the fiscal year ended September 30, 2019. Accordingly, beginning net position as of October 1, 2019 was restated to reflect the correction of this error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and the Schedule of Changes in Total OPEB Liability and Related Ratios on pages 4-12, 43-44, and 45, 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.

Supplementary and 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 combining and individual fund financial statements, and the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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 fund financial statements 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 April 28, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
April 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

Management's Discussion and Analysis

As management of the Village of Palmetto Bay, Florida (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, 2020.

Financial Highlights

- The assets plus deferred outflows of the Village exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$59,904,188 (net position). Of this amount, \$11,873,457 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors. The balance, \$48,030,731 is comprised of net investment in capital assets of \$44,025,420 and restricted net position of \$4,005,311.
- The Village's net position of governmental activities decreased by \$1,297,506. This decrease is attributable to changes in the Village's only fund category, the Governmental funds. 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 \$16,042,508, a decrease of \$2,900,721 in comparison with the prior year. Approximately 67% of ending fund balance or \$10,711,059 is from the General Fund. The General Fund fund balance has \$4,700,000 in Assigned and \$5,562,388 in Unassigned.
- The General Fund unassigned fund balance of \$5,562,388, is approximately 39% 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 required and 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 & 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, Inc. (*a component unit of the Village*) and can be found on pages 13 and 14 of this report.

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

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

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

The Village maintains four Governmental fund types: 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 Balances is made up of, the General Fund, Special Revenue Funds, a Capital Projects Fund and Non-Major Funds. The Special Revenue Funds encompasses the Transportation Fund, Grants Fund and Building Fund. The Non-Major Governmental Funds combining statements consists of; four Special Revenue Funds which are Stormwater Fund, Law Enforcement Trust Fund, False Alarm Fund and Art in Public Places Fund, a Debt Service Fund and the Palmetto Bay Foundation (the "*Foundation*"). A description of the Foundation is found in the notes to the financial statements on page 20, and the combining statements can be found on pages 46 and 47.

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 43.

The basic governmental fund financial statements can be found on pages 15 to 18 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 19 to 42 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 plus deferred outflows exceeded liabilities plus deferred inflows by \$59,904,188 at the close of the most recent fiscal year.

The largest portion of the Village's net position, \$44,025,420 or approximately 73%, reflects its net 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 \$14,160,244, 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.

An additional portion of the Village's net position is restricted, which represents resources that are subject to external restrictions on how they may be used. These resources have been set aside for capital projects, debt service payments and other contractual obligations. The Village's restricted net position as of the end of fiscal year 2020 had a balance of \$4,005,311.

The remaining balance of net position (unrestricted), \$11,873,457, may be used to meet the government's ongoing obligations to citizen's and creditors.

Summary of Net Position

	September 30,	
	2020	2019
Current Assets	\$ 19,368,727	\$ 23,046,302
Capital Assets	58,719,025	57,149,609
Total Assets	78,087,752	80,195,911
Total Deferred Outflows of Resources	62,908	60,612
Current and Long-Term Liabilities	14,460,262	14,117,792
Other Liabilities	3,773,726	5,324,553
Total Liabilities	18,233,988	19,442,345
Deferred Inflows of Resources	12,484	502,732
Net Position:		
Net Investment in Capital Assets	44,025,420	41,339,531
Restricted for:		
Transportation operations and maintenance	2,133,808	2,740,023
Permitting	--	300,759
Grants	911,127	--
Debt Service	950,264	941,498
Charitable and Educational Projects	6,672	6,667
Police equipment and training	3,440	2,773
Unrestricted	11,873,457	14,980,195
Total Net Position	\$ 59,904,188	\$ 60,311,446

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.

Governmental Activities. The Village’s Governmental Funds net position decreased by a total of \$407,258 (after considering the prior period adjustment) during the current fiscal year. Current Assets decreased \$3,677,575 compared to prior year, mainly due to the reimbursements from Grants. Capital Assets increased \$1,569,416 mainly due to the Village’s \$10,000,000 main street project which is about 90% complete and being funded mainly by a \$7,500,00 County grant. Deferred Outflows increased \$2,296 as a result of Other Post-Employment Benefits (OPEB) activity recognized during the year. Liabilities decreased \$1,208,357 mainly due to Other Liabilities decreasing \$1,550,827 due to the timing of year end accounts payables. There was a one-time correction of Franchise fees in 2019 due to a new contract, and a one-time correction in 2020 related to the recognition of grant revenues which resulted adjusting beginning net position as of October 1, 2019 (see Note 2). In addition, management considered OPEB activity to be material as of fiscal year end 2020, and proceeded with recognizing the total OPEB liability as of fiscal year end in 2020.

Summary of Changes in Net Assets

	Fiscal Year	
	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,894,698	\$ 4,518,955
Operating Grants and Contributions	2,237,279	2,538,460
Capital Grants and Contributions	1,926,891	3,617,708
General Revenues:		
Property Taxes	6,449,589	6,311,243
Utility Taxes	2,635,734	2,504,675
Communications Service Tax	857,722	903,794
Franchise Fees	927,087	795,525
Unrestricted Intergovernmental Revenues	2,132,145	2,418,059
Unrestricted Interest Earnings	167,033	227,869
Miscellaneous	527,798	1,333,963
Total Revenues	<u>20,755,976</u>	<u>25,170,251</u>
Expenses:		
General Government	3,642,459	3,574,073
Building Permitting	2,408,690	2,765,502
Public Safety	8,032,978	8,089,316
Public Assistance	439,281	16,473
Public Works	4,293,464	3,138,825
Parks and Recreation	2,614,193	3,409,247
Interest on long-term debt	622,416	711,044
Total Expenses	<u>22,053,482</u>	<u>21,704,480</u>
Change in Net Position	\$ (1,297,506)	\$ 3,465,771
Net Position, Beginning	60,311,446	57,389,834
Prior Period Adjustment (See Note 2)	890,248	(544,159)
Net Position, Ending	<u>\$ 59,904,188</u>	<u>\$ 60,311,446</u>

Revenues:

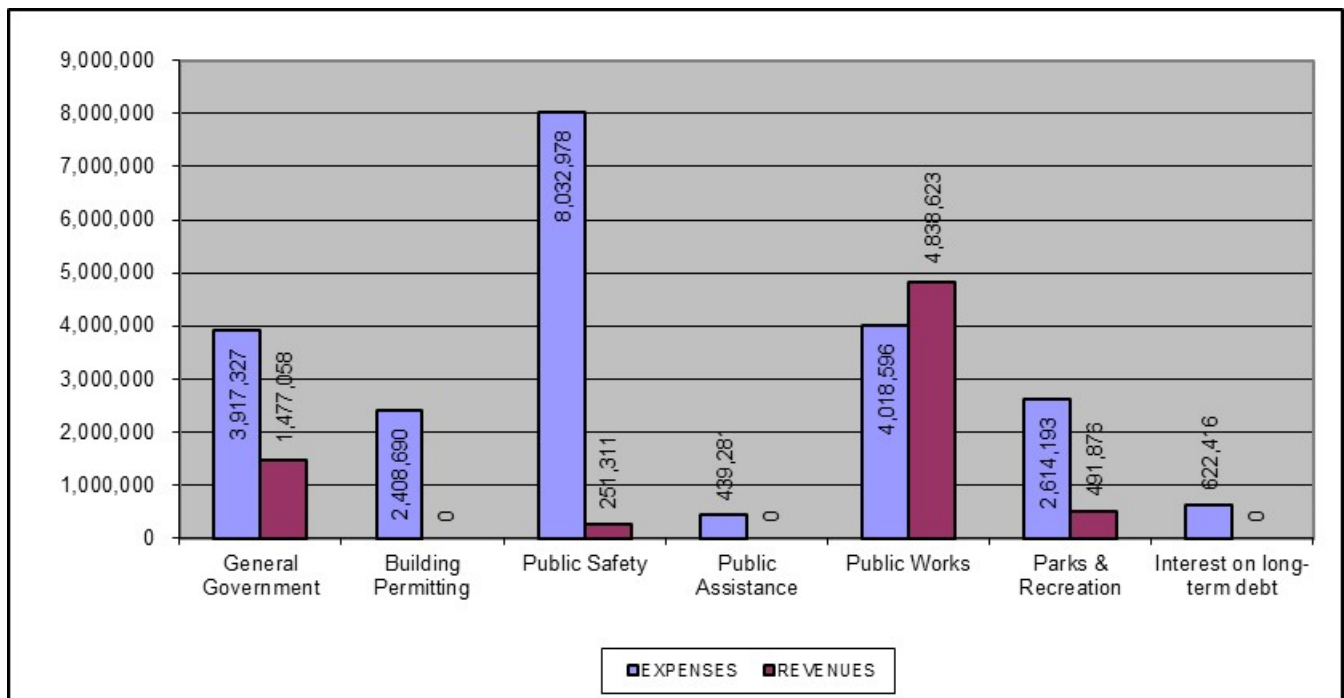
Total revenues decreased \$4,414,275 from FY 2019 revenues to a total of \$20,755,976 for FY 2020. The major components are as follows:

- Taxes of \$9,943,045 comprised 48% of total revenues in the current fiscal year. Most of this category is property taxes of \$6,449,589. Property assessed values increased 4.2%. The Village decreased the millage rate from 2.2387 to 2.2 per \$1,000 of assessed taxable value for fiscal year 2020 which resulted in a nominal increase in collections of \$138,346. In total, Taxes increased \$223,333 mainly from Property taxes and Utility taxes.
- Grants and Contributions were \$4,164,170 or 20% of total revenues. A decrease of \$1,991,998 over prior year is mainly due to the suspension of most Grant activity as a result of COVID-19.
- Charges for services totaled \$2,894,698 or 14% of total revenues. There was a decrease of \$1,624,257 mainly due to suspension of services due to COVID-19.
- Franchise fees increased \$131,562 due to the new FPL Franchise fee contract.
- Miscellaneous Income decreased \$806,165, due to COVID-19.

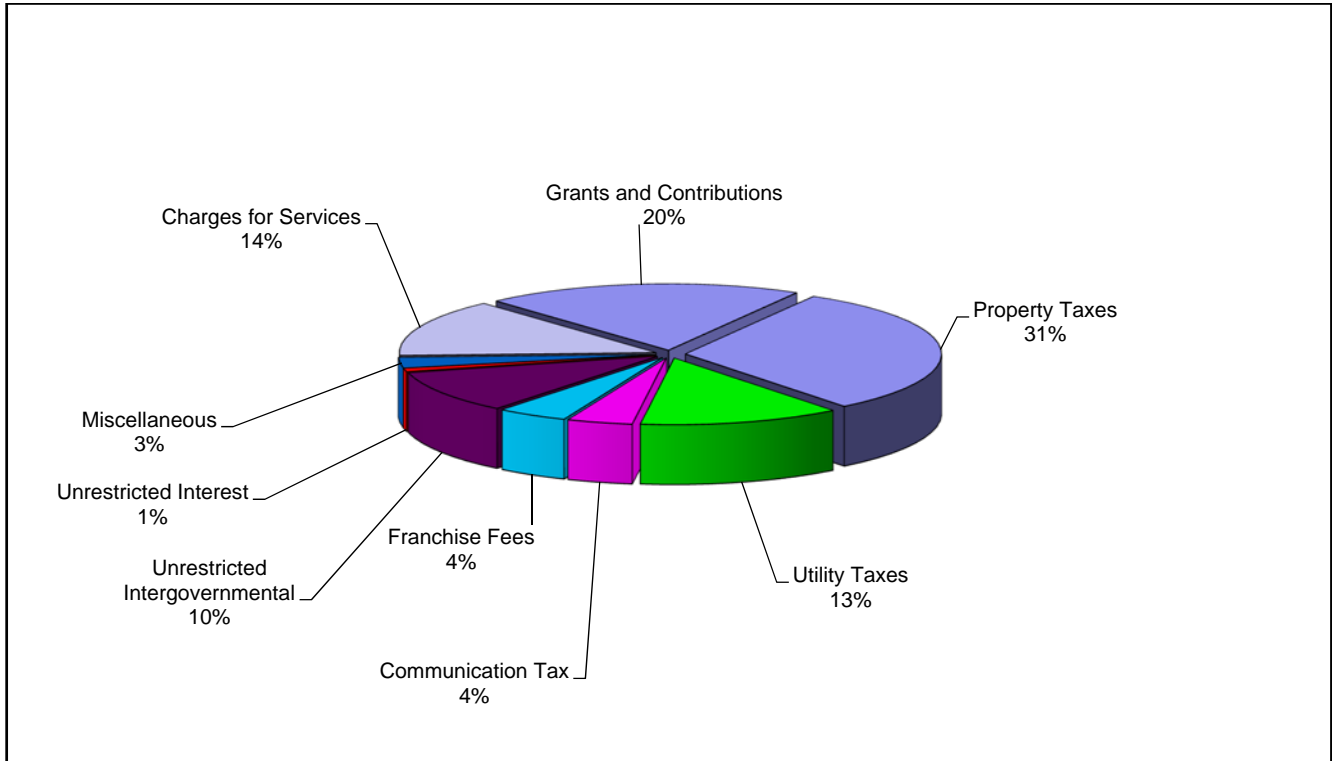
Expenses:

- Village expenses increased a total of \$349,002 from FY2019. COVID-19 shuttered some of the Village’s facilities such as the parks and Village Hall, which reduced normal operating expenses and resulted in a budgetary surplus.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. 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 \$16,042,508, a decrease of \$2,900,721. Approximately 25% of the ending fund balance or \$4,084,194 constitutes unassigned fund balance, which is available for spending at the Village's discretion.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year fund balance of the general fund was \$10,711,059, of which \$5,562,388 is unassigned and \$4,700,000 is assigned. 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 39% of total general fund expenditures, while total fund balance represents 74% of that same amount. The General Fund had a Net Change in Fund Balance of \$128,052. The Net Change in Fund Balance was a result of an operating surplus.

Special Revenue Funds are used to account for restricted 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 \$452,728 is due to a reduction in revenues from COVID-19.

The Grants Fund is used to account for and track the expenditures of the approximately 10 grants and impact fees. The decrease in fund balance of \$514,462 is mainly due to COVID-19 expenditures recorded but not funded at September 30, 2020.

The Building Fund is used to account for permit receipts and expenditures according to Florida Statute 553.80. The Building fund balance decreased \$1,216,395 because of increased permitting activity due to developers submitting plans for review but have not been permitted.

The Capital Projects is used to account for Village funded capital projects. The decrease in fund balance of \$767,439 is mainly due to the match required for the County grant to fund the Village main street project which is 90% complete.

Non-Major Governmental Funds is the combination of four Special Revenue Funds which are Stormwater, Law Enforcement Trust Fund, False Alarm Fund and Art in Public Places Fund, a Debt Service Fund and the Palmetto Bay Foundation, which is a component unit. In total, Non-Major fund balance decreased \$77,749. 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 \$153,487, due to a short fall in revenues due to COVID-19.

Art in Public Places is used to account for fees imposed on new construction to promote art in the Village. The fund balance increased \$38,723 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 \$8,766 due to interest.

False Alarm Fund is used to account for the registration and false alarm fines. The fund balance increased \$27,577 due to a surplus from operations.

General Fund Budgetary Highlights

The total budgetary operating surplus of \$165,721 resulted from debt payments being recorded as prepaids instead of debt service (expenditure) to match the actual payment date and the suspension of Village operations due to COVID-19. The net change in Fund Balance was an increase of \$128,052. The most significant variances are:

REVENUES:

- Permits and Fees – negative variance of \$308,354 due to COVID-19 and the delay of projects.
- Half-Cent Sales tax – negative variance of \$322,480 due to COVID-19 shuttering business.
- Park Rentals – negative variance of \$340,354, due COVID-19 and the closure of our Parks.

EXPENDITURES:

Total General Fund Expenditures – had total savings from all departments of \$1,282,181 due to COVID-19. The most significant variances were from:

- General Government – positive variance of \$477,209 mainly from debt payments being recorded as Prepaid instead of debt service (expenditure).
- Public Safety – positive variance of \$236,451, due to the various Federal assistance programs for COVID-19 related costs.
- Parks – positive variance of \$231,531 due to COVID-19 closing the parks.

Capital Assets and Debt Administration

Capital Assets. The Village’s investment in capital assets as of September 30, 2020, amounted to \$58,719,025 (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 \$1,569,416 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 - \$2,850,329

Summary of Capital Assets (Net of Depreciation)

	September 30,	
	2020	2019
Governmental activities:		
Land	\$ 26,649,655	\$ 26,649,655
Construction in progress	10,680,431	8,911,644
Furniture and Equipment	425,264	554,147
Building	9,041,930	9,508,112
Improvements Other than Buildings	4,378,061	4,852,174
Infrastructure	7,543,684	6,673,877
	<u>\$ 58,719,025</u>	<u>\$ 57,149,609</u>

Additional information on the Village’s capital assets can be found in Note on page 32.

Long-term Debt. At the end of the current fiscal year, the Village had total debt outstanding of \$14,160,244 and liabilities to Miami-Dade County in the amount of \$1,642,010. 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.

**Summary of Outstanding Debt
Promissory Notes and Revenue Bonds**

	September 30,	
	2020	2019
Promissory Note	\$ 883,234	\$ 960,741
Revenue Bond	11,635,000	12,005,000
Liabilities to Miami-Dade County	1,642,010	1,882,042
Total	\$ 14,160,244	\$ 14,847,783

There were two debt issues outstanding at the end of the fiscal year. This consists of the Florida Municipal Loan Council Revenue Bond Series 2010B issued in the amount of \$14,780,000 and the Promissory Note Series 2010 with Hancock Bank for \$1,205,000 which refinanced the Florida Municipal Loan Council Revenue Bond Series 2005D issued for the Village Library in the amount of \$1,495,000. Additional information on the Village’s long-term debt can be found in Note 6, pages 33-37. 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 2020 was 12.6%, which represents an increase of 10.3% from the previous year. This is higher than the state’s average unemployment rate of 7.2% and the national average rate of 7.8% in September 2020. The unemployment rate of the Village is generally lower than the County. (Source: US Census).
- Inflationary trends in the County at 1.4% are higher than the national average which was 1.3% for August 2020.
- Most municipalities property value continue to increase, the Village saw an increase in property values of 4.2% while the County had an average increase of 6.4%.
- COVID-19 has had an impact to the Village’s Park rentals and Sales tax receipts. However, State revenue estimates have improved since the start of the fiscal year and the Village has reopened the Parks for rentals. In addition the American Rescue Plan Act has a provision to replace lost revenues due to COVID-19.

All these factors were considered in preparing the Village’s budget for the 2021 fiscal year. During the current fiscal year, estimated ending fund balance in the general fund decreased to \$8,110,893. The Village used a millage rate of 2.2 for fiscal year 2020, which is more than to the roll back rate of 2.1392 mills. For fiscal year 2021 the millage rate was increased to 2.235 which is greater than the roll back rate of 2.1183 by 5.51%.

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.

FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 13,746,633
Receivables	498,249
Due from other governments	4,172,417
Prepaid items	1,164
Restricted assets:	
Cash and cash equivalents	950,264
Capital assets not being depreciated	37,330,086
Capital assets being depreciated, net	21,388,939
Total Assets	<u>78,087,752</u>
Deferred Outflows of Resources	
Loss on refunding	55,592
OPEB	7,316
Total Deferred Outflows of Resources	<u>62,908</u>
Liabilities	
Accounts payable	3,326,112
Accrued liabilities	183,002
Due to other governments	191,040
Park deposits	73,572
Noncurrent liabilities:	
Due within one year	477,901
Due in more than one year:	
Bonds and Notes	13,868,918
Total OPEB Liability	113,443
Total Liabilities	<u>18,233,988</u>
Deferred Inflows of Resources	
OPEB	12,484
Net Position	
Net investment in capital assets	44,025,420
Restricted for:	
Public transportation operations and maintenance	2,133,808
Debt service	950,264
Grants	911,127
Charitable and educational projects	6,672
Police equipment and training	3,440
Unrestricted	11,873,457
Total Net Position	<u>\$ 59,904,188</u>

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

VILLAGE OF PALMETTO BAY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2020

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Transportation Fund	Grants Fund	Building Fund	Capital Projects Fund		
Assets							
Cash and cash equivalents	\$ 7,623,125	\$ 1,362,845	\$ 1,182,536	\$ 3,457	\$ 2,556,464	\$ 1,018,206	\$ 13,746,633
Receivables	209,285	--	257,421	--	--	31,543	498,249
Due from other funds	4,147,882	--	--	28,075	--	2,761	4,178,718
Due from other governments	982,859	293,404	2,334,161	--	--	561,993	4,172,417
Prepaid assets	448,671	--	--	--	--	--	448,671
Restricted cash and cash equivalents	--	--	--	--	--	950,264	950,264
Total Assets	<u>\$ 13,411,822</u>	<u>\$ 1,656,249</u>	<u>\$ 3,774,118</u>	<u>\$ 31,532</u>	<u>\$ 2,556,464</u>	<u>\$ 2,564,767</u>	<u>\$ 23,994,952</u>
Liabilities							
Accounts payable	\$ 2,421,573	\$ 56,080	\$ 539,301	\$ 32,291	\$ 248,959	\$ 27,908	\$ 3,326,112
Accrued liabilities	148,046	6,384	--	23,410	--	5,162	183,002
Due to other funds	30,836	51,502	2,721,944	891,467	16,749	466,220	4,178,718
Due to other governments	26,736	--	164,304	--	--	--	191,040
Park deposits	73,572	--	--	--	--	--	73,572
Total Liabilities	<u>2,700,763</u>	<u>113,966</u>	<u>3,425,549</u>	<u>947,168</u>	<u>265,708</u>	<u>499,290</u>	<u>7,952,444</u>
Fund Balances							
Nonspendable:							
Prepaid items	448,671	--	--	--	--	--	448,671
Restricted:							
Public transportation operations and maintenance	--	1,542,283	--	--	--	591,525	2,133,808
Debt service	--	--	--	--	--	950,264	950,264
Charitable and educational projects	--	--	--	--	--	6,672	6,672
Police equipment and training	--	--	--	--	--	3,440	3,440
Impact fees	--	--	911,127	--	--	--	911,127
Committed:							
False alarm management	--	--	--	--	--	34,823	34,823
Art in public places	--	--	--	--	--	478,753	478,753
Assigned	4,700,000	--	--	--	2,290,756	--	6,990,756
Unassigned	5,562,388	--	(562,558)	(915,636)	--	--	4,084,194
Total Fund Balances	<u>10,711,059</u>	<u>1,542,283</u>	<u>348,569</u>	<u>(915,636)</u>	<u>2,290,756</u>	<u>2,065,477</u>	<u>16,042,508</u>
Total Liabilities and Fund Balances	<u>\$ 13,411,822</u>	<u>\$ 1,656,249</u>	<u>\$ 3,774,118</u>	<u>\$ 31,532</u>	<u>\$ 2,556,464</u>	<u>\$ 2,564,767</u>	<u>\$ 23,994,952</u>

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

VILLAGE OF PALMETTO BAY, FLORIDA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

Fund Balances - Total Government Funds \$ 16,042,508

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	\$ 76,812,035	
Less accumulated depreciation	<u>(18,093,010)</u>	58,719,025

Deferred outflows and inflows related to other post-employment benefits
and debt refundings are not recognized in the governmental funds;

Deferred outflows of loss on refunding	55,592	
Deferred outflows of resources related to OPEB	7,316	
Deferred inflows of resources related to OPEB	<u>(12,484)</u>	50,424

Prepaid debt service in general fund not considered a prepaid asset
for governmental activities (447,507)

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	(11,594,523)	
QNIP and Stormwater bonds	(1,642,010)	
Loans payable	(883,234)	
Total OPEB liability	(113,443)	
Compensated absences	<u>(227,052)</u>	<u>(14,460,262)</u>

Net Position of Governmental Activities \$ 59,904,188

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, 2020

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Transportation Fund	Grants Fund	Building Fund	Capital Projects Fund		
Revenues							
Property taxes	\$ 6,449,589	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,449,589
Utility taxes	2,635,734	--	--	--	--	--	2,635,734
Communication service tax	857,722	--	--	--	--	--	857,722
Franchise fees	927,087	--	--	--	--	--	927,087
Intergovernmental	2,091,520	1,553,364	2,457,649	--	--	40,625	6,143,158
Licenses and permits	255,590	--	--	1,164,094	--	--	1,419,684
Fines and forfeitures	250,914	397	--	--	--	--	251,311
Charges for services	491,876	3,500	--	--	--	728,327	1,223,703
Interest	61,393	31,907	22,203	4,479	26,056	20,995	167,033
Miscellaneous	495,918	1,783	26,698	--	--	3,399	527,798
Total Revenues	<u>14,517,343</u>	<u>1,590,951</u>	<u>2,506,550</u>	<u>1,168,573</u>	<u>26,056</u>	<u>793,346</u>	<u>20,602,819</u>
Expenditures							
Current:							
General government	3,082,152	--	--	--	40,955	31,889	3,154,996
Public safety	8,022,549	--	--	--	--	--	8,022,549
Public assistance	--	--	439,281	--	--	--	439,281
Public works	1,086,180	1,873,973	208,399	--	--	686,037	3,854,589
Building permitting	--	--	--	2,384,968	--	--	2,384,968
Parks and recreation	1,631,030	--	30,009	--	48,592	--	1,709,631
Capital outlay	--	398	2,496,480	--	703,948	27,409	3,228,235
Debt service:							
Principal	9,634	140,894	--	--	--	89,504	240,032
Interest	557,746	28,414	--	--	--	36,256	622,416
Total Expenditures	<u>14,389,291</u>	<u>2,043,679</u>	<u>3,174,169</u>	<u>2,384,968</u>	<u>793,495</u>	<u>871,095</u>	<u>23,656,697</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>128,052</u>	<u>(452,728)</u>	<u>(667,619)</u>	<u>(1,216,395)</u>	<u>(767,439)</u>	<u>(77,749)</u>	<u>(3,053,878)</u>
Other Financing Sources							
Cares Act	--	--	153,157	--	--	--	153,157
Net change in fund balances	128,052	(452,728)	(514,462)	(1,216,395)	(767,439)	(77,749)	(2,900,721)
Fund Balances - Beginning, as Previously Reported	10,583,007	1,995,011	(27,217)	300,759	3,058,195	2,143,226	18,052,981
Prior Period Adjustment (See Note 2)	--	--	890,248	--	--	--	890,248
Fund Balances - Beginning, Restated	<u>10,583,007</u>	<u>1,995,011</u>	<u>863,031</u>	<u>300,759</u>	<u>3,058,195</u>	<u>2,143,226</u>	<u>18,943,229</u>
Fund Balances - Ending	<u>\$ 10,711,059</u>	<u>\$ 1,542,283</u>	<u>\$ 348,569</u>	<u>\$ (915,636)</u>	<u>\$ 2,290,756</u>	<u>\$ 2,065,477</u>	<u>\$ 16,042,508</u>

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, 2020

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

Net change in fund balances - total government funds \$ (2,900,721)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlay exceeded depreciation in the current period.

Expenditures for capital outlay	\$ 3,147,526	
Less current year depreciation	<u>(1,578,110)</u>	1,569,416

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.

QNIP and Stormwater bond payments 240,032

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.

Compensated absences	(80,627)	
Total OPEB liability	(113,443)	
Deferred outflows of OPEB	7,316	
Deferred inflows of OPEB	(12,484)	
Amortization of discount on bonds issued	(1,975)	
Amortization of deferred loss on bond refunding	<u>(5,020)</u>	<u>(206,233)</u>

Change in Net Position of Governmental Activities \$ (1,297,506)

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

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Palmetto Bay, Florida (the “Village”) was incorporated on September 10, 2002. The Village operates under a Council-Manager form of government. In addition to the general government function, the Village provides its residents with public safety (police), public works, parks and recreation, planning and zoning, and building and permitting. The Village does not provide educational, water and sewer, solid waste, fire 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 GAAP, these 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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BLENDING 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, 2019. 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, 2019, 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.

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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 restricted revenues received from the transportation surtax, the local option gas tax, and expenditures for related transportation costs.
- **Grants Fund:** The fund accounts for all restricted grant monies and the related program income from federal, state, and local agency grants. This fund is reported separately for consistency.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS, OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

- **Building Fund:** The fund accounts for the restricted resources and operations of building permitting and inspections.
- **Capital Projects Fund:** The fund accounts for the activities of the Village’s ongoing capital projects.

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

- **Special Revenue Funds:** These funds account for restricted 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 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.”

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 ITEMS

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. In certain instances, prepaid items reported in governmental funds represent debt service payment paid prior to its respective due date. 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.

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, 2020 was 2.2000 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, 2020, there were no material delinquent taxes.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	5-20
Vehicles	7
Buildings	30
Leasehold improvements	10
Infrastructure	30
Software	5

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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES (CONTINUED)

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. Bond issue costs are expenses as incurred.

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 stormwater management fund.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has two items that qualify for reporting in this category as deferred outflows of resources. An item related to Other Post-Employment Benefits (“OPEB”) and the loss on refunding of Florida Municipal Loan Council Revenue Series 2010B (“FMLC Bonds”) (Note 6).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Village has one item that qualifies for reporting in this category, a deferred inflow related to OPEB.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE

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

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

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

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

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

Unassigned - This classification includes the residual fund balance for the General Fund only 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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, plus the net effect of capital asset related deferred outflow/inflow of resources.

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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The Village did not implement any new GASB statements during fiscal year 2020.

NOTE 2 – RESTATEMENT OF PRIOR PERIOD

In connection with the federal grant agreement with the Department of Homeland Security ("DHS") and Federal Emergency Management Agency ("FEMA") for Hurricane Irma, an error was identified related to the recognition of grant revenues related to fiscal year ended September 30, 2019. The Village corrected the recognition of grant revenues in the current year by properly recognizing revenue based on the obligation dates issued by FEMA. As a result, the Village's prior year's revenue was understated. Accordingly, an adjustment of \$890,248 was recorded to the beginning fund balance in the Grants Fund and beginning net position (government-wide) as of October 1, 2019 to correct the impact of the misstatement on prior year financial statements. Had the error not been made, for the fiscal year ended September 30, 2019, revenues and the ending fund balance in the Grants Fund and ending net position (government-wide) would have been increased by \$890,248.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 – CASH AND CASH EQUIVALENTS

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. 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.

The SBA is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the 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, 2020, 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. At September 30, 2020, the Village’s investment in the Florida PRIME was \$1,959,075. Florida PRIME is presented as a cash equivalent.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 – CASH AND CASH EQUIVALENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk - The Village has an 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, 2020, is 48 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, 2020, is 63 days.

Credit Risk - The Village has an 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.

Concentration of Credit Risk - The Village diversifies its portfolio in such a way to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. The Village only invests in Florida PRIME at September 30, 2020.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2020 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 4,147,882	\$ 30,836
Transportation Fund	--	51,502
Building Fund	28,075	891,467
Grants Fund	--	2,721,944
Capital Projects Fund	--	16,749
Nonmajor Governmental Funds	2,761	466,220
	<u>\$ 4,178,718</u>	<u>\$ 4,178,718</u>

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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 no transfers among funds during the fiscal year ended September 30, 2020.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/amortized:				
Land	\$ 26,649,655	\$ --	\$ --	\$ 26,649,655
Construction in progress	<u>8,911,644</u>	<u>3,087,872</u>	<u>1,319,085</u>	<u>10,680,431</u>
Total capital assets not being depreciated/amortized	<u>35,561,299</u>	<u>3,087,872</u>	<u>1,319,085</u>	<u>37,330,086</u>
Capital assets being depreciated/amortized:				
Intangibles	492,153	--	--	492,153
Furniture and equipment	2,167,829	13,532	--	2,181,361
Buildings	13,985,470	--	--	13,985,470
Improvements other than buildings (*)	11,850,199	185,466	--	12,035,665
Infrastructure (*)	<u>9,526,790</u>	<u>1,260,510</u>	<u>--</u>	<u>10,787,300</u>
Total capital assets being depreciated/amortized	<u>38,022,441</u>	<u>1,459,508</u>	<u>--</u>	<u>39,481,949</u>
Less accumulated depreciation/amortization for:				
Intangibles	492,153	--	--	492,153
Furniture and equipment	1,613,682	142,415	--	1,756,097
Buildings	4,477,358	466,182	--	4,943,540
Improvements other than buildings	7,051,295	606,309	--	7,657,604
Infrastructure	<u>2,880,412</u>	<u>363,204</u>	<u>--</u>	<u>3,243,616</u>
Total accumulated depreciation/amortization	<u>16,514,900</u>	<u>1,578,110</u>	<u>--</u>	<u>18,093,010</u>
Total capital assets being depreciated/amortized, net	<u>21,507,541</u>	<u>(118,602)</u>	<u>--</u>	<u>21,388,939</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,068,840</u>	<u>\$ 2,969,270</u>	<u>\$ 1,319,085</u>	<u>\$ 58,719,025</u>

(*) The beginning balance related to these categories was adjusted as compared to the 2019 Comprehensive Annual Financial Report, to remove repair and maintenance cost erroneously capitalized. Such adjustment is not considered material.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation/Amortization expense charged to the functions or programs of the Village for the fiscal year ended September 30, 2020 was as follows:

General government	\$	264,571
Public safety		8,057
Transportation		424,642
Parks and recreation		<u>880,840</u>
Total Depreciation/Amortization Expense	\$	<u>1,578,110</u>

NOTE 6 – LONG-TERM LIABILITIES

Long-term debt activity for the fiscal year ended September 30, 2020 was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
FMLC Bonds - Series 2010B	\$ 12,005,000	\$ --	\$ (370,000)	\$ 11,635,000	\$ --
Less deferred amounts:					
Issuance discount	<u>(42,452)</u>	<u>--</u>	<u>1,975</u>	<u>(40,477)</u>	<u>--</u>
Total bonds payable (direct borrowing)	<u>11,962,548</u>	<u>--</u>	<u>(368,025)</u>	<u>11,594,523</u>	<u>--</u>
Loans payable:					
Refunding Revenue Note, Series 2015	<u>960,741</u>	<u>--</u>	<u>(77,507)</u>	<u>883,234</u>	<u>--</u>
Total loans payable (direct borrowing)	<u>960,741</u>	<u>--</u>	<u>(77,507)</u>	<u>883,234</u>	<u>--</u>
Liabilities with Miami-Dade County:					
QNIP bonds	834,177	--	(150,528)	683,649	158,234
Stormwater bonds	<u>1,047,865</u>	<u>--</u>	<u>(89,504)</u>	<u>958,361</u>	<u>92,615</u>
Total liabilities with Miami-Dade County (direct borrowings)	<u>1,882,042</u>	<u>--</u>	<u>(240,032)</u>	<u>1,642,010</u>	<u>250,849</u>
Compensated absences	<u>146,425</u>	<u>227,052</u>	<u>(146,425)</u>	<u>227,052</u>	<u>227,052</u>
Governmental Activities Long-Term Liabilities	<u>\$ 14,951,756</u>	<u>\$ 227,052</u>	<u>\$ (831,989)</u>	<u>\$ 14,346,819</u>	<u>\$ 477,901</u>

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

FLORIDA MUNICIPAL LOAN COUNCIL REVENUE SERIES 2010B (DIRECT BORROWING)

In August 2010, the Village issued FMLC Bonds, Series 2010 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 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 fiscal year ended September 30, 2020 was approximately \$903,000. The total principal and interest remaining on the bonds is \$17,863,019. 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 October 1, 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.

Whenever any event of default as referred to in the bond agreement occurs, the FMLC or the Trustee shall with written consent of the bond insurer or upon the direction of the bond insurer, in addition to any other remedies herein or by law provided, have the right, at its or their option without any further demand or notice, to take such steps and exercise one or more of the following: (a) declare all loan repayments, in an amount equal to 100% of the principal amount thereof plus all accrued interest, to be immediately due and payable, (b) take whatever other action at law or in equity which may appear necessary or desirable to collect amounts then due.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

***FLORIDA MUNICIPAL LOAN COUNCIL REVENUE SERIES 2010B (DIRECT BORROWING)
(CONTINUED)***

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021*	\$ --	\$ 506,163	\$ 506,163
2022	385,000	490,763	875,763
2023	400,000	476,763	876,763
2024	410,000	462,413	872,413
2025	425,000	447,006	872,006
2026-2030	2,410,000	1,941,375	4,351,375
2031-2035	3,000,000	1,337,213	4,337,213
2036-2040	3,750,000	566,325	4,316,325
2041	855,000	--	855,000
Total	\$ 11,635,000	\$ 6,228,019	\$ 17,863,019

* Debt Service Payment due on October 1, 2020 was paid during fiscal year ended September 30, 2020.

REFUNDING REVENUE NOTE, SERIES 2015 (DIRECT BORROWING)

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 refunding was a current refunding. The proceeds were used for the cost of the initial issuance of the Note and to refund the cost of the Florida Municipal Loan Council Bond Series 2005D for the construction of a library building which had an outstanding balance of \$1,205,000. The Note is collateralized by a pledge of the Village’s non-ad valorem revenues. Total pledged amounts over the life of the note are expected to be approximately \$3,000,000. For the current year, debt service and pledged revenues were approximately \$100,000 and \$109,000, respectively. The total principal and interest remaining on the bonds is \$1,002,171. The refunding reduced total debt service payments by nearly \$357,385. This resulted 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 \$69,000 to \$97,000 with an interest of 2.359%. The final maturity date of the bonds is October 1, 2030.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

REFUNDING REVENUE NOTE, SERIES 2015 (DIRECT BORROWING) (CONTINUED)

Whenever any event of default as referred to in the Note agreement occurs, the FMLC or the purchaser shall, in addition to any other remedies herein or by law provided, have the right at its or their option without any further demand or notice, except as otherwise provided for in this agreement, to take whatever other action at law or in equity which may appear necessary or desirable to collect amounts then due to it and thereafter to become due hereunder or to enforce any other of its or their rights hereunder; provided, however, the FMLC shall only have the right to take such action as it deems necessary to collect amounts then due or to become due to the FMLC.

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021*	\$ --	\$ 20,835	\$ 20,835
2022	77,394	19,010	96,404
2023	82,186	17,071	99,257
2024	81,428	15,150	96,578
2025	86,046	13,120	99,166
2026-2030	459,635	33,751	493,386
2031	<u>96,545</u>	<u>--</u>	<u>96,545</u>
Total	<u>\$ 883,234</u>	<u>\$ 118,937</u>	<u>\$ 1,002,171</u>

* Debt Service Payment due on October 1, 2020 was paid during fiscal year ended September 30, 2020.

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 fiscal year ended September 30, 2020 was approximately \$181,000. Payments include interest at approximately 3.7% per annum.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

QUALITY NEIGHBORHOOD IMPROVEMENT PROGRAM (“QNIP”) (CONTINUED)

Upon an event of default in the Master Ordinance of Miami-Dade County, a trustee or Bondholder acting for the Holders of all Bonds made by suit, action, mandamus or other judicial proceedings, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under and to the extent permitted by the laws of the State of Florida, or granted and contained in the Master Ordinance, and may enforce and compel the performance of all duties required in the Master Ordinance or by any applicable statutes to be performed by the County or by an officer thereof.

Debt service requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 158,234	\$ 24,181	\$ 182,415
2022	166,477	17,687	184,164
2023	174,899	10,860	185,759
2024	<u>184,039</u>	<u>3,681</u>	<u>187,720</u>
Total	<u>\$ 683,649</u>	<u>\$ 56,409</u>	<u>\$ 740,058</u>

STORMWATER UTILITY REVENUE BONDS (DIRECT BORROWING)

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 fiscal year ended September 30, 2020 were approximately \$126,000. Payments include interest at approximately 3.5% per annum.

Upon an event of default in the Master Ordinance of Miami-Dade County, a trustee or Bondholder acting for the Holders of all Bonds made by suit, action, mandamus or other judicial proceedings, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under and to the extent permitted by the laws of the State of Florida, or granted and contained in the Master Ordinance, and may enforce and compel the performance of all duties required in the Master Ordinance or by any applicable statutes to be performed by the County or by an officer thereof.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

STORMWATER UTILITY REVENUE BONDS (DIRECT BORROWING) (CONTINUED)

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	106,069	19,664	125,733
2026-2029	<u>462,259</u>	<u>40,665</u>	<u>502,924</u>
Total	<u>\$ 958,361</u>	<u>\$ 173,295</u>	<u>\$ 1,131,656</u>

NOTE 7 – DEFINED CONTRIBUTION PLAN

The Village provides retirement benefits for full time employees through a money purchase plan (a defined contribution plan) (the “Plan”). 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 minimum 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 an additional equal match 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 approximately \$239,000 and the Village contributed approximately \$442,000 to the Plan during the fiscal year ended September 30, 2020.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTION

The Village, in compliance with Florida Statute 112.0801, shall allow all former personnel who retire, and their eligible dependents, the option to continue to participate in the group insurance plan or self-insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost no more than the premium cost applicable to active employees. For retired employees and their eligible dependents, the cost of continued participation shall be paid by the retired employees. The benefits of the OPEB Plan conform to Florida Statutes, which is the legal authority for the OPEB Plan. The OPEB Plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the OPEB Plan. The OPEB Plan has no assets and does not issue a separate financial report.

FUNDING POLICY

The Village provides no funding for any portion of the premiums after retirement. However, the Village recognizes that there is an “implicit subsidy” arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. It is the Village’s current policy to fund the plan on a “pay-as-you-go” basis.

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

EMPLOYEES COVERED BY BENEFIT TERMS

At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>60</u>
Total Members	<u>61</u>

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The Village’s total OPEB liability of \$113,443 was measured as of September 30, 2020, and was determined by an actuarial valuation date as of October 1, 2019.

	Total OPEB Liability
Balance at September 30, 2019*	<u>\$ 19,185</u>
Changes for the year:	
Service cost	7,653
Interest	686
Changes of Benefit Terms	92,330
Difference between actual and expected experience	(13,315)
Assumption changes and other inputs	6,401
Other changes	<u>503</u>
Net changes	<u>94,258</u>
Balance at September 30, 2020	<u><u>\$ 113,443</u></u>
Covered Employee Payroll	\$3,542,189
Total OPEB liability as a percentage of covered payroll	3.20%

* The beginning Total OPEB liability as of September 30, 2019 (reporting date) was not recorded in the prior year as it was deemed not significant to the 2019 financial statements.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the October 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	October 1, 2019
Measurement date	September 30, 2020
Inflation	3.0%
Salary increases	4.0%
Discount rate	2.14%

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (CONTINUED)

Healthcare cost trend rates	7.7% for POS Medical Plan and 6.6% for HMO Medical Plan and gradually decreasing to an ultimate rate of 4.5% in 2036
Retirees' share of benefit-related costs	Same as Health Care Trend
Mortality	PubG.H-2010 Mortality Table - General

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the sensitivity of the Village’s total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact on the Village’s total OPEB liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at September 30, 2020:

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB Liability	\$ 111,037	\$ 113,443	\$ 115,960

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the sensitivity of the Village’s total OPEB liability, calculated using the 7.7% to 6.6% healthcare trend rate. The sensitivity analysis shows the impact on the Village’s total OPEB liability if the healthcare trend rate were 1.00% lower or 1.00% higher than the healthcare trend rate at September 30, 2020:

	1% Decrease (6.7% to 5.6%)	Current Trend Rates (7.7% to 6.6%)	1% Increase (8.7% to 7.6%)
Total OPEB Liability	\$ 116,881	\$ 113,443	\$ 110,358

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For fiscal year ended September 30, 2020, the Village recognized OPEB Expense of \$118,611. At September 30, 2020, the Village reports deferred outflows and inflows of resources related to the OPEB Plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ --	\$ 12,166
Changes of assumptions	7,316	318
Total	\$ 7,316	\$ 12,484

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30	Amount
2021	\$ 647
2022	647
2023	647
2024	647
2025	647
Thereafter	1,933
Total	\$ 5,168

NOTE 9 – COMMITMENTS AND CONTINGENCIES

GRANTS

Grant monies received and disbursed by the Village are for specific purposes and may be subject to audit by the granter agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by granter 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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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.

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 \$7,954,000 during fiscal year ended September 30, 2020.

CONSTRUCTION COMMITMENTS

The Village had construction commitments of approximately \$724,000 outstanding at September 30, 2020. Of this amount, approximately \$490,000 was allocated to improvements for the Franjo Road Project.

NOTE 10 – DEFICIT IN FUND BALANCE

At September 30, 2020, the Building Fund had a deficit of \$915,636. The Village expects to fund this deficit with transfers from the General Fund in subsequent years.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PALMETTO BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE: GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 6,483,132	\$ 6,483,132	\$ 6,449,589	\$ (33,543)
Utility taxes	2,320,000	2,690,000	2,635,734	(54,266)
Communication service tax	1,000,000	850,000	857,722	7,722
Franchise fees	835,732	835,732	927,087	91,355
Intergovernmental	2,414,000	2,414,000	2,091,520	(322,480)
Licenses and permits	330,000	567,000	255,590	(311,410)
Fines and forfeitures	217,500	245,389	250,914	5,525
Charges for services	988,750	868,004	491,876	(376,128)
Interest	60,000	44,724	61,393	16,669
Miscellaneous	609,980	635,822	495,918	(139,904)
Total Revenues	<u>15,259,094</u>	<u>15,633,803</u>	<u>14,517,343</u>	<u>(1,116,460)</u>
Expenditures				
Current:				
General government				
Village council	172,699	173,675	163,053	10,622
Village manager/clerk	644,257	860,890	732,961	127,929
Finance department	705,361	726,531	681,539	44,992
Village attorney	160,000	167,452	270,996	(103,544)
Planning and zoning	--	455,739	519,662	(63,923)
Other general government	818,000	907,040	713,941	193,099
Total General Government	<u>2,500,317</u>	<u>3,291,327</u>	<u>3,082,152</u>	<u>209,175</u>
Public safety	8,309,000	8,259,000	8,022,549	236,451
Public works	1,525,270	1,243,995	1,086,180	157,815
Parks and recreation	1,721,185	1,862,561	1,631,030	231,531
Debt service:				
Principal	457,142	457,142	9,634	447,508
Interest	557,447	557,447	557,746	(299)
Total Expenditures	<u>15,070,361</u>	<u>15,671,472</u>	<u>14,389,291</u>	<u>1,282,181</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>188,733</u>	<u>(37,669)</u>	<u>128,052</u>	<u>165,721</u>
Other Financing Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Appropriation of prior year's fund balance	--	37,669	--	--
Net Change in Fund Balance	<u>\$ 188,733</u>	<u>\$ --</u>	<u>\$ 128,052</u>	<u>\$ 165,721</u>

See notes to budgetary comparison schedule.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – BUDGETARY COMPARISON SCHEDULES

The General Fund annual appropriated 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 annual appropriated 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 within departments administratively in the General Fund, but the Village Council must approve all budget adjustments between departments other 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.
- (6) The General Fund had \$601,111 in supplemental appropriations in fiscal year 2020. Of this amount, \$37,669 was allocated to fund balance.

VILLAGE OF PALMETTO BAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE TOTAL OPEB
LIABILITY AND RELATED RATIOS**

September 30, (Measurement Date)	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 7,653	\$ 2,702	\$ 3,035
Interest	686	751	912
Changes of benefit terms	92,330	--	--
Differences between actual and expected experience	(13,315)	--	(475)
Assumption changes and other inputs	6,401	83	93
Benefit payments	--	(9,988)	(12,263)
Other changes	503	27	993
Net Change in Total OPEB Liability	94,258	(6,425)	(7,705)
Total OPEB Liability - Beginning	19,185	25,610	33,315
Total OPEB Liability - Ending	<u>\$ 113,443</u>	<u>\$ 19,185</u>	<u>\$ 25,610</u>
Covered Payroll	\$3,542,189	\$3,401,757	\$ 3,210,720
Total OPEB Liability as a Percentage of Covered Payroll	3.20%	0.56%	0.80%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

COMBINING FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue					Palmetto Bay Foundation	Total
	Stormwater Management	Law Enforcement Trust Fund	False Alarm Fund	Art in Public Places Fund	Debt Service Fund		
Assets							
Cash and cash equivalents	\$ 494,244	\$ 3,261	\$ 35,076	\$ 478,953	\$ --	\$ 6,672	\$ 1,018,206
Receivables	31,543	--	--	--	--	--	31,543
Due from other funds	--	86	2,675	--	--	--	2,761
Due from other governments	561,900	93	--	--	--	--	561,993
Restricted cash and cash equivalents	--	--	--	--	950,264	--	950,264
Total Assets	<u>\$1,087,687</u>	<u>\$ 3,440</u>	<u>\$ 37,751</u>	<u>\$ 478,953</u>	<u>\$ 950,264</u>	<u>\$ 6,672</u>	<u>\$ 2,564,767</u>
Liabilities							
Accounts payable	\$ 26,623	\$ --	\$ 1,085	\$ 200	\$ --	\$ --	\$ 27,908
Accrued liabilities	5,006	--	156	--	--	--	5,162
Due to other funds	464,533	--	1,687	--	--	--	466,220
Total Liabilities	<u>496,162</u>	<u>--</u>	<u>2,928</u>	<u>200</u>	<u>--</u>	<u>--</u>	<u>499,290</u>
Fund Balances							
Restricted:							
Public transportation operations and maintenance	591,525	--	--	--	--	--	591,525
Debt service	--	--	--	--	950,264	--	950,264
Charitable and educational	--	--	--	--	--	6,672	6,672
Police equipment and training	--	3,440	--	--	--	--	3,440
Committed:							
False alarm management	--	--	34,823	--	--	--	34,823
Art in public places	--	--	--	478,753	--	--	478,753
Total Fund Balances	<u>591,525</u>	<u>3,440</u>	<u>34,823</u>	<u>478,753</u>	<u>950,264</u>	<u>6,672</u>	<u>2,065,477</u>
Total Liabilities and Fund Balances	<u>\$1,087,687</u>	<u>\$ 3,440</u>	<u>\$ 37,751</u>	<u>\$ 478,953</u>	<u>\$ 950,264</u>	<u>\$ 6,672</u>	<u>\$ 2,564,767</u>

VILLAGE OF PALMETTO BAY, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Special Revenue					Palmetto Bay Foundation	Total
	Stormwater Management	Law Enforcement Trust Fund	False Alarm Fund	Art in Public Places Fund	Debt Service Fund		
Revenues							
Intergovernmental	\$ --	\$ --	\$ --	\$ 40,625	\$ --	\$ --	\$ 40,625
Charges for services	674,453	--	53,874	--	--	--	728,327
Interest	11,367	36	333	488	8,766	5	20,995
Miscellaneous	(101)	1,827	1,673	--	--	--	3,399
Total Revenues	<u>685,719</u>	<u>1,863</u>	<u>55,880</u>	<u>41,113</u>	<u>8,766</u>	<u>5</u>	<u>793,346</u>
Expenditures							
Current:							
General government	--	1,196	28,303	2,390	--	--	31,889
Public works	686,037	--	--	--	--	--	686,037
Capital outlay	27,409	--	--	--	--	--	27,409
Debt service:							
Principal	89,504	--	--	--	--	--	89,504
Interest	36,256	--	--	--	--	--	36,256
Total Expenditures	<u>839,206</u>	<u>1,196</u>	<u>28,303</u>	<u>2,390</u>	<u>--</u>	<u>--</u>	<u>871,095</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(153,487)</u>	<u>667</u>	<u>27,577</u>	<u>38,723</u>	<u>8,766</u>	<u>5</u>	<u>(77,749)</u>
Net Change in Fund Balances	(153,487)	667	27,577	38,723	8,766	5	(77,749)
Fund Balances - Beginning	<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>
Fund Balances - Ending	<u>\$ 591,525</u>	<u>\$ 3,440</u>	<u>\$ 34,823</u>	<u>\$ 478,753</u>	<u>\$ 950,264</u>	<u>\$ 6,672</u>	<u>\$ 2,065,477</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	49-52
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	53-56
These schedules contain information to help the reader understand and assess the Village's most significant local revenue source, the property tax.	
Debt Capacity	57-60
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	61
This schedule offers demographic and economic indicators to help the reader understand the environment within which the Village financial activities take place.	
Operating Information	62-65
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
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	<u>2011¹</u>	<u>2012²</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 44,025,420
Restricted	4,496,251	4,777,407	4,658,334	5,028,591	5,523,082	5,806,975	4,695,709	5,584,081	3,908,588	4,005,311
Unrestricted	6,808,011	10,152,507	11,033,358	12,660,148	14,224,072	15,597,402	16,651,125	13,926,428	15,044,142	11,873,457
Total governmental activities net position	<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>\$ 60,292,261</u>	<u>\$ 59,904,188</u>

NOTE: There are no Business-type activities

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

2. 2012 net assets were restated (\$349,379) to implement GASB Statement No. 65

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

	Fiscal Year									
	2011 ¹	2012 ²	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General Government	\$ 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	\$ 6,326,017
Economic Development	-	-	-	212,328	115,794	-	-	-	-	-
Public safety	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	8,032,978
Public Assistance	-	-	-	-	-	-	-	1,765,431	16,473	439,281
Public Works	1,211,458	949,063	956,794	975,188	854,938	978,242	939,841	2,108,425	3,138,825	4,018,596
Parks & Recreation	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	2,614,193
Interest on long-term debt	845,619	757,437	872,105	837,207	807,485	734,187	693,749	667,295	711,044	622,416
Total governmental activities expenses	\$ 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	\$ 22,053,481
Program Revenue										
Governmental activities:										
Charge for services:										
General Government	\$ 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	\$ 1,477,058
Public Safety	397,137	269,662	306,074	298,121	241,096	259,831	258,500	160,236	365,105	251,311
Public Works	519,786	715,634	726,818	729,259	712,742	680,536	694,083	1,218,923	711,738	674,453
Park & Recreation	554,600	773,020	841,724	774,676	1,049,133	841,359	1,039,950	1,039,437	1,089,978	491,876
Operating Grants and Contributions	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	2,237,279
Capital Grants and Contributions	1,788,147	192,604	14,948	2,526	-	-	-	1,886,616	3,617,708	1,926,891
Total governmental activities programs revenues	\$ 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	\$ 7,058,868
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (14,994,613)
General Revenues and Other changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 6,449,589
Utility Taxes	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	2,635,734
Communication Taxes	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	857,722
Franchise taxes	960,331	1,101,516	1,016,281	829,882	787,126	800,852	599,893	816,239	795,525	927,087
Unrestricted intergovernmental revenue	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	2,132,145
Unrestricted Investment earnings	114,921	149,253	139,668	134,833	155,623	149,951	163,920	202,985	227,869	167,033
Miscellaneous	93,700	191,226	144,345	343,369	157,441	196,672	155,401	807,961	1,333,963	527,798
Total governmental activities	\$ 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	\$ 13,697,108
Extraordinary Items										
Settlements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GASB 65 Expense of debt issuance costs	-	(349,379)	-	-	-	-	-	-	-	-
Adjustment to beginning net position	-	-	-	-	-	-	-	-	(544,159)	890,248
Change in Net Position										
Governmental activities	\$ 2,275,270	\$ 1,361,961	\$ 813,535	\$ 1,403,720	\$ 1,184,687	\$ 1,203,561	\$ (67,428)	\$ 2,918,073	\$ 2,921,612	\$ (407,257)
Total Primary Government	\$ 2,275,270	\$ 1,361,961	\$ 813,535	\$ 1,403,720	\$ 1,184,687	\$ 1,203,561	\$ (67,428)	\$ 2,918,073	\$ 2,921,612	\$ (407,257)

1. 2011 General Government expenses were restated to remove payments to Miami-Dade County in the amount of \$152,745 as these should have reduced long-term liabilities due to Miami-Dade county.

2. 2012 restated to include implementation of GASB Statement No. 65 expenditure of debt issuance costs.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non-Spendable	\$ 95,418	\$ 106,594	\$ 80,185	\$ 125,402	\$ 676,220	\$ 82,883	\$ 82,332	\$ 85,383	\$ 96,067	\$ 448,671
Restricted	98,783	-	-	-	-	-	-	-	-	-
Assigned	62,189	103,728	125,231	-	-	-	-	-	-	4,700,000
Unassigned	11,234,723	12,235,109	12,933,169	12,945,499	13,181,246	11,442,147	10,638,696	11,017,071	10,570,072	5,562,388
Total General Fund	<u>\$ 11,491,113</u>	<u>\$ 12,445,431</u>	<u>\$ 13,138,585</u>	<u>\$ 13,070,901</u>	<u>\$ 13,857,466</u>	<u>\$ 11,525,030</u>	<u>\$ 10,721,028</u>	<u>\$ 11,102,454</u>	<u>\$ 10,666,139</u>	<u>\$ 10,711,059</u>
All Other Governmental Funds										
Restricted:										
Special Revenue Funds	\$ 2,707,373	\$ 3,139,924	\$ 3,399,620	\$ 4,126,942	\$ 4,621,251	\$ 4,903,311	\$ 3,787,024	\$ 4,662,974	\$ 2,967,090	\$ 3,055,047
Debt Service Fund	900,320	901,092	901,505	901,649	901,831	903,664	908,685	921,107	941,498	950,264
Capital Projects Funds	789,775	1,306,121	357,209	-	-	-	-	-	-	-
Committed:										
Special Revenue Funds	986,269	990,419	743,588	800,887	1,120,149	970,526	1,482,058	447,902	447,276	513,576
Assigned	228,144	98,639	993,799	2,316,605	1,986,638	4,864,924	6,297,720	4,848,583	3,058,195	2,290,756
Unassigned	-	-	-	-	-	-	(91,305)	(1,296,560)	(27,217)	(1,478,194)
Total All Other Governmental Funds	<u>\$ 5,611,881</u>	<u>\$ 6,436,195</u>	<u>\$ 6,395,721</u>	<u>\$ 8,146,083</u>	<u>\$ 8,629,869</u>	<u>\$ 11,642,425</u>	<u>\$ 12,384,182</u>	<u>\$ 9,584,006</u>	<u>\$ 7,386,842</u>	<u>\$ 5,331,449</u>
Total All Funds	<u>\$ 17,102,994</u>	<u>\$ 18,881,626</u>	<u>\$ 19,534,306</u>	<u>\$ 21,216,984</u>	<u>\$ 22,487,335</u>	<u>\$ 23,167,455</u>	<u>\$ 23,105,210</u>	<u>\$ 20,686,460</u>	<u>\$ 18,052,981</u>	<u>\$ 16,042,508</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Property Taxes	\$ 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	\$ 6,449,589
Utility Taxes	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	2,635,734
Communication Taxes	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	857,722
Franchise Fees	960,331	1,101,516	1,016,281	829,882	787,126	800,852	599,893	816,239	795,525	927,087
Intergovernmental	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	6,296,315
Licenses and permits	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	1,419,684
Fines and Forfeitures	328,385	269,662	306,074	298,121	241,096	259,831	258,500	160,236	365,105	251,311
Charges for services	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	1,223,703
Interest	114,921	149,253	139,668	134,833	155,623	149,951	163,920	202,985	227,869	167,033
Miscellaneous fees	93,700	191,226	144,345	343,369	157,441	196,672	155,401	807,961	1,333,963	527,798
Total revenues	\$ 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	\$ 20,755,976
Expenditures:										
General Government ¹	\$ 3,700,958	\$ 4,701,490	\$ 4,713,967	\$ 4,536,099	\$ 3,215,109	\$ 3,621,256	\$ 3,384,761	\$ 3,056,414	\$ 3,127,029	\$ 3,429,864
Economic Development	-	-	-	212,328	115,708	-	-	-	-	-
Public Safety	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	8,022,549
Public Assistance	-	-	-	-	-	-	-	1,765,431	16,473	439,281
Public works	964,662	676,414	701,135	703,360	1,422,213	1,470,397	1,375,596	1,733,355	2,745,584	3,579,721
Building and Permitting	-	-	-	-	-	-	-	2,101,149	2,848,634	2,384,968
Parks and Recreation	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	1,709,631
Capital outlay	4,432,455	801,920	1,628,022	604,506	690,087	1,704,949	1,445,354	6,125,156	6,725,241	3,228,235
Debt service										
Principal Payments	442,383	519,798	698,834	729,299	724,968	810,577	841,411	895,094	855,099	240,032
Interest	827,814	737,951	863,346	830,212	823,324	727,192	686,754	667,295	711,044	622,416
Total Expenditures	\$ 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	\$ 23,656,697
Excess (deficiency) of revenues over expenditures	\$ (1,209,758)	\$ 1,778,632	\$ 652,680	\$ 1,682,678	\$ 1,270,351	\$ 680,121	\$ (62,245)	\$ (2,418,750)	\$ (2,089,320)	\$ (2,900,721)
Other Financing Sources (Uses):										
Transfer In	\$ 1,099,677	\$ 682,691	\$ 897,000	\$ 1,480,000	\$ 121,000	\$ 3,200,000	\$ 1,550,000	\$ 1,114,057	\$ 151,285	\$ -
Transfer Out	(1,099,677)	(682,691)	(897,000)	(1,480,000)	(121,000)	(3,200,000)	(1,550,000)	(1,114,057)	(151,285)	-
CARES Act	-	-	-	-	-	-	-	-	-	153,157
Refinanced Debt	-	-	-	-	-	(1,209,840)	-	-	-	-
Discount/Issuance Cost on debt issue	-	-	-	-	-	(42,308)	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	1,252,148	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,157
Extraordinary Items:										
Mitigation/Litigation Settlement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment to beginning net position									(544,159)	890,248
Net change in fund balances	\$ (1,209,758)	\$ 1,778,632	\$ 652,680	\$ 1,682,678	\$ 1,270,351	\$ 680,121	\$ (62,245)	\$ (2,418,750)	\$ (2,633,479)	\$ (1,857,316)
Debt services as a percentage of noncapital expenditures	8.8524%	8.7849%	10.6276%	10.0722%	9.4514%	9.4639%	8.9414%	7.9723%	7.6269%	4.2218%

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

Fiscal Year	Real Property		Personal Property	less: Tax-Exempt Property	Total Taxable Assessed Value	Total¹ Direct Tax Rate	Estimated² Actual Value	Assessed Value as a % of Actual Value
	Residential	Commercial						
2011	\$ 2,551,825	\$ 545,884	\$ 90,712	\$ 799,248	\$ 2,389,173	\$ 2	\$ 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	1,541,254	2,930,713	2.2387	4,471,967	100.00%
2020	3,553,811	902,682	80,616	1,483,458	3,053,651	2.2000	4,537,109	100.00%

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

N/A - Information not available

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

2: Includes tax-exempt property.

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

Fiscal Year	Village of Palmetto Bay Direct Rates		Overlapping Rates				Total Millage
	Basic Rate	Total Direct	School District	State Rates	Miami Dade County	Special District Millages	
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
2020	2.2000	2.2000	7.1480	0.3115	5.1449	3.1727	17.9771

Information Obtained from Miami-Dade County Department of Property Appraisal

VILLAGE OF PALMETTO BAY
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2020</u>				<u>2011</u>			
	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Village Taxable Value</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Village Taxable Value</u>
Brandsmart USA	Retail Outlet	\$ 29,000,000	1	0.98%	Retail Outlet	\$ 29,700,000	2	1.28%
Metropolitan Life Insurance	Retail Outlet	28,900,000	2	0.98%	Retail Outlet	19,100,000	3	0.83%
17777 Old Cutler RD LLC	Office Building	26,620,000	3	0.90%	Office Building	30,457,093	1	1.32%
Yatch Club By Luxcom LLC	Vacant Land	25,031,279	4	0.85%				0.00%
Autonation USA Perrine Inc.	Automotive	17,500,000	5	0.59%	Automotive	14,936,437	4	0.65%
South Motors Company Of Dade County	Automotive	12,984,167	6	0.44%	Automotive	9,534,799	8	0.41%
Publix Super Markets Inc.	Retail Outlet	12,794,885	7	0.43%	Retail Outlet	9,451,696	9	0.41%
17475 LLC	Health Care	10,671,101	8	0.36%				
Gus Machado Kendall Inc.	Automotive	10,585,019	9	0.36%	Automotive	10,673,270	6	0.46%
Equity One	Retail Outlet	10,300,000	10	0.35%	Retail Outlet	13,326,633	5	0.58%
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>\$ 184,386,451</u>		<u>6.24%</u>		<u>\$ 156,478,844</u>		<u>6.77%</u>
Total Taxable Value		\$ 2,944,709,220				\$ 2,313,431,060		

Source: Miami-Dade tax assessor's office.

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

Fiscal Year	Total Tax Levy¹	Current Tax Collections²	Percent of Current Taxes Collected	Delinquent Tax Collections²	Total Tax Collections	Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes³	Ratio of Delinquent Taxes to Total Tax Levy
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%	133,210	2.0%
2020	6,718,032	6,271,130	93.3%	178,459	6,449,589	96.0%	405,418	6.0%

- 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
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Special Revenue Bonds	Capital Leases	Liabilities to Miami-Dade¹	Total	Percentage of Personal Income³	Per Capita²
2011	\$ 17,692,192	\$ -	\$ 3,365,669	\$ 21,057,861	2.20%	838
2012	17,116,117	-	3,206,356	20,322,473	2.12%	868
2013	16,585,585	-	3,040,029	19,625,614	2.04%	837
2014	16,037,039	-	2,903,930	18,940,969	1.89%	801
2015	15,475,162	-	2,677,301	18,152,463	1.75%	773
2016	14,907,496	-	2,483,513	17,391,009	1.63%	732
2017	14,270,687	-	2,280,886	16,551,573	1.52%	694
2018	13,609,539	-	2,048,916	15,658,455	1.27%	653
2019	12,923,289	-	1,882,042	14,805,331	1.16%	613
2020	12,518,234	-	1,642,010	14,160,244	N/A	587

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

Note: The Village has no General Obligation Bonds.

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

2: See the page 61 for Demographic and Economic Statistics.

3: See page 61 for Personal Income

N/A - Information not available

VILLAGE OF PALMETTO BAY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2020

<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	\$ 2,282,020,000	0.87%	\$ 19,853,574	\$ 823
School Board ³	969,024,000	0.87%	8,430,509	349
Total Overlapping Debt	<u>\$ 3,251,044,000</u>		<u>\$ 28,284,083</u>	<u>\$ 1,172</u>
Contractual Debt ⁴	1,642,010	100.00%	1,642,010	68
Village Direct Debt	<u>12,518,234</u>	100.00%	<u>12,518,234</u>	<u>519</u>
Total Village Debt	<u>14,160,244</u>		<u>14,160,244</u>	<u>587</u>
Total Direct and Overlapping Debt	<u>\$ 3,265,204,244</u>		<u>\$ 42,444,327</u>	<u>\$ 1,759</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 5.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Legal Debt Service Margin Calculation										
Total General Fund Revenues ¹	\$ 17,571,249	\$ 16,897,766	\$ 16,980,009	\$ 17,770,436	\$ 18,342,087	\$ 18,633,838	\$ 18,474,050	\$ 23,305,809	\$ 25,170,251	\$ 20,755,976
Debt Service Limit (20% of General Fund Revenues) ²	3,556,017	3,446,902	3,387,778	3,475,045	3,611,252	3,697,593	3,710,789	4,177,986	4,847,606	4,592,623
Debt Service applicable to limit	<u>1,270,197</u>	<u>1,257,749</u>	<u>1,562,180</u>	<u>1,559,511</u>	<u>1,548,292</u>	<u>1,537,769</u>	<u>1,528,165</u>	<u>1,562,389</u>	<u>1,566,143</u>	<u>862,448</u>
Legal debt service margin	<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>\$ 2,615,597</u>	<u>\$ 3,281,463</u>	<u>\$ 3,730,175</u>
Total debt service applicable to the limit as a percentage of debt service limit	35.72%	36.49%	46.11%	44.88%	42.87%	41.59%	41.18%	37.40%	32.31%	18.78%

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

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

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

Fiscal Year	Library Bonds					Special Revenue Bonds				
	Rent ¹ Revenue	Debt Service Requirements			Coverage	Non-Ad Valorem Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total			Principal	Interest	Total	
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
2020	108,891	77,507	22,664	100,171	1.09	8,067,753	370,000	533,139	903,139	8.93

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

2: The Village refinanced the debt, see NOTE 5.

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

Fiscal Year	Population¹	Personal Income	Per Capita Income²	Median Age²	School Enrollment⁴	Public School Enrollment³	Unemployment Rate²
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	1,277,141,580	52,910	41.5	7,401	3,166	6.2%
2020	24,144	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. <http://oada.dadeschools.net/StudentMembership/Membership.asp>

VILLAGE OF PALMETTO BAY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2020			2011		
	Employees	Rank	Percentage of Total Village Population¹	Employees	Rank	Percentage of Total Village Population¹
BUPA	450	1	1.86%	-		0.00%
Dade County Schools	432	2	1.79%	419	2	1.66%
Brandsmart	200	3	0.83%	200	4	0.79%
BCA Financial Services	184	4	0.76%	-		0.00%
South Motors	157	5	0.65%	592	1	2.35%
Publix Supermarket	138	6	0.57%	350	3	1.39%
Marshall's Department Store	134	7	0.56%	119	8	0.47%
Miller's Ale House Restaurant	100	8	0.41%	-		0.00%
Progressive	91	9	0.38%			
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%
	690		2.86%	1,666		6.63%

1: Population information available on page 61, Demographic and Economic statistics.

NOTE: Information obtained from Village business license data.

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

	2011		2012		2013		2014		2015		2016		2017		2018		2019		2020	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Village Manager	6	0	5	1	4	0	4	0	4	1	6	0	6	0	6	0	6	0	5	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	2	0	2	0	2	0	2	1	4	2	4	1	4	0	4	0	4	1
Finance	4	0	4	0	6	0	6	0	6	0	6	0	6	0	6	0	6	1	7	0
Planning and Zoning	6	0	7	0	8	0	7	0	3	0	2	0	2	0	3	0	3	0	3	0
Building and Permitting	7	1	7	0	7	2	8	2	12	1	13	0	13	0	13	0	13	0	13	0
Parks & Recreation	9	23	9	22	11	33	11	28	9	21	8	23	8	23	8	23	8	24	7	23
Public Work	8	2	9	2	9	3	9	3	15	6	18	7	17	6	18	7	19	6	28	0
Total Employees	43	27	45	25	49	38	49	33	53	30	59	32	58	30	60	30	62	31	70	24

FT - Full Time

PT - Part Time

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

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

	2011	2012	2013	2014	Fiscal Year 2015	2016	2017	2018	2019	2020
Police										
Arrests	335	324	375	341	340	308	283	235	221	142
Targeted Crimes ¹	432	431	442	345	363	313	295	258	206	156
False Alarms	1,748	1,756	1,685	1,714	1,790	1,689	1,470	1,237	1,256	1,011
Culture and Recreation										
Tennis Court Rentals	N/A	8,765	11,322	9,557	9,687	5,898	6,595	5,972	7,709	6,909
Wedding Rentals	N/A	135	57	97	167	240	145	101	89	21
Park rentals	844	496	589	431	697	992	817	632	468	331
Summer Camp Registrants	665	1,070	762	1,095	1,480	1,346	1,337	1,254	1,371	112
Planning & Zoning										
Code Violation	637	599	566	496	396	734	377	1,040	1,002	826
Zoning Hearing Applications	7	7	5	9	13	8	19	7	12	15
Building Permits										
Residential	2,652	2,237	2,661	3,808	2,151	4,158	3,747	4,434	3,727	1,167
Commercial	687	487	676	607	424	593	616	671	565	131
Inspections	8,387	8,810	9,750	11,602	10,709	17,519	15,224	21,128	20,040	15,633
Manager/Clerk										
Ordinances	12	29	18	6	17	25	21	15	24	18
Resolutions	83	96	91	80	116	133	127	118	165	123
Public Works										
Transit Passengers	10290	8,428	8,301	5,650	7,190	5,941	5,276	7,109	16,589	9,246
Roads Resurfaced (miles)	4.66	3	7	3	7	3	2.41	0	0	0
Finance										
Journal Entries	784	572	504	519	525	747	764	722	789	791
Deposits	1,282	1,299	1,318	1,296	1,355	1,233	1,135	1,204	1,229	1,185
Checks	2,152	2,196	2,540	2,614	2,583	2,725	2,531	2,375	2,618	2,471
Facilities Maintenance										
Solar Energy Produced (Kwh)	N/A	46,064	83,703	90,770	90,520	85,670	78,910	N/A	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
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Municipal Center	1	1	1	1	1	1	1	1	1	1
Police										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	41	42	42	42	43	43	43	43	43
Public Works										
Streets (miles)	122	122	122	122	122	122	125	125	125	125
Traffic signals	29	29	29	29	29	29	28	28	28	28
Traffic Circles	2	2	2	2	2	2	3	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 court	8	8	8	8	8	8	8	8	8	8
Racquetball courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	2	2	2	2	2	2	2	2	2	2
Football fields	2	2	2	2	2	2	2	2	2	2
Baseball fields	5	5	5	5	5	5	5	5	5	5
Softball fields	6	6	6	6	6	6	6	6	6	6
Community centers	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 REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida (the “Village”) as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements and have issued our report thereon dated April 28, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item, SD2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item SD2020-01.

The Village Management's Response to Finding

The Village management's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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 Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, FL
April 28, 2021

VILLAGE OF PALMETTO BAY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

I. CURRENT YEAR FINDING AND RECOMMENDATION

SIGNIFICANT DEFICIENCY

SD2020-001 – Restatement of Prior Period related to Grant Revenue Recognition

Criteria/Condition/Cause

During the 2020 audit year, it was discovered that previously issued fiscal year 2019 financial statements contained a material misstatement. In connection with the federal grant agreement with the Department of Homeland Security (“DHS”) and Federal Emergency Management Agency (“FEMA”) for Hurricane Irma, the auditor identified an error related to the recognition of grant revenues in fiscal year 2019. During fiscal year 2019, the Village was recognizing FEMA related grant revenue based on cash receipts as opposed to related obligation dates. The error was caused due to the misapplication of accounting for FEMA grants.

Effect

As a result, the Village prior year’s revenue was understated. Accordingly, an adjustment of \$890,248 was proposed by the auditor and recorded to adjust beginning fund balance in the Grants Fund and beginning net position (government-wide governmental activities) as of September 30, 2019 to correct the impact of the misstatement on prior year financial statements. Had the error not been made, for the fiscal year ended September 30, 2019, the ending fund balance in the Grants Fund and the ending net position (government-wide) as of September 30, 2019 would have been increased by \$890,248.

Recommendation

The Village should ensure that adequate procedures and controls are in place to ensure that all grant revenues are recognized in accordance with the Village’s revenue recognition policy and external grant agency reporting guidelines.

View of Responsible Official and Planned Corrective Action

Management agrees with the auditor’s recommendation and as such, proceeded to adjust beginning fund balance in the Grants Fund and beginning net position (government-wide) as of October 1, 2019. Management will ensure all grant revenues are recorded in accordance with the revenue recognition policy in place by the Village. Management believes grant revenues have been properly recognized and recorded in past years. The exception identified is directly correlated to the lack of information made available to the Village by the funding agency and the unique reporting requirement set forth by FEMA, which are not reoccurring in nature to the Village. Management does not expect for this item to be a repeated in future years.

VILLAGE OF PALMETTO BAY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

SIGNIFICANT DEFICIENCIES

SD2019-001* – Prior period restatement due to recognition of FPL franchise fee revenues finding was not repeated in the current year.

SD2019-002** – Internal Controls Over the Preparation of the Schedule of Expenditures of Federal Awards was not a repeated in the current year.

* Reported in the 2019 comprehensive annual financial report issued on May 20, 2020

** Reported in the stand-alone 2019 report on the schedule of expenditures of federal awards and reporting required by Uniform Guidance issued on April 28, 2021.

III. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

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

To the 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, 2020, and have issued our report thereon dated April 28, 2021.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Schedule of Findings and Responses, and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 28, 2021, 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 finding and recommendation made in the preceding financial audit report. The status of the audit findings and recommendations made in the preceding annual financial audit report has been addressed and identified in the Schedule of Findings and Responses.

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 connections 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 have one recommendation identified as MLC 2020-001 and included in Appendix A.

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, the Honorable Mayor, Village Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, FL
April 28, 2021

VILLAGE OF PALMETTO BAY, FLORIDA

APPENDIX A - CURRENT YEAR RECOMMENDATION TO IMPROVE FINANCIAL MANAGEMENT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

MLC 2020-001 – INFORMATION TECHNOLOGY POLICY

Criteria/Condition

It is best practice for the Village to have a formal written Information Technology (IT) Policy that documents and encompasses various areas such as: General IT procedural manual, disaster recovery plan, IT Risk Assessment, data back-up schedules, cybersecurity incident response plan, etc. The Village's computerized information systems are vital to its daily operations. Currently, the Village does not have a written IT policy. Without proper documentation, management is not assured that its desired policies and procedures are being carried out. In addition, documentation is an effective tool for training new personnel, providing operations instructions, and assisting in system revisions and development of IT needs.

Cause

The Village currently does not have a formal written IT policy.

Effect

In the event of personnel turnover or emergency, the Village does not have a formal written IT policy document to use for immediate reference.

Recommendation

We recommend the Village to produce a formal written IT policy and to continuously update the policy on an annual basis as considered necessary. As a component of the policy, the document should include an up-to-date disaster recovery plan to provide continued operations and to ensure electronic files are not lost because of a major computer hardware or software failure or other potential external interruptions (e.g. natural disasters and cybersecurity attacks).

Management's Response

Management concurs with the auditor's recommendation. Although, IT policies and procedures are established and followed by staff, a written IT policy document would be of benefit to the Village. The Village's IT Department is currently in the process of evaluating its options (using internal resources or considering the use of an external vendor) in order to proceed with the completion of a written IT policy.

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415, FLORIDA STATUTES**

To the 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, Local Government Investment Policies, for the fiscal year ended September 30, 2020. Management of the Village is responsible for the Village’s compliance with the specified requirements. Our responsibility is to express an opinion on the Village’s compliance based on our examination.

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

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

In our opinion, the Village complied, in all material respects, with Section 218.415, Florida Statutes for the fiscal year ended September 30, 2020.

This report is intended to describe our testing of compliance with Section 218.415 Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

Miami, FL
April 28, 2021



AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Desmond Chin who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of Village of Palmetto Bay which is a local governmental entity of the State of Florida;
2. The governing body of Village of Palmetto Bay adopted (Ordinance No. 2016-02 and 2018-14 or Resolution No. 2003-59) implementing an impact fee or authorized Village of Palmetto Bay to receive and expend proceeds of an impact fee implemented by Miami Dade County; and
3. Village of Palmetto Bay has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Desmond Chin, Finance Director
Village of Palmetto Bay

STATE OF FLORIDA
COUNTY OF MIAMI DADE

SWORN TO AND SUBSCRIBED before me this 23 day of aug, 2021

NOTARY PUBLIC

Print Name Maria Jacqueline Villegas Rodriguez

Personally known ✓ or produced identification _____

Type of identification produced: _____

My Commission Expires:

