

VILLAGE OF PALMETTO BAY

"VILLAGE OF PARKS"



First Village Hall - 2002



Ludovici Park - 2009



Village Hall - 2012



COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013



VILLAGE OF PALMETTO BAY, FLORIDA

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INTRODUCTORY SECTION



March 21, 2014

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

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and government auditing standards by a firm of licensed certified public accountants. Additionally, the Village's charter requires an annual independent audit of the books of accounts, financial records and transactions of all departments of the Village by independent certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Village of Palmetto Bay for the fiscal year ended September 30, 2013.

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

The Village's financial statements have been audited by Cherry Bekaert 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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the Village of Palmetto Bay's financial statements for the fiscal year ended September 30, 2013 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 auditor.

Profile of the Government

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

The Village of Palmetto Bay was incorporated in 2002 and operates under the Council/Manager form of government. The Village Council is comprised of the Mayor, Vice-Mayor, and three Council Members elected village-wide. The Mayor and Council Members term is for four years with a maximum of eight consecutive years. As of November 2012, the length of service was extended one term, but no person may serve as a combination of Mayor, Vice-Mayor and Council member for more than three consecutive terms. 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.

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

of the adopted budget may be appropriated by the Council by way of an ordinance. Budget-to-actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

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

Local Economy

The Village of Palmetto Bay is a medium-sized municipality serving approximately 23,000 citizens. The majority of the Village's ad-valorem taxes are derived from its residential properties with an average taxable value of \$236,599, which was a 1% increase from prior year. The average County residential taxable value is \$157,482. Total property values for the Village decreased by -0.62%. The foundation of Palmetto Bay is its low-density residential development that serves as housing for employment centers north of the Village. Commercial and office uses are primarily oriented towards the U.S. 1 corridor and consists of ten major auto dealerships, several large-box retailers, retail shopping plazas, and multiple office buildings. Two other concentrations of commercial uses are located in the eastern portion of the Village and include retail service uses and a class A office park development. The latest US Census classifies the Village residents as middle to upper-middle class. The Village residents support the local businesses which results in a stable local economy.

Long-Term Financial Planning and Major Initiatives

The Village has approved a zoning district encompassing 330 acres known as the Franjo Triangle and U.S. 1 Island area. The mixed-use district includes commercial, office and residential users. The County has a water and sewer infrastructure expansion project that should be completed in 2014, this will assist in attracting developers to the area. The newly renovated Thalatta Estates has won rave reviews from party planners and was the site winner for the filming of TLC's popular show the Four Weddings. The completion of the platinum LEED Village municipal center in the middle of the above mentioned redevelopment area has spawned what will become downtown Palmetto Bay. With the near completion of the infrastructure necessary to support development, the Village has appropriated \$1,000,000 to start the economic development process to grow the Village's commercial 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 income with an equal match from the Village. The Village also sponsors a 457 deferred compensation plan, of which participation is voluntary.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palmetto Bay for its CAFR for the fiscal year ended September 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

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

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

Sincerely,



Ron E. Williams
Village Manager



Desmond Chin
Finance Director

Village of Palmetto Bay, Florida
ELECTED AND APPOINTED OFFICIALS

SEPTEMBER 30, 2013

VILLAGE COUNCIL

Mayor	Shelley Stanczyk
Vice Mayor	John DuBois
Council Member	Patrick Fiore
Council Member	Tim Schaffer
Council Member	Joan Lindsay

VILLAGE MANAGER

Ron E. Williams

VILLAGE ATTORNEY

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

VILLAGE CLERK

Meighan Alexander

FINANCE DIRECTOR

Desmond Chin, CPA

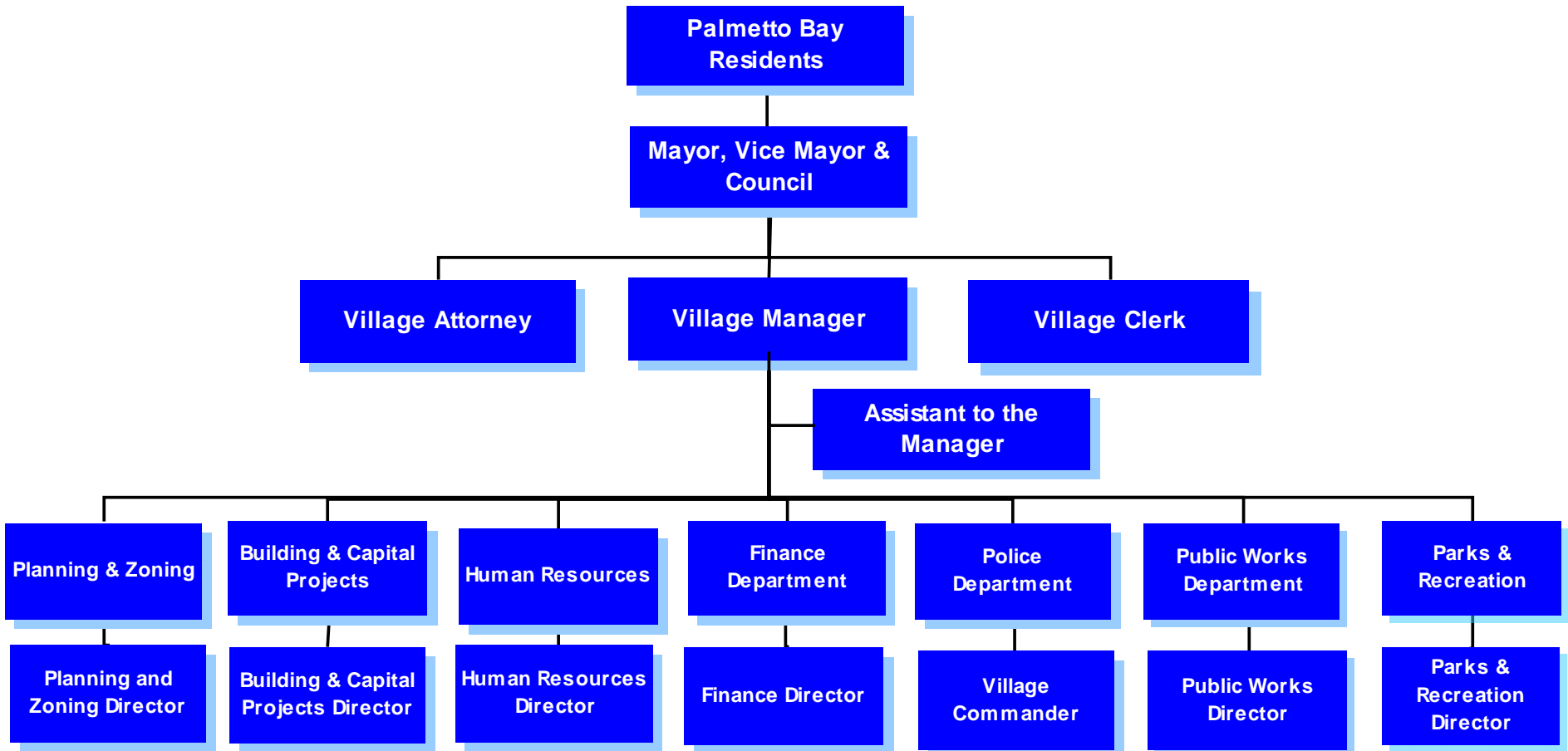
VILLAGE AUDITORS

Cherry Bekaert LLP
Certified Public Accountants & Consultants

Village of Palmetto Bay, Florida

ORGANIZATION CHART

SEPTEMBER 30, 2013





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, 2012

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida (the "Village") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principal

As discussed in Note 1 to the financial statements, effective October 1, 2012, the Village adopted new accounting guidance, Government Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, resulting in a restatement of beginning net position. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining 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 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 March 21, 2014, 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 to describe the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Coral Gables, Florida
March 21, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

Management's Discussion and Analysis

As management of the Village of Palmetto Bay (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2013.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$50,147,221 (net position). Of this amount, \$11,033,358 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors. The balance, \$39,113,863 is comprised of net investment in capital assets of \$34,455,529 and restricted assets of \$4,658,334.
- The Village's change in net position of governmental activities increased by \$813,535. This increase is attributable to changes in the Village's only fund, the Governmental fund. Detailed changes are explained later under Governmental Activities.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$19,534,306, an increase of \$652,680 in comparison with the prior year. Approximately 66% of ending fund balance or \$12,933,169 is available for spending at the Village's discretion (*unassigned fund balance*).
- At the end of the reporting period, unassigned fund balance for the General Fund was \$12,933,169, or approximately 107% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

The Special Revenue Funds consist of three major funds which are presented separately in the balance sheet and statements of revenues and expenditures and changes in fund balances of governmental funds, and six non-major funds which are combined under Nonmajor Governmental Funds. The six non-major funds are the Palmetto Bay Foundation (the "*Foundation*"), Law Enforcement Trust Fund, False Alarm, Building, Tree Mitigation and Art In Public Places. A description of the Foundation is found in the notes to the financial statements on page 17, and the combining statements can be found on pages 38 and 39.

The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget on page 35.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 34 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded liabilities by \$50,147,221 at the close of the most recent fiscal year.

The largest portion of the Village's net position, \$34,455,529 or approximately 69%, reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Village reports its investment in capital assets net of related debt in the amount of \$16,585,585 and plus the related deferred refunding of debt of \$90,732, it should be noted

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

The remaining balance of net position, \$15,691,692, may be used to meet the government's ongoing obligations to citizen's and creditors.

Village of Palmetto Bay's Net position

	September 30,	
	2013	2012 Restated
Current Assets	\$ 20,498,693	\$ 19,483,165
Capital Assets	50,950,382	50,852,643
Total Assets	71,449,075	70,335,808
Deferred Amount on Refunding of Bonds	90,732	97,516
Total Deferred Outflows of Resources	90,732	97,516
Long-Term Liabilities Outstanding	20,428,199	20,498,099
Other Liabilities	964,387	601,539
Total Liabilities	21,392,586	21,099,638
Net Position:		
Net Investment in Capital Assets	34,455,529	34,403,772
Restricted for:		
Capital Projects	370,396	751,222
Culture & Recreation	74,496	68,029
Building Inspections	307,059	176,375
Public Safety	43,451	29,655
General Government	-	52,201
Transportation	2,954,786	2,796,196
Debt Service	901,505	901,092
Charitable & Educational Projects	6,641	2,637
Unrestricted	11,033,358	10,152,507
Total Net Position	\$ 50,147,221	\$ 49,333,686

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

Governmental Activities. The Village's Governmental Fund net position increased by a total of \$813,535 during the current fiscal year. Current Assets increased by \$1,015,528 mainly from increases in cash and cash equivalents, as a result of surpluses from operations. Deferred Outflows decreased \$6,784 as the bond refunding expense is amortized over the life of the bonds. Capital assets increased by \$97,739 as a result of capital projects for park improvements, \$769,271, infrastructure improvements, \$699,174 and equipment purchases, \$159,577 net of depreciation of \$1,530,283. Liabilities increased \$292,948 mainly due to \$750,000 liability as part of a tentative litigation settlement.

Village of Palmetto Bay's Net Changes in Net Assets

	Fiscal Year	
	2013	2012 Restated
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,037,323	\$ 2,849,105
Operating Grants and Contributions	1,507,892	1,522,549
Capital Grants and Contributions	14,948	192,604
General Revenues:		
Property Taxes	5,528,940	5,446,837
Communications Service Tax	1,310,324	1,375,239
Franchise Fees	1,016,281	1,101,516
Utility Taxes	2,188,566	2,093,849
Unrestricted Intergovernmental Revenues	2,091,722	1,975,588
Unrestricted Interest Earnings	139,668	149,253
Miscellaneous	144,345	191,226
Total Revenues	16,980,009	16,897,766
Expenses:		
General Government	5,743,583	4,941,661
Public Safety	5,982,271	5,964,055
Public Works	956,794	949,063
Parks and Recreation	2,611,721	2,574,210
Interest on long-term debt	872,105	757,437
Total Expenses	16,166,474	15,186,426
Restatement due to implementation of GASB 65	-	(349,379)
Change in Net Position of Governmental Activities	\$ 813,535	\$ 1,361,961

Revenues:

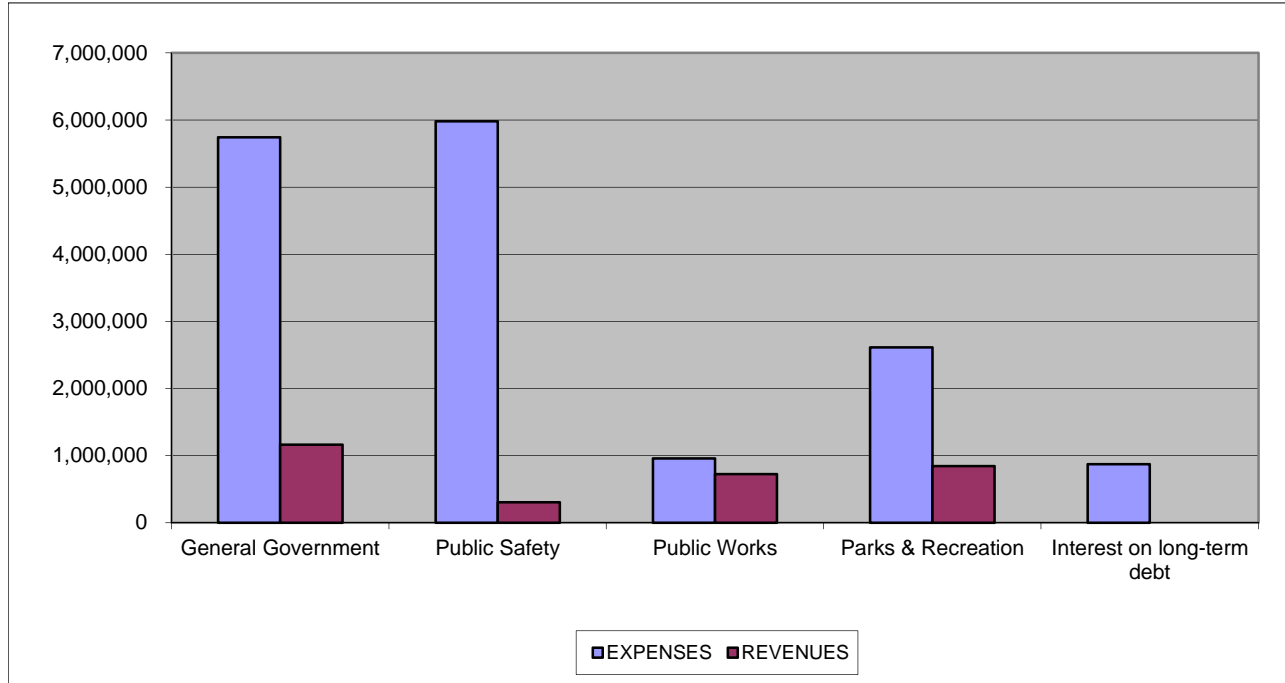
Total revenues were comparable to fiscal year 2012, and increased \$82,243 to a total of \$16,980,009 for 2013. The major components are as follows:

- Taxes of \$9,027,830 comprised 53% of total revenues in the current fiscal year. Most of this category is property taxes of \$5,528,940. Property taxes increased due to a 2.39% increase in property values. The Village held the millage rate at 2.447 per \$1,000 of assessed taxable value for fiscal year 2013.
- Operating grants, capital grants and contributions accounted for \$1,522,840 or 9% of total revenues.
- Charges for services totaled \$3,037,323 or 18% of total revenues. There was an increase of \$188,218 mainly due to Park services, Stormwater fees, Permits and Fines.
- Franchise fees decreased \$85,235 which is affected by electrical usage and rates charged by FPL.
- Intergovernmental revenues increased \$116,134 mainly due to increase Sales Tax receipts.

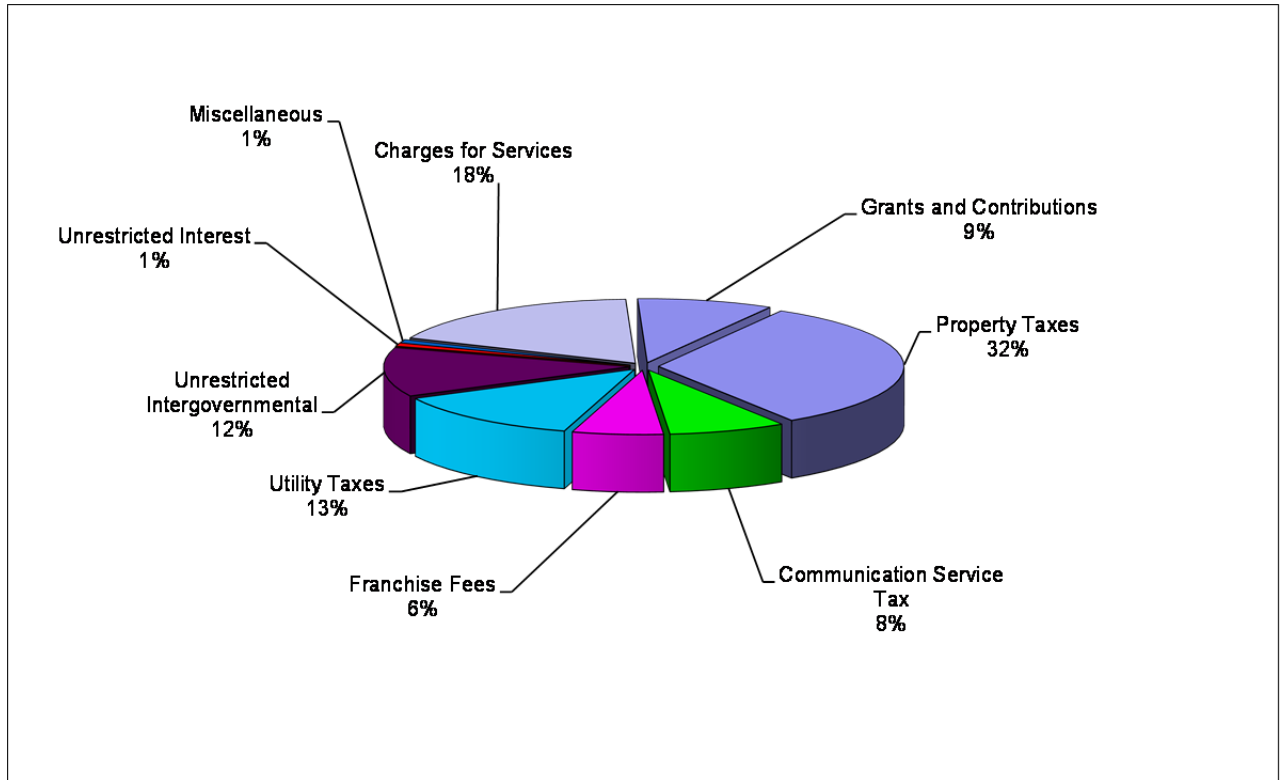
Expenditures:

- Village expenditures increased a total of \$980,048, mainly due to \$114,668 increase in interest on long-term debt and a litigation settlement in the amount of \$750,000.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$19,534,306, an increase of \$652,680 in comparison with the prior year. Approximately 66% of the ending fund balance or \$12,933,169 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 \$13,138,585, of which \$12,933,169 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 107% of total general fund expenditures, while total fund balance represents 108% of that same amount. The fund balance of the Village's general fund increased \$693,154 during the current fiscal year.

Special Revenue Funds are used to account for monies received for a specific purpose. The Village has the following Major 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 increase in the ending fund balance of \$158,590 is mainly due to increased receipts from the ½ cent transportation surtax.

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 \$31,938 is mainly due expenditures from Park Impact fees.

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 \$268,725, due to ongoing drainage improvements.

Non-Major Funds is the combination of six Special Revenue funds for Palmetto Bay Foundation, Law Enforcement Trust Fund, False Alarm, Building, Tree Mitigation and Art In Public Places. In total Non-Major fund balance increased \$154,938. The more significant funds are discussed below:

The Building Fund is used to account for permit receipts and expenditures according to Florida Statute 553.80. The majority of the Non-Major fund balance increase is from the Building department's \$130,697 increase in ending fund balance. This is a result of increased permit activity.

The Capital Projects Fund is used to account for financial resources (usually when financed through borrowings or contributions) to be used for the acquisition or construction of major capital facilities. The decrease in fund balance of \$53,752 is attributable to the completion of the renovation at Thalatta Park that was carried over from fiscal year 2012.

The Debt Service Fund is used to account for resources set aside to meet debt service requirements on general long-term debt. The 2010 bond issue required a debt reserve which has a balance of \$901,505 as of September 30, 2013.

General Fund Budgetary Highlights

The total budgetary operating surplus of \$2,717,504 resulted from surplus revenues of \$858,636 and expenditure savings of \$1,858,868. There was a transfer out totaling \$897,000 for Special Revenues to fund Capital Projects. There was an appropriation of \$1,127,350 from fund balance to cover expenditures, but the actual receipts eliminated the need for an appropriation which result is an increase in fund balance of \$693,154. The most significant variances are:

REVENUES:

Utility Taxes – positive variance of \$243,286 mainly from increased receipts from electric utilities.
Franchise Fees – positive variance of \$101,281 due to estimates based upon fiscal year 2012 receipts.
Intergovernmental – positive variance of \$144,129, mainly from sales tax receipts.
Licenses and Permits – positive variance of \$107,931 mainly due to Local Business Tax and Zoning applications and reviews.
Fines and Forfeitures – positive variance of \$133,574 mainly due to code violations.
Charges for Services – positive variance of \$173,744 mainly from the growing popularity of the Thalatta Estates as a wedding venue.

EXPENDITURES:

Finance Department – Savings of \$114,973 were realized mainly from salaries and benefits, as some positions were partially vacant and reduced auditing services that were not required for grants.
Village Attorney – Savings of \$200,709 due to settlement of litigation.
Other General Government – Savings of \$343,975 mainly from General Government operations and the Planning department.
Police Services – Savings of \$493,750 due to County adjustments to salaries and benefits.
Parks & Recreation – \$536,461 in savings were realized from reduced park operating expenditures, and unfilled personnel positions.

Capital Assets and Debt Administration

Capital Assets. The Village's investment in capital assets as of September 30, 2013, amounted to \$50,950,382 (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 \$97,739 in the current fiscal year.

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

- Stormwater Improvements - \$638,150
- Park Improvements - \$641,649

Village of Palmetto Bay
Capital Assets (Net of Depreciation)

	September 30,	
	2013	2012
Governmental activities:		
Land	\$ 23,689,655	\$ 23,689,655
Construction in progress	1,506,552	487,497
Furniture and Equipment	503,132	598,350
Building	12,065,567	12,532,348
Improvements Other than Buildings	7,616,324	8,126,271
Infrastructure	5,569,152	5,418,522
 Governmental activities Capital Assets, net	 <u>\$ 50,950,382</u>	 <u>\$ 50,852,643</u>

Additional information on the Village's capital assets can be found in Note 5 on page 26.

Long-term Debt. At the end of the current fiscal year, the Village had total debt outstanding of \$16,585,585 and liabilities to Miami-Dade County in the amount of \$3,040,029. The total debt is backed by the full faith and credit of the Village for which the Village is liable in the unlikely event of default.

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

	September 30,	
	2013	2012
Promissory Note	\$ 1,394,887	\$ 1,597,394
Revenue Bond	15,190,698	15,518,723
Liabilities to Miami-Dade County	3,040,029	3,206,356
Total	<u>\$ 19,625,614</u>	<u>\$ 20,322,473</u>

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Miami-Dade County in September 2013 was 9.0%, which represents a decrease of 1% from the previous year. This is slightly higher than the state's average unemployment rate of 7.1% and slightly more than the national average rate of 7.6% in September 2013. The unemployment rate of the Village is generally lower than the County. (Source: US Census).
- Inflationary trends in the County at 0.4% are lower than the national average at 1.5% for August 2013.
- Most municipalities are starting to show property value increases, the Village saw a decrease in property values of -0.62% while the County had an average increase of 3.39%.

All of these factors were considered in preparing the Village's budget for the 2014 fiscal year. During the current fiscal year, unreserved fund balance in the general fund increased to \$13,138,585. The Village has appropriated \$480,000 of this amount for capital outlays, \$1,000,000 for economic development and \$846,779 to fund an expansion in services in the 2014 fiscal year budget. The Village used a millage rate of 2.447 for fiscal year 2014, which is 1.76% greater than the roll back rate of 2.4047.

Requests for information

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,060,810
Investments	33,555
Receivables	121,831
Due from other governments	1,433,319
Prepaid assets	80,185
Restricted assets:	
Cash and cash equivalents	4,710,350
Investments	26,381
Receivables	31,566
Due from other governments	696
Capital assets not being depreciated	25,196,207
Capital assets being depreciated, net	25,754,175
Total Assets	71,449,075
Deferred Outflows of Resources	
Deferred amount on refunding of bonds	90,732
Liabilities	
Accounts payable	750,564
Accrued liabilities	162,258
Due to other governments	9,215
Park deposits	42,350
Noncurrent liabilities:	
Due in one year	912,066
Due in more than one year	18,901,133
Net OPEB obligation	15,000
Permit, inspection and other fees	600,000
Total Liabilities	21,392,586
Net Position	
Net investment in capital assets	34,455,529
Restricted for:	
Capital projects	370,396
Culture and recreation	74,496
Building Inspections	307,059
Public safety	43,451
Public transportation operations and maintenance	2,954,786
Debt service reserve	901,505
Charitable and educational projects	6,641
Unrestricted	11,033,358
Total Net Position	\$ 50,147,221

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

VILLAGE OF PALMETTO BAY, FLORIDA
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
General government	\$ 5,743,583	\$ 1,162,707	\$ -	\$ -	\$ (4,580,876)
Public safety	5,982,271	306,074	22,452	-	(5,653,745)
Public works	956,794	726,818	1,485,440	10,000	1,265,464
Parks and recreation	2,611,721	841,724	-	4,948	(1,765,049)
Interest on long-term debt	872,105	-	-	-	(872,105)
Total Governmental Activities	\$ 16,166,474	\$ 3,037,323	\$ 1,507,892	\$ 14,948	(11,606,311)
General Revenues					
Real and personal property taxes					5,528,940
Communication service tax					1,310,324
Franchise fees based on gross receipts					1,016,281
Utility taxes					2,188,566
Unrestricted intergovernmental revenues					2,091,722
Unrestricted interest earnings					139,668
Miscellaneous					144,345
Total general revenues					12,419,846
Change in net position of governmental activities					813,535
Net Position - Beginning					49,683,065
Restatement due to implementation of GASB 65					(349,379)
Net Position - Beginning, as restated					49,333,686
Net Position - Ending					\$ 50,147,221

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

VILLAGE OF PALMETTO BAY, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	Special Revenue Funds							Total Governmental Funds
	General	Transportation Fund	Grants Fund	Stormwater Management	Nonmajor Governmental Funds	Debt Service Fund	Capital Projects Fund	
Assets								
Cash and cash equivalents	\$ 12,272,402	\$ 2,708,167	\$ 117,947	\$ 511,237	\$ 614,469	\$ 901,505	\$ 1,645,433	\$ 18,771,160
Investments	33,555	-	-	-	-	-	26,381	59,936
Accounts receivable	121,831	-	-	31,566	-	-	-	153,397
Due from other funds	115,618	20,298	-	-	26,535	-	-	162,451
Due from other governments	996,165	283,176	64,924	89,054	696	-	-	1,434,015
Prepaid items	80,185	-	-	-	-	-	-	80,185
Total Assets	\$ 13,619,756	\$ 3,011,641	\$ 182,871	\$ 631,857	\$ 641,700	\$ 901,505	\$ 1,671,814	\$ 20,661,144
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 261,996	\$ 19,049	\$ -	\$ 170,694	\$ 3,897	\$ -	\$ 294,928	\$ 750,564
Accrued liabilities	141,075	8,333	-	1,463	11,387	-	-	162,258
Due to other funds	26,535	29,473	64,924	1,365	14,276	-	25,878	162,451
Due to other governments	9,215	-	-	-	-	-	-	9,215
Park deposits	42,350	-	-	-	-	-	-	42,350
Total Liabilities	481,171	56,855	64,924	173,522	29,560	-	320,806	1,126,838
Fund Balances								
Nonspendable:								
Prepaid items	80,185	-	-	-	-	-	-	80,185
Restricted for:								
Capital projects	-	-	-	-	13,187	-	357,209	370,396
Culture and recreation	-	-	74,496	-	-	-	-	74,496
Public safety	-	-	43,451	-	-	-	-	43,451
Building inspections	-	-	-	-	307,059	-	-	307,059
Public transportation operations and maintenance	-	2,954,786	-	-	-	-	-	2,954,786
Debt service reserve	-	-	-	-	-	901,505	-	901,505
Charitable and educational projects	-	-	-	-	6,641	-	-	6,641
Committed:								
Culture and recreation	-	-	-	-	249,155	-	-	249,155
Other capital projects	-	-	-	-	-	-	993,799	993,799
False alarm projects	-	-	-	-	23,036	-	-	23,036
Tree projects	-	-	-	-	13,062	-	-	13,062
Drainage projects	-	-	-	458,335	-	-	-	458,335
Assigned:								
Drug Abuse Resistance Education	5,231	-	-	-	-	-	-	5,231
Asset replacement	120,000	-	-	-	-	-	-	120,000
Unassigned	12,933,169	-	-	-	-	-	-	12,933,169
Total Fund Balances	13,138,585	2,954,786	117,947	458,335	612,140	901,505	1,351,008	19,534,306
Total Liabilities and Fund Balances	\$ 13,619,756	\$ 3,011,641	\$ 182,871	\$ 631,857	\$ 641,700	\$ 901,505	\$ 1,671,814	

Amounts reported for governmental activities in the statement of net position are different because

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

50,950,382

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

The details of the difference are as follows:

Long-term debt

(16,585,585)

Liabilities due to Miami-Dade County

(3,040,029)

Deferred loss on refunding of debt

90,732

Compensated absences

(187,585)

OPEB obligation

(15,000)

Litigation settlement, non-cash portion

(600,000)

Net Position of Governmental Activities

\$50,147,221

VILLAGE OF PALMETTO BAY, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds							Total Governmental Funds
	General	Transportation Fund	Grants Fund	Stormwater Management	Nonmajor Governmental Funds	Debt Service Fund	Capital Projects Fund	
Revenues								
Real and personal property taxes	\$ 5,528,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,528,940
Utility and communication service taxes	2,188,566	-	-	-	-	-	-	2,188,566
Communication service tax	1,310,324	-	-	-	-	-	-	1,310,324
Franchise fees	1,016,281	-	-	-	-	-	-	1,016,281
Intergovernmental	2,036,129	1,485,440	37,400	-	55,593	-	-	3,614,562
Licenses and permits	241,931	-	-	-	847,524	-	-	1,089,455
Fines and forfeitures	306,074	-	-	-	-	-	-	306,074
Charges for services	841,724	4,751	-	726,818	68,501	-	-	1,641,794
Interest	113,431	14,081	429	1,997	804	413	8,513	139,668
Miscellaneous	121,261	5,640	984	163	16,297	-	-	144,345
Total Revenues	13,704,661	1,509,912	38,813	728,978	988,719	413	8,513	16,980,009
Expenditures								
Current:								
General government	3,170,530	501,907	18,723	203,473	819,334	-	-	4,713,967
Public safety	5,972,399	-	-	-	-	-	-	5,972,399
Public works	216,801	360,515	-	23,504	-	-	100,315	701,135
Parks and recreation	1,749,626	-	-	-	-	-	-	1,749,626
Capital outlay	10,115	54,332	52,028	638,150	14,447	-	858,950	1,628,022
Debt service:								
Principal payments	330,000	309,848	-	58,986	-	-	-	698,834
Interest and fiscal charges	665,036	124,720	-	73,590	-	-	-	863,346
Total Expenditures	12,114,507	1,351,322	70,751	997,703	833,781	-	959,265	16,327,329
Excess (Deficiency) of Revenues Over Expenditures	1,590,154	158,590	(31,938)	(268,725)	154,938	413	(950,752)	652,680
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	897,000	897,000
Transfers out	(897,000)	-	-	-	-	-	-	(897,000)
Total Other Financing Sources (Uses)	(897,000)	-	-	-	-	-	897,000	-
Net change in fund balances	693,154	158,590	(31,938)	(268,725)	154,938	413	(53,752)	652,680
Fund Balances - Beginning	12,445,431	2,796,196	149,885	727,060	457,202	901,092	1,404,760	18,881,626
Fund Balances - Ending	\$ 13,138,585	\$ 2,954,786	\$ 117,947	\$ 458,335	\$ 612,140	\$ 901,505	\$ 1,351,008	\$ 19,534,306

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 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2013

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balances - total government funds \$ 652,680

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

Details of the difference are as follows:

Cost of assets	\$ 1,628,022	
Depreciation expense	<u>(1,530,283)</u>	
		97,739

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 affect on net assets. Also, governmental funds report the
effect of issuance costs, premiums, discounts, and similar items
when debt is first issued, whereas these amounts are deferred and
amortized in the statement of activities. This amount is the net
effect of these differences in the treatment of long-term debt and
related items.

Details of the differences are as follows:

Amortization of discount on bonds issued	(1,975)	
Amortization of deferred loss on bond refunding	(6,784)	
Principal payments on debt	<u>698,834</u>	
		690,075

Some expenses reported in the statement of activities do not require
the use of current financial resources and, therefore, are not
reported as expenditures in governmental funds:

Details of the difference is as follows:

Change in compensated absences	(11,959)	
OPEB obligation	(15,000)	
Litigation settlement, non-cash portion	<u>(600,000)</u>	

Change in Net Position of Governmental Activities

\$ 813,535

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – Summary of significant accounting policies

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

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

Financial Reporting Entity - The financial reporting entity consists of the Village, organizations for which the Village is financially accountable, and other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The Village is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village.

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

Based upon the application of the criteria described above, the financial activity of the blended component 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.

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, 2012. Revenues consist primarily of donations and investment income. The Foundation articles restrict the use of the funds to charitable, educational or scientific purposes.

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – Summary of significant accounting policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. The major individual governmental funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

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

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

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

The Village reports the following major governmental funds:

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

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

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

The **Stormwater Management Fund** accounts for the revenues received from stormwater assessments.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – Summary of significant accounting policies (continued)

The **Debt Service Fund** accounts for all financial resources that are being accumulated for principal and interest payments of long-term debt that matures in future years.

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

Additionally, the Village reports non-major funds within the government fund type:

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

Assets, Liabilities, and Net Position or Equity

Deposits and Investments - The Village's cash and cash equivalents include cash on hand, pooled cash, demand deposits, investments in money market funds.

The Florida PRIME is recorded at the value of the pool shares (2a-7 like pool), which approximates fair value. Fund B is a fluctuating NAV pool and is reported based on the fair value factor.

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.

Cash and cash equivalents include cash and investments which are defined as short-term and include highly liquid investments with original maturities of three months or less.

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

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

Prepaid Assets - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These costs are expensed when used.

Capital Assets - Capital assets, which include land, buildings, furniture and equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – Summary of significant accounting policies (continued)

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 intangible assets.

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

	<u>Estimated Useful Lives</u>
Furniture and equipment	5-20 years
Buildings	30 years
Leasehold improvements	10 years
Infrastructure	30 years

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. Any unused hours in excess of the maximum is paid out. All PTO is accrued when incurred in the government-wide fund financial statements based on current rates of pay. Compensated absences are expected to be used in the following year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental funds, compensated absences are liquidated from the general fund.

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

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.

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

Nonspendable - 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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – Summary of significant accounting policies (continued)

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of 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. Ordinances are 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. Management of the Village has been designated by the Village Council via resolution as authorized to assign fund balances.

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

The Village would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position - Net position of the government-wide statement of net position are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets is that portion of net position that relates to the Village's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net position is that portion 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 consists of all net assets that do not meet the definition of either of the other two components.

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

Deferred Outflows and Inflows of Resources - The Village adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the fiscal year ended September 30, 2013. Implementation of GASB 63 discontinued the use of the term of Net Assets and changed it to Net Position. It also required the new categories called Deferred Outflows of Resources and Deferred Inflows of Resources. Deferred Outflow of Resources consists of the deferred amount on refunding on the FMLC Bonds per GASB 65 as further discussed in Note 1 below.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – Summary of significant accounting policies (continued)

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. Actual results could differ from those estimates.

Subsequent Events - The Village has evaluated subsequent events through March 21, 2014, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Restatements Due to New GASB Implementations - The Village adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the fiscal year ended September 30, 2013.

Implementation of GASB 65 required bond issuance cost to be expensed as incurred rather than amortized over the life of the debt as previously required. The restatement of prior period net position for fiscal year ended September 30, 2012 decreased both the net position and unamortized issuance costs (bond issuance costs) by \$349,379 for the Village. As a result, net position as of October 1, 2012 has been adjusted accordingly:

	Governmental Activities
Net Position, as previously reported, September 30, 2012	\$ 49,683,065
Adjustments for implementation of new regulations:	
GASB 65, changes related to debt issuance costs	(349,379)
Net Position, as restated, September 30, 2012	<u>\$ 49,333,686</u>

GASB 65 also requires that current refundings be reported as a deferred outflow. Therefore, \$90,732 of deferred amount on refunding on the FMLC Bonds, see note 6 below, was recorded as a Deferred Outflow of Resources.

Accounting Pronouncements Issued but not yet Effective - The GASB has issued several statements not yet implemented by the Village. The statements that may have an effect on the Village are as follows:

GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statement No. 10 and No. 62* was issued March 2012 and is effective for the Village in fiscal year 2014. This statement resolves conflicting guidance that resulted from the issuance of other pronouncements; this will have no effect for the Village.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – Summary of significant accounting policies (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued June 2012 and is effective for the Village in fiscal year 2015. This statement replaces the requirements of GASB Statement No. 27, as well as the requirements of GASB Statement No. 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses/expenditures and details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The Village has not completed its assessment of this statement.

Note 2 – Deposits and investments

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

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

The SBA administers Florida PRIME (PRIME) and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the PRIME and Fund B. PRIME is not a registrant with the Securities and Exchange Commission; however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares.

Fund B does not meet the requirements of a SEC 2a-7 like pool and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2013, the fair value factor for Fund B was 1.13262284 per share. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 2 – Deposits and investments (continued)

As of September 30, 2013, the Village had the following cash equivalents and investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Cash Equivalent:		
Florida PRIME	\$ 222,571	44 days
Investments:		
Fund B	\$ 59,936	4.04 years

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

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

The SBA issues a separate financial report. A copy of this financial report can be found on the SBA website at www.sbafla.com or a hard copy may be obtained by sending an email to flaudgen@aud.state.fl.us, by telephone at (850) 487-9024, or by mail at G74 Claude Pepper Building, III West Madison Street, Tallahassee, Florida 32399-1450.

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

Note 3 – 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 year ended September 30, 2013 was 2.447 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, 2013, there were no material delinquent taxes.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 4 – Interfund receivables, payables and transfers

Interfund Receivables and Payables - Interfund receivable and payable balances at September 30, 2013 were as follows:

Receivable Fund	Payable Fund						Total
	General Fund	Transportation Fund	Grant Fund	Stormwater Management Fund	Capital Projects Fund	Non-major Governmental Funds	
General Fund	\$ -	\$ 29,473	\$ 44,626	\$ 1,365	\$ 25,878	\$ 14,276	\$ 115,618
Transportation Fund	-	-	20,298	-	-	-	20,298
Nonmajor Governmental Funds	26,535	-	-	-	-	-	26,535
	<u>\$ 26,535</u>	<u>\$ 29,473</u>	<u>\$ 64,924</u>	<u>\$ 1,365</u>	<u>\$ 25,878</u>	<u>\$ 14,276</u>	<u>\$ 162,451</u>

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

Transfers - There were transfers of \$897,000 from the general fund to the capital projects fund. These transfers were used to fund capital projects related to park improvements.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 5 – Capital assets

Capital asset activity for the year ended September 30, 2013 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 23,689,655	\$ -	\$ -	\$ 23,689,655
Construction in progress	487,497	1,297,256	278,201	1,506,552
Total capital assets not being depreciated	<u>24,177,152</u>	<u>1,297,256</u>	<u>278,201</u>	<u>25,196,207</u>
Capital assets being depreciated:				
Furniture and equipment	2,090,559	159,577	-	2,250,136
Buildings	14,003,442	-	-	14,003,442
Improvements other than buildings	10,901,275	76,050	-	10,977,325
Infrastructure	6,333,222	373,340	-	6,706,562
Total capital assets being depreciated	<u>33,328,498</u>	<u>608,967</u>	<u>-</u>	<u>33,937,465</u>
Less accumulated depreciation for:				
Furniture and equipment	1,492,209	254,795	-	1,747,004
Buildings	1,471,094	466,781	-	1,937,875
Improvements other than buildings	2,775,004	585,997	-	3,361,001
Infrastructure	914,700	222,710	-	1,137,410
Total accumulated depreciation	<u>6,653,007</u>	<u>1,530,283</u>	<u>-</u>	<u>8,183,290</u>
Total capital assets, being depreciated net	<u>26,675,491</u>	<u>(921,316)</u>	<u>-</u>	<u>25,754,175</u>
Governmental activities capital assets, net	<u>\$ 50,852,643</u>	<u>\$ 375,940</u>	<u>\$ 278,201</u>	<u>\$ 50,950,382</u>

Depreciation expense charged to the functions or programs of the Village for the year ended September 30, 2013 was as follows:

General government	\$ 402,657
Public safety	9,872
Transportation	255,659
Culture and recreation	862,095
Total depreciation expense - governmental activities	<u>\$ 1,530,283</u>

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 6 – Long-term liabilities

Long-term liabilities activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and loans payable:					
Bonds payable:					
FMLC Bonds - Series 2005D	\$ 1,310,000	\$ -	\$ (35,000)	\$ 1,275,000	\$ 35,000
FMLC Bonds - Series 2010B	14,265,000	-	(295,000)	13,970,000	305,000
Less deferred amounts:					
Issuance discount	(56,277)	-	1,975	(54,302)	-
Total Bonds Payable	<u>15,518,723</u>	<u>-</u>	<u>(328,025)</u>	<u>15,190,698</u>	<u>340,000</u>
Loans payable:					
Promissory Note 2007	1,597,394	-	(202,507)	1,394,887	210,521
Total Loans Payable	<u>1,597,394</u>	<u>-</u>	<u>(202,507)</u>	<u>1,394,887</u>	<u>210,521</u>
Liabilities to Miami-Dade County:					
QNIP	1,704,910	-	(107,341)	1,597,569	112,538
Stormwater	1,501,446	-	(58,986)	1,442,460	61,422
Total Liabilities to Miami-Dade County	<u>3,206,356</u>	<u>-</u>	<u>(166,327)</u>	<u>3,040,029</u>	<u>173,960</u>
Compensated absences	<u>175,626</u>	<u>187,585</u>	<u>(175,626)</u>	<u>187,585</u>	<u>187,585</u>
Long-Term Liabilities	<u>\$ 20,498,099</u>	<u>\$ 187,585</u>	<u>\$ (872,485)</u>	<u>\$ 19,813,199</u>	<u>\$ 912,066</u>

Florida Municipal Loan Council Revenue Bonds Series 2005D - During fiscal year 2005, the Village issued Florida Municipal Loan Council Revenue Bonds, Series 2005D in the principal amount of \$1,495,000. The proceeds were used for the purpose of constructing a library building and funding the interest on the bonds until April 1, 2006. The bonds are collateralized by a pledge of the Village's non-ad valorem taxes. Total pledged amounts over the life of the bonds are expected to be approximately \$3,000,000. For the current year, debt service and pledged revenues were approximately \$93,000 and \$109,000, respectively. The total principal and interest remaining on the bonds is \$2,044,563. The library was completed in the 2009 fiscal year and began generating revenues in fiscal year 2010. The bonds are payable over 30 years with principal amounts ranging from \$30,000 to \$90,000 and interest payments ranging from 3% to 5%. The final maturity date of the bonds is October 1, 2035.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 6 – Long-term liabilities (continued)

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 35,000	\$ 56,944	\$ 91,944
2015	35,000	55,719	90,719
2016	40,000	54,450	94,450
2017	40,000	52,850	92,850
2018	40,000	51,250	91,250
2019-2023	235,000	228,650	463,650
2024-2028	300,000	166,425	466,425
2029-2033	375,000	91,350	466,350
2034-2035	175,000	11,925	186,925
Total	<u>\$ 1,275,000</u>	<u>\$ 769,563</u>	<u>\$ 2,044,563</u>

Promissory Note, Series 2007 - During fiscal year 2007, the Village issued a Promissory Note for the principal amount of \$2,500,000. The proceeds were used for the manufacture and installation of street signs throughout the Village. The note is collateralized by a pledge of the Village's portion of the Miami-Dade County's Citizens' Independent Transportation Trust (CITT) One-Half Cent Transportation Surtax. The Village has committed to budget and apply on an annual basis all amounts required to pay principal and interest required for the repayment of the note from the CITT surtax. Total pledged revenue over the life of the note is expected to be approximately \$5,000,000. For the current year, debt service and pledged revenues were \$262,000 and \$674,000, respectively. The total principal and interest remaining on the bonds is \$1,571,204. The note requires quarterly principal and interest payments of \$66,467 through August 2019, at which time it will be paid in full. Payments include interest at 3.90% per annum.

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 210,521	\$ 51,346	\$ 261,867
2015	218,852	43,016	261,868
2016	227,514	34,354	261,868
2017	236,517	25,351	261,868
2018	245,876	15,990	261,866
2019	255,607	6,260	261,867
Total	<u>\$ 1,394,887</u>	<u>\$ 176,317</u>	<u>\$ 1,571,204</u>

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 6 – Long-term liabilities (continued)

Florida Municipal Loan Council Revenue Bonds Series 2010B - In August 2010, the Village issued Florida Municipal Loan Council Revenue Bonds, Series 2010B in the principal amount of \$14,780,000. The proceeds were used to refund two previously issued promissory notes in 2006 and 2009, and for the construction of the Village Hall. The refunding was an advance refunding; an irrevocable trust with an escrow agent was established to provide for future debt service payments until the bonds are called. The reacquisition price exceeded the net carrying amount of the old debt by \$110,089, which was deferred and is being amortized as a component of interest expense over the term of the bonds. The bonds are secured by a pledge of the Village's non-ad valorem revenues. Total principal and interest remaining on the bonds is \$24,072,416. The bonds are payable over 30 years with principal amounts ranging from \$225,000 to \$855,000 and interest payments ranging from 3% to 5%. The final maturity date of the bonds is September 20, 2040. On January 17, 2013, Moody's Investors Service ("Moody's") downgraded the rating assigned to Assured Guaranty Municipal Corp. ("Assured") from "Aa3" to "A2" with a stable outlook. Assured is the bond insurer for the Florida Municipal Loan Council Revenue Bonds, Series 2010 ("Bonds"). Moody's downgrade of Assured has caused the insured rating assigned to the Bonds to likewise be downgraded to "A2".

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 305,000	\$ 581,800	\$ 886,800
2015	310,000	574,938	884,938
2016	320,000	567,963	887,963
2017	330,000	555,163	885,163
2018	345,000	541,962	886,962
2019-2023	1,920,000	2,526,260	4,446,260
2024-2028	2,310,000	2,139,124	4,449,124
2029-2033	2,870,000	1,596,406	4,466,406
2034-2038	3,585,000	896,400	4,481,400
2039-2040	1,675,000	122,400	1,797,400
Total	<u>\$ 13,970,000</u>	<u>\$ 10,102,416</u>	<u>\$ 24,072,416</u>

Quality Neighborhood Improvement Program (QNIP) - The Village is required to pay Miami-Dade County its allocated share of principal and interest of the Miami-Dade County Public Service Tax Revenue Bonds, Series 1999, that were issued prior to the Village's incorporation. The Village agreed to become liable for its pro rata share of these bonds upon its incorporation in 2002. The Village's pro rata share of the County's bonds is approximately 3.6% and is payable annually through 2024. The principal and interest payment for the period ended September 30, 2013 was approximately \$174,000. Payments include interest at approximately 3.9% per annum.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 6 – Long-term liabilities (continued)

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 112,538	\$ 62,831	\$ 175,369
2015	117,914	57,633	175,547
2016	123,648	52,212	175,860
2017	129,741	47,144	176,885
2018	136,371	41,822	178,193
2019-2023	793,319	119,315	912,634
2024	184,038	3,681	187,719
Total	<u>\$ 1,597,569</u>	<u>\$ 384,638</u>	<u>\$ 1,982,207</u>

Stormwater - The Village is required to pay Miami-Dade County its pro rata share of principal and interest of the Miami-Dade County Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued and outstanding since the exemption date of the Village from the Miami-Dade County Stormwater Utility. The Villages pro-rata share of the bonds is approximately 1.7% and is payable annually through 2029. The principal and interest payment for the period ended September 30, 2013 was approximately \$132,500. Payments include interest at approximately 4.9% per annum.

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 61,422	\$ 71,211	\$ 132,633
2015	64,119	68,458	132,577
2016	67,164	65,371	132,535
2017	70,557	62,013	132,570
2018	74,124	58,485	132,609
2019-2023	429,867	233,004	662,871
2024-2028	548,535	114,248	662,783
2029	126,672	5,859	132,531
Total	<u>\$ 1,442,460</u>	<u>\$ 678,649</u>	<u>\$ 2,121,109</u>

Note 7 – Defined contribution plan

The Village provides retirement benefits for full time employees through a money purchase plan (a defined contribution plan). The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of the employees are tax deferred until the time of withdrawal. The Plan is administered by ICMA Retirement Corporation. 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.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 7 – Defined contribution plan (continued)

Plan benefits depend solely on amounts contributed to the Plan, plus investment earnings, less administrative expenses. The Village's contribution for participating employees is 6% of the employees' gross salary. Plan members may contribute up to 6% of the Plan member's gross salary and receive matching from the Village for a total Village contribution of up to 12% of the member's salary. Employees are fully vested after 5 years of service. Employees contributed \$117,669 and the Village contributed \$263,278 to the Plan for the year ended September 30, 2013.

Note 8 – Other Post-Employment Benefits

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

Plan Description and Funding Policy - Eligible individuals include all regular employees and elected officials of the Village who retire from active services. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children. The Village provides optional post-employment healthcare, dental, and life insurance coverage to eligible individuals. As of September 30, 2012, the date of the most recent actuarial evaluation, there are three participating retirees.

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

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

Annual OPEB Cost and Net OPEB Obligation - The following table shows the components of the Village's annual OPEB cost for the year, the amount contributed, and the change in the net OPEB obligation.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 8 – Other Post-Employment Benefits (continued)

Employer Normal Cost	\$ 20,000
Amortization of Unfunded Actuarial Accrued Liability	5,000
Annual Required Contribution	<u>25,000</u>
Interest on the Net OPEB Obligation	-
Adjustments to the ARC	<u>-</u>
Annual OPEB Cost	25,000
Employer Contribution	<u>(15,000)</u>
Change in Net OPEB Obligation	10,000
Net OPEB obligation - Beginning of Year	5,000
Net OPEB obligation - End of Year	<u><u>\$ 15,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 25,000	60%	\$ 15,000
9/30/2011	\$ 3,000	0%	\$ 5,000
9/30/2010	\$ 2,000	0%	\$ 2,000

Funding Status and Funding Progress - The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status and an analysis of funding progress as of September 30, 2012, the date of the most recent actuarial valuation, is as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Fund Ration (a/b)	Covered Payroll (c)	UAAL as Percentage of Coverage Payroll ((b-a)/c)
January 1, 2013	\$ -	\$ 65,000	\$ 65,000	0%	\$ 2,511,000	2.6%

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 8 – Other Post-Employment Benefits (continued)

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

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

Measurement date	January 1, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level-dollar payment, open period
Remaining amortization period	15-years

Actuarial assumptions:

Investment rate of return	4.00% per annum (includes inflation at 2.75% per annum)
Healthcare cost trend rates:	
Selected rates	8.00% for 2013 graded to 5.50% for 2018
Ultimate rate	5.00% per annum

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

Litigation - During the fiscal year, the Village tentatively settled a lawsuit with a private school located in the Village. Under the terms of the tentative settlement, the Village is to pay \$200,000 to the private school, of which \$50,000 is covered by insurance, and provide the private school with a \$600,000 credit to be used towards future building permit fees, inspection fees, and fees of other types, including fees for Art in Public Places. The tentative settlement is subject to final approval by the Village Board and the private school. The Village has recorded a liability of \$750,000 in the statement of net position, of which \$150,000 is included within accounts payable and \$600,000 is reported as permit, inspection and other fees under non-current liabilities.

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

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 9 – Commitments and contingencies (continued)

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

Agreement with Miami-Dade County for Local Police Patrol Services - On May 5, 2003, the Village executed an agreement with Miami-Dade County for local police patrol services. The Village makes regular monthly payments to Miami-Dade County. Payments are adjusted to accrue for labor costs incurred and deducted from the gross revenues due to the Village from Miami-Dade County. Payments for the services provided by Miami-Dade County are based on the level of staffing services requested by the Village utilizing the actual personnel costs of officers and equipment. The current agreement became effective July 2009 and will expire in July 2014. Payments for patrol services totaled approximately \$5,890,000 during fiscal year ended September 30, 2013.

Construction Commitments - The Village had construction commitments outstanding at September 30, 2013 in the amount of approximately \$137,500 for drainage renovations and \$180,000 for other projects.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PALMETTO BAY, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Real and personal property taxes	\$ 5,623,941	\$ 5,623,941	\$ 5,528,940	\$ (95,001)
Utility and communication services taxes	3,255,604	3,255,604	3,498,890	243,286
Franchise fees	915,000	915,000	1,016,281	101,281
Intergovernmental	1,892,000	1,892,000	2,036,129	144,129
Licenses and permits	134,000	134,000	241,931	107,931
Fines and forfeitures	172,500	172,500	306,074	133,574
Charges for services	667,980	667,980	841,724	173,744
Interest	75,000	75,000	113,431	38,431
Miscellaneous	110,000	110,000	121,261	11,261
Total Revenues	12,846,025	12,846,025	13,704,661	858,636
Expenditures				
Current:				
General government:				
Village council	202,838	202,838	161,328	41,510
Village manager/clerk	752,888	752,888	705,654	47,234
Finance department	635,403	635,403	520,430	114,973
Village attorney	473,800	473,800	273,091	200,709
Other general government	1,854,002	1,854,002	1,510,027	343,975
Total general government	3,918,931	3,918,931	3,170,530	748,401
Police services	6,466,149	6,466,149	5,972,399	493,750
Public works	271,208	271,208	216,801	54,407
Parks and recreation	2,306,087	2,286,087	1,749,626	536,461
Capital Outlay	15,000	35,000	10,115	24,885
Debt service:				
Principal	330,000	330,000	330,000	-
Interest	666,000	666,000	665,036	964
Total Expenditures	13,973,375	13,973,375	12,114,507	1,858,868
Excess of Revenues Over Expenditures	(1,127,350)	(1,127,350)	1,590,154	2,717,504
Other Financing Uses				
Transfers in	1,127,350	1,127,350	-	(1,127,350)
Transfers out	-	-	(897,000)	(897,000)
Total other financing uses	1,127,350	1,127,350	(897,000)	(2,024,350)
Net Change in Fund Balance	-	-	693,154	693,154
Fund Balances - Beginning	12,445,431	12,445,431	12,445,431	-
Fund Balances - Ending	\$ 12,445,431	\$ 12,445,431	\$ 13,138,585	\$ 693,154

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2013

Note 1 – Budgets and Budgetary Accounting

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

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

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

VILLAGE OF PALMETTO BAY, FLORIDA
SCHEDULE OF FUNDING PROGRESS -
OTHER POST EMPLOYMENT HEALTHCARE BENEFITS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Fund Ration (a/b)	Covered Payroll (c)	UAAL as Percentage of Coverage Payroll ((b-a)/c)
*October 1, 2009	\$ -	\$ 4,000	\$ 4,000	0%	\$ 2,156,000	0.2%
January 1, 2013	\$ -	\$ 65,000	\$ 65,000	0%	\$ 2,511,000	2.6%

* Year of GASB Statement No. 45 implementation. No prior information is available.

COMBINING FUND FINANCIAL STATEMENTS

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

SEPTEMBER 30, 2013

	Palmetto Bay Foundation	Law Enforcement Trust Fund	False Alarm Fund	Building Fund	Tree Mitigation Fund	Art in Public Places Fund	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	\$ 6,641	\$ 13,170	\$ 27,081	\$ 311,290	\$ 13,062	\$ 243,225	\$ 614,469
Due from other funds	-	-	1,400	19,205	-	5,930	26,535
Due from other governments	-	696	-	-	-	-	696
Total Assets	\$ 6,641	\$ 13,866	\$ 28,481	\$ 330,495	\$ 13,062	\$ 249,155	\$ 641,700
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 679	\$ 357	\$ 2,861	\$ -	\$ -	\$ 3,897
Accrued liabilities	-	-	1,274	10,113	-	-	11,387
Due to other funds	-	-	3,814	10,462	-	-	14,276
Total Liabilities	-	679	5,445	23,436	-	-	29,560
Fund Balances							
Restricted	6,641	13,187	-	307,059	-	-	326,887
Committed	-	-	23,036	-	13,062	249,155	285,253
Total Fund Balances	6,641	13,187	23,036	307,059	13,062	249,155	612,140
Total Liabilities and Fund Balances	\$ 6,641	\$ 13,866	\$ 28,481	\$ 330,495	\$ 13,062	\$ 249,155	\$ 641,700

VILLAGE OF PALMETTO BAY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2013

	Palmetto Bay Foundation	Law Enforcement Trust Fund	False Alarm Fund	Building Fund	Tree Mitigation Fund	Art in Public Places Fund	Total Nonmajor Governmental Funds
Revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,593	\$ 55,593
Licenses and Permits	-	-	-	847,524	-	-	847,524
Charges for services	-	-	68,501	-	-	-	68,501
Interest	4	33	107	413	35	212	804
Miscellaneous	4,000	5,037	7,260	-	-	-	16,297
Total Revenues	4,004	5,070	75,868	847,937	35	55,805	988,719
Expenditures							
Current:							
General Government	-	6,714	101,905	702,806	-	7,909	819,334
Capital Outlay	-	-	-	14,447	-	-	14,447
Total Expenditures	-	6,714	101,905	717,253	-	7,909	833,781
Excess (Deficiency) of Revenues Over Expenditures	4,004	(1,644)	(26,037)	130,684	35	47,896	154,938
Net Change in Fund Balances	4,004	(1,644)	(26,037)	130,684	35	47,896	154,938
Fund Balances - Beginning	2,637	14,831	49,073	176,375	13,027	201,259	457,202
Fund Balances - Ending	\$ 6,641	\$ 13,187	\$ 23,036	\$ 307,059	\$ 13,062	\$ 249,155	\$ 612,140

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	40 - 43
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	44 - 47
These schedules contain information to help the reader understand and assess the Village's most significant local revenue source, the property tax.	
Debt Capacity	48 - 51
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	52
This schedule offers demographic and economic indicators to help the reader understand the environment within which the Village financial activities take place.	
Operating Information	53 - 56
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									
	2004	2005	2006	2007	2008	2009	2010	2011 ¹	2012 ²	2013
Governmental activities										
Net investment in capital assets	\$ 15,972,947	\$ 14,184,649	\$ 14,877,490	\$ 19,661,211	\$ 26,660,555	\$ 31,957,486	\$ 35,384,115	\$ 36,667,463	\$ 34,403,772	\$ 34,455,529
Restricted	-	1,298,518	1,836,148	1,120,250	916,679	795,730	100,822	4,496,251	4,777,407	4,658,334
Unrestricted	6,199,324	9,894,528	15,733,739	18,100,704	17,930,478	12,504,418	13,729,932	6,808,011	10,152,507	11,033,358
Total governmental activities net position	<u>\$ 22,172,271</u>	<u>\$ 25,377,695</u>	<u>\$ 32,447,377</u>	<u>\$ 38,882,165</u>	<u>\$ 45,507,712</u>	<u>\$ 45,257,634</u>	<u>\$ 49,214,869</u>	<u>\$ 47,971,725</u>	<u>\$ 49,333,686</u>	<u>\$ 50,147,221</u>

NOTE: There are no Business-type activities

1. 2011 net position was restated to record long-term liabilities due to Miami-Dade County in the amount of \$3,365,669.
2. 2012 net position was restated (\$349,379) to implement GASB 65.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009 ¹	2010	2011 ²	2012 ³	2013
Expenses										
Governmental activities:										
General Government	\$ 4,065,419	\$ 5,094,066	\$ 5,007,169	\$ 3,569,838	\$ 4,206,918	\$ 3,857,678	\$ 4,623,275	\$ 3,982,970	\$ 4,941,661	\$ 5,743,583
Public safety	4,600,142	5,075,834	5,953,233	5,805,170	5,563,958	5,987,514	5,797,578	6,900,767	5,964,055	5,982,271
Public Works	607,009	799,823	1,027,352	1,791,109	1,291,657	1,417,707	1,090,398	1,211,458	949,063	956,794
Parks & Recreation	671,670	738,130	1,286,162	1,411,155	1,787,333	1,998,470	2,095,709	2,355,165	2,574,210	2,611,721
Interest on long-term debt	-	19,150	453,676	356,479	427,126	486,744	413,835	845,619	757,437	872,105
Total governmental activities expenses	<u>9,944,240</u>	<u>11,727,003</u>	<u>13,727,592</u>	<u>12,933,751</u>	<u>13,276,992</u>	<u>13,748,113</u>	<u>14,020,795</u>	<u>15,295,979</u>	<u>15,186,426</u>	<u>16,166,474</u>
Program Revenue										
Governmental activities:										
Charge for services:										
General Government	90,370	87,433	71,318	98,868	117,453	916,567	1,076,930	992,107	1,090,789	1,162,707
Public Safety	116,650	168,660	208,917	196,038	300,551	325,270	482,152	397,137	269,662	306,074
Building & Permitting/Planning & Zoning ¹	586,450	807,796	989,290	816,283	830,970	-	-	-	-	-
Public Works	-	-	-	456,685	-	523,417	519,126	519,786	715,634	726,818
Park & Recreation	57,714	101,229	85,011	178,217	925,824	376,785	527,409	554,600	773,020	841,724
Operating Grants and Contributions	3,142	2,621,678	605,000	117,453	1,364	15,321	283,986	300,712	1,522,549	1,507,892
Capital Grants and Contributions	15,621,411	-	6,277,311	3,717,497	3,156,510	2,159,722	1,663,377	1,788,147	192,604	14,948
Total governmental activities programs revenues	<u>16,475,737</u>	<u>3,786,796</u>	<u>8,236,847</u>	<u>5,581,041</u>	<u>5,332,672</u>	<u>4,317,082</u>	<u>4,552,980</u>	<u>4,552,489</u>	<u>4,564,258</u>	<u>4,560,163</u>
Net (Expense)/Revenue										
Governmental activities	6,531,497	(7,940,207)	(5,490,745)	(7,352,710)	(7,944,320)	(9,431,031)	(9,467,815)	(10,743,490)	(10,622,168)	(11,606,311)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	4,465,261	4,883,257	5,455,327	6,073,012	6,692,181	6,574,981	5,879,429	5,559,345	5,446,837	5,528,940
Communication Taxes	795,085	1,059,858	910,766	932,032	1,255,103	1,250,495	1,469,338	1,515,934	1,375,239	1,310,324
Franchise taxes	800,967	828,052	837,003	1,169,359	1,371,130	1,308,472	1,345,736	960,331	1,101,516	1,016,281
Utility Taxes	1,623,539	1,674,087	1,741,781	1,809,609	1,904,671	1,903,636	2,058,896	2,052,017	2,093,849	2,188,566
Unrestricted intergovernmental revenue	3,424,556	2,246,412	3,011,956	2,797,044	2,698,468	2,438,119	2,367,925	2,722,512	1,975,588	2,091,722
Unrestricted investment earnings	77,050	208,533	531,872	979,743	527,081	306,355	157,272	114,921	149,253	139,668
Miscellaneous	879	245,432	94,904	26,699	121,233	30,618	146,454	93,700	191,226	144,345
Total governmental activities	<u>11,187,337</u>	<u>11,145,631</u>	<u>12,583,609</u>	<u>13,787,498</u>	<u>14,569,867</u>	<u>13,812,676</u>	<u>13,425,050</u>	<u>13,018,760</u>	<u>12,333,508</u>	<u>12,419,846</u>
Special Item										
Settlements	-	-	-	-	-	(4,631,723)	-	-	-	-
Restatement due to GASB Implementation										
GASB 65 Expense of debt issuance costs	-	-	-	-	-	-	-	-	(349,379)	-
Change in Net Position										
Governmental activities	17,718,834	3,205,424	7,092,864	6,434,788	6,625,547	(250,078)	3,957,235	2,275,270	1,361,961	813,535
Total Primary Government	<u>\$ 17,718,834</u>	<u>\$ 3,205,424</u>	<u>\$ 7,092,864</u>	<u>\$ 6,434,788</u>	<u>\$ 6,625,547</u>	<u>\$ (250,078)</u>	<u>\$ 3,957,235</u>	<u>\$ 2,275,270</u>	<u>\$ 1,361,961</u>	<u>\$ 813,535</u>

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

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Non-Spendable	\$ -	\$ 100	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 95,418	\$ 106,594	\$ 80,185
Restricted	-	-	-	2,753,204	2,753,041	172,222	161,870	98,783	-	-
Assigned	-	-	-	-	-	20,000	40,000	62,189	103,728	125,231
Unassigned	5,479,997	5,769,238	5,836,342	5,016,169	7,905,680	7,673,549	9,602,106	11,234,723	12,235,109	12,933,169
Total General Fund	<u>\$ 5,479,997</u>	<u>\$ 5,769,338</u>	<u>\$ 5,836,442</u>	<u>\$ 7,769,373</u>	<u>\$ 10,658,721</u>	<u>\$ 7,865,771</u>	<u>\$ 9,803,976</u>	<u>\$ 11,491,113</u>	<u>\$ 12,445,431</u>	<u>\$ 13,138,585</u>
All Other Governmental Funds										
Restricted:										
Special Revenue Funds	\$ 719,327	\$ 4,015,457	\$ 4,472,814	\$ 4,591,168	\$ 4,585,989	\$ 327,674	\$ 3,515,591	\$ 2,707,373	\$ 3,139,924	\$ 3,399,620
Debt Service Fund	-	-	-	-	-	-	-	900,320	901,092	901,505
Capital Projects Funds	-	33,559	-	-	-	96,814	141,358	789,775	1,306,121	357,209
Committed:										
Special Revenue Funds	-	-	-	-	-	1,247,431	2,610	986,269	990,419	743,588
Capital Projects Funds	-	1,433,241	7,400,579	6,939,139	3,597,846	3,847,446	4,849,217	228,144	98,639	993,799
Total All Other Governmental Funds	<u>\$ 719,327</u>	<u>\$ 5,482,257</u>	<u>\$ 11,873,393</u>	<u>\$ 11,530,307</u>	<u>\$ 8,183,835</u>	<u>\$ 5,519,365</u>	<u>\$ 8,508,776</u>	<u>\$ 5,611,881</u>	<u>\$ 6,436,195</u>	<u>\$ 6,395,721</u>
Total All Funds	<u>\$ 6,199,324</u>	<u>\$ 11,251,595</u>	<u>\$ 17,709,835</u>	<u>\$ 19,299,680</u>	<u>\$ 18,842,556</u>	<u>\$ 13,385,136</u>	<u>\$ 18,312,752</u>	<u>\$ 17,102,994</u>	<u>\$ 18,881,626</u>	<u>\$ 19,534,306</u>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Property Taxes	\$ 4,465,261	\$ 4,883,257	\$ 5,455,327	\$ 6,073,012	\$ 6,692,181	\$ 6,574,981	\$ 5,879,429	\$ 5,559,345	\$ 5,446,837	\$ 5,528,940
Utility Taxes	1,623,539	1,674,087	1,741,781	1,809,609	1,904,671	1,903,636	2,058,896	2,052,017	2,093,849	2,188,566
Communication Taxes	795,085	1,059,858	910,766	932,032	1,169,070	1,336,528	1,469,338	1,515,934	1,375,239	1,310,324
Franchise Fees	800,967	828,052	837,003	1,169,359	1,371,130	1,308,472	1,345,736	960,331	1,101,516	1,016,281
Intergovernmental	3,424,556	4,868,090	9,858,120	6,050,880	5,854,978	4,597,841	4,315,288	4,811,371	3,690,741	3,614,562
Licenses and permits	674,435	895,229	1,060,608	915,151	948,423	916,567	1,076,930	992,107	1,028,694	1,089,455
Impact Fees	40,281	22,288	36,147	60,111	1,364	15,321	-	-	-	-
Fines and Forfeitures	117,850	166,888	208,917	196,038	300,551	241,620	401,157	328,385	269,662	306,074
Charges for services	58,899	80,713	85,011	634,902	925,824	983,852	1,127,530	1,143,138	1,550,749	1,641,794
Interest	77,050	208,533	531,872	979,743	527,081	306,355	157,272	114,921	149,253	139,668
Miscellaneous fees	4,018	245,432	94,904	326,699	141,594	30,618	157,349	93,700	191,226	144,345
Total revenues	<u>12,081,941</u>	<u>14,932,427</u>	<u>20,820,456</u>	<u>19,147,536</u>	<u>19,836,867</u>	<u>18,215,791</u>	<u>17,988,925</u>	<u>17,571,249</u>	<u>16,897,766</u>	<u>16,980,009</u>
Expenditures:										
General Government ¹	3,706,270	4,534,793	4,889,327	3,547,255	4,164,609	2,911,097	3,429,396	3,700,958	4,701,490	4,713,967
Public Safety	4,594,747	5,066,538	5,840,026	5,764,160	5,548,280	6,703,650	6,487,112	6,888,043	5,960,192	5,972,399
Public works	576,370	788,776	851,623	1,403,025	1,121,576	986,779	859,870	964,662	676,414	701,135
Parks & Recreation	671,670	699,809	839,552	1,019,301	1,228,659	1,284,957	1,317,030	1,524,692	1,721,369	1,749,626
Capital outlay	855,722	4,358,682	3,386,695	7,768,161	7,502,075	8,774,226	6,878,450	4,432,455	801,920	1,628,022
Debt service										
Principal Payments	36,655	942,992	2,739,270	153,496	295,308	407,840	627,552	442,383	519,798	698,834
Interest Expense	5,559	19,150	386,610	402,240	433,484	472,939	233,586	827,814	737,951	863,346
Total Expenditures	<u>10,446,993</u>	<u>16,410,740</u>	<u>18,933,103</u>	<u>20,057,638</u>	<u>20,293,991</u>	<u>21,541,488</u>	<u>19,832,996</u>	<u>18,781,007</u>	<u>15,119,134</u>	<u>16,327,329</u>
Excess of revenues over (under)expenditures	<u>1,634,948</u>	<u>(1,478,313)</u>	<u>1,887,353</u>	<u>(910,102)</u>	<u>(457,124)</u>	<u>(3,325,697)</u>	<u>(1,844,071)</u>	<u>(1,209,758)</u>	<u>1,778,632</u>	<u>652,680</u>
Other Financing Sources (Uses):										
Transfer In	-	-	-	-	-	1,193,404	1,564,425	1,099,677	682,691	897,000
Transfer Out	-	-	-	-	-	(1,193,404)	(1,564,425)	(1,099,677)	(682,691)	(897,000)
Refinanced Debt	-	-	-	-	-	-	(7,949,076)	-	-	-
Discount on debt issue	-	-	-	-	-	-	(59,239)	-	-	-
Proceeds from issuance of debt	-	1,499,143	6,000,000	2,500,000	-	2,500,000	14,780,000	-	-	-
Proceeds from Capital Leases	147,110	3,600,000	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>147,110</u>	<u>5,099,143</u>	<u>6,000,000</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>6,771,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special Items:										
Mitigation Settlement	-	-	-	-	-	(4,631,723)	-	-	-	-
Net change in fund balances	<u>\$ 1,782,058</u>	<u>\$ 3,620,830</u>	<u>\$ 7,887,353</u>	<u>\$ 1,589,898</u>	<u>\$ (457,124)</u>	<u>\$ (5,457,420)</u>	<u>\$ 4,927,614</u>	<u>\$ (1,209,758)</u>	<u>\$ 1,778,632</u>	<u>\$ 652,680</u>
Debt services as a percentage of noncapital expenditures	<u>0.4401%</u>	<u>7.9832%</u>	<u>20.1068%</u>	<u>4.5220%</u>	<u>5.6973%</u>	<u>6.8987%</u>	<u>6.6474%</u>	<u>8.8524%</u>	<u>8.7849%</u>	<u>10.6276%</u>

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

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

Fiscal Year	Real Property		Personal Property		less:	Total Taxable	Total ¹	Estimated ²	Assessed
	<u>Residential</u>	<u>Commercial</u>			<u>Tax-Exempt Property</u>	<u>Assessed Value</u>	<u>Direct Tax Rate</u>	<u>Actual Value</u>	<u>Value as a % of Actual Value</u>
2004 ³	\$2,151,379		\$	71,180	\$ 323,274	\$ 1,899,285	2.4470	N/A	N/A
2005	1,862,490	499,261		71,230	418,663	2,014,318	2.4470	\$ 3,168,376	76.79%
2006	2,086,440	573,447		76,929	458,857	2,277,959	2.4470	3,728,250	73.41%
2007	2,326,117	660,802		104,416	509,675	2,581,660	2.3736	4,508,589	68.57%
2008	2,521,530	786,828		90,879	446,014	2,953,223	2.3736	5,011,457	67.83%
2009	2,553,179	867,054		90,731	699,788	2,811,176	2.4476	4,737,424	74.11%
2010	2,294,737	757,157		77,838	595,108	2,534,624	2.4470	3,735,438	83.78%
2011	2,551,825	545,884		90,712	799,248	2,389,173	2.4470	3,336,588	95.56%
2012	2,550,693	506,154		90,003	788,174	2,358,676	2.4470	3,312,269	95.01%
2013	2,641,678	517,040		89,089	832,846	2,414,961	2.4470	3,423,310	94.87%

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.

3: Detail not available for real property.

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

<u>Fiscal Year</u>	<u>Village of Palmetto Bay Direct Rates</u>		<u>Overlapping Rates</u>				<u>Total Millage</u>
	<u>Basic Rate</u>	<u>Total Direct</u>	<u>School District</u>	<u>State Rates</u>	<u>Miami Dade County</u>	<u>Special District Millages</u>	
2004	2.4470	2.4470	9.1000	0.7355	6.2540	3.6470	22.1835
2005	2.4470	2.4470	8.6870	0.7355	6.2200	3.5912	21.6807
2006	2.4470	2.4470	8.4380	0.7355	6.1200	3.5758	21.3163
2007	2.3736	2.3736	8.1050	0.7355	5.9000	3.5593	20.6734
2008	2.3736	2.3736	7.9480	0.6585	4.8646	3.0552	18.8999
2009	2.4476	2.4476	7.7970	0.6585	5.1229	3.0305	19.0565
2010	2.4470	2.4470	7.9950	0.6585	5.1229	3.1093	19.3327
2011	2.4470	2.4470	8.2490	0.6585	5.8725	3.3793	20.6063
2012	2.4470	2.4470	8.0050	0.4708	5.0900	3.1422	19.1550
2013	2.4470	2.4470	7.9980	0.4634	4.9885	3.1352	19.0321

Information Obtained from Miami-Dade County Department of Property Appraisal

VILLAGE OF PALMETTO BAY
PRINCIPAL PROPERTY TAX PAYERS
AS OF SEPTEMBER 30, 2013

<u>Taxpayer</u>	<u>2013</u>				<u>2005¹</u>			
	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
Brandsmart USA	Retail Outlet	\$ 27,800,000	1	1.18%	Retail Outlet	\$ 24,324,981	1	1.21%
17777 Old Cutler RD LLC	Office Building	28,257,436	2	1.20%	Office Building	17,159,234	3	0.85%
Metropolitan Life Insurance	Retail Outlet	19,100,000	3	0.81%	Retail Outlet	21,805,507	2	1.08%
AutoNation USA Corp	Automotive	13,800,000	4	0.59%	Automotive	10,719,686	4	0.53%
Publix Supermarket	Retail Outlet	9,414,375	5	0.40%				
Equity One Inc.	Retail Outlet	13,100,000	6	0.56%	Retail Outlet	6,388,995	10	0.32%
Fla Power & Light	Utility	10,058,844	7	0.43%	Utility	10,058,844	6	0.50%
South Motor Company of Dade Co	Automotive	9,300,000	8	0.39%				
17475 LLC	Health Care	8,258,232	9	0.35%	Health Care	7,638,511	8	0.38%
Gus Machado Kendall LLC	Automotive	8,400,363	10	0.36%	Automotive	10,100,407	5	0.50%
Royal Coast Apartments Assoc. Ltd.					Multifamily	8,511,985	7	0.42%
Coral Colony Associates					Multifamily	6,415,482	9	0.32%
Total		<u>\$ 147,489,250</u>		<u>6.27%</u>		<u>\$ 123,123,632</u>		<u>6.11%</u>
Total Assessed Value		\$ 2,357,490,060				\$ 2,014,317,979		

Source: Miami-Dade tax assessor's office.

1: The Village of Palmetto Bay was newly incorporated in September 2002, detailed property tax information only became available since Fiscal Year 2005.

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
2004	\$ 4,647,551	\$ 4,464,141	96.1%	\$ 1,120	\$ 4,465,261	96.1%	4,303	0.1%
2005	5,105,943	4,871,212	95.4%	12,045	4,883,257	95.6%	2,197	0.0%
2006	5,764,103	5,443,645	94.4%	2,272	5,445,917	94.5%	2,084	0.0%
2007	6,524,460	6,047,853	92.7%	12,252	6,060,105	92.9%	31,997	0.5%
2008	6,987,852	6,667,982	95.4%	12,131	6,680,113	95.6%	19,740	0.3%
2009	6,874,631	6,548,147	95.3%	26,834	6,574,981	95.6%	22,732	0.3%
2010	6,208,598	5,827,371	93.9%	52,057	5,879,428	94.7%	25,000	0.4%
2011	5,846,304	5,512,579	94.3%	45,537	5,558,116	95.1%	19,457	0.3%
2012	5,771,680	5,390,428	93.4%	55,584	5,446,012	94.4%	31,896	0.6%
2013	5,909,411	5,492,139	92.9%	36,801	5,528,940	93.6%	32,700	0.6%

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.

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

Fiscal Year	Special Revenue Bonds	Capital Leases	Liabilities to Miami-Dade ¹	Total	Percentage of Personal Income ³	Per Capita ²
2004	\$ -	\$ 151,369	\$ 2,412,212	\$ 2,563,581	N/A	-
2005	1,495,000	2,808,377	2,336,410	6,639,787	N/A	268
2006	7,495,000	69,107	2,257,383	9,821,490	N/A	394
2007	9,841,504	39,003	3,948,533	13,829,040	1.47%	558
2008	9,548,705	7,926	3,811,535	13,368,166	1.23%	532
2009	11,640,864	-	3,668,947	15,309,811	1.64%	609
2010	18,134,575	-	3,520,502	21,655,077	2.30%	860
2011	17,692,192	-	3,365,669	21,057,861	2.20%	838
2012	17,018,601	-	3,206,356	20,224,957	2.11%	864
2013	16,585,585	-	3,040,029	19,625,614	N/A	837

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

Note: The Village has no General Obligation Bonds.

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

2: See the page 52 for Demographic and Economic Statistics.

3: See page 52 for Personal Income

N/A - Information not available

VILLAGE OF PALMETTO BAY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013

	Bonded Debt Outstanding	Percentage Applicable to Village of Palmetto Bay¹	Amount Applicable to Village of Palmetto Bay	Amount Per Capita Village of Palmetto Bay¹
Overlapping				
Miami-Dade County ²	\$ 1,023,586,000	0.94%	\$ 9,621,708	\$ 410
School Board ³	173,605,000	0.94%	1,631,887	70
	<u>\$ 1,197,191,000</u>		<u>\$ 11,253,595</u>	<u>\$ 480</u>
Direct				
Village Direct Debt ⁴	<u>\$ 16,585,585</u>	100.00%	<u>\$ 16,585,585</u>	<u>\$ 707</u>
Total direct and Overlapping Debt	<u>\$ 1,213,776,585</u>		<u>\$ 27,839,180</u>	<u>\$ 1,187</u>

- 1: Population for Village of Palmetto Bay obtained from Bureau of Economic and Business Research, as of April 2011 used for FY2013; Village of Palmetto Bay - 23,447 and Miami-Dade County - 2,507,180
- 2: Information obtained from Miami-Dade County Finance Department.
- 3: Information obtain from Miami-Dade School Board.
4. \$3,040,029 of Liabilities to Miami-Dade has been excluded from Village Direct Debt as it is already included in Miami-Dade's bonded debt total.

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

Legal Debt Service Margin Calculation	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total General Fund Revenues ¹	\$ 12,081,941	\$ 14,932,427	\$ 20,820,456	\$ 19,147,536	\$ 19,836,867	\$ 18,215,791	\$ 17,988,925	\$ 17,571,249	\$ 16,897,766	\$ 16,980,009
Debt Service Limit (20% of General Fund Revenues) ²	2,416,388	2,701,437	3,575,288	3,996,799	3,898,440	3,805,266	3,620,472	3,556,017	3,446,902	3,387,778
Debt Service applicable to limit	-	96,933	461,534	723,402	728,792	880,779	861,138	1,270,197	1,257,749	1,562,180
Legal debt service margin	<u>\$ 2,416,388</u>	<u>\$ 2,604,504</u>	<u>\$ 3,113,754</u>	<u>\$ 3,273,397</u>	<u>\$ 3,169,648</u>	<u>\$ 2,924,487</u>	<u>\$ 2,759,334</u>	<u>\$ 2,285,820</u>	<u>\$ 2,189,153</u>	<u>\$ 1,825,598</u>
Total debt service applicable to the limit as a percentage of debt service limit	0.00%	3.59%	12.91%	18.10%	18.69%	23.15%	23.79%	35.72%	36.49%	46.11%

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

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

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

Fiscal Year	Library Bonds					Special Revenue Bonds				
	Rent ¹ Revenue	Debt Service Requirements			Coverage	Non-Ad Valorem Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total			Principal	Interest	Total	
2004	\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ -	0.00
2005 ²	-	-	-	-	0.00	-	-	-	-	0.00
2006	-	-	67,637	67,637	0.00	8,265,097	-	-	-	0.00
2007	-	30,000	65,934	95,934	0.00	8,487,982	123,496	202,174	325,670	26.06
2008	-	30,000	64,730	94,730	0.00	9,116,475	98,520	266,081	364,601	25.00
2009	-	30,000	64,136	94,136	0.00	8,774,444	204,452	315,361	519,813	16.88
2010	186,175	30,000	63,059	93,059	2.00	9,421,085	237,053	269,216	506,269	18.61
2011	108,981	30,000	62,232	92,232	1.18	9,300,338	225,000	679,463	904,463	10.28
2012	108,981	35,000	61,410	96,410	1.13	8,048,999	290,000	610,814	900,814	8.94
2013	108,981	35,000	60,244	95,244	1.14	8,175,721	295,000	604,792	899,792	9.09

1: The Village has a contract with the County to rent the facility for the life of the debt.
2: Even though the Village had debt there were no debt service requirements for 2005.

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

Fiscal Year	Population¹	Personal Income²	Per Capita Income²	Median Age²	Public School Enrollment³	Unemployment Rate²
2004	N/A	N/A	N/A	N/A	3,975	N/A
2005	24,789	N/A	N/A	N/A	3,933	N/A
2006	24,903	N/A	N/A	N/A	3,968	N/A
2007	24,795	940,499,145	37,931	38.5	3,947	3.2%
2008	25,142	1,084,374,460	43,130	40.1	3,937	2.9%
2009	25,156	935,954,136	37,206	39.9	3,915	6.4%
2010	25,170	943,497,450	37,485	41.9	3,884	7.2%
2011	25,133	959,175,812	38,164	40.6	3,799	6.3%
2012	23,410	959,294,980	40,978	41.0	3,728	5.9%
2013	23,447	N/A	N/A	N/A	3,617	N/A

N/A Information not available for year indicated.

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

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

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

VILLAGE OF PALMETTO BAY
PRINCIPAL EMPLOYERS
AS OF SEPTEMBER 30, 2013

Employer	2013			2005²		
	Employees	Rank	Percentage of Total Village Population¹	Employees	Rank	Percentage of Total Village Population¹
South Motors	418	1	1.78%	592	1	2.39%
Dade County Schools	339	2	1.45%	419	2	1.69%
Walgreen	291	3	1.24%	-		0.00%
Marshall's Department Store	256	4	1.09%	119	8	0.48%
Maroone Nissan of Kendall	248	5	1.06%	110	9	0.44%
Brandsmart	200	6	0.85%	200	4	0.81%
Variety Children Hospital	185	7	0.79%	-		0.00%
Publix Supermarket	152	8	0.65%	350	3	1.41%
Palmer Trinity Christian School	132	9	0.56%	120	7	0.48%
World Ford Kendall/Gus Machado	78	10	0.33%	140	5	0.56%
Westminster Christian School	57		0.24%	135	6	0.54%
Dade Jeep Chrysler Plymouth	-		0.00%	100	10	0.40%
	<u>2,356</u>		<u>10.04%</u>	<u>2,285</u>		<u>9.20%</u>

1: Population information available on page 52 Demographic and Economic statistics.

2: Employee information is not available prior to 2005.

NOTE: Information obtained from Village business license data.

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

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Manager/Clerk	5	0	5	0	5	0	4	0	5	0	5	0	5	0	6	0	5	1	4	1
Village Clerk ¹	0	0	0	0	0	0	2	0	3	0	2	0	2	0	2	0	2	0	2	0
Human Resources	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	2	0	2	0
Finance	1	1	1	1	2	0	2	1	2	0	3	0	3	0	4	0	4	0	6	0
Planning and Zoning ²	2	1	2	1	1	2	4	1	2	0	6	0	6	0	6	0	7	0	8	0
Building and Permitting	0	0	0	0	0	0	0	0	2	0	7	1	7	1	7	1	7	0	7	2
Parks & Recreation	3	9	3	9	3	12	5	18	4	19	7	19	8	20	9	23	9	22	11	33
Public Work	4	0	4	0	5	0	5	0	5	0	5	0	5	1	8	2	9	2	9	3
Total Employees	15	11	15	11	16	14	22	20	23	19	35	20	37	23	43	27	45	25	49	39

1: Prior to FY2007 the Manager and Clerk was combined

2: Prior to FY2008 Building and Permitting was combined with Planning and Zoning.

FT - Full Time

PT - Part Time

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Arrests	798	493	701	377	331	270	511	335	324	375
Targeted Crimes ¹	N/A	N/A	N/A	N/A	429	395	386	432	431	442
False Alarms	N/A	N/A	N/A	N/A	2,244	1,826	1,713	1,748	1,756	1,685
Culture and Recreation										
Tennis Court Rentals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8765	11322
Wedding Rentals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	135	57
Park rentals	98	141	237	182	319	404	599	844	496	589
Summer Camp Registrants	N/A	N/A	N/A	792	988	731	590	665	1,070	762
Planning & Zoning										
Code Violation	23	209	235	345	695	940	658	637	599	566
Zoning Hearing	11	11	12	11	7	8	29	7	7	5
Building Permits										
Residential	2,981	4,542	5,648	3,973	3,744	2,895	1,486	2,652	2,237	2,661
Commercial	466	497	832	614	544	666	644	687	487	676
Inspections	5,368	7,470	10,392	8,646	7,310	5,955	6,507	8,387	8,810	9,750
Manager/Clerk										
Ordinances	25	13	15	35	23	28	14	12	29	18
Resolutions	106	109	130	126	125	99	127	83	96	91
Public Works										
Transit Passengers	N/A	N/A	N/A	N/A	N/A	10208	11926	10290	8428	8301
Roads Resurfaced (miles)	5.20	4.07	8.44	6.00	12.88	2.17	8.16	4.66	3.04	6.54
Finance										
Journal Entries	143	131	591	435	566	678	966	784	572	504
Deposits	357	403	480	510	902	1,089	1,604	1,282	1,299	1,318
Checks	1,159	1,369	1,821	1,866	1,775	2,130	2,142	2,152	2,196	2,540
Facilities Maintenance										
Solar Energy Produced (Kwh)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	46064	83703

N/A Information not available

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Municipal Center	0	0	0	0	0	0	0	1	1	1
Police										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Units	42	42	42	42	41	41	41	40	41	43
Public Works										
Streets (miles)	118	118	118	118	118	118	118	122	122	122
Traffic signals	29	29	29	30	30	30	30	29	29	29
Traffic Circles	0	0	0	0	0	1	1	2	2	2
Park and Recreation										
Acreage	71	74.5	82	82	82	82	82	82	82	82
Parks	4	5	5	5	5	5	5	5	5	5
Playgrounds	2	2	2	2	2	2	2	2	2	2
Tennis court	8	8	6	8	8	8	8	8	8	8
Racquetball courts	8	8	8	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	0	0	0	6	6	6	6	6	6	6
Community centers	2	2	2	2	2	3	3	3	3	3
Skate parks	0	0	1	1	1	1	1	1	1	1

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

COMPLIANCE SECTION

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

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

We have audited, in accordance with 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 Village of Palmetto Bay, Florida (the "Village"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 21, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Coral Gables, Florida
March 21, 2014

**Management Letter in Accordance with the Rules of the
Auditor General of the State of Florida**

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

We have audited the financial statements of the Village of Palmetto Bay, Florida (the "Village"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 21, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 21, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, nothing came to our attention that would cause us to believe the Village was not in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., 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. Such disclosure is included in the notes to the financial statements.

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, nothing came to our attention that would cause us to believe that the Village met any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550 *Rules of the Auditor General*. Accordingly, this management letter is not suitable for any other purpose.



Coral Gables, Florida
March 21, 2014