



North Bay Village Memorandum

DATE: 7/6/20

TO: Mayor, Vice Mayor, and Commissioners

FROM: Village Manager Ralph Rosado, PhD, AICP

SUBJECT: CAFR Transmittal Memo to Commission

This memo accompanies the completed FY18-19 Comprehensive Annual Financial Report (CAFR) for North Bay Village submitted to the Florida Department of Revenue last week on 6/30/20.

Both just before and during that Fiscal Year, the Village experienced considerable turnover: four different Village managers; the elimination (and eventual reinstatement) of the Public Works Director position; the replacement of the Finance Director position with a Chief Financial Officer position (including the retirement of the longstanding Finance Director); multiple temporary Finance Assistants in short succession; reinstatement of the Police Chief and Deputy Chief, and replacement of the Special Events/Human Resources Coordinator with a Human Resources Director, just to name a few key positions whose titleholders influence the procurement of goods and services on behalf of the Village.

Not surprisingly, then, the period since the November 2018 election has been one of rebuilding and working to improve Village operations across all fronts. In fact, in 2019 – after many years working with the same auditing firm - the Village Commission and Administration took it upon ourselves to shine a light toward Village finances and sought out the services of a new auditing firm who would scrutinize expenditures and processes with a greater emphasis on transparency and accountability.

As often happens with a new set of eyes, several “findings” were determined; the Village takes these findings seriously, and we have already taken several steps to correct or improve our financial controls and procedures. Most findings result from either insufficient staffing or considerable turnover during the period reviewed or certain administrative practices that resulted in compliance and financial trend issues. Most notably, the Village has had difficulty in filling its Chief Financial Officer position with an individual experienced in such a role. This key position is responsible for the financial management of the Village, and the absence of an experienced CFO contributed to all of the findings by the audit team.

First, we have engaged an interim CFO to take the helm while we continue to find a permanent solution to this key position. The Interim CFO and the Village Manager have already undertaken steps to correct all of the audit findings, and we do not expect any of them to be repeated during our FY2020 audit.

Beyond these findings, which we address below, the Village is undertaking a thorough review of its financial practices and policies. We are in the process of developing a long-term financial plan for the Village to help guide its decisions, and we are confident we will be on the right track going forward.

2019-01: Internal Control over Financial Reporting

The auditors noted misstatements in the areas of revenues, accounts receivable, debt, and capital assets suggesting that financial information was not complete or fully adjusted.

NBV had insufficient controls in place to ensure appropriate review of financial reporting and timely closure of accounting periods. The Village lacked personnel to allow for an appropriate review of financial information.

For several months at the end of FY18-19, the Senior Accountant was performing both her duties and those of the (then-) Finance Director. The (then-) Finance Director would ordinarily oversee the work of the audit and make sure that all schedules were properly prepared before they were given to the auditors. The amount of work and the inability to have it checked by someone who did not prepare the work led to the books being closed and transmitted to the auditors with too many errors.

As we move forward into next year's audit, the CFO will oversee the audit work and make certain that the year-end closing is done correctly. We do not expect this finding to repeat.

2019-02: Capital Assets

The Village did not have a current inventory of capital assets, including assets that were supposed to be disposed of in prior years and reclassifications of completed projects.

The Public Works Department - which experienced turnover in the Director position, which was eliminated altogether in 2018 - had not communicated consistently with the Finance Department regarding which projects were completed nor was a current inventory of capital assets available.

The Village had not undertaken an inventory of its asset in several years, which is not uncommon. The one big item that needed to be adjusted was a sewer line to Miami Beach that was abandoned in place. The nature of this transaction would have been difficult to identify during year end closings or at the time of abandonment. However, the Village will undertake an inventory of its capital assets prior to beginning the audit for FY2020. Projects underway will be properly classified and documented.

2019-03: Bank Reconciliations Untimely Preparation and Review

Bank reconciliations were not being prepared by one individual and reviewed by a separate individual in management.

Due to Finance Department turnover and the Finance Director's absence for a period of time due to personal reasons, improper internal controls were in place to ensure that bank reconciliations were prepared and reviewed timely, with the Senior Accountant serving the function of the Finance Director for a period of time.

The issue of inadequate staffing in the Finance Department has been addressed, with the replacement of the Finance Director role with that of a Chief Financial Officer. After an extended search period, the CFO position has been filled. At this time, the bank reconciliations are being performed by the Junior Accountant, with the Senior Accountant reviewing the reconciliations. The CFO will also sign off on all bank reconciliations. We do not expect this process to repeat.

2019-04: Journal Entry Preparation and Review

Journal entries were occasionally being prepared and approved by the same individual.

Due to inadequate staffing in the Finance Department, along with frequent staff turnover, one individual was serving multiple roles.

Journal entries will be initially prepared by staff and then reviewed and approved by either the Senior Accountant or the CFO. We do not expect this finding to be repeated.

2019-05: Segregation of Duties - Utility Billing

A lack of segregation of duties exists in relation to utility billing, including generation of monthly billing registers.

This finding was also the result of inadequate staffing. The Department is now organized so that utility billing changes will be reviewed and approved by someone other than the person initiating the transaction. Billing registers are reviewed by either the Senior Accountant or CFO prior to final processing of the bills. Adjustments to customer's accounts will be reviewed by the Senior Accountant prior to finalization. The Senior Accountant position has transitioned to a function that reviews and approves rather than initiates and completes. This will require some training of other personnel, but we do not expect this finding to repeat.

2019-06: Financial Condition

NBV has experienced a declining trend of/in:

- current cash and investments to total current liabilities in the governmental funds
- current cash and investments to total current liabilities in the proprietary funds
- current cash and investments to total operating expenses in the proprietary funds
- unassigned fund balance in the General Funds
- unrestricted net position to total operating revenues in the proprietary funds
- excess revenues over expenses to total revenues in the governmental funds

NBV has experienced an increasing trend of current liabilities to total revenues in the governmental funds and an increasing trend of current liabilities to operating reserves in the proprietary funds.

Due to turnover in the three positions responsible for submitting the Village's reimbursements from its State Revolving Loans in relation to water projects which had been performed. As a result, this issue has had a direct effect on the Village's Utilities Fund cash position as well as the General Fund, which was used to cover deficits in the Utilities Fund.

Almost all of the financial condition tests resulted from accounting or financing practices that had the effect of temporarily and adversely affecting certain key indicators of financial health. The Village had received loan commitments from the State of Florida's Revolving Loan Fund to finance capital improvements in the Utility System. These loans are not made available until the projects are completed. Until then, the Village must use its own cash and then it can be reimbursed. These capital projects were extensive and occurred over the last few years. The Village postponed requesting reimbursements, causing these key financial indicators to temporarily decline.

At this time, the Village has requested and received the loan amounts and reimbursements for the projects, and the key indicators related to cash and investments in both the General Fund and the Proprietary Funds have been improved. The unrestricted net position has returned to a positive amount. The excess of revenues over expenses in the governmental funds is not a good indicator of financial health as the accounting methods of operating transfers in and out of these funds masked operating revenues and expenditures of both funds. While the FY2019 results of operations in the General Fund resulted in a negative net change in Fund Balance, the prior 4 years had Fund Balance surpluses.

The Village will be changing its accounting practices so that interfund expenses are directly charged to the operations of the appropriate fund and operating transfers will be eliminated. This will have the effect of decreasing expenses in the General Fund and increasing expenses in the Utility Fund. This will also require less Assigned Fund Balance in the General Fund, resulting in a greater unassigned fund balance. The Village will also be reconsidering its fund balance and reserve policies for each of its funds.

2019-07: Amendments to Budget

Transfers between line items within a department budget, or decreases in line items not amounting to more than 5% of the total budget of each department may be made by the Village Manager by written statement describing the transfers and the reasons for them. A copy of such statement shall be filed with the Village Clerk, delivered to the Commission, and posted in Village Hall. The transfers shall become effective 14 days after posting, unless a Commission member informs the Clerk during that time that he/she would like to vote on the item (requiring a majority vote) at a Commission meeting.

The Village had not followed this procedure for several years, including, most recently 2012 and 2015-2018.

The Village has implemented procedures to follow this code requirement. Department heads are now required to encumber funds through the issuance of purchase orders. Departments now submit budget revisions to the Finance Department for tentative approval; they will not be entered into the accounting system until either approved by the Commission or the notice period to the Commission expires. Non-emergency expenditures will not be paid until the budget revisions have become effective.

2019-08: Purchasing Procedures

Purchases over \$5,000 require at least three written quotes, and purchases over \$15,000 must be approved by the Village Commission. Alternatively, purchases exceeding \$5,000 but less than \$15,000 may be made from a supplier that is on a current approved vendors list or who has been selected in a competitive process within the last 24-month period by another government entity.

Due to inadequate staffing and high staff turnover, proper procurement regulations were not being followed. In the case of three particular contracts (for Stephanie Leon, PA; Leiter, Perez and Associates, Inc; and David Raben, PA), all of which predate the current Village Management, the Village did not follow proper procurement protocols.

The Village has hired a procurement manager to ensure compliance with all purchasing requirements, including bidding out all contracts as appropriate and securing piggyback approval for cost savings. Better documentation will also be required by Departments to ensure compliance with the Village's code.

In short, we look forward to continuing to work hand-in-hand with the Village Commission, the rest of the Administration and Staff, the Financial Advisory Board, and all of our citizenry to improve operations on all fronts, but especially the essential work of the Village's Finance Department. We stand ready to take all necessary steps to do so.



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

June 30, 2020

Honorable Mayor and Members of the Village Commission
North Bay Village, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Bay Village, Florida, (the "Village") for the fiscal year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 30, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Village's financial statements were:

Management's estimate of collectability of accounts receivable and postretirement obligations. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the deposits and investments in Note 3 to the financial statements.

The disclosure of commitments and contingencies in Note 11 to the financial statements.

The disclosure of prior period adjustments in Note 12 to the financial statements

The disclosure regarding subsequent events in Note 13 to the financial statements.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, there were delays in receiving requested information as well additional procedures which needed to be performed. There were also multiple adjustments which needed to be made to the original trial balance received from the Village as evidenced by the prior period adjustments and journal entries which were proposed by us and recorded by management which led to delays in completing our audit procedures.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements were detected as a result of audit procedures and corrected by management. The misstatements can be found attached in Exhibit A to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the year we reported two (2) material weaknesses, four (4) significant deficiencies, and two (2) instances of non-compliance. These matters are further discussed in the Schedule of Findings and Questioned Costs.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the Budgetary Comparison Schedules and the GASB – required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Non-major Fund Financial Statements and the Schedule of Expenditures of State Financial Assistance, which accompany the Village's financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory Section and the Statistical Section, which accompany the Village's financial statements but are not RSI. Such information has 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 it.

Restriction on Use

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

Very truly yours,

Caballero Fierman Llerena & Garcia, LLP

Exhibit A: Corrected Misstatements

To eliminate negative cash from the Water and Sewer fund			
001-00-131-1330	Due to/from Water & Sewer Utility Fund	758,187.00	
001-00-101-1100	CASH (Claim on Pool Bank)		758,187.00
Total		758,187.00	758,187.00

Due From Street Maintenance booked as a result of negative cash.			
001-00-131-1312	Due to/from Street Maintenance Fund	61,261.00	
001-00-101-1100	CASH (Claim on Pool Bank)		61,261.00
Total		61,261.00	61,261.00

To reclass negative cash to due to general fund			
112-00-101-1100	CASH (Claim on Pool Bank)	61,261.00	
112-00-131-1301	Due To/From General Fund		61,261.00
Total		61,261.00	61,261.00

To reclass expenditures from Storm Drains to CIP for items capitalized during the year.			
440-00-166-1640	Construction in Progress	181,743.00	
440-36-538-6307	Storm Drains		181,743.00
Total		181,743.00	181,743.00

To reclass CIP to Improvements for projects related to Water and Sewer completed during FY 2019 and to record additional depreciation			
365-00-164-9065	Improvements Other Than Buildings	2,871,449.00	
365-35-535-5901	Depreciation - Equipment	71,786.00	
365-00-165-9002	Accumulated Depreciation - O/T Bldg		71,786.00
365-00-166-1640	Construction in Progress		1,419,007.00
365-00-166-1640	Construction in Progress		1,452,442.00
Total		2,943,235.00	2,943,235.00

To record disposal of impaired asset related to a sewage line previously diverted to Miami Beach.
abandoned pipe diverting sewage to Miami Beach.

365-00-165-9002	Accumulated Depreciation - O/T Bldg	299,295.00	
365-00-284-2700	Fund Balance-Unassigned	614,124.00	
365-00-164-9065	Improvements Other Than Buildings		913,419.00
Total		913,419.00	913,419.00

To reclass negative cash to due to General Fund

360-00-101-1100	CASH (Claim on Pool Bank)	758,187.00	
360-00-131-1301	Due to/from General Fund		758,187.00
Total		758,187.00	758,187.00

COMPREHENSIVE ANNUAL FINANCIAL REPORT
NORTH BAY VILLAGE, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

Prepared By
The Finance Department

NORTH BAY VILLAGE, FLORIDA
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INTRODUCTORY SECTION



North Bay Village

Administrative Offices

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Tel: (305) 756-7171 Fax: (305) 756-7722 Website:

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June 30, 2020

The Honorable Mayor Brent Latham and
The Members of the Village Commission, and
The Citizens of North Bay Village

In accordance with Section 11.45, and Section 218.39 Florida Statutes and Section 4.01 of North Bay Village, Florida's ("the Village") Charter, submitted herewith is the Village's Comprehensive Annual Financial Report (the "CAFR") for the fiscal year ended September 30, 2019.

The financial statements included in this report conform to generally accepted accounting principles in the United States ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The Village is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The financial statements have been audited by Caballero Fierman Llerena & Garcia, LLP. The independent auditors have issued an unmodified opinion that this report fairly presents the financial position of the Village and complies with all reporting standards noted above.

The contents of this report are aimed at compliance with GASB pronouncements, including Statement No. 34, requiring the preparation of government-wide financial statements on a full accrual basis of accounting for all funds and including Management's Discussion and Analysis.

THE REPORTING ENTITY AND ITS SERVICES

The Village was incorporated on June 4, 1945 and is a political subdivision of the State of Florida. The Village operates under a Commission-Manager form of government and provides General Government, Public Safety, Utility and Community Services to its residents and business community. The Mayor and four (4) Commissioners are responsible for establishing the Village's policies. The Mayor and Commission appoint the Village Manager who is the Chief Administrative Officer of the Village and is responsible for implementing policies adopted by the Commission.

This report includes all of the funds for which the Village is financially accountable. Although Miami-Dade County, Miami-Dade Fire and Rescue, Miami-Dade Library, Florida Inland Navigation District, South Florida Water Management District and the Children's Trust levy and collect taxes on property located within the Village's corporate limits, financial information on these taxing authorities is not included in this report since each has a separate elected governing body, are legally separate and are fiscally independent of the Village. Annual financial reports of these units of government are available upon request from each authority.

The Village consists of an area of approximately .80 square miles, with a population of 8,973 residents. The actual land area is .37 square miles and the remaining is the waters of Biscayne Bay that surrounds the Village. Currently there are various new mixed-use, residential, and commercial developments in the Village's review and approval process. One of the attractions for new development is that North Bay Village is a 3 island paradise surrounded by Biscayne Bay. The Village is working on a Bay Walk as well as the Boardwalk project to provide public access and show off the beautiful views of Biscayne Bay.

Fiscal Year 2019

The combination of a mix of small (older) and larger (newer) condominiums along with the Village location on Biscayne Bay has allowed the taxable value to recover from the most recent real estate volatility. The Village's current taxable value of approximately \$ 1.80 billion shows a 69.8% improvement since the lowest taxable values in 2013. This is the sixth straight year of increased values. During the past year, we continued to see positive signs that the local economy had improved as the number of building permits and applications for mixed use (commercial and residential) projects increased. An increase in the permits for new and renovated single family homes is another positive sign of an improving economy. Another important factor is that these new projects will be producing jobs for the local economy.

The Village Manager in September 2017, declared a state of emergency in North Bay Village in response to the anticipated landfall of Hurricane Irma, and was authorized by the Village Commission to expend \$750,000 from General Fund Reserves to cover the costs incurred for hurricane related expenses. These costs including debris removal, overtime and any other necessary emergency expenses. The Village has applied for reimbursement from FEMA and has received about 65% of the eligible expenses. Any funds received from FEMA will be used to replace any reserved fund monies.

Subsequent to the fiscal year ended September 30, 2019, in December 2019, COVID-19 emerged and has spread around the world, resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020 and subsequently a Pandemic on March 9, 2020. In addition, on March 13, 2020 the President of the United States proclaimed the COVID-19 outbreak to be a National Emergency. The Village took steps to ensure the safety of its residents in addition to the fiscal viability of its operations during this time of uncertainty.

MAJOR INITIATIVES

The Village, in 2019 continued to work on major repairs and improvements to the Village's infrastructure;

- Continuation of the rehabilitation of the Village's entire sanitary sewer system;
- Preparing the specifications to rehabilitate the Village's 4 sanitary sewer lift stations;
- Continued the work to complete the water main rehabilitation project;
- Continued the replacement of all water meters in the Village's system;
- Completed most of the major repairs on the Village's stormwater systems;
- Started the construction of the first phase of a new Bay Walk project;

In addition, the following major capital improvements are in process at the end of fiscal year 2019 and should be completed in 2019 and 2020. These projects will provide over \$ 41,000,000 of new construction.

- Contracted with a renowned architectural firm to start the final design of a New Village Hall. This will include a fire station operated by Miami Dade County as well as the police department and dispatch that is operated by the Village. This will be funded by voter approved debt; county provided funding for the fire station as well as the balance to be provided by the Village Commission.

- The Village has completed the construction on renovation of the stormwater infrastructure. The deep well injection pump has been rebuilt, the injection wells are being redesigned and the outfalls are also being redesigned to eliminate back flow into the lines and catch basins. The new design is more environmentally friendly. The project included inspection of the drain lines and lining of the ones that required corrective action. The project also included the installation of back flow preventer valves to stop the bay water coming up the lines and into the streets during high water events.
- The Village also started initial survey work on the development of an “Over The Water Boardwalk” project. This project will provide for panoramic views of Biscayne Bay that will be open to the public. The Village has received approval from the regulatory agencies and is applying to the Florida Department of Environmental Protection (DEP), the Florida Inland Navigation District (FIND) as well as the State legislature for assistance with funding for this project.

FINANCIAL INFORMATION

Internal Accounting Control

Management of the Village is responsible for establishing and maintaining internal controls designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal control is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occurred within the above framework. We believe that the Village’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, staffing shortages created some short-comings that have been identified starting on page 91. Management’s plans for correction have also been addressed for each of the items identified.

Budgetary Control

An annual appropriated budget is adopted for all governmental funds with the exception of the Federal Forfeiture Fund, State Forfeiture Fund, Police Improvement Trust Fund (Special Revenue Funds) and Parks Improvement Fund (Capital Project Fund). In accordance with Village Ordinance, appropriations are legally controlled at the Department level. Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded in the accounting records, is utilized throughout the fiscal year.

Overview of Financial Activity

The accompanying financial statements reflect that the Village has continued to expand its services to meet the demands of its residential and business communities. A summary of the major financial activities is included in the Management Discussion and Analysis Section of this report.

Fund Balances

Fund balances classified as restricted are those with externally enforceable limitations on use. Fund balances classified as committed can only be used for specific purposes determined by formal action of the Village Commission through an ordinance. Commitments can only be changed or lifted by the Village Commission through an ordinance. Assigned fund balances are amounts that the Village intends to use for a specific purpose but are neither restricted nor committed. Unassigned fund balance can be viewed as the net resources available at the end of the year.

Retirement Programs

The Village contributes to the Florida Retirement system (FRS) which is the basic defined benefit pension plan for most Village employees. The FRS contributions are based on employee classifications. The Village also contributes to a defined contribution plan for 3 employees that remained when the Village converted to the FRS. The plans currently cover all full-time and part-time employees of the Village. Under these plans, the Village contributes between 7.9% and 23.27% to the FRS. The employees covered by the FRS System contribute 3.0% of salary. The employees covered by the defined contribution plan contribute 5.5 % of salary through a bi-weekly payroll deduction and the Village contributes 13.5 %.

Labor Contracts

The Village has Collective Bargaining Agreements (CBA) with two unions. One union (FOP) is for sworn police officers and their CBA expired September 30, 2019. The other union (FOPA) covers the non-managerial and blue collar work force. The FOPA contract expired September 30, 2019. While we sometimes say the union employees are working without a contract or that their contract has expired, the reality is that all the terms and conditions that are contained in those contracts remain in effect until both parties agree to a new contract.

Financing Programs and Debt Administration

The Village currently has eight outstanding long-term debt issues. The Village has five water and sewer infrastructure loans through the Florida Department of Environmental Protection (DEP). The five loans are accounted for entirely in the Utility Fund and are paid from customer charges for services. These loans have various interest rates ranging from .09% to 2.99%. The last loan will be paid off in October 2037. The principal outstanding on the water and sewer infrastructure loans as of September 30, 2019 totaled \$3,889,442.

The Village has two General Obligation (GO) bond issues outstanding. They were issued in 2010 and 2011 and will be paid off in December 2031 and June 2028, respectively. The total principal outstanding on the GO bonds as of September 30, 2019 is \$5,032,144.

The Village in May 2018 issued \$2,350,000 taxable note for the purchase of the Sakura property. The purchase price was \$2,295,000 and had a coupon interest rate of 3.336%. This is a 3 year Note with a balloon payment of \$2,270,000 in 2021.

OTHER INFORMATION

Independent Audit

In accordance with Section 11.45(3) (a) (4), Florida Statutes, and 4.1 of the Village Charter, the Village engaged the firm of Caballero Fierman Llerena & Garcia, LLP, to perform the independent audit of the Village's accounts and records. The independent auditors' reports are included in the Financial Section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awards the Certificate of Achievement for Excellence in Financial Reporting (CAFR) to units of governments whose annual financial reports meet the standards established by GFOA. This report must satisfy both generally accepted accounting principles and applicable legal requirements. It is designed to provide the reader a report that is formatted the same across multi governments throughout the United States and Canada. The Village submitted the fiscal year 2018 financial statements under this program and was awarded the Village's fifth CAFR award.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the Village's fourth straight certificate award.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Finance Department. We express our appreciation to all members of the Department who assisted and contributed to its preparation. We also wish to thank the Village Mayor and Commission for their interest and support in planning and conducting the Village's financial operations in a responsible and progressive manner.

Respectfully submitted,



Ralph Rosado
Village Manager



Christopher Wallace
Interim Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**North Bay Village
Florida**

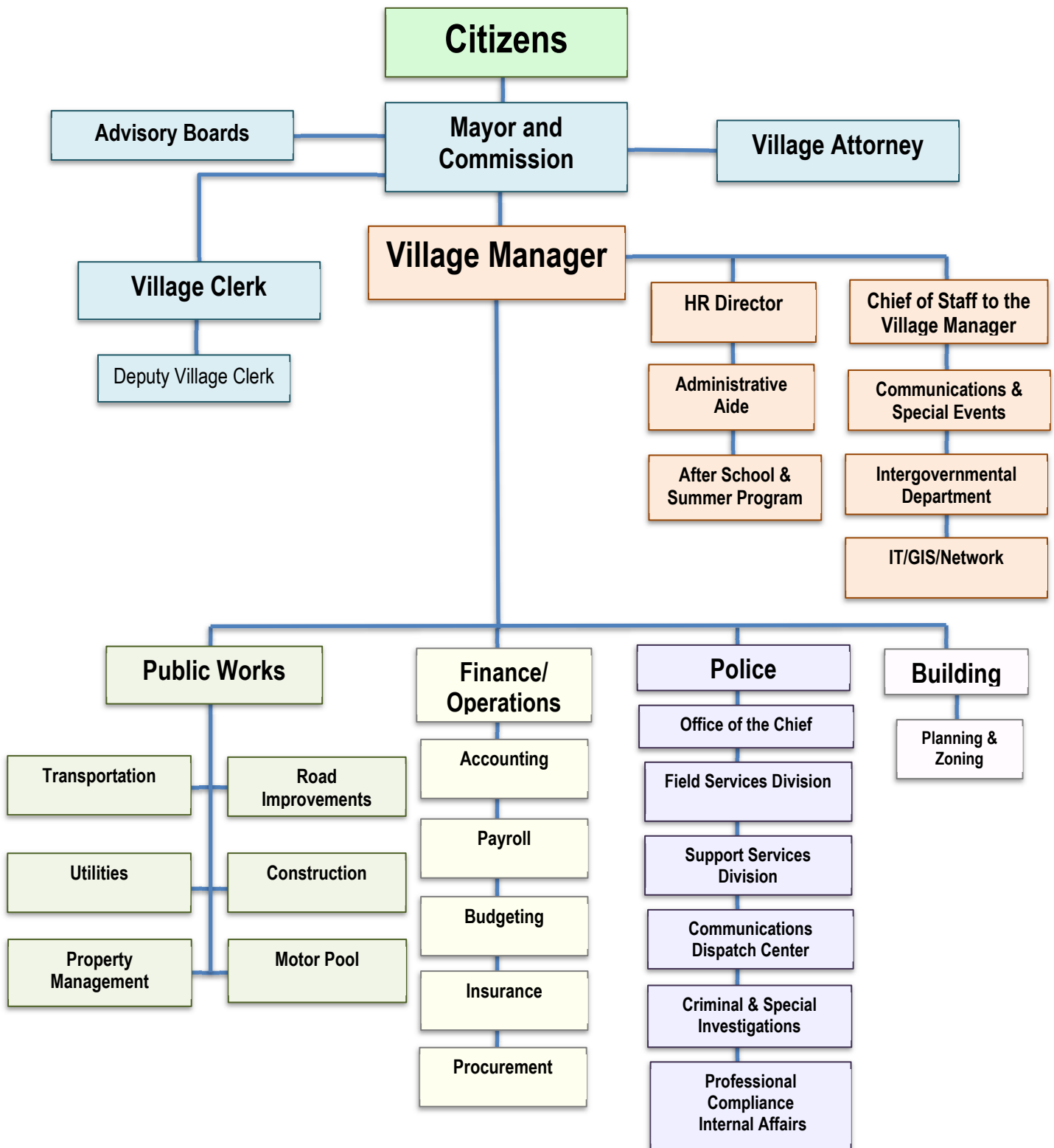
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

NORTH BAY VILLAGE, FLORIDA ORGANIZATIONAL CHART



NORTH BAY VILLAGE, FLORIDA
LIST OF ELECTED AND PRINCIPAL OFFICIALS

<u>Title</u>	<u>Name</u>
Mayor	Brent Latham
Vice Mayor	Marvin Wilmoth
Commissioner	Jose R. Alvarez
Commissioner	Andreana Jackson
Commissioner	Julianna Strout
Village Manager	Ralph Rosado, PhD, AICP
Village Clerk	Elora Riera
Village Attorney	Daniel A. Espino
Interim Chief Financial Officer	Christopher Wallace
Chief Building Official	Raul Rodriguez
Police Chief	Carlos Noriega

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Village Commission
North Bay Village, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

As discussed in Note 12 to the basic financial statements, the Village reported a prior period adjustment to the opening balances of net position for the Utility Fund, Business-type activities and the fund balances of certain Governmental Funds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedules of Net Pension Liabilities and Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios on pages 3-13 and 46-54, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of state financial assistance as required by Chapter 10.550, Rules of the Auditor General and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance 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 by us and other auditors. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 June 30, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

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

Financial Highlights

The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 10,644,169 (Total net position). Governmental activities net position amounted to \$ 1,145,949 and business-type net position amount to \$ 9,498,220. Net position decreased by \$ 799,728 during the current fiscal year. The decrease in Total net position was the result of a reduction in Governmental fund balances of \$380,951, an increase in Capital Assets net of depreciation of \$178,458 (mostly from Utility improvements), and an increase in liabilities of \$283,253 (from various activities, but mostly attributed to pension-related items).

For the fiscal year ended September 30, 2019, the Village's governmental activities revenues and expenses were \$12,056,027 and \$12,541,773, respectively. As a result, governmental net position decreased by \$ 485,746. The decrease reflects a net decrease of \$380,951 in total governmental fund balances; an increase in governmental capital assets net of depreciation of \$178,458; an increase in debt principal payments of \$487,857; revenue of \$36,305 collected outside of the current period that was not available for payment of current expenses, and an increase of \$807,415 in expenses related to future periods, most of which relate to pension items.

For the fiscal year ended September 30, 2019, the Village's business-type activities revenues and expenses were \$ 6,126,768 and \$5,826,626, respectively. Transfers out to other funds amounted to \$937,092. As a result, business-type net position increased by \$300,142. However, a one-time charge of \$614,124 to prior periods for the disposal of utility assets not recorded in those periods and the ending net position, after restating prior periods, ended at \$9,498,220.

At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$ 4,653,098, a decrease of \$380,951 in comparison with the prior year. Approximately 59% of this amount (\$ 2,754,904) is unrestricted and spendable. This amount represents 29% of the fiscal year's General Fund expenditures, or about three months of operations. This was consistent with the prior year.

At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$ 2,754,904, or approximately 29% of total General Fund expenditures (3 ½ months).

Overview of the Financial Statements

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

Government-wide financial statements - The government-wide financial statements, which consist of the following two statements described below, were 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 the Village's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. This statement represents full accrual account, including the recording (net of depreciation) of infrastructure such as roads and streets.

The statement of activities presents information showing how the Village'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 fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, and long-term obligations in the governmental funds) 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

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, building, planning, and zoning, public works and parks and recreation. The business type activities of the Village include water, sanitation, sewer, and storm water operations. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term funding and financing requirements. Governmental funds use a modified accrual basis of accounting. It recognizes revenues when they become available and measurable and, with a few exceptions, records expenditures when liabilities are incurred.

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 Village's near-term funding and 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 nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Transportation Fund, which are considered major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these other major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The governmental fund financial statements can be found on pages 16 through 19 of this report.

Proprietary funds - The Village maintains one type of proprietary fund referred to as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements and are used to account for water, sewer, sanitation, and stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility operations and the storm water operations. Proprietary funds utilize full accrual accounting. The proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to the basic financial statements - The notes provide additional, important, and expansive information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. Readers should not overlook this important section of the financial statements. The notes to the basic financial statements can be found on pages 23 through 45 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Village's General Fund and Transportation Fund budgetary schedules and progress in funding its obligation to provide OPEB benefits to its employees and the Village's pension liability and its contributions to fund that liability. Required supplementary information can be found on pages 46-54 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 55-56 of this report.

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-Wide Financial Analysis

Net position - As noted earlier, net position over time may serve as a useful indicator of the Village's financial position. In the case of the Village, total assets exceeded liabilities by \$10,644,169 at the close of September 30, 2019. Governmental activities net position totaled \$ 1,145,949, and business-type activities net position totaled \$9,498,220. The following table presents a condensed statement of net position as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,841,943	\$ 6,674,740	\$ 320,949	\$ 1,113,896	\$ 6,162,892	\$ 7,788,636
Restricted assets	-	-	464,016	464,016	464,016	464,016
Capital assets, net	12,070,247	11,891,789	18,008,139	16,060,072	30,078,386	27,951,861
Total assets	<u>17,912,190</u>	<u>18,566,529</u>	<u>18,793,104</u>	<u>17,637,984</u>	<u>36,705,294</u>	<u>36,204,513</u>
Deferred outflows of resources	<u>3,159,547</u>	<u>4,005,735</u>	<u>123,275</u>	<u>270,371</u>	<u>3,282,822</u>	<u>4,276,106</u>
Current and other liabilities	1,865,398	2,456,968	2,120,701	2,507,189	3,986,099	4,964,157
Long term liabilities	16,733,556	17,654,504	7,145,558	5,523,587	23,879,114	23,178,091
Total liabilities	<u>18,598,954</u>	<u>20,111,472</u>	<u>9,266,259</u>	<u>8,030,776</u>	<u>27,865,213</u>	<u>28,142,248</u>
Deferred inflow of resources	<u>1,326,834</u>	<u>829,097</u>	<u>151,900</u>	<u>65,377</u>	<u>1,478,734</u>	<u>894,474</u>
Net investment in capital assets	4,728,103	4,134,161	11,384,274	11,055,898	16,112,377	15,190,059
Restricted	2,021,147	2,009,931	-	-	2,021,147	2,009,931
Unrestricted	(5,603,301)	(4,512,397)	(1,886,054)	(1,243,696)	(7,489,355)	(5,756,093)
Total net position	<u>\$ 1,145,949</u>	<u>\$ 1,631,695</u>	<u>\$ 9,498,220</u>	<u>\$ 9,812,202</u>	<u>\$10,644,169</u>	<u>\$11,443,897</u>

By far, the largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of depreciation and less any related outstanding debt that was used to acquire those assets (\$16,112,377). The Village uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion (\$2,021,147) of the Village's net position represents resources that are subject to external restrictions on how they may be used. Of that amount, \$1,578,042 must be used for certain transportation-related activities; \$38,283 must be used for certain law enforcement activities; and \$404,822 must be used for various recreation and human services activities. The remaining balance of (\$7,489,355) represents a deficit net position and was mainly a result of the implementation of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement Number 27*. The Village is a member of the Florida Retirement System (FRS) and is required to show the Village's portion of FRS unfunded liabilities in the government wide statements.

The Village has been undertaking a significant capital improvement of its utility system and has participated in the State of Florida's revolving loan program. While approved for long-term borrowings under this program, the Village has elected to temporarily use its own cash, which earns less than the interest on the loans, and will reimburse itself with the borrowings during FY2020. Had the Village elected to be reimbursed for those projects by fiscal year end, it would have received approximately \$2.7 million in unrestricted cash. Its Net investment in capital assets would have declined by the same amount and its deficit net position would have been an Unrestricted net position of \$848,370. The interest rate spread difference between the borrowing and the investment income is likely to have been between 150-200 basis points.

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Changes in net position - Governmental activities and business-type activities decreased the Village's net position by \$799,728 from the previous fiscal year. However, a one-time charge of \$614,124 to prior periods for the disposal of utility assets not recorded in those periods contributed to that change. The relevant revenue and expense categories and their effect on net position are summarized in the table below. The information presented in this table will be used in the subsequent discussion of governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,024,290	\$ 1,468,551	\$ 6,006,524	\$ 6,039,581	\$ 7,030,814	\$ 7,508,132
Operating Grants and Contributions	990,703	536,436	-	-	\$ 990,703	\$ 536,436
Capital Grants and Contributions	200,000	-	120,000	6,360	\$ 320,000	\$ 6,360
General Revenues:						
Property Taxes	6,325,883	6,289,190	-	-	6,325,883	6,289,190
Other Taxes and Fees	2,336,622	2,397,331	-	-	2,336,622	2,397,331
Interest Income	43,992	43,418	244	180	44,236	43,598
Other General Revenues	197,445	189,837	-	-	197,445	189,837
Total Revenues	<u>11,118,935</u>	<u>10,924,763</u>	<u>6,126,768</u>	<u>6,046,121</u>	<u>17,245,703</u>	<u>16,970,884</u>
Expenses:						
General Government	3,901,795	3,127,620	-	-	3,901,795	3,127,620
Public Safety	6,317,731	6,620,019	-	-	6,317,731	6,620,019
Public Works	977,996	792,985	-	-	977,996	792,985
Building, Planning, and Zoning	734,715	663,846	-	-	734,715	663,846
Recreation and Human Services	377,961	527,727	-	-	377,961	527,727
Interest and Fiscal Charges	231,575	306,276	-	-	231,575	306,276
Utility	-	-	4,811,930	4,929,420	4,811,930	4,929,420
Stormwater Utility	-	-	77,604	67,303	77,604	67,303
Total Expenses	<u>12,541,773</u>	<u>12,038,473</u>	<u>4,889,534</u>	<u>4,996,723</u>	<u>17,431,307</u>	<u>17,035,196</u>
Change In Net Position Before Transfers	(1,422,838)	(1,113,710)	1,237,234	1,049,398	(185,604)	(64,312)
Transfers Between Funds	937,092	771,044	(937,092)	(771,044)	-	-
Increase (decrease) in net position	<u>(485,746)</u>	<u>(342,666)</u>	<u>300,142</u>	<u>278,354</u>	<u>(185,604)</u>	<u>(64,312)</u>
Net position - Beginning as previously reported	1,631,695	1,974,361	9,812,202	9,533,848	11,443,897	11,508,209
Prior Period Adjustment (See Note 12)	-	-	(614,124)	-	(614,124)	-
Net Position - Beginning, as restated	<u>1,631,695</u>	<u>1,974,361</u>	<u>9,198,078</u>	<u>9,533,848</u>	<u>10,829,773</u>	<u>11,508,209</u>
Net Position, Ending	<u>\$ 1,145,949</u>	<u>\$ 1,631,695</u>	<u>\$ 9,498,220</u>	<u>\$ 9,812,202</u>	<u>\$ 10,644,169</u>	<u>\$ 11,443,897</u>

Governmental activities - During the current fiscal year, net position for governmental activities decreased \$485,746 from the prior fiscal year. The major reason for the decline was an increase in expenses that exceeded recurring revenues, while relying more on transfers from the utility operations. The Village saw increases in most operations, but expenses in Public Safety and Recreation/Human Services declined.

Business-type Activities - For the Village's business-type activities, the results for the current fiscal year again positive. Net position before transfers increased by nearly 18%. However, the Village transferred out an additional \$871,526 to the General Fund, reducing the increase in net position to 3.3%. Of the \$300,142 increase to Net Position, \$120,000 came from a development contribution to the utility system and it should not be considered a recurring revenue. The Village also took a one-time adjustment to prior periods for assets that were abandoned in place when underground improvements were undertaken. These book value of these assets should have been charged off when the assets were abandoned in place. The one-time charge was \$614,124.

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Financial Analysis of the Governmental Funds

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 the Village's net resources available for spending as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village Commission.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,653,098, a decrease of \$380,951 from the prior year. Approximately 56%, or \$2,603,863 of the combined fund balance represents the spendable and unrestricted portion of the fund balance. Of that amount, \$1,759,352 is assigned as a reserve. It represents 20% of the year's General Fund budgeted expenditures, as required by the Village's code. The remainder of the fund balance is either non-spendable or restricted to purposes:

- 1) not in spendable form, all as prepaid expenditures (\$27,254)
- 2) restricted by external sources, law, or legislation legally restricting its use for purposes (\$2,021,147)

The 20% assignment of fund balance represents a North Bay Village code requirement for a type of reserve that can only be used for non-emergency uses limited to unanticipated capital improvements and infrastructure needs and unforeseen contingent liabilities or for emergency uses including unscheduled natural disasters/emergencies, acts of God or war, and for the emergency health, safety and welfare needs of the Village. The Village Code specifies the way the funds can be appropriated and how they must be replenished or established. While the Code requires a super majority vote to enact appropriation, the underlying code can be amended by a simple majority vote.

The General Fund is the chief operating fund of the Village. By definition, it accounts for all activity not accounted for in another fund.

The Transportation Fund, also a major fund, had a \$220,907 increase in fund balance due to an increase in the transportation surtax that it receives and a reduction in capital outlay and operating expenditures. For FY2020, the Village appropriated most of the fund balance and is expected to also borrow money to complete a roadway improvement project.

The Village maintains seven special revenue funds (Building Fees, Street Maintenance, Transportation, State Forfeiture, Federal Forfeiture, Children Services, and Police Improvement), a debt service fund, and two Capital Projects funds (Parks Improvement and Capital Projects). The combined fund balances for these six minor funds (all but Transportation) totaled \$292,898 at fiscal year-end. The Transportation fund (also sometimes called the CITT fund), had a total fund balance of \$1,578,042.

Proprietary funds - The Village's two proprietary funds (Utility fund and Stormwater Utility fund) provide the same type of information found in the government-wide financial statements, but in more detail. The Net position of the proprietary funds at the end of the year amounted to \$9,498,220 but included an unrestricted net position deficit of \$1,812,868 in the Utility fund. As discussed earlier, this deficit arose because of a capital improvement program that utilized the Village's cash while delaying approved borrowings so that the net interest cost would be minimized as the debt carries a higher rate than the Village earns on it cash and investments. Liquidity in the utility fund appears poor because the available debt, which could be considered a line of credit in essence, was not drawn down. Instead, the Village's General Fund lent its idle cash to the Utility fund, resulting in a short-term loan, or "due to" liability on its balance sheet. This was repaid during FY2020. It is expected that in FY2020, the Village will be reimbursed through these borrowings by about \$2.7 million. This will improve the unrestricted net position to \$848,370 and reduce the Net investment in capital assets by the same \$2.7 million. During the year, and subsequent to fiscal year end, the Village relies upon more of the revenue generated in this fund to support General Fund operations. Part of the transfers from this fund to the General Fund represent recovery of expenses incurred on behalf of the Utility fund by the General Fund and part of it represents profit taking above reasonable allocable costs.

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

General Fund Budgetary Highlights

General fund revenues exceeded final budgeted amounts by \$404,281. The variances were generally across all major categories of revenues; however, business tax receipts, building permits, and Communication service tax were noticeably less than anticipated. Total expenditures were \$645,125 more than the final budget, mostly attributable to non-departmental cost overruns, legal expenses, and police expenditures. Most of the remaining departmental expenditures were under budget. After transfers in from the Utility fund, the net change in the General Fund fund balance was (\$258,341).

Capital Assets and Debt Administration

Capital assets - The Village's capital assets, less accumulated depreciation, for its governmental and business-type activities as of September 30, 2019, amounted to \$12,070,247 and \$18,008,139 respectively, and consists of land, construction in progress, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment. During the year, the Village added \$495,446 of new capital assets and disposed of \$257,105, all of which was vehicles. The Village's Business-type activities added \$2,704,495 of new assets, all underground utilities and made a prior period adjustment to the Utility capital assets that reduced the beginning balance by \$614,124. This adjustment accounted for the book value of assets that were abandoned in place in prior years but not written down at that time. A more detailed schedule can be found on page 30 and 31 of the notes to the financial statements.

Long-term debt - At the end of the current fiscal, the Village has governmental activities debt outstanding of \$7,342,144. However, \$1,337,144 of that amount has been defeased, meaning it has been effectively refunded, leaving \$6,005,000 outstanding. Of that amount, \$3,695,000 is a General Obligation bond. The Village levies an additional voter-approved property tax rate to pay for the annual principal and interest on this debt. The Village also has a Series 2018 Note outstanding for \$ 2,310,000 which is secured by non-ad valorem revenues. This debt was used to purchase an additional parcel of land for a new Village Hall/Police/Fire complex.

The Village's Utility Fund has State Revolving Fund (SRF) debt outstanding of \$6,623,865. The State Revolving Fund debt is secured by the gross revenues derived yearly from the operation of the Utility Fund after payment of operating and maintenance expenses. Additionally, the Village has loan commitments from the SRF of an additional \$2,734,424, which the Village expects to draw down to reimburse itself for the capital improvement expenditures made during FY2018 and FY2019.

(continued on next page)

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

North Bay Village Debt Schedule and Summary
At September 30, 2019

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	502,857	195,271	698,128	287,459	20,996	308,455
2021	2,737,857	242,161	2,980,018	235,652	19,859	255,511
2022	482,857	145,287	628,144	235,652	18,329	253,981
2023	497,857	128,040	625,897	235,652	16,770	252,422
2024	512,857	110,267	623,124	235,652	15,182	250,834
2025-2029	2,299,285	267,016	2,566,301	1,178,260	51,035	1,229,295
2030-2034	305,574	17,589	323,163	961,467	10,996	972,463
2035-2037	-	-	-	519,647	1,020	520,667
Totals	7,339,144	1,105,631	8,444,775	3,889,441	154,187	4,043,628

Governmental Activities Loan Summary				
Fiscal Year	Original	OS at 9/30/19	Obligation Type	Purpose of Obligation
9/30/2010	2,160,000	1,337,144	GO Defeased	Parks and Recreation; Public Safety and Village Hall; landscaping Causeway
9/30/2011	6,250,000	3,695,000	GO Refi	Refinance of Original GO Note
9/30/2018	2,350,000	2,310,000	Taxable Note	Capital Asset Acquisition
Totals	10,760,000	7,342,144	note: The GO Defeased Debt is not carried as a liability and should be considered paid off.	

Business-type Activities				
Fiscal Year	Original	OS or Available at 9/30/19	Obligation Type	Purpose of Obligation
12/24/2009	1,079,032	698,886	DEP Loan	Water, sewer improvements
6/18/2014	309,518	230,431	DEP Loan	Water, sewer improvements
3/10/2017	52,988	49,496	DEP Loan	Water, sewer improvements
5/16/2017	2,546,720	2,177,226	DEP Loan	Water, sewer improvements
7/12/2018	2,505,494	2,505,494	DEP Loan	Water, sewer improvements
7/12/2018	962,332	962,332	DEP Loan	Water, sewer improvements
Totals	7,456,084	6,623,865		
		3,889,441	Outstanding at 9/30/19	
		2,734,424	Available and To Be Borrowed in FY2020	

In FY2018, the Village borrowed \$2,350,000, secured by non-ad-valorem revenue sources for the acquisition of property that could be used to finance certain municipal facilities. The Village intends to either re-sell the property or use it for its own purposes. The balance of the borrowing is due in FY2021, but the Village will either have sold the property by then or issued long-term debt to finance the acquisition.

Also, in FY2020, the Village's business-type activities were undertaking additional projects for which it expects to borrow additional funding. The Village's financial advisor has computed that the existing rate structure (rates were increased in FY2020) would be sufficient to support all issued, unissued, and anticipated debt.

Authorized but unissued debt. In 2006 and again in 2008, Village voters approved General Obligation bonds totaling \$28,400,000 for various community improvements, of which only \$2,160,000 had been issued as of September 30, 2019. The bonds, if issued, would be repaid with a separate voted debt service millage rate each year the bonds are outstanding. The Village does not believe this would adversely affect its finances but does increase the local burden to property owners.

Additional information related to long-term debt can be found under Note 7 to the financial statements, found on pages 32-34.

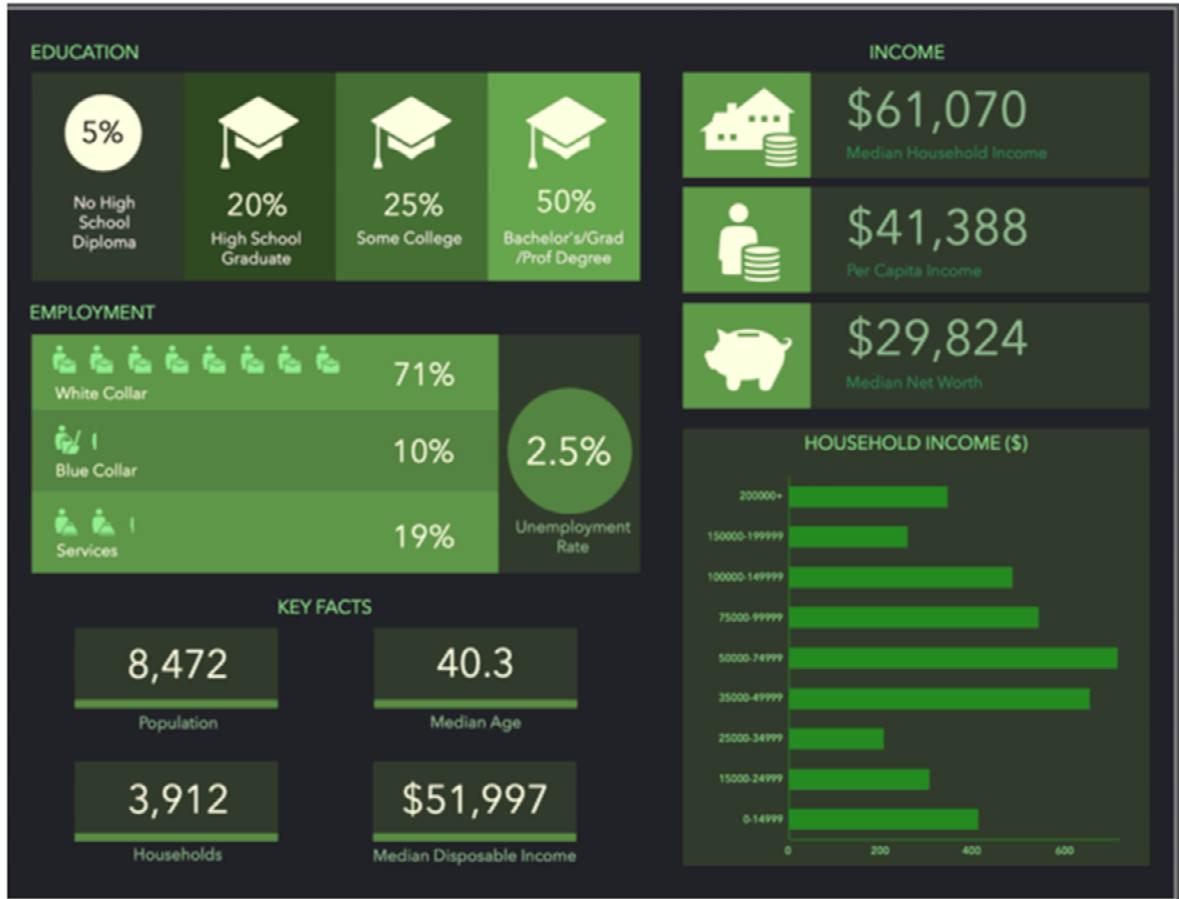
NORTH BAY VILLAGE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2019

Economic Factors, Risks, and Community Profile

Demographic profile. The Village is estimated to have a population of 8,472 across 3,912 households, with a median age at 40.3 years. Median household income is estimated to be \$61,070 with a median net worth of \$29,824. 75% of the population has at least some college, with 50% having obtained at least a bachelor's degree. The labor force is very much white collar and with an unemployment rate of 2.5%.



Population Trends and Key Indicators. The Village's population has grown from about 7,200 people in 2010 to its current 8,472 level. The median home value is \$391,814 and, for those with mortgages, the percent of income devoted to a mortgage payment is 31.4%. The typical amount spent on mortgage payments and basic housing expenses is \$8,619. The population has a wealth index that is 71% of the national average and housing is generally affordable for the income present. The Village has a diverse population, both in age and race. It is expected that the Village's population will continue to grow, but at a slower rate of 1.66% over the next 5 years.

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

POPULATION TRENDS AND KEY INDICATORS

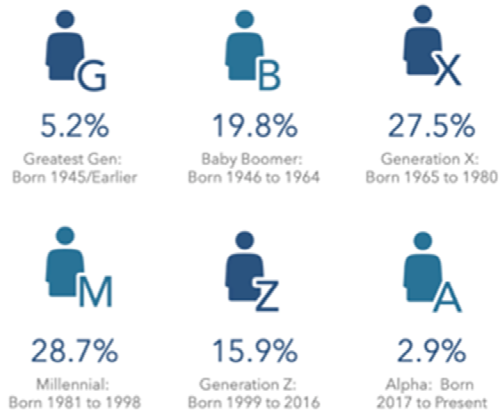
North Bay Village City, FL

8,472	3,912	2.15	40.3	\$61,070	\$391,814	71	74	62
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

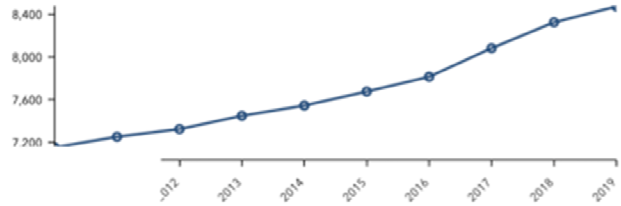
MORTGAGE INDICATORS



POPULATION BY GENERATION



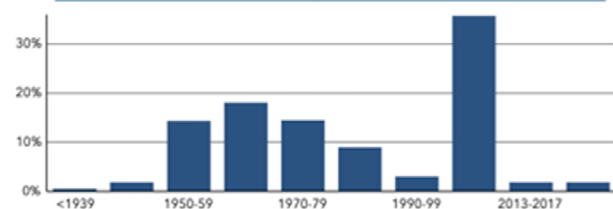
Historical Trends: Population



Home Value



Housing: Year Built



Tapestry Market Segmentation. The Village can be segmented into three major categories. The largest group, at 41.7%, are single, living alone or with roommates typically paying rent in upscale, multiunit structures and are willing to pay well above US average rents. Their commute can take up to an hour, and many of them use public transportation, walk, or bike to work. They tend to be young, with a median age of 36.3 and a household income of \$63,100. More than half have at least a bachelor's degree. They are well paid with little financial responsibility and tend to spend rather than save, but they are building wealth. They tend to be socially and environmentally conscious and use up-to-date technology. They are attentive to good health and nutrition.

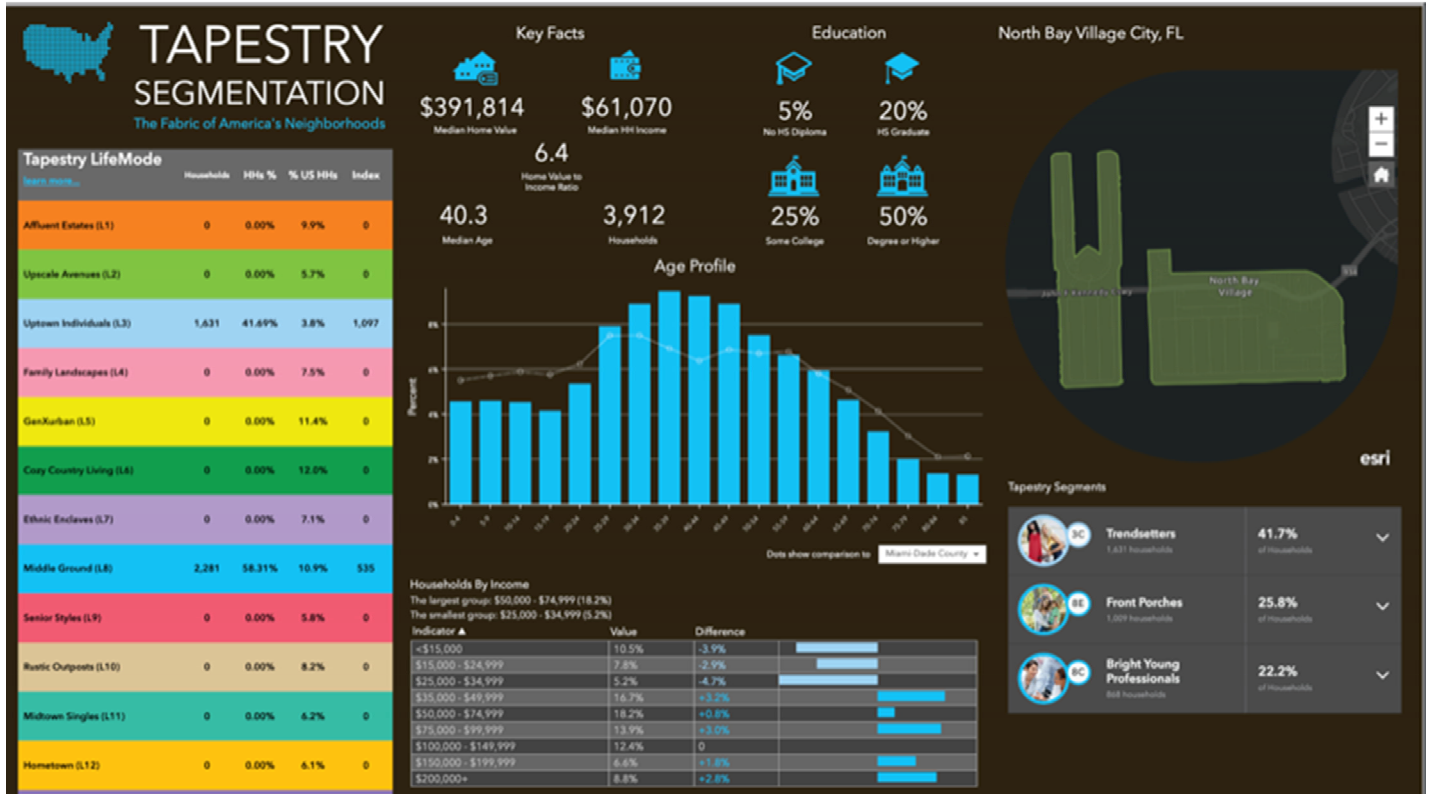
The second largest group, at 25.8% of the population, are single-parent families or singles living alone. This cohort accounts for about half of this larger group. They have a median age of 34.9 and a household income of \$43,700. They tend to live in multifamily housing stock in older established neighborhoods. Half of them tend to rent and not own their homes. It is a mostly blue-collar workforce, but unemployment is high at 7.1%. They are price conscious with limited incomes.

The third group accounts for 22.2% of the Village's population. They tend to be bright, young professionals with a median age of 33 and a household income of \$54,000. Households tend to be primarily couples, married or unmarried and with above average concentrations of single-parents or single-persons. They tend to live in multiunit buildings with rents that mirror the US average. Thirty-five percent have some college, most with a bachelor's degree or higher. They have an unemployment rate of 4.7% and display concerns for the environment, which impact their purchasing decisions.

NORTH BAY VILLAGE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2019



North Bay Village is located on islands located in the intracoastal waterway west of Miami Beach. Because of its low elevation, it is at greater risk of storm surge from hurricanes and for rising ocean levels.

Labor Agreements. The Village's bargaining groups continue to request improvements to pay, benefits, and working conditions. Given the increasing cost of personnel, coupled with moderately increasing revenues, the Village will continue to face a structural budget issue as the pace of expenses exceeds revenues.

Reliance upon Intergovernmental Revenue. The Village received \$1.4 million in revenue from other governments during FY2019, or about 15% of General Fund total revenues. Since the Village does not directly control the assessment or collection of these revenues, it is exposed to the risk that those revenues will not grow or even be available in future years. The loss of these revenues would likely require the Village to raise more money through higher local taxing efforts. The Village has the capacity to raise its tax rates to more than offset the loss of these other governmental revenues. Much of the intergovernmental revenue comes indirectly from the collection of sales taxes throughout the State of Florida and roughly 25%-30% of that revenue is derived from out-of-state visitors. At the time of issuance of this report, the country was in the midst of the COVID-19 crisis which affected sales and gas taxes in the State of Florida and the Village was negatively impacted by the loss of revenues dependent upon those sources. It is likely to continue its effects through FY2021 as well.

NORTH BAY VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Reliance upon support from other Village Funds. The Village's General Fund is directly supported by funds derived from other Village funds, primarily the Utility fund, which in turn is supported by fees charged to customers using its water, sewer, and solid waste services. Part of this reliance is for direct or indirect General Fund costs for Utility fund operations, such as salaries and benefits. Some would be considered "profit taking" from the utility operations, which directly impacts customer rates. When rates or other pressures make the continuance of this practice impractical, the Village's General Fund will face pressure to reduce expenses or raise property taxes or both in order to make up the difference.

Environmental Risks. The Village is located on a waterway connected to the Atlantic Ocean and is exposed to significant risks caused by weather, particularly hurricanes. The potential damage to structures and infrastructure can occur during hurricanes, reducing property values. The Village is concerned with rising sea levels. Sea levels are increasing, and we are concerned about the impact to our islands. Mitigating the impact to sea level rise could have a considerable financial impact on the Village and its property owners. Additionally, demand for property that would be adversely affected by rising sea levels may be reduced, affecting the Village's tax base. The Village is evaluating various resiliency efforts, including undergrounding of utilities and improvements to stormwater systems and seawalls.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Manager, North Bay Village, 1666 Kennedy Causeway, Suite 300, North Bay Village, FL, 33141.

BASIC FINANCIAL STATEMENTS

NORTH BAY VILLAGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,143,892	\$ 325,341	\$ 4,469,233
Investments	56,565	9,796	66,361
Restricted cash	400,000	464,016	864,016
Receivables, net	456,045	743,999	1,200,044
Prepaid items	27,254	-	27,254
Internal balances	758,187	(758,187)	-
Capital assets:			
Not being depreciated	9,065,653	7,287,927	16,353,580
Being depreciated, net	3,004,594	10,720,212	13,724,806
Total assets	<u>17,912,190</u>	<u>18,793,104</u>	<u>36,705,294</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
OPEB	2,813	489	3,302
Pensions	3,156,734	122,786	3,279,520
Total deferred outflows	<u>3,159,547</u>	<u>123,275</u>	<u>3,282,822</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	744,095	917,088	1,661,183
Retainage payable	76,099	377,272	453,371
Payroll liabilities	306,073	40,107	346,180
Accrued interest payable	40,280	1,714	41,994
Unearned revenue	26,273	-	26,273
Customer deposits	-	464,016	464,016
Due within one year:			
Compensated absences payable	169,721	33,045	202,766
Debt	502,857	287,459	790,316
Due in more than one year:			
Compensated absences payable	1,191,179	187,257	1,378,436
Debt	6,839,287	6,336,406	13,175,693
Net pension liability	8,117,915	520,193	8,638,108
OPEB liability	585,175	101,702	686,877
Total liabilities	<u>18,598,954</u>	<u>9,266,259</u>	<u>27,865,213</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pensions	1,326,834	151,900	1,478,734
Total deferred inflows of resources	<u>1,326,834</u>	<u>151,900</u>	<u>1,478,734</u>
<u>NET POSITION</u>			
Net investment in capital assets	4,728,103	11,384,274	16,112,377
Restricted for:			
Transportation projects	1,578,042	-	1,578,042
Law enforcement	38,283	-	38,283
Recreation and human services	404,822	-	404,822
Unrestricted net position (deficit)	(5,603,301)	(1,886,054)	(7,489,355)
Total net position	<u>\$ 1,145,949</u>	<u>\$ 9,498,220</u>	<u>\$ 10,644,169</u>

See notes to basic financial statements

NORTH BAY VILLAGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<u>Functions/Programs</u>	<u>Expenses</u>						
Governmental activities:							
General government	\$ 3,901,795	\$ 135,049	\$ 37,418	\$ 200,000	\$ (3,529,328)	\$ -	\$ (3,529,328)
Public safety	6,317,731	351,330	199,380	-	(5,767,021)	-	(5,767,021)
Public works	977,997	-	580,843	-	(397,154)	-	(397,154)
Building, planning and zoning	556,734	528,311	-	-	(28,423)	-	(28,423)
Recreation and human services	555,941	9,600	173,062	-	(373,279)	-	(373,279)
Interest and fiscal charges	231,575	-	-	-	(231,575)	-	(231,575)
Total governmental activities	12,541,773	1,024,290	990,703	200,000	(10,326,780)	-	(10,326,780)
Business-type activities:							
Utility Fund	4,811,930	5,891,918	-	-	-	1,079,988	1,079,988
Stormwater Utility	77,604	114,606	-	120,000	-	157,002	157,002
Total business-type activities	4,889,534	6,006,524	-	120,000	-	1,236,990	1,236,990
Total	\$ 17,431,307	\$ 7,030,814	\$ 990,703	\$ 320,000	(10,326,780)	1,236,990	(9,089,790)
General revenues:							
Ad valorem taxes					6,325,883	-	6,325,883
Franchise fees based on gross receipts					465,277	-	465,277
Utility taxes					626,557	-	626,557
Sales tax					712,273	-	712,273
Intergovernmental (unrestricted)					532,515	-	532,515
Interest income					43,992	244	44,236
Miscellaneous					197,445	-	197,445
Transfers					937,092	(937,092)	-
Total general revenues and transfers					9,841,034	(936,848)	8,904,186
Change in net position					(485,746)	300,142	(185,604)
Net position - Beginning as previously reported					1,631,695	9,812,202	11,443,897
Prior period adjustment (See Note 12)					-	(614,124)	(614,124)
Net position - Beginning, as restated					1,631,695	9,198,078	10,829,773
Net position - Ending					\$ 1,145,949	\$ 9,498,220	\$ 10,644,169

See notes to basic financial statements

NORTH BAY VILLAGE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Transportation</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,941,920	\$ 1,529,827	\$ 672,145	\$ 4,143,892
Investments	56,565	-	-	56,565
Restricted cash	-	-	400,000	400,000
Accounts receivable, net	310,784	99,623	45,638	456,045
Prepaid items	27,254	-	-	27,254
Due from other funds	1,219,448	-	-	1,219,448
Total assets	<u>\$ 3,555,971</u>	<u>\$ 1,629,450</u>	<u>\$ 1,117,783</u>	<u>\$ 6,303,204</u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 470,468	\$ 11,422	\$ 262,205	\$ 744,095
Retainage payable	-	-	76,099	76,099
Accrued payroll and benefits	277,072	3,681	25,320	306,073
Unearned Revenue	26,273	-	-	26,273
Due to other funds	-	-	461,261	461,261
Total liabilities	<u>773,813</u>	<u>15,103</u>	<u>824,885</u>	<u>1,613,801</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues	-	36,305	-	36,305
Total deferred inflows of resources	<u>-</u>	<u>36,305</u>	<u>-</u>	<u>36,305</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid items	27,254	-	-	27,254
Restricted for:				
Debt Service	-	-	834	834
Building, planning and zoning	-	-	-	-
Public works	-	-	-	-
Transportation Projects	-	1,578,042	-	1,578,042
Law enforcement	-	-	38,283	38,283
Recreation and human services	-	-	404,822	404,822
Assigned to:				
Operating reserves	1,759,352	-	-	1,759,352
Unassigned	995,552	-	(151,041)	844,511
Total fund balances	<u>2,782,158</u>	<u>1,578,042</u>	<u>292,898</u>	<u>4,653,098</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,555,971</u>	<u>\$ 1,629,450</u>	<u>\$ 1,117,783</u>	<u>\$ 6,303,204</u>

See notes to basic financial statements

NORTH BAY VILLAGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Fund balances - total government funds (Page 16) \$ 4,653,098

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

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

Governmental capital assets	16,413,352	
Less accumulated depreciation	<u>(4,343,105)</u>	12,070,247

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

Notes payable	(7,342,144)	
Compensated absences	(1,360,900)	
Accrued interest payable	(40,280)	
Net pension liability	(8,117,915)	
Deferred outflows of resources related to pensions	3,156,734	
Deferred outflows of resources related to OPEB	2,813	
Deferred inflows of resources related to pensions	(1,326,834)	
OPEB liability	(585,175)	
Revenue collected outside of period of availability	<u>36,305</u>	<u>(15,577,396)</u>

Net position of governmental activities (Page 14) \$ 1,145,949

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

	Major Funds		Nonmajor	Total
	General	Transportation Fund	Governmental Funds	Governmental Funds
REVENUES:				
Taxes	\$ 6,309,502	410,158	\$ 642,938	\$ 7,362,598
Licenses and permits	86,933	-	441,378	528,311
Franchise Fees	465,277	-	-	465,277
Intergovernmental Revenue	1,213,237	-	569,791	1,783,028
Charges for Services	183,199	-	62,400	245,599
Fines and forfeitures	215,521	5,427	199,380	420,328
Interest Income	31,213	10,191	2,588	43,992
Other	120,662	4,074	108,761	233,497
Total revenues	<u>8,625,544</u>	<u>429,850</u>	<u>2,027,236</u>	<u>11,082,630</u>
EXPENDITURES:				
Current:				
General government	3,536,655	-	-	3,536,655
Public safety	5,569,063	-	205,775	5,774,838
Public works	-	264,191	499,863	764,054
Building, planning and zoning	-	-	510,001	510,001
Recreation and human services	293,933	-	177,980	471,913
Capital outlay	42,236	-	535,571	577,807
Debt service:				
Principal	-	-	487,857	487,857
Interest	-	-	277,548	277,548
Total expenditures	<u>9,441,887</u>	<u>264,191</u>	<u>2,694,595</u>	<u>12,400,673</u>
Excess (deficiency) of revenues over expenditures	<u>(816,343)</u>	<u>165,659</u>	<u>(667,359)</u>	<u>(1,318,043)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	896,724	55,248	349,040	1,301,012
Transfers out	<u>(338,722)</u>	<u>-</u>	<u>(25,198)</u>	<u>(363,920)</u>
Total other financing sources (uses)	<u>558,002</u>	<u>55,248</u>	<u>323,842</u>	<u>937,092</u>
Net change in fund balances	<u>(258,341)</u>	<u>220,907</u>	<u>(343,517)</u>	<u>(380,951)</u>
Fund balances - beginning, as previously reported	<u>2,950,911</u>	<u>1,357,135</u>	<u>726,003</u>	<u>5,034,049</u>
Prior period adjustment (See note 12)	<u>89,588</u>	<u>-</u>	<u>(89,588)</u>	<u>-</u>
Fund balances - beginning, as restated	<u>3,040,499</u>	<u>1,357,135</u>	<u>636,415</u>	<u>5,034,049</u>
Fund balances, ending	<u>\$ 2,782,158</u>	<u>\$ 1,578,042</u>	<u>\$ 292,898</u>	<u>\$ 4,653,098</u>

See notes to basic financial statements

NORTH BAY VILLAGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

Net change in fund balances - total government funds (Page 18) \$ (380,951)

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.

Expenditures for capital outlays	495,446	
Less current year depreciation	(316,686)	
Loss on disposal of capital assets	<u>(302)</u>	178,458

The issuance of long-term debt (e.g. bonds, leases) provided current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position.

Principal payments 487,857

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

Change in accrued interest payable	45,973	
Change in compensated absences	92,100	
Change in net pension liability	442,163	
Change in OPEB liability	(43,726)	
Change in deferred outflows of resources related to pensions	(497,737)	
Change in deferred outflows of resources related to OPEB	2,813	
Change in deferred inflows of resources related to pensions	(849,001)	

Revenue collected outside of the period of availability is not available to pay for current period expenditures however it is available to pay long term obligations of the Village.	<u>36,305</u>	
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Change in net position of governmental activities (Page 15) \$ (485,746)

NORTH BAY VILLAGE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business- Type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Utility Fund	Stormwater Utility Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 325,341	\$ 325,341
Investments	9,796	-	9,796
Restricted cash	464,016	-	464,016
Accounts receivable, net	732,465	11,534	743,999
Total current assets	<u>1,206,277</u>	<u>336,875</u>	<u>1,543,152</u>
Capital assets:			
Not being depreciated	6,600,203	687,724	7,287,927
Being depreciated, net	10,030,288	689,924	10,720,212
Total non-current assets	<u>16,630,491</u>	<u>1,377,648</u>	<u>18,008,139</u>
Total assets	<u>17,836,768</u>	<u>1,714,523</u>	<u>19,551,291</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
OPEB	489	-	489
Pensions	122,786	-	122,786
Total deferred outflows of resources	<u>123,275</u>	<u>-</u>	<u>123,275</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	884,299	32,789	917,088
Retainage payable	338,900	38,372	377,272
Payroll liabilities	40,107	-	40,107
Accrued interest payable	1,714	-	1,714
Current portion of compensated absences	33,045	-	33,045
Due to other funds	758,187	-	758,187
Payable from restricted assets:			
Customer deposits	464,016	-	464,016
Current portion of debt	287,459	-	287,459
Total current liabilities	<u>2,807,727</u>	<u>71,161</u>	<u>2,878,888</u>
Non-current liabilities:			
Compensated absences	187,257	-	187,257
OPEB liability	101,702	-	101,702
Net pension liability	520,193	-	520,193
Debt	6,336,406	-	6,336,406
Total non-current liabilities	<u>7,145,558</u>	<u>-</u>	<u>7,145,558</u>
Total liabilities	<u>9,953,285</u>	<u>71,161</u>	<u>10,024,446</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pensions	151,900	-	151,900
Net position:			
Net investment in capital assets	9,667,726	1,339,276	11,007,002
Unrestricted	(1,812,868)	304,086	(1,508,782)
Total net position	<u>\$ 7,854,858</u>	<u>\$ 1,643,362</u>	<u>\$ 9,498,220</u>

See notes to basic financial statements

NORTH BAY VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Utility Fund	Stormwater Utility Fund	Total
Operating revenues:			
Sanitation charges	\$ 1,604,680	\$ -	\$ 1,604,680
Sewer charges	2,441,799	-	2,441,799
Metered water charges	1,845,439	-	1,845,439
Stormwater user fees	-	114,606	114,606
Total operating revenues	<u>5,891,918</u>	<u>114,606</u>	<u>6,006,524</u>
Operating expenses:			
Payroll and related expenses	1,176,354	5,462	1,181,816
Sewage disposal fees	978,345	-	978,345
Materials, supplies, repairs, and other	1,062,792	35,249	1,098,041
Water purchases	627,816	-	627,816
Solid waste disposal and recycling services	473,550	-	473,550
Provision for depreciation	<u>437,458</u>	<u>36,893</u>	<u>474,351</u>
Total operating expenses	<u>4,756,315</u>	<u>77,604</u>	<u>4,833,919</u>
Operating income	<u>1,135,603</u>	<u>37,002</u>	<u>1,172,605</u>
Non-operating revenues (expenses):			
Interest income	244	-	244
Interest expense	<u>(55,615)</u>	<u>-</u>	<u>(55,615)</u>
Income before transfers and contributions	<u>1,080,232</u>	<u>37,002</u>	<u>1,117,234</u>
Transfers and contributions			
Grants and contributions	-	120,000	120,000
Transfers out	<u>(924,433)</u>	<u>(12,659)</u>	<u>(937,092)</u>
Total transfers and contributions	<u>(924,433)</u>	<u>107,341</u>	<u>(817,092)</u>
Change in net position	155,799	144,343	300,142
Net position - beginning, as previously reported	8,313,183	1,499,019	9,812,202
Prior period adjustment (See Note 12)	<u>(614,124)</u>	<u>-</u>	<u>(614,124)</u>
Net position - beginning, as restated	<u>7,699,059</u>	<u>1,499,019</u>	<u>9,198,078</u>
Net position - ending	<u>\$ 7,854,858</u>	<u>\$ 1,643,362</u>	<u>\$ 9,498,220</u>

See notes to basic financial statements

NORTH BAY VILLAGE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Utility Fund	Stormwater Utility Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,848,996	\$ 114,664	\$ 5,963,660
Payments to employees	(965,886)	(5,462)	(971,348)
Payments to suppliers	(2,772,653)	(2,490)	(2,775,143)
Net cash provided by operating activities	<u>2,110,457</u>	<u>106,712</u>	<u>2,217,169</u>
Cash flows from non-capital financing activities:			
Transfers to other funds	(924,433)	-	(924,433)
Net cash used in non-capital financing activities	<u>(924,433)</u>	<u>-</u>	<u>(924,433)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(2,854,800)	-	(2,854,800)
Payments of revolving state loans	(315,067)	-	(315,067)
Proceeds from revolving state loans	1,934,758	-	1,934,758
Interest and other charges	(61,338)	-	(61,338)
Net cash used in capital and related financing activities	<u>(1,296,447)</u>	<u>-</u>	<u>(1,296,447)</u>
Cash flows from investing activities			
Interest income	244	-	244
Net cash provided by investing activities	<u>244</u>	<u>-</u>	<u>244</u>
Net change in Cash	(110,179)	106,712	(3,467)
Cash - beginning	574,195	293,030	867,225
Cash - ending	<u>\$ 464,016</u>	<u>\$ 325,341</u>	<u>\$ 789,357</u>
Cash and cash equivalents per statement of net position:			
Unrestricted	\$ -	\$ 325,341	\$ 325,341
Restricted	464,016	-	464,016
Net cash and cash equivalents per statement of net position	<u>\$ 464,016</u>	<u>\$ 325,341</u>	<u>\$ 789,357</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,135,603	\$ 37,002	\$ 1,172,605
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	437,458	36,893	474,351
Change in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(42,922)	58	(42,864)
Deferred outflows of resources	147,096	-	147,096
Increase (decrease) in:			
Accounts payable and accrued liabilities	(388,337)	32,759	(355,578)
Payroll liabilities	3,174	-	3,174
Due to other funds	758,187	-	758,187
Compensated absences	28,721	-	28,721
Net pension liability	(76,862)	-	(76,862)
OPEB liability	21,816	-	21,816
Deferred inflows of resources	86,523	-	86,523
Net cash provided by operating activities	<u>\$ 2,110,457</u>	<u>\$ 106,712</u>	<u>\$ 2,217,169</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Bay Village, Florida (the "Village") was incorporated in 1945 as a municipality under the laws of the State of Florida Statute 234-27. The Village operates under the Commission-Manager form of government, with the legislative function vested in a five-member Village Commission. The Village provides the following services as authorized by its charter: general government, public safety, water and sewer, sanitation, public works, planning and zoning, building inspection, code enforcement, health and social services, culture and recreation.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting and reporting policies and practices of the Village are described below.

A. Financial Reporting Entity

In accordance with GASB pronouncements, the Village's financial statements include all funds, departments, agencies, boards, and other organizations over which Village officials are considered to be financially accountable.

Financial accountability includes such aspects as appointment of a component unit's governing body members, budget review, approval of property tax levies, outstanding debt secured by the full faith credit of the Village or its revenue stream, and responsibility for funding deficits.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the GASB. Based upon the application of these criteria, the Village has no funds, agencies, boards, commissions or authorities considered to be potential component units.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Village as a whole) 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 activities of the Village. 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 services.

The government-wide 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 expenses 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate fund financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds. Major governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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 when an enforceable lien exists and when levied for. Grants and similar items are recognized as revenues 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financial sources.

Property taxes when levied for, franchise fees, utility taxes, charges for services, impact fees, intergovernmental revenues when eligibility requirements are met and interest associated with the current fiscal period are all considered to be measurable and have been recognized as revenues of the current fiscal period, if available. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable and available only when cash is received by the Village.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting for reporting its assets and liabilities. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the costs of sales and service, administrative expenses and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues or expenses.

The Village reports the following major governmental funds:

General Fund - This fund is the principal operating fund of the Village. It accounts for all financial resources of the general government except those accounted for in another fund.

Transportation Fund - This fund is used to account for restricted revenues and expenditures associated with a county levied surtax and designated for public transportation purposes.

The Village reports one major proprietary fund:

Utility Fund - This fund is used to account for the Village's water, sewer and sanitation utility system, which is financed and operated in a manner similar to private business enterprises. The intent of the Village is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments - The Village's cash and cash equivalents are considered to be cash and short-term investments with original maturities of three months or less when purchased. Deposits include cash on hand and interest-bearing checking accounts.

Village administration is authorized to invest in those instruments authorized by the Florida Statutes. Investments include the Local Government Surplus Funds Trust Fund. Investment in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration is reported at the fair value of its position in the pool, which is the same as the value of the pool shares.

2. Interfund transactions - As the Village does not have any lending/borrowing arrangements between funds, all outstanding balances between funds are reported as "due to/from other funds". All amounts receivable from or payable to other funds are to be settled with expendable, available financial resources. Transactions which are recurring annual transfers between two or more funds are recorded as transfers in and out. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
3. Receivables - Receivables include amounts due from other governments and others for services provided by the Village. Receivables, including special assessments, are recorded when the related service is provided. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.
4. Allowance for doubtful accounts - The Village considers all amounts receivable in the governmental funds to be fully collectible; consequently, no allowance for doubtful accounts was estimated. An allowance of \$15,000 was deemed necessary for the proprietary funds. This amount is primarily past due customer accounts and related penalties due as of September 30, 2019.
5. Restricted assets - Proceeds from impact fees, CITT surtax and 2nd local option gas taxes are classified as restricted in various special revenue funds since these resources are specifically earmarked for restricted purposes including law enforcement, transportation and recreational eligible items.
6. Restricted cash - The Village reports amounts paid by customers for water and sewer deposits as restricted cash.
7. Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These costs are accounted for under the consumption method.
8. Capital assets - Capital assets, which include land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure assets (e.g., sidewalks and other similar items grouped within buildings and improvements other than buildings), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 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.

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

	<u>Years</u>
Improvements other than building	5-40
Buildings and improvements	5-30
Vehicles	3-5
Machinery and equipment	3-10
Equipment and vehicles	3-5
Street improvements	30

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

9. Deferred outflows/deferred inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has two items, deferred outflows relating to pension plans, as well as deferred outflows relating to other post employment benefits that qualify for reporting in this category and are discussed in further detail in Note 8 and Note 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one item, deferred inflows relating to pensions plans, that qualifies for reporting in this category and is discussed in further detail in Note 8.

10. Compensated absences - Village employees are granted vacation, sick and compensatory leave in varying amounts based on length of service. Upon separation in good standing, employees receive full reimbursement for accumulated vacation and compensatory hours, as well as reimbursement for sick hours if the required length of service is met. All vacation pay is accrued when incurred in the government-wide and proprietary funds and reported as a liability. The current portion of this obligation is estimated based on historical trends. A liability for these amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignation or retirements.
11. Long-Term Obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or propriety fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium and discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments of principal and interest are reported as debt service expenditures.

12. Net Position - Net position is the result of assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net position of the government-wide and proprietary funds are categorized into three components:

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

Restricted net position – this category consists of all 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 the net position not meeting the definition of either of the other two components.

Restricted consists of net position with constraints placed on their use by external parties (creditors, grantors, contributors, or laws and regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted indicates that portion of net position that is available to fund future operations.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

13. Fund Balance – As of September 30, 2019, fund balances of the governmental fund financial statements are classified 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. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale.

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

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Village Commission. Commitments may be established, modified, or rescinded only through ordinances approved by Village Commission.

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 Commission or through the Commission delegating this responsibility to Village management. In addition, amounts deemed by a Village Ordinance as a minimum General Fund balance requirement is included in this category. Section 35.22 of the Village Code of Ordinances assigns an operating reserve of 20% of the current fiscal year original budget. This amount has been classified as assigned operating reserves in the accompanying financial statements.

Unassigned - This classification includes the residual fund balance for the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceeds the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

14. Net position policy - The Village has adopted a Net Position Policy for the Enterprise Funds. This policy lists the criteria to be used in evaluating net position requirements, and establishes a minimum target balance for the unrestricted category of net position. In addition, the policy establishes a process in reaching and maintaining the targeted level of unrestricted net position, the condition under which the targeted balance may be spent and the required replenishment of balances.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

15. Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the 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 revenues and expenditures/expenses during the reporting period. Although these estimates are based on management's knowledge of current events and actions, actual results may ultimately differ from those estimates.

NOTE 2 – PROPERTY TAXES

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills (\$10 per \$1,000 of assessed taxable valuation). The tax rate to finance general governmental services for the fiscal year ended September 30, 2019 was 6.1463 mills. The rate of 6.1463 mills is allocated to the General Fund and Debt Service Fund, with the General Fund receiving 5.5200 and the Debt Service Fund .6263.

The tax levy of the Village is established by the Village Commission prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and various special taxing districts. All property is reassessed according to its fair market value as of January 1 each year, at which time taxes become an enforceable lien on property. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the roll meets all of the appropriate requirements of State statutes. State of Florida Amendment #10 to the Florida Constitution known as "Save our Homes" limits assessment increases on homestead property to the lesser of 3% or the Consumer Price Index.

All real and tangible personal property taxes are due and payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of the taxes due and Miami-Dade County also collects the taxes for the Village. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. State law provides for enforcement of collection of personal property taxes by seizure of the property, by the sale of the property, or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to July 31 of the year following the year of assessment.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits which consist of cash on hand and interest bearing checking accounts 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. Therefore, all amounts presented as deposits are insured or collateralized.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS

Investments

As required by Florida Statutes, the Village has adopted an investment policy designating the investments which are allowable. The authorized investments include direct obligations of the United States Treasury, its Agencies or Instrumentalities, fully insured or collateralized certificates of deposit, Securities and Exchange Commission ("SEC") registered money market funds, repurchase agreements secured by direct obligations of the United States Government, its Agencies or instrumentalities, and the Local Government Surplus Funds Trust Fund. 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 Village invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund ("Florida PRIME"). Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. The Florida PRIME investment is exempt from Fair Value Measurement and Application disclosures.

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like fund. The Village's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. As of September 30, 2019, the Village's fair value of its investment in Florida PRIME was \$66,362.

Interest rate risk

The Village has an investment policy of structuring investment portfolios to meet cash requirements and diversifying maturities and staggering purchase dates to minimize the impact of market movements over time. The weighted average maturity (WAM) of the securities held in Florida PRIME is 37 days. The weighted average life (WAL) of Florida PRIME is 85 days.

Credit risk

The Village's investment policy limits investments to the safest types of issuers. The Florida PRIME is rated AAAm by Standard and Poor's.

Concentration of credit risk

The Village's investment Policy does not stipulate any limit on the percentage that can be invested in any one issuer. GASB Statement No. 40 requires disclosure when the percent is 5% or more in any one issuer. as of September 30, 2019, the value of each position held in the Village's portfolio comprised of less than 5% of the village's investment assets.

NOTE 4 – RECEIVABLES AND PAYABLES

As of September 30, 2019, receivables for the Village's individual major and nonmajor funds, in the aggregate including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Non-major Special Revenue Funds</u>	<u>Utilities Fund</u>	<u>Non-major Stormwater Utility Fund</u>	<u>Total</u>
Customers billed	\$ -	\$ -	\$ -	\$ 732,465	\$ 11,534	\$ 743,999
Intergovernmental	175,463	99,623	45,638	-	-	320,724
Accounts receivable	135,321	-	-	-	-	135,321
	<u>\$ 310,784</u>	<u>\$ 99,623</u>	<u>\$ 45,638</u>	<u>\$ 732,465</u>	<u>\$ 11,534</u>	<u>\$ 1,200,044</u>

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4 – RECEIVABLES AND PAYABLES (CONTINUED)

As of September 30, 2019, accounts payable and accrued liabilities for the Village's individual major and non-major funds are as follows:

	General Fund	Transportation Fund	Non-major Governmental Funds	Utility Fund	Non-major Stormwater Utility Fund	Total
Vendors	\$ 470,468	\$ 11,422	\$ 262,104	\$ 884,299	\$ 32,789	\$ 1,661,082
Due to other governments	-	-	101	-	-	101
	<u>\$ 470,468</u>	<u>\$ 11,422</u>	<u>\$ 262,205</u>	<u>\$ 884,299</u>	<u>\$ 32,789</u>	<u>\$ 1,661,183</u>

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,433,633	\$ -	\$ -	\$ 7,433,633
Construction in progress	1,211,133	420,887	-	1,632,020
Total capital assets, not being depreciated	<u>8,644,766</u>	<u>420,887</u>	<u>-</u>	<u>9,065,653</u>
Capital assets, being depreciated:				
Buildings and improvements	3,027,498	-	-	3,027,498
Street improvements	2,337,210	-	-	2,337,210
Vehicles	1,165,424	26,000	257,105	934,319
Machinery and equipment	1,000,113	48,559	-	1,048,672
Total capital assets, being depreciated	<u>7,530,245</u>	<u>74,559</u>	<u>257,105</u>	<u>7,347,699</u>
Less accumulated depreciation for:				
Buildings and improvements	1,916,886	109,366	-	2,026,252
Street improvements	521,733	75,517	-	597,250
Vehicles	1,007,116	76,746	256,803	827,059
Machinery and equipment	837,487	55,057	-	892,544
Total accumulated depreciation	<u>4,283,222</u>	<u>316,686</u>	<u>256,803</u>	<u>4,343,105</u>
Total capital assets, being depreciated, net	<u>3,247,023</u>	<u>(242,127)</u>	<u>302</u>	<u>3,004,594</u>
Governmental activities capital assets, net	<u>\$ 11,891,789</u>	<u>\$ 178,760</u>	<u>\$ 302</u>	<u>\$ 12,070,247</u>

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	* \$ 7,454,881	\$ 2,704,495	\$ (2,871,449)	\$ 7,287,927
Total capital assets, not being depreciated	<u>7,454,881</u>	<u>2,704,495</u>	<u>(2,871,449)</u>	<u>7,287,927</u>
Capital assets, being depreciated:				
Improvements other than buildings	** 14,234,002	2,871,449	-	17,105,451
Equipment and vehicles	633,423	-	-	633,423
Total Capital Assets being depreciated	<u>14,867,425</u>	<u>2,871,449</u>	<u>-</u>	<u>17,738,874</u>
Less accumulated depreciation for:				
Improvements other than buildings	5,961,649	460,127	-	6,421,776
Equipment and vehicles	582,662	14,224	-	596,886
Total accumulated depreciation	<u>6,544,311</u>	<u>474,351</u>	<u>-</u>	<u>7,018,662</u>
Total capital assets, being depreciated, net	<u>8,323,114</u>	<u>2,397,098</u>	<u>-</u>	<u>10,720,212</u>
Business-type activities capital assets, net	<u>\$ 15,777,995</u>	<u>\$ 5,101,593</u>	<u>\$ (2,871,449)</u>	<u>\$ 18,008,139</u>

* Beginning balance was restated to reflect a correction to CIP

** Beginning balance was restated to reflect the disposal of assets not in service from previous years. (See Note 12)

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

Governmental Activities:	
Public safety	\$ 91,772
Public works	156,821
General government	6,625
Recreation and human services	61,066
Building, planning and zoning	<u>402</u>
Total depreciation expense - governmental activities	<u>\$ 316,686</u>
Business-Type Activities:	
Water and sewer systems	\$ 437,458
Stormwater utility	<u>36,893</u>
Total depreciation expense - business-type activities	<u>\$ 474,351</u>

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

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

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

As of September 30, 2019, interfund balances were as follows:

	Payable Fund		
	Street Maintenance Fund	Utility Fund	Total
Receivable Fund			
General Fund	\$ 61,261	\$ 758,187	\$ 819,448
	<u>\$ 61,261</u>	<u>\$ 758,187</u>	<u>\$ 819,448</u>

The interfund balance in the General Fund due from the Street Maintenance Fund and Utility Fund was to cover costs to maintain the Village's roadways and water and sewer construction costs.

Interfund transfers for the year ended September 30, 2019 are summarized as follows:

	Interfund Balances	
	Transfers In	Transfers Out
General Fund	\$ 896,724	\$ 338,722
Transportation Fund	55,248	-
Non-major Governmental Funds	349,040	25,198
Utility Fund	-	924,433
Stormwater Utility Fund	-	12,659
	<u>\$ 1,301,012</u>	<u>\$ 1,301,012</u>

The transfer out of the General Fund to the nonmajor governmental funds is to fund the Children Services Fund for additional expenditures that the Children's Trust grant does not pay for and to fund the Transportation Fund for a local effort the Village must make to continue to receive Miami Dade CITT revenue. The transfer into the General Fund is for expenses paid on behalf of other funds.

NOTE 7 – LONG-TERM DEBT

The Village implemented GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended September 30, 2019.

The following is a summary of changes in long-term liabilities of the Village for the fiscal year ended September 30, 2019:

	October 1, 2018	Additions	Reductions	September 30, 2019	Due Within One Year
Governmental Activities					
General Obligation Note, Series 2010	\$ 1,440,001	\$ -	\$ 102,857	\$ 1,337,144	\$ 102,857
General Obligation Refunding Note, Series 2010	4,040,000	-	345,000	3,695,000	360,000
Capital Asset Acquisition Taxable Note, Series 2018	2,350,000	-	40,000	2,310,000	40,000
Compensated Absences	1,453,000	578,574	670,674	1,360,900	169,721
Net Pension Liability	8,560,078	-	442,163	8,117,915	-
OPEB liability	541,449	43,726	-	585,175	-
Total Governmental Activities long term liabilities	<u>\$18,384,528</u>	<u>\$ 622,300</u>	<u>\$ 1,600,694</u>	<u>\$17,406,134</u>	<u>\$ 672,578</u>
Business Type Activities					
Revolving state loans	\$ 5,004,174	\$ 1,934,758	\$ 315,067	\$ 6,623,865	\$ 287,459
Net pension liability	597,055	-	76,862	520,193	-
Compensated absences	191,581	67,427	38,706	220,302	33,045
OPEB liability	79,886	21,816	-	101,702	-
	<u>\$ 5,872,696</u>	<u>\$ 2,024,001</u>	<u>\$ 430,635</u>	<u>\$ 7,466,062</u>	<u>\$ 320,504</u>

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7 – LONG-TERM DEBT (CONTINUED)

For governmental activities, compensated absences, net pension liability and total OPEB liability are generally liquidated by the General Fund.

The Village does not currently have unused lines of credit in its governmental activities but does have \$19,990,000 in voter approved but unissued debt. Of that amount, \$9,100,000 was approved for the undergrounding of overhead utility lines, generally electric, telephone, and cable TV. The balance of \$10,890,000 was approved for the improvement of water quality in Biscayne Bay; open space, parks, and recreation; improvements to the JFK Causeway; and a Public Safety/City Hall facility. The Village will likely advance these bond issues at some point in the future. The bonds, once issued, will be paid back through property tax revenues generated by a separate millage rate authorized for this purpose.

Governmental activities

In September 2008, the City borrowed \$6,250,000 relating to General Obligation Note, Series 2008, for the purpose of financing all or a part of the costs of (i) the acquisition of land to be used as a public park, (ii) the preliminary phases of the construction of a public safety and city hall complex and the construction and installation of landscaping and aesthetic improvements to the John F. Kennedy causeway, and (iii) related capital costs. Each purpose was approved separately by a voter referendum and the debt issue consolidated in order to save on issuance costs. This issue was refunded by defeasance in 2011.

In fiscal year ended September 30, 2010, the Village borrowed \$2,160,000 relating to a General Obligation Note, Series 2010, for the purpose of financing all or a part of the costs of (i) the creation and improvement of parks and recreational opportunities, (ii) the construction of a Public Safety and Village Hall complex, (iii) landscaping and aesthetic improvements to the John F. Kennedy Causeway, and (iv) related capital costs. The note is secured by the proceeds of ad valorem taxes levied on all taxable property in the Village. The note bears interest of 3.80% and is payable semi-annually while principal of \$102,857 is payable annually on December 1 of each year through the maturity date of December 1, 2031. The outstanding principal balance as of September 30, 2019, is \$1,337,144. The note contains a provision that in an event of default, the bank may declare all obligations of the Village to be immediately due and payable including accrued interest.

In fiscal year ended September 30, 2011, the Village refinanced a \$6,250,000 General Obligation Note with the proceeds of a \$6,325,000 General Obligation Refunding Note. The proceeds were used to legally defease the original note and to pay costs of the refinancing. The note bears interest at 3.51% and is payable semi-annually while principal is payable annually on June 1 of each year through the maturity date of June 1, 2028. The outstanding principal balance as of September 30, 2019, is \$3,695,000. The note contains a provision that in an event of default, the bank may declare all obligations of the Village to be immediately due and payable, including accrued interest.

In fiscal year ended September 30, 2018, the Village borrowed \$2,350,000 relating to a Capital Asset Acquisition Taxable Note, Series 2018, for the purpose of paying for the costs of acquiring property and the related loan costs. The note bears interest of 3.531% and is payable semi-annually while principal of \$40,000 is payable annually on July 1 of each year through July 1, 2021, when the remaining balance of \$2,270,000 is due. The note is secured by all non-ad valorem revenues which are legally available to make debt payments when due. The outstanding principal balance as of September 30, 2019 is \$2,310,000. If an event of default occurs and is continuous, the Noteholder may not declare the Series 2018 Note to be immediately due and payable unless the other debt of the Village is accelerated. The Village expects to either sell the land or use it to for the purposes of a public safety/village hall facility and the Note will be either refinanced to a long-term facility or repaid with the proceeds from the sale of the property.

Business-type activities

The Village has six separate loan agreements with the State of Florida Department of Environmental Protection. The loans provided the funding for various sewer improvement, water main replacement, and automated water meter replacement projects on a cost reimbursement basis. Pursuant to the terms of the individual agreements, the Village began making semi-annual principal and interest payments on the loans six months subsequent to the completion of the related projects.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7 – LONG-TERM DEBT (CONTINUED)

The Village is required to maintain rates and charges for the services furnished by the water and sewer systems which will be sufficient to provide pledged revenues equal to 1.15 times the sums of the semi-annual payments due in such fiscal year. At September 30, 2019, the Village was in compliance with these covenants. The significant terms of the loans are as follows:

Revolving state loan of \$1,079,032 dated December 24, 2009; financing rate of 1.93%. The Village makes semi-annual principal and interest payments of \$39,929 on May 15 and November 15. The loan matures on May 15, 2031 and is collateralized by water and sewer revenues.	\$ 698,886
Revolving state loan of \$309,518 dated June 18, 2014; financing rate of 2.18%. The Village makes semi-annual principal and interest payments of \$10,597 on February 15 and August 15. The loan matures on August 15, 2031 and is collateralized by water and sewer revenues.	230,431
Revolving state loan of \$52,988 dated March 10, 2017; financing rate of 1.87%. The Village makes semi-annual principal and interest payments of \$1,626 on October 15 and April 15. The loan matures on April 15, 2035 and is collateralized by water and sewer revenues.	49,496
Revolving state loan of \$ 2,546,720 dated May 16, 2017; financing rate of .085%. The Village makes semi-annual principal and interest payments of \$124,649 on October 15 and April 15. The loan matures on October 15, 2027 and is collateralized by water and sewer revenues.	2,177,226
Revolving state loan of \$2,505,494 dated July 12, 2018; interest rate of 1.34%. The Village will be required to make semi-annual principal and interest payments based on the actual amount of the principal drawn under the agreement.	2,505,494
Revolving state loan of \$962,332 dated July 12, 2018; interest rate of 1.24%. The Village will be required to make semi-annual principal and interest payments based on the actual amount of the principal drawn under the agreement.	962,332
	<u>\$ 6,623,865</u>

Combined aggregate maturities for all long-term liabilities for each of the next five years and to maturity are as follows:

	Governmental Activities			Business-type Activities *		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 502,857	\$ 195,271	\$ 698,128	\$ 287,459	\$ 20,996	\$ 308,455
2021	2,737,857	242,161	2,980,018	235,652	19,859	255,511
2022	482,857	145,287	628,144	235,652	18,329	253,981
2023	497,857	128,040	625,897	235,652	16,770	252,422
2024	512,857	110,267	623,124	235,652	15,182	250,834
2025-2029	2,299,285	267,016	2,566,301	1,178,260	51,035	1,229,295
2030-2034	308,574	17,589	326,163	961,467	10,996	972,463
2035-2037	-	-	-	519,647	1,020	520,667
	<u>\$ 7,342,144</u>	<u>\$ 1,105,631</u>	<u>\$ 8,447,775</u>	<u>\$ 3,889,441</u>	<u>\$ 154,187</u>	<u>\$ 4,043,628</u>

* Amounts above do not include all of the Village's State Revolving Fund debt service requirements. Only loans that have reached project completion are included above.

The difference (\$2,734,424) between what has been approved for borrowing (\$6,623,865) and what was outstanding at fiscal year end (\$3,889,441) will be drawn down by the Village during FY2020 and payments will begin six months after the draws are made. The Village's existing rate structure, which include a scheduled rate increase for FY2020, is sufficient to main the coverage necessary under the terms of all existing and planned debt for the utility system.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – RETIREMENT PLANS

Florida Retirement System

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System ("FRS") provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan").

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737 or by visiting the Website: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of creditable service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of creditable service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Senior Management Service class members who retire at or after age 62 with at least six years of creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Elected Officers' class members who retire at or after age 62 with at least six years of creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service (3.33% for judges and justices) times their final average compensation based on the five highest years of salary for each year of creditable service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of creditable service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before August 1, 2011, the annual cost of living adjustment ("COLA") is three percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – RETIREMENT PLANS (CONTINUED)

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular – 8.26% and 8.47%; Special Risk Administrative Support – 34.98% and 38.59%; Special Risk – 24.50% and 25.48%; Senior Management Service – 24.06% and 25.41%; Elected Officers' – 48.70% and 48.82%; and DROP participants – 14.03% and 14.60%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2018 through September 30, 2019.

HIS Plan

Plan description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits provided

For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution was 1.66%. The Village contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At September 30, 2019, the Village reported liabilities of \$7,159,805 for its proportionate share of the Pension Plan's net pension liability and \$1,478,303 for the HIS Plan's net pension liability for a total net pension liability of \$8,638,108. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. At June 30, 2019, the Village's proportion was .020790053 percent for the Pension Plan and .013212112 percent for the HIS Plan, which was an increase of .004412764 percent and .001582835 percent respectively, from the proportionate share measured as of June 30, 2018.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – RETIREMENT PLANS (CONTINUED)

For the year ended September 30, 2019, the Village recognized pension expense of \$1,717,615 for the Pension Plan and \$135,658 for the HIS Plan for a total pension expense of \$1,853,273. At September 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 424,669	\$ 17,956	\$ 442,625
Changes in assumptions	1,838,946	171,174	2,010,120
Net difference between projected and actual earnings on pension plan investments	-	954	954
Changes in proportion and differences between Village contributions and proportionate share of contributions	410,930	179,395	590,325
Village contributions subsequent to the measurement date	213,928	21,568	235,496
Total	<u>\$ 2,888,473</u>	<u>\$ 391,047</u>	<u>\$ 3,279,520</u>

	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 4,443	\$ 1,810	\$ 6,253
Changes in assumptions	-	120,824	120,824
Net difference between projected and actual earnings on pension plan investments	396,118	-	396,118
Changes in proportion and differences between Village contributions and proportionate share of contributions	800,851	154,688	955,539
Total	<u>\$ 1,201,412</u>	<u>\$ 277,322</u>	<u>\$ 1,478,734</u>

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Deferred outflows of resources in the amount of \$235,496 related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2019. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Employer Share of Deferred Outflows/Inflows		
	Pension Plan	HIS Plan	Total
2020	\$ 666,736	\$ 51,021	\$ 717,757
2021	185,955	43,979	229,934
2022	414,278	23,236	437,514
2023	265,849	(11,982)	253,867
2024	(27,941)	(1,394)	(29,335)
Thereafter	(31,745)	(12,703)	(44,448)
Total	<u>\$ 1,473,133</u>	<u>\$ 92,157</u>	<u>\$ 1,565,289</u>

Actuarial assumptions

The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan's valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan	HIS Plan
Inflation	2.60%	2.60%
Salary Increases	3.25% average, including inflation	3.25% average, including inflation
Investment Rate of Return	6.90%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Long-term expected rate of return

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate (property)	10.0%	6.7%	6.1%	11.7%
Private equity	11.0%	11.2%	8.4%	25.8%
Strategic investments	6.0%	5.9%	5.7%	6.7%
	<u>100%</u>			

Assumed inflation-Mean

2.6%

1.7%

Note: (1) As outlined in the Plan's investment policy

Discount rate

The discount rate used to measure the total pension liability was 6.90% for the Pension Plan. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.50% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 3.50% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the village's proportionate share of the net position liability to changes in the discount rate

The following table presents the sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact to the Village's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2019.

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Village's proportionate share of the net pension liability for pension plan	<u>\$ 12,376,918</u>	<u>\$ 7,159,805</u>	<u>\$ 2,802,633</u>
	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Village's proportionate share of the net pension liability for HIS plan	<u>\$ 1,687,559</u>	<u>\$ 1,478,303</u>	<u>\$ 1,304,017</u>

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Investment plan

The SBA (State Board of Administration) administered the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Defined Benefit Plan. Village employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends, in part, on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment members' accounts during the 2018-2019 fiscal year, as established by Section 121.72, Florida Statutes, are based on percentage of gross compensation, by class, as follows:

<u>Class</u>	<u>Allocation Rate</u>
Elected Officials	11.34%
Senior Management	7.67%
Special Risk	14.00%
Regular Employees	6.30%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan vesting is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on these funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Village.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

NOTE 9 – DEFINED CONTRIBUTION PLAN

The Village also has a defined contribution plan ("Plan") in accordance with Internal Revenue Code Section 401(k). There are four employees that did not transfer their balances to FRS that remain in this Plan. The Plan provides for required employer and employee contributions of 13.5% and 5.5% of employee earnings for the Plan year, respectively. The Village contributed approximately \$27,514 and the employees contributed approximately \$10,750 for the year ended September 30, 2019. Plan amendments must be approved by the Village Commission. The Plan is administered by ICMA Retirement Corp.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

Plan description and funding policy

Employees who retire from the Village and their dependents are eligible to continue to participate in the Village's single-employer defined benefit healthcare plan (the "Plan") currently offered through the Village at the "blended" employee group rate which, is determined annually by the Village. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date.

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 City's current policy to fund the Plan on a "pay-as-you-go" basis from the General Fund.

The following table provides a summary of the number of participants in the Plan as of October 1, 2018:

Inactive plan members or beneficiaries	
currently receiving benefits	-
Inactive plan members entitled to but not	
yet receiving benefits	-
Active plan members	47
Total plan members	<u>47</u>

Actuarial methods and assumptions

The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the City and Plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the City and the Plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability at September 30, 2019 was based on an actuarial valuation dated October 1, 2018 with a measurement date of September 30, 2019, using the following actuarial assumptions:

Discount rate	3.58% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3.00% per annum
Cost-of-living increases	Retiree contributions health insurance premiums and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increase in healthcare costs are assumed to be 8.00% for the 2017/18 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial methods and assumptions (Continued)

Implied subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$550.00 has been assumed at age 62 for the 2017/18 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table (general employees) or RP-2000 Blue Collar Mortality Table (police officers), both with full generational improvements in mortality using Scale BB
Retirement	Retirement is assumed to occur at the earlier of age 62 with six years of service or at any age with 30 years of service.
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for police officers).
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes	Since the prior measurement date, the discount rate was decreased from 3.64% per annum to 3.58% per annum.

Discount rate

The discount rate used to measure the total OPEB liability at September 30, 2019 was 3.58%. Because the Village's OPEB costs are funded on a pay-as-you-go funding structure, the return on the S&P municipal bond 20 year high grade index as of the measurement date was used to determine the total OPEB liability. The discount rate was 3.58% as of the beginning of the measurement year.

Total OPEB liability of the Village

The components and changes of the Village's total OPEB liability at September 30, 2019, are as follows:

	Total OPEB Liability
Balance at 9/30/2018	\$ 621,335
Changes for the year:	
Service cost	42,121
Expected interest growth	23,681
Assumption changes	3,705
Benefit payments	(3,965)
Net changes	65,542
Balance at 9/30/2019	\$ 686,877
 Total OPEB liability	 \$ 686,877
OPEB Plan fiduciary net position	-
Village's net OPEB liability	\$ 686,877
OPEB Plan fiduciary net position as a percentage of total OPEB liability	0.00%

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the discount rate

The following table presents the total OPEB liability, calculated using the discount rate of 3.58%, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (2.58%)	Current Discount Rate Assumption (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 751,206	\$ 686,877	\$ 629,201

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following table presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease (4.00%)	Trend Rate Assumption (5.00%)	1% Trend Increase (6.00%)
Total OPEB liability	\$ 603,071	\$ 686,877	\$ 786,100

OPEB expense and deferred outflows of resources

For the year ended September 30, 2019, the Village recognized OPEB expense of \$62,240. At September 30, 2019, the Village reported changes in deferred outflows of resources related to OPEB as follows:

	Deferred outflows of resources
Balance at 9/30/2018	\$ -
Changes for the year:	
Amortization payments	(403)
Assumption changes	3,705
Total change	3,302
Balance at 9/30/2019	\$ 3,302

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation

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

Risk management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Village carries commercial insurance. There were no significant reductions 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. The Village provides employee medical benefits through commercial insurance coverage.

Grants contingency

The Village receives grants from governmental agencies that require compliance with certain provisions stated in the grant agreements and are subject to audit by their granter agencies. Failure to comply with the provisions or the results of any granter audit could result in the return of funds and are subject to audit by their granter agencies. Management of the Village deems the likelihood of this contingency remote since, in its opinion, the Village has complied in all material respects with the provisions of the grants.

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating lease agreement

The Village previously entered into an operating lease for the rental of the Village City Hall Facility through June 30, 2016 and extended through June 30, 2018. During the fiscal year September 30, 2018, the Village renewed this facility lease for an additional three years. The new lease requires monthly payments of approximately \$17,700 and at greater amounts thereafter through June 30, 2021. Total base payments in connection with this lease were approximately \$214,900 for the year ended September 30, 2019. The lease provides for an option to renew for one additional year.

The Village previously entered into an operating lease for the rental of an additional unit at the Village City Hall Facility through June 30, 2016 and extended through June 30, 2018. During the fiscal year September 30, 2018, the Village exercised the second extension. The new lease requires monthly payments of approximately \$7,600 and at greater amounts thereafter through June 30, 2021. Total base payments in connection with this lease were approximately \$92,600 for the year ended September 30, 2019. The lease provides for an option to renew for one additional year.

Future minimum base lease payments for the remainder of the leases are approximately as follows:

Year Ended September 30,	Amount
2020	\$ 319,900
2021	247,200

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At September 30, 2019, there were no encumbrances outstanding.

The encumbrances and related appropriation lapse at the end of the year but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended September 30, 2019, the net positions of the Government-Wide Business-Type Activities and Utility Fund have been adjusted due to a disposal of capital assets not recorded in the correct period disposed. In addition, the opening fund balance of the General Fund, the Building Fees Fund, and the Street Maintenance Fund were restated to separate the funds.

	Government- Wide Financial Statements Business-type Activities
Net position, beginning, as previously reported	\$ 9,812,202
Correction for capital asset disposals not recorded in the period when disposed	(614,124)
Net position, beginning, as restated	<u>\$ 9,198,078</u>

NORTH BAY VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 12 – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

	Fund Financial Statements			
	General Fund	Building Fees Fund	Street Maintenance Fund	Sanitation Fund
Fund balances/net position - beginning, as previously reported	\$ 2,950,911	\$ -	\$ -	\$ 8,313,183
Restatement due to separation of Building Fees Fund and Stormwater Fund from the General Fund for presentation purposes	89,588	(4,221)	(85,367)	-
Correction for capital asset disposals not recorded in the period when disposed	-	-	-	(614,124)
Fund balances/net position - beginning, as restated	<u>\$ 3,040,499</u>	<u>\$ (4,221)</u>	<u>\$ (85,367)</u>	<u>\$ 7,699,059</u>

NOTE 13 – DEFICITS IN FUND BALANCE/NET POSITION

Governmental Funds

At September 30, 2019, the Building Fees Fund and Street Maintenance Fund had deficits in fund balance of \$64,433 and \$86,608 respectively. Previously, these funds were combined with the Village's General Fund but have been separated out as Special Revenue funds. As shown in Note 12, a restatement of the fund financial statements for these two new funds also occurred. Previously, these negative fund balances were shown in the aggregate in the General Fund. It is expected that these negative fund balances will be eliminated by the end of fiscal year 2021.

Business-Type Funds

The Utility fund, which is used to account for the activities of water, sewer, and solid waste operations, had an accumulated negative Unrestricted Net Position of \$1,812,868. This temporary deficit did not result from operations. The Village had been undertaking capital improvements for these activities and was using the available cash and investments to pay for them rather than drawing down from its available credit facilities (see Note 7 – Long-Term Debt) because the loss of interest and investment income was less than the cost of borrowing. This decision resulted in a short-term borrowing of cash from the General Fund and an accumulated Unrestricted Net Position deficit for the last three fiscal years. This deficit was eliminated in fiscal year 2020 as the credit facilities were drawn upon. The result was to improve the cash and investment position, increase the current assets, and increase the Unrestricted Net Position. The Net investment in capital assets, which is the value of all capital assets, less accumulated depreciation, and less debt issued to fund the acquisition of those assets, declined by the same amount as the Unrestricted Net Position increased. The Total Net position of the fund did not change at that time.

NOTE 14 – SUBSEQUENT EVENT

In December 2019, COVID-19 emerged and has spread around the world, resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020 and subsequently a Pandemic on March 9, 2020. In addition, on March 13, 2020 the President of the United States proclaimed the COVID-19 outbreak to be a National Emergency.

The operations and business results of the Village could be significantly adversely affected. The extent to which the coronavirus may impact the business activity of the Village will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the results of the actions required to contain the coronavirus or treat its impact, among others. The specific financial impact to the Village is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes, including penalties and interest	\$ 5,662,780	\$ 5,662,780	\$ 5,682,945	\$ 20,165
Utility service taxes	580,000	580,000	626,557	46,557
Total taxes	6,242,780	6,242,780	6,309,502	66,722
Licenses and permits:				
Village occupational licenses	106,000	106,000	86,933	(19,067)
Building and other permits	1,000	1,000	-	(1,000)
Total licenses and permits	107,000	107,000	86,933	(20,067)
Franchise fees:				
Electric	360,705	360,705	436,126	75,421
Gas	18,000	18,000	10,289	(7,711)
United States Postal Service	18,500	18,500	18,535	35
Sanitation	1,000	1,000	327	(673)
Total franchise fees	398,205	398,205	465,277	67,072
Intergovernmental:				
Local 1/2 cent sales tax	710,315	710,315	712,273	1,958
Communication service tax	208,936	208,936	193,210	(15,726)
State revenue sharing	201,538	201,538	271,166	69,628
Grants	10,000	10,000	36,588	26,588
Total intergovernmental	1,130,789	1,130,789	1,213,237	82,448
Charges for services:				
Record research and review	40,000	40,000	31,917	(8,083)
Passport fees	15,000	15,000	21,777	6,777
Off-duty detail	2,000	2,000	112,475	110,475
Advertising/bus stop	4,680	4,680	4,680	-
Short term vacation rental	2,000	2,000	12,350	10,350
Total charges for services	63,680	63,680	183,199	119,519
Fines and forfeitures	122,000	122,000	215,521	93,521
Interest income	40,000	40,000	31,213	(8,787)
Miscellaneous	116,809	116,809	120,662	3,853
Total revenues	\$ 8,221,263	\$ 8,221,263	\$ 8,625,544	\$ 404,281
Expenditures:				
General government:				
Village Commission:				
Personal services	35,619	35,619	35,683	(64)
Operating expenditures	41,550	41,550	38,746	2,804
Total Village commission	77,169	77,169	74,429	2,740
Village Manager:				
Personal services	388,193	388,193	316,835	71,358
Operating expenditures	9,175	9,175	69,831	(60,656)
Total Village manager	397,368	397,368	386,666	10,702

(continued)

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Village Clerk:				
Personal services	211,516	211,516	152,428	59,088
Operating expenditures	68,550	68,550	82,044	(13,494)
Total Village clerk	280,066	280,066	234,472	45,594
Finance:				
Personal services	457,263	457,263	477,651	(20,388)
Operating expenditures	10,710	10,710	3,604	7,106
Total finance	467,973	467,973	481,255	(13,282)
Village Attorney:				
Operating expenditures	288,000	288,000	392,853	(104,853)
Total Village Attorney	288,000	288,000	392,853	(104,853)
Nondepartmental:				
Personal services	272,025	272,025	123,020	149,005
Operating expenditures	1,075,010	1,075,010	1,843,960	(768,950)
Total nondepartmental	1,347,035	1,347,035	1,966,980	(619,945)
Total general government	2,857,611	2,857,611	3,536,655	(679,044)
Public safety:				
Personal services	4,845,874	4,845,874	5,017,367	(171,493)
Operating expenditures	610,376	610,376	551,696	58,680
Capital outlay	48,000	48,000	42,236	5,764
Total public safety	5,504,250	5,504,250	5,611,299	(107,049)
Recreation and human services:				
Personal services	-	-	37,632	(37,632)
Operating expenditures	434,900	434,900	256,301	178,599
Total recreation and human services	434,900	434,900	293,933	140,967
Total expenditures	\$ 8,796,761	\$ 8,796,761	\$ 9,441,887	\$ (645,126)
Excess of expenditures over revenue	\$ (575,498)	\$ (575,498)	\$ (816,343)	\$ 1,049,407
Other financing sources:				
Transfers in	896,701	896,701	896,724	23
Transfers out	(321,203)	(321,203)	(338,722)	(17,519)
Total other financing sources	575,498	575,498	558,002	(17,496)
Net change in fund balance	\$ -	\$ -	(258,341)	\$ 1,031,911
Fund balances - beginning, as previously reported			2,950,911	
Prior period adjustment (See note 12)			89,588	
Beginning fund balances as restated			3,040,499	
Fund balances, ending			\$ 2,782,158	

See notes to budgetary comparison schedule

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 345,888	\$ 345,888	\$ 410,158	\$ 64,270
Fines and forfeitures	10,000	10,000	5,427	(4,573)
Interest income	-	-	10,191	10,191
Other revenues	<u>2,000</u>	<u>2,000</u>	<u>4,074</u>	<u>2,074</u>
Total revenues	<u>357,888</u>	<u>357,888</u>	<u>429,850</u>	<u>71,962</u>
Expenditures:				
Public works	164,782	164,782	264,191	(99,409)
Capital outlay	<u>1,060,802</u>	<u>1,060,802</u>	-	<u>1,060,802</u>
Total expenditures	<u>1,225,584</u>	<u>1,225,584</u>	<u>264,191</u>	<u>961,393</u>
Excess (deficiency) of				
revenues over expenditures	<u>(867,696)</u>	<u>(867,696)</u>	<u>165,659</u>	<u>1,033,355</u>
Other financing sources (uses) :				
Transfers in	<u>55,248</u>	<u>55,248</u>	<u>55,248</u>	-
Total other financing sources (uses)	<u>55,248</u>	<u>55,248</u>	<u>55,248</u>	-
Revenues over (under) expenditures and				
other financing sources (uses)	(812,448)	(812,448)	220,907	1,033,355
Fund balance appropriated	<u>812,448</u>	<u>812,448</u>	-	<u>(812,448)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>220,907</u>	<u>\$ 220,907</u>
Fund balance, beginning			<u>1,357,135</u>	
Fund balance, ending			<u>\$ 1,578,042</u>	

See notes to budgetary comparison schedule

NORTH BAY VILLAGE, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Village legally adopts annual budgets for all governmental funds, with the exception of Federal Forfeiture Fund, State Forfeiture Fund, Parks Improvement Fund and Police Improvement Trust Fund.

The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States. At least 60 days prior to the close of the fiscal year, the Village Commission is presented with a proposed budget including proposed expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1. Budgets are approved on a fund-by-fund basis and management may transfer amounts between line items within the various activities in a department as long as the transfer does not amount to more than 5% of the total budget of the department. There were no budgetary transfers within a department for the year ending September 30, 2019. All other budgetary transfers must be approved by resolution of the Village Commission. Expenditures may not exceed appropriations at the departmental level.

Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Village. The Village Commission, by resolution, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. Appropriations lapse at year-end. There were no amendments to the budget for the current fiscal year.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2019, expenditures exceeded appropriations in the following:

General Fund - Village attorney	\$ 104,853
General Fund - Nondepartmental	619,945
General Fund - Public safety	107,049
General Fund - Finance	13,282
Transporation Fund - Public works	99,409

These unfavorable variances were caused by unbudgeted costs related to unforeseen circumstances and occurrences during the year and were covered by revenues in excess of budget and unassigned fund balance.

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the FRS net pension liability	0.020790053%	0.025202817%	0.023842196%	0.024321282%	0.020411165%	0.019243398%
Village's proportionate share of the FRS net pension liability	\$ 7,159,805	\$ 7,591,219	\$ 7,054,782	\$ 6,141,143	\$ 2,636,736	\$ 1,174,130
Village's covered payroll	4,878,677	3,749,563	4,260,039	4,191,730	3,811,541	3,442,706
Village's proportionate share of the FRS net pension liability as a percentage of its covered payroll	146.76%	202.46%	165.60%	146.51%	69.18%	34.10%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.69%	84.88%	92.00%	96.09%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the HIS net pension liability	0.013212112%	0.014794946%	0.013346042%	0.013577049%	0.012524760%	0.011525625%
Village's proportionate share of the HIS net pension liability	\$ 1,478,303	\$ 1,565,914	\$ 1,427,020	\$ 1,582,349	\$ 1,277,329	\$ 1,077,674
Village's covered payroll	4,878,677	3,749,563	4,260,039	4,191,730	3,811,541	3,442,706
Village's proportionate share of the HIS net pension liability as a percentage of its covered payroll	30.30%	41.76%	33.50%	37.75%	33.51%	31.30%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 839,754	\$ 703,375	\$ 694,071	\$ 637,477	\$ 573,039	\$ 490,043
FRS contribution in relation to the contractually required contribution	<u>(839,754)</u>	<u>(703,375)</u>	<u>(694,071)</u>	<u>(637,477)</u>	<u>(573,039)</u>	<u>(490,043)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	4,858,170	4,172,564	4,275,799	4,088,434	3,807,189	3,554,672
FRS contribution as a percentage of covered payroll	17.29%	16.86%	16.23%	15.59%	15.05%	13.79%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 80,646	\$ 87,586	\$ 70,978	\$ 67,868	\$ 52,231	\$ 43,928
HIS contribution in relation to the contractually required contribution	<u>(80,646)</u>	<u>(87,586)</u>	<u>(70,978)</u>	<u>(67,868)</u>	<u>(52,231)</u>	<u>(43,928)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	4,858,170	5,276,247	4,275,799	4,088,434	3,807,189	3,554,672
HIS contribution as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.37%	1.24%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

NORTH BAY VILLAGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SEPTEMBER 30, 2019

Fiscal Year:	9/30/2019	9/30/2018
Measurement Date:	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability:		
Service cost	\$ 42,121	\$ 41,645
Interest	23,681	21,872
Assumption changes	3,705	-
Benefit payments	<u>(3,965)</u>	<u>(2,809)</u>
Net change in total OPEB liability	\$ 65,542	\$ 60,708
Total OPEB liability-beginning	<u>621,335</u>	<u>560,627</u>
Total OPEB liability-ending	<u>\$ 686,877</u>	<u>\$ 621,335</u>
Covered payroll	\$ 4,878,677	\$ 3,069,048
Total OPEB liability as a percentage of covered payroll	14.08%	20.25%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Building Fees Fund – This fund is used to account for the operations of building, planning and zoning.

Street Maintenance Fund – This fund is used to account for the operations of street maintenance and construction costs.

State Forfeiture Fund - This fund is used to account for State forfeitures restricted for law enforcement purposes.

Federal Forfeiture Fund - This fund is used to account for Federal forfeitures restricted for law enforcement purposes.

Children's Services Fund - This fund is used to account for certain grants and programs that provide for summer programs as well as other adolescent activities.

Police Improvement Trust Fund - This fund is used to account for revenues and expenditures for law enforcement purposes.

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Fund - This fund is used to accumulate resources and distribute principal and interest on governmental long-term debt payable by the Village.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition or construction of various major capital projects.

Capital Projects Fund – This fund accounts for the acquisition or construction of various capital projects.

Parks Improvement Fund - This fund is used to account for the revenues and expenditures associated with park acquisition, improvements and enhancements.

NORTH BAY VILLAGE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue Funds						Debt Service Fund	Capital Projects		Total Nonmajor Governmental Funds
	State Forfeiture Fund	Federal Forfeiture Fund	Building Fees Fund	Street Maintenance Fund	Children Services Fund	Police Improvement Fund	Debt Service Fund	Parks Improvement Fund	Capital Projects Fund	
<u>ASSETS</u>										
Cash and cash equivalents	\$ 56,053	\$ 14,025	\$ 102,602	\$ -	\$ -	\$ 3,022	\$ 935	\$ 226,427	\$ 269,081	\$ 672,145
Restricted cash	-	-	-	-	-	-	-	-	400,000	400,000
Accounts receivable, net	-	-	-	22,955	22,683	-	-	-	-	45,638
Total assets	<u>\$ 56,053</u>	<u>\$ 14,025</u>	<u>\$ 102,602</u>	<u>\$ 22,955</u>	<u>\$ 22,683</u>	<u>\$ 3,022</u>	<u>\$ 935</u>	<u>\$ 226,427</u>	<u>\$ 669,081</u>	<u>\$ 1,117,783</u>
<u>LIABILITIES</u>										
Accounts payable and accrued liabilities	\$ 26,000	\$ 132	\$ 163,042	\$ 43,145	\$ 6,183	\$ -	\$ 101	\$ 1,450	\$ 22,152	\$ 262,205
Payroll liabilities	-	8,685	3,993	5,157	7,485	-	-	-	-	25,320
Retainage payable	-	-	-	-	-	-	-	-	76,099	76,099
Due to other funds	-	-	-	61,261	-	-	-	-	400,000	461,261
Total liabilities	<u>26,000</u>	<u>8,817</u>	<u>167,035</u>	<u>109,563</u>	<u>13,668</u>	<u>-</u>	<u>101</u>	<u>1,450</u>	<u>498,251</u>	<u>824,885</u>
<u>FUND BALANCES</u>										
Restricted for:										
Debt service	-	-	-	-	-	-	834	-	-	834
Recreation and human services	-	-	-	-	9,015	-	-	224,977	170,830	404,822
Law enforcement	30,053	5,208	(64,433)	(86,608)	-	3,022	-	-	-	38,283
Unassigned	-	-	(64,433)	(86,608)	-	-	-	-	-	(151,041)
Total fund balances	<u>30,053</u>	<u>5,208</u>	<u>(64,433)</u>	<u>(86,608)</u>	<u>9,015</u>	<u>3,022</u>	<u>834</u>	<u>224,977</u>	<u>170,830</u>	<u>292,898</u>
Total liabilities and fund balances	<u>\$ 56,053</u>	<u>\$ 14,025</u>	<u>\$ 102,602</u>	<u>\$ 22,955</u>	<u>\$ 22,683</u>	<u>\$ 3,022</u>	<u>\$ 935</u>	<u>\$ 226,427</u>	<u>\$ 669,081</u>	<u>\$ 1,117,783</u>

NORTH BAY VILLAGE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds						Debt Service Fund	Capital Projects		Total Nonmajor Governmental Funds
	State Forfeiture Fund	Federal Forfeiture Fund	Building Fees Fund	Street Maintenance Fund	Children Services Fund	Police Improvement Fund	Debt Service Fund	Parks Improvement Fund	Capital Projects Fund	
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 642,938	\$ -	\$ -	\$ 642,938
Intergovernmental	-	-	-	202,519	167,272	-	-	-	200,000	569,791
Charges for services	-	-	-	-	-	-	62,400	-	-	62,400
Licenses and permits	-	-	441,378	-	-	-	-	-	-	441,378
Fines and forfeitures	-	199,380	-	-	-	-	-	-	-	199,380
Interest income	1,845	743	-	-	-	-	-	-	-	2,588
Other	31,044	5,521	33,609	28,987	-	-	-	9,600	-	108,761
Total revenues	<u>32,889</u>	<u>205,644</u>	<u>474,987</u>	<u>231,506</u>	<u>167,272</u>	<u>-</u>	<u>705,338</u>	<u>9,600</u>	<u>200,000</u>	<u>2,027,236</u>
Expenditures:										
Current:										
Public Safety	-	205,775	-	-	-	-	-	-	-	205,775
Public works	-	-	-	499,863	-	-	-	-	-	499,863
Building, planning and zoning	-	-	510,001	-	-	-	-	-	-	510,001
Recreation and human services	-	-	-	-	177,980	-	-	-	-	177,980
Capital outlay	26,000	-	-	9,415	-	-	-	14,500	485,656	535,571
Debt service:										
Principal	-	-	-	-	-	-	487,857	-	-	487,857
Interest	-	-	-	-	-	-	277,548	-	-	277,548
Total expenditures	<u>26,000</u>	<u>205,775</u>	<u>510,001</u>	<u>509,278</u>	<u>177,980</u>	<u>-</u>	<u>765,405</u>	<u>14,500</u>	<u>485,656</u>	<u>2,694,595</u>
Excess (deficiency) of revenues over expenditures	<u>6,889</u>	<u>(131)</u>	<u>(35,014)</u>	<u>(277,772)</u>	<u>(10,708)</u>	<u>-</u>	<u>(60,067)</u>	<u>(4,900)</u>	<u>(285,656)</u>	<u>(667,359)</u>
Other financing sources:										
Transfers in	-	-	-	276,531	12,442	-	60,067	-	-	349,040
Transfers out	-	-	(25,198)	-	-	-	-	-	-	(25,198)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,198)</u>	<u>276,531</u>	<u>12,442</u>	<u>-</u>	<u>60,067</u>	<u>-</u>	<u>-</u>	<u>323,842</u>
Net change in fund balance	<u>6,889</u>	<u>(131)</u>	<u>(60,212)</u>	<u>(1,241)</u>	<u>1,734</u>	<u>-</u>	<u>-</u>	<u>(4,900)</u>	<u>(285,656)</u>	<u>(343,517)</u>
Fund balances - beginning, as previously reported	<u>23,164</u>	<u>5,339</u>	<u>-</u>	<u>-</u>	<u>7,281</u>	<u>3,022</u>	<u>834</u>	<u>229,877</u>	<u>456,486</u>	<u>726,003</u>
Prior period adjustment (See note 12)	<u>-</u>	<u>-</u>	<u>(4,221)</u>	<u>(85,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,588)</u>
Fund balances - beginning, as restated	<u>23,164</u>	<u>5,339</u>	<u>(4,221)</u>	<u>(85,367)</u>	<u>7,281</u>	<u>3,022</u>	<u>834</u>	<u>229,877</u>	<u>456,486</u>	<u>636,415</u>
Fund balances, ending	<u>\$ 30,053</u>	<u>\$ 5,208</u>	<u>\$ (64,433)</u>	<u>\$ (86,608)</u>	<u>\$ 9,015</u>	<u>\$ 3,022</u>	<u>\$ 834</u>	<u>\$ 224,977</u>	<u>\$ 170,830</u>	<u>\$ 292,898</u>

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CHILDREN'S SERVICES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 169,252	\$ 169,252	\$ 167,272	\$ (1,980)
Total revenues	<u>169,252</u>	<u>169,252</u>	<u>167,272</u>	<u>(1,980)</u>
Expenditures:				
Parks and recreation	<u>181,694</u>	<u>181,694</u>	<u>177,980</u>	<u>3,714</u>
Total expenditures	<u>181,694</u>	<u>181,694</u>	<u>177,980</u>	<u>3,714</u>
Excess of expenditures over revenues	<u>(12,442)</u>	<u>(12,442)</u>	<u>(10,708)</u>	<u>1,734</u>
Other financing sources:				
Transfers in	<u>12,442</u>	<u>12,442</u>	<u>12,442</u>	<u>-</u>
Total other financing sources	<u>12,442</u>	<u>12,442</u>	<u>12,442</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources	-	-	1,734	1,734
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,734</u>	<u>\$ 1,734</u>
Fund balance, beginning			<u>7,281</u>	
Fund balance, ending			<u>\$ 9,015</u>	

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 642,427	\$ 642,427	\$ 642,938	\$ 511
Charges for services	135,000	135,000	62,400	(72,600)
Total revenues	<u>777,427</u>	<u>777,427</u>	<u>705,338</u>	<u>(72,089)</u>
Expenditures:				
Principal	499,878	499,878	487,857	12,021
Interest and fiscal charges	<u>277,549</u>	<u>277,549</u>	<u>277,548</u>	<u>1</u>
Total expenditures	<u>777,427</u>	<u>777,427</u>	<u>765,405</u>	<u>12,022</u>
Other financing sources:				
Transfers in	-	-	60,067	(60,067)
Total other financing sources	-	-	60,067	(60,067)
Revenues over (under) expenditures and other financing sources	-	-	(60,067)	60,067
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 60,067</u>
Fund balance, beginning			<u>834</u>	
Fund balance, ending			<u><u>\$ 834</u></u>	

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 200,000	\$ 200,000
Total revenues	-	-	200,000	200,000
Expenditures:				
Capital outlay	\$ 510,000	\$ 510,000	\$ 485,656	\$ 24,344
Total expenditures	510,000	510,000	485,656	24,344
Revenues over (under) expenditures	(510,000)	(510,000)	(285,656)	-
Fund balance appropriated	510,000	510,000	-	(510,000)
Net change in fund balance	\$ -	\$ -	(285,656)	\$ (510,000)
Fund balance, beginning			456,486	
Fund balance, ending			<u>\$ 170,830</u>	

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - BUILDING FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 582,000	\$ 582,000	\$ 441,378	\$ (140,622)
Other	<u>18,376</u>	<u>18,376</u>	<u>33,609</u>	<u>15,233</u>
Total revenues	<u>600,376</u>	<u>600,376</u>	<u>474,987</u>	<u>(125,389)</u>
Expenditures:				
Building, planning and zoning	<u>575,178</u>	<u>575,178</u>	<u>510,001</u>	<u>65,177</u>
Total expenditures	<u>575,178</u>	<u>575,178</u>	<u>510,001</u>	<u>65,177</u>
Excess of expenditures over revenues	<u>25,198</u>	<u>25,198</u>	<u>(35,014)</u>	<u>(60,212)</u>
Other financing sources:				
Transfers out	<u>(25,198)</u>	<u>(25,198)</u>	<u>(25,198)</u>	<u>-</u>
Total other financing sources	<u>(25,198)</u>	<u>(25,198)</u>	<u>(25,198)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(60,212)</u>	<u>\$ (60,212)</u>
Fund balances - beginning, as previously reported			<u>-</u>	
Prior period adjustment (See note 12)			<u>(4,221)</u>	
Beginning fund balances as restated			<u>(4,221)</u>	
Fund balances, ending			<u>\$ (64,433)</u>	

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - STREET MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 202,423	\$ 202,423	\$ 202,519	\$ 96
Other	<u>7,563</u>	<u>7,563</u>	<u>28,987</u>	<u>21,424</u>
Total revenues	<u>209,986</u>	<u>209,986</u>	<u>231,506</u>	<u>21,520</u>
Expenditures:				
Public works	529,065	529,065	499,863	29,202
Capital outlay	<u>-</u>	<u>-</u>	<u>9,415</u>	<u>(9,415)</u>
Total expenditures	<u>529,065</u>	<u>529,065</u>	<u>509,278</u>	<u>19,787</u>
Excess of expenditures over revenues	<u>(319,079)</u>	<u>(319,079)</u>	<u>(277,772)</u>	<u>41,307</u>
Other financing sources:				
Transfers in	<u>319,079</u>	<u>319,079</u>	<u>276,531</u>	<u>(42,548)</u>
Total other financing sources	<u>319,079</u>	<u>319,079</u>	<u>276,531</u>	<u>(42,548)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,241)</u>	<u>\$ (1,241)</u>
Fund balances - beginning, as previously reported			<u>-</u>	
Prior period adjustment (See note 12)			<u>(85,367)</u>	
Beginning fund balances as restated			<u>(85,367)</u>	
Fund balances, ending			<u>\$ (86,608)</u>	

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.</i>	62-66
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	67-73
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	74-78
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	79-80
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	81-83

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>	<u>2018</u>	<u>2019</u>
Governmental Activities:										
Net investment in capital assets	\$ 1,364,245	\$ 1,914,249	\$ 2,675,129	\$ 2,956,614	\$ 3,161,974	\$ 3,468,637	\$ 3,887,834	\$ 4,028,050	\$ 4,134,161	\$ 4,728,103
Restricted	571,581	1,569,472	1,533,377	1,117,826	1,724,697	1,434,461	1,838,289	1,897,794	2,009,931	2,021,147
Unrestricted (deficit)	<u>1,710,848</u>	<u>462,524</u>	<u>493,678</u>	<u>(129,020)</u>	<u>85,083</u>	<u>(3,300,953)</u>	<u>(3,387,282)</u>	<u>(3,951,483)</u>	<u>(4,512,397)</u>	<u>(5,603,301)</u>
Total governmental activities, net position	<u>\$ 3,646,674</u>	<u>\$ 3,946,245</u>	<u>\$ 4,702,184</u>	<u>\$ 3,945,420</u>	<u>\$ 4,971,754</u>	<u>\$ 1,602,145</u>	<u>\$ 2,338,841</u>	<u>\$ 1,974,361</u>	<u>\$ 1,631,695</u>	<u>\$ 1,145,949</u>
Business-Type Activities:										
Net investment in capital assets	\$ 5,854,619	\$ 8,991,838	\$ 8,261,570	\$ 8,316,098	\$ 8,082,710	\$ 8,402,023	\$ 8,440,175	\$ 9,394,287	\$ 11,055,898	\$ 11,384,274
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(697,460)</u>	<u>(483,988)</u>	<u>438,423</u>	<u>633,107</u>	<u>889,675</u>	<u>270,010</u>	<u>705,341</u>	<u>139,561</u>	<u>(1,243,696)</u>	<u>(1,886,054)</u>
Total business-type activities, net position	<u>\$ 5,157,159</u>	<u>\$ 8,507,850</u>	<u>\$ 8,699,993</u>	<u>\$ 8,949,205</u>	<u>\$ 8,972,385</u>	<u>\$ 8,672,033</u>	<u>\$ 9,145,516</u>	<u>\$ 9,533,848</u>	<u>\$ 9,812,202</u>	<u>\$ 9,498,220</u>
Primary Government:										
Net investment in capital assets	\$ 7,218,864	\$ 10,906,087	\$ 10,936,699	\$ 11,272,712	\$ 11,244,684	\$ 11,870,660	\$ 12,328,009	\$ 13,422,337	\$ 15,190,059	\$ 16,112,377
Restricted	571,581	1,569,472	1,533,377	1,117,826	1,724,697	1,434,461	1,838,289	1,897,794	2,009,931	2,021,147
Unrestricted (deficit)	<u>1,013,388</u>	<u>(21,464)</u>	<u>932,101</u>	<u>504,087</u>	<u>974,758</u>	<u>(3,030,943)</u>	<u>(2,681,941)</u>	<u>(3,811,922)</u>	<u>(5,756,093)</u>	<u>(7,489,355)</u>
Total primary government, net position	<u>\$ 8,803,833</u>	<u>\$ 12,454,095</u>	<u>\$ 13,402,177</u>	<u>\$ 12,894,625</u>	<u>\$ 13,944,139</u>	<u>\$ 10,274,178</u>	<u>\$ 11,484,357</u>	<u>\$ 11,508,209</u>	<u>\$ 11,443,897</u>	<u>\$ 10,644,169</u>

* Fiscal year 2017 unrestricted net assets have been restated due to the implementation of GASB 75.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses:										
Governmental activities:										
General government	\$ 1,933,488	\$ 1,628,104	\$ 2,079,698	\$ 2,110,915	\$ 1,736,545	\$ 1,645,316	\$ 2,416,720	\$ 2,954,893	\$ 3,127,620	\$ 3,901,795
Public safety	4,279,969	4,300,816	4,138,772	4,414,222	4,393,099	4,754,552	5,401,548	5,974,821	6,620,019	6,317,731
Public works	550,599	633,390	588,680	767,930	581,419	595,935	662,229	765,252	792,985	977,997
Building, planning and zoning	263,396	198,747	211,375	411,645	616,483	787,048	635,329	461,411	663,846	556,734
Recreation and human services	73,405	79,365	200,319	393,656	393,421	465,644	519,026	527,163	527,727	555,941
Interest and fiscal charges	354,340	298,126	316,958	287,067	254,548	249,618	235,061	220,145	306,276	231,575
Total governmental activities	<u>7,455,197</u>	<u>7,138,548</u>	<u>7,535,802</u>	<u>8,385,435</u>	<u>7,975,515</u>	<u>8,498,113</u>	<u>9,869,913</u>	<u>10,903,685</u>	<u>12,038,473</u>	<u>12,541,773</u>
Business-type activities:										
Utility	4,573,136	3,726,551	4,450,352	4,463,577	5,033,035	5,547,846	4,368,279	5,105,373	4,929,420	4,811,930
Stormwater utility	84,772	52,230	80,972	114,344	85,522	181,792	100,658	69,205	67,303	77,604
Total business-type activities	<u>4,657,908</u>	<u>3,778,781</u>	<u>4,531,324</u>	<u>4,577,921</u>	<u>5,118,557</u>	<u>5,729,638</u>	<u>4,468,937</u>	<u>5,174,578</u>	<u>4,996,723</u>	<u>4,889,534</u>
Total primary government expenses	<u>\$ 12,113,105</u>	<u>\$ 10,917,329</u>	<u>\$ 12,067,126</u>	<u>\$ 12,963,356</u>	<u>\$ 13,094,072</u>	<u>\$ 14,227,751</u>	<u>\$ 14,338,850</u>	<u>\$ 16,078,263</u>	<u>\$ 17,035,196</u>	<u>\$ 17,431,307</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 43,894	\$ 63,842	\$ 52,928	\$ 64,151	\$ 335,664	\$ 241,624	\$ 676,382	\$ 307,184	\$ 327,257	\$ 135,049
Public safety	160,245	1,187,213	1,086,703	578,532	408,621	371,820	682,957	659,967	425,375	351,330
Building, planning and zoning	243,910	219,419	324,987	441,841	660,858	891,984	570,814	519,083	698,376	528,311
Parks and recreation	-	-	-	-	539,220	-	-	15,216	17,543	9,600
Operating grants and contributions	109,220	302,416	441,042	411,205	406,728	2,034	475,649	840,492	536,436	990,703
Capital grants and contributions	166,254	31,880	279,035	196,099	110,167	428,419	-	-	-	200,000
Total governmental activities program revenues	<u>723,523</u>	<u>1,804,770</u>	<u>2,184,695</u>	<u>1,691,828</u>	<u>2,461,258</u>	<u>1,935,881</u>	<u>2,405,802</u>	<u>2,341,942</u>	<u>2,004,987</u>	<u>2,214,993</u>
Business-type activities:										
Charges for services:										
Utility	4,460,305	4,514,865	4,484,681	4,708,014	5,030,856	5,002,504	5,608,193	6,196,972	5,923,470	5,891,918
Stormwater utility	117,114	123,513	115,320	121,605	110,868	112,927	116,178	116,575	116,111	114,606
Operating grants and contributions	-	-	-	-	-	-	-	125,620	-	-
Capital grants and contributions	2,601,923	2,707,001	122,542	-	-	599,232	-	12,195	6,360	120,000
Total business-type activities program revenues	<u>7,179,342</u>	<u>7,345,379</u>	<u>4,722,543</u>	<u>4,829,619</u>	<u>5,141,724</u>	<u>5,714,663</u>	<u>5,724,371</u>	<u>6,451,362</u>	<u>6,045,941</u>	<u>6,126,524</u>
Total primary government program revenues	<u>\$ 7,902,865</u>	<u>\$ 9,150,149</u>	<u>\$ 6,907,238</u>	<u>\$ 6,521,447</u>	<u>\$ 7,602,982</u>	<u>\$ 7,650,544</u>	<u>\$ 8,130,173</u>	<u>\$ 8,793,304</u>	<u>\$ 8,050,928</u>	<u>\$ 8,341,517</u>

NORTH BAY VILLAGE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(CONTINUED)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Expense/Revenue:										
Governmental activities	\$ (6,731,674)	\$ (5,333,778)	\$ (5,351,107)	\$ (6,693,607)	\$ (5,514,257)	\$ (6,562,232)	\$ (7,464,111)	\$ (8,561,743)	\$ (10,033,486)	\$ (10,326,780)
Business-type activities	2,521,434	3,566,598	191,219	251,698	23,167	(14,975)	1,255,434	1,276,784	1,049,218	1,236,990
Total primary government, net expense	(4,210,240)	(1,767,180)	(5,159,888)	(6,441,909)	(5,491,090)	(6,577,207)	(6,208,677)	(7,284,959)	(8,984,268)	(9,089,790)
General Revenues and Other:										
Changes in net position:										
Governmental activities:										
Taxes:										
Ad valorem taxes	\$ 4,635,298	\$ 3,420,449	\$ 3,948,913	\$ 3,809,173	\$ 4,248,100	\$ 4,572,398	\$ 4,973,592	\$ 5,164,809	\$ 6,289,190	\$ 6,325,883
Franchise fees	409,810	384,644	397,329	392,198	441,194	435,354	434,029	444,495	443,794	465,277
Utility service taxes	434,715	434,136	474,206	508,687	550,901	559,998	586,646	604,737	616,445	626,557
Sales tax	373,587	421,916	464,315	504,473	538,419	574,061	603,513	630,296	705,644	712,273
Intergovernmental - unrestricted	592,267	574,781	599,389	597,263	575,123	584,677	581,142	587,791	631,448	532,515
Interest income	9,057	27,422	39,857	37,068	44,599	42,624	42,983	49,654	43,418	43,992
Miscellaneous revenues	310,574	152,737	183,037	203,417	142,255	219,456	196,902	134,976	189,837	197,445
Transfers	-	217,264	-	-	-	-	782,000	816,303	771,044	937,092
Total governmental activities	6,765,308	5,633,349	6,107,046	6,052,279	6,540,591	6,988,568	8,200,807	8,433,061	9,690,820	9,841,034
Business-type activities:										
Interest income	461	1,357	924	14	13	339	49	100	180	244
Transfers	-	(217,264)	-	-	-	-	(782,000)	(816,303)	(771,044)	(937,092)
Total business-type activities	461	(215,907)	924	14	13	339	(781,951)	(816,203)	(770,864)	(936,848)
Total primary government	\$ 6,765,769	\$ 5,417,442	\$ 6,107,970	\$ 6,052,293	\$ 6,540,604	\$ 6,988,907	\$ 7,418,856	\$ 7,616,858	\$ 8,919,956	\$ 8,904,186
Change in Net Position:										
Governmental activities	\$ 33,634	\$ 299,571	\$ 755,939	\$ (641,328)	\$ 1,026,334	\$ 426,336	\$ 736,696	\$ (128,682)	\$ (342,666)	\$ (485,746)
Business-type activities	2,521,895	3,350,691	192,143	251,712	23,180	(14,636)	473,483	460,581	278,354	300,142
Total primary government	\$ 2,555,529	\$ 3,650,262	\$ 948,082	\$ (389,616)	\$ 1,049,514	\$ 411,700	\$ 1,210,179	\$ 331,899	\$ (64,312)	\$ (185,604)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Unreserved	\$ 2,688,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	79,594	98,796	95,284	22,418	39,451	27,254
Restricted	-	-	-	-	70,455	-	-	-	-	-
Assigned	-	55,247	1,544,005	1,066,063	1,112,200	1,197,180	1,282,999	1,497,919	1,674,570	1,759,352
Unassigned	-	2,003,995	550,117	385,411	653,681	1,014,515	1,182,833	1,058,737	1,236,890	995,552
Total General Fund	<u>\$ 2,688,696</u>	<u>\$ 2,059,242</u>	<u>\$ 2,094,122</u>	<u>\$ 1,451,474</u>	<u>\$ 1,915,930</u>	<u>\$ 2,310,491</u>	<u>\$ 2,561,116</u>	<u>\$ 2,579,074</u>	<u>\$ 2,950,911</u>	<u>\$ 2,782,158</u>
All other governmental funds:										
Unreserved, reported in:										
Special Revenue Funds	571,581	-	-	-	-	-	-	-	-	-
Debt Service Funds	(125)	-	-	-	-	-	-	-	-	-
Capital Projects Funds	2,146,707	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	586	-	1,171	1,028	-	-
Restricted	-	3,258,164	2,811,299	2,159,112	2,850,373	2,546,023	2,900,551	2,592,079	2,083,138	2,021,981
Unassigned (deficit)	-	(183,781)	(36,360)	(8,282)	-	-	-	-	-	(151,041)
Total all other governmental funds	<u>2,718,163</u>	<u>3,074,383</u>	<u>2,774,939</u>	<u>2,150,830</u>	<u>2,850,959</u>	<u>2,546,023</u>	<u>2,901,722</u>	<u>2,593,107</u>	<u>2,083,138</u>	<u>1,870,940</u>

(1) Information for fiscal year 2010 has not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:										
Taxes	\$ 5,270,398	\$ 4,069,323	\$ 4,643,163	\$ 4,579,336	\$ 5,076,403	\$ 5,430,674	\$ 5,873,265	\$ 6,097,616	\$ 7,277,979	\$ 7,362,598
Licenses and permits	243,910	219,419	324,987	441,841	731,398	947,087	651,276	627,290	791,439	528,311
Franchise fees	409,810	384,646	397,329	392,198	441,194	453,853	452,528	463,044	467,772	465,277
Intergovernmental	1,040,943	1,107,351	1,563,737	1,447,564	1,363,533	1,294,336	1,351,976	1,425,940	1,808,173	1,783,028
Charges for services	43,894	63,842	52,928	64,151	61,071	61,346	75,546	53,889	98,938	245,599
Fines and forfeitures	407,433	1,187,943	1,086,703	578,532	311,951	416,021	748,538	712,990	454,921	420,328
Impact fees	-	-	-	-	768,172	2,840	400,000	5,812	2,906	-
Interest income	9,057	27,420	39,857	37,068	44,599	42,624	42,983	49,654	43,418	43,992
Miscellaneous	63,386	160,908	183,037	203,417	203,528	275,668	228,497	212,770	285,817	233,497
Total revenues	7,488,831	7,220,852	8,291,741	7,744,107	9,001,849	8,924,449	9,824,609	9,649,005	11,231,363	11,082,630
Expenditures:										
Current:										
General government	1,708,244	1,509,407	1,655,882	2,039,426	1,632,209	1,602,527	2,292,938	2,752,828	2,987,966	3,536,655
Public safety	4,105,308	4,194,676	3,884,086	4,214,414	4,030,054	4,565,865	4,995,588	5,290,496	5,933,373	5,774,838
Public works	510,267	602,869	546,368	394,222	410,981	448,915	491,030	557,108	636,554	764,054
Building, planning and zoning	230,397	175,007	176,756	389,832	594,293	786,817	631,027	458,855	659,243	510,001
Recreation and human services	55,072	66,176	181,086	354,393	353,715	349,056	370,355	411,465	418,270	471,913
Capital outlay	1,833,754	574,302	1,443,455	948,290	154,637	424,357	566,499	637,165	3,131,581	577,807
Debt service:										
Principal	167,567	6,460,285	372,857	387,857	392,857	402,857	412,857	422,857	432,857	487,857
Interest expense	335,148	383,628	295,815	282,430	268,518	254,430	239,991	225,191	228,558	277,548
Cost of issuance	32,850	70,000	-	-	-	-	-	-	62,137	-
Total expenditures	8,978,607	14,036,350	8,556,305	9,010,864	7,837,264	8,834,824	10,000,285	10,755,965	14,490,539	12,400,673
Excess (deficiency) of revenues over expenditures)	(1,489,776)	(6,815,498)	(264,564)	(1,266,757)	1,164,585	89,625	(175,676)	(1,106,960)	(3,259,176)	(1,318,043)
Other Financing Sources (Uses):										
Issuance of debt	2,160,000	6,325,000	-	-	-	-	-	-	2,350,000	-
Transfers in	560,644	272,512	69,320	345,011	239,195	75,186	860,582	922,069	3,257,064	1,301,012
Transfers out	(560,644)	(55,248)	(69,320)	(345,011)	(239,195)	(75,186)	(78,582)	(105,766)	(2,486,020)	(363,920)
Total other financing sources (uses)	2,160,000	6,542,264	-	-	-	-	782,000	816,303	3,121,044	937,092
Net change in fund balances	\$ 670,224	\$ (273,234)	\$ (264,564)	\$ (1,266,757)	\$ 1,164,585	\$ 89,625	\$ 606,324	\$ (290,657)	\$ (138,132)	\$ (380,951)
Debt service as a percentage of noncapital expenditures	7.50%	51.36%	9.40%	8.05%	8.59%	7.81%	6.92%	6.40%	5.78%	6.47%

NORTH BAY VILLAGE, FLORIDA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal</u> <u>Year</u>	<u>Tax</u> <u>Roll</u> <u>Year</u>	<u>Ad Valorem</u> <u>Taxes</u>	<u>Utility</u> <u>Taxes</u>	<u>Franchise</u> <u>Fees</u>	<u>Sales</u> <u>Tax</u>	<u>Total</u>
2010	2009	4,635,298	434,715	409,810	373,587	5,853,410
2011	2010	3,420,449	434,136	384,644	421,916	4,661,145
2012	2011	3,948,913	474,206	397,329	464,315	5,284,763
2013	2012	3,809,173	508,687	392,198	504,473	5,214,531
2014	2013	4,248,100	550,901	441,194	538,419	5,778,614
2015	2014	4,572,398	559,998	435,354	574,061	6,141,811
2016	2015	4,973,592	586,646	434,029	603,513	6,597,780
2017	2016	5,164,809	604,737	444,495	630,296	6,844,337
2018	2017	6,289,190	616,445	443,794	705,644	8,055,073
2019	2018	6,325,883	626,557	465,277	712,273	8,129,990

NORTH BAY VILLAGE, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Inter- Governmental</u>	<u>Licenses and Permits</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Interest Income</u>	<u>Other</u>	<u>Total</u>
2010	5,680,208	1,040,943	243,910	43,894	407,433	9,057	63,386	7,488,831
2011	4,453,969	1,107,351	219,419	63,842	1,187,943	27,420	160,908	7,220,852
2012	5,040,492	1,563,737	324,987	52,928	1,086,703	39,857	183,037	8,291,741
2013	4,971,534	1,447,564	441,841	64,151	578,532	37,068	203,417	7,744,107
2014	5,517,597	1,363,533	731,398	61,071	311,951	44,599	971,700	9,001,849
2015	5,884,527	1,294,336	947,087	61,346	416,021	42,624	278,508	8,924,449
2016	6,325,793	1,351,976	651,276	75,546	748,538	42,983	628,497	9,824,609
2017	6,560,660	1,425,940	627,290	53,889	712,990	49,654	218,582	9,649,005
2018	7,745,751	1,808,173	791,439	98,938	454,921	43,418	288,723	11,231,363
2019	7,827,875	1,783,028	528,311	245,599	420,328	43,992	233,497	11,082,630

NORTH BAY VILLAGE, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Real Property		Personal Property	Less: Exemptions		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Taxable Value
		Residential	Commercial		Real Property	Personal Property				
2010	2009	\$ 795,203,169	\$ 235,035,711	\$ 22,507,343	\$ 68,917,254	\$ 1,555,567	\$ 982,273,402	4.7987	\$ 875,011,323	112%
2011	2010	597,251,775	163,717,636	19,794,490	64,983,326	1,288,163	714,492,412	4.7987	672,307,016	106%
2012	2011	534,874,316	178,761,231	18,291,667	61,009,404	1,282,440	669,635,370	5.2780	629,836,974	106%
2013	2012	531,354,039	178,964,256	20,766,472	62,828,916	1,278,892	666,976,959	6.0127	623,053,803	107%
2014	2013	616,068,498	178,700,999	23,938,803	60,363,438	1,712,888	756,631,974	6.0127	669,219,086	113%
2015	2014	814,566,988	157,397,809	21,208,043	62,255,297	1,671,676	929,245,867	6.5145	739,570,304	126%
2016	2015	930,205,959	192,477,866	19,580,751	64,261,256	1,607,228	1,076,396,092	6.3313	824,875,351	130%
2017	2016	995,149,725	255,499,553	21,890,635	65,952,699	1,993,470	1,204,593,744	6.2088	954,741,137	126%
2018	2017	1,014,194,745	263,797,913	26,242,586	65,844,140	2,027,574	1,236,363,530	5.5540	1,033,018,017	120%
2019	2018	1,123,025,763	172,012,042	31,777,515	233,261,976	2,347,055	1,091,206,289	6.1179	1,091,206,289	112%

Note: (1) Florida Law requires that all property be assessed at current fair market value.

NORTH BAY VILLAGE, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$ 1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	North Bay Village			School District			Overlapping Rates		
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total School Millage	South Florida Water Management District	Everglades Project	Okeechobee Basin
2010	2009	4.2772	0.5215	4.7987	7.6980	0.2970	7.9950	0.5346	0.0894	-
2011	2010	4.7772	0.5008	5.2780	7.8640	0.3850	8.2490	0.5346	0.0894	-
2012	2011	4.7772	1.2355	6.0127	7.7650	0.2400	8.0050	0.3739	0.0624	-
2013	2012	4.7772	1.2355	6.0127	7.7650	0.2330	7.9980	0.3676	0.0613	-
2014	2013	5.4740	1.0405	6.5145	7.6440	0.3330	7.9770	0.3523	0.0587	-
2015	2014	5.4740	0.8573	6.3313	7.7750	0.1990	7.9740	0.1577	0.0548	0.1717
2016	2015	5.3834	0.8254	6.2088	7.4130	0.1990	7.6120	0.1459	0.0506	0.1586
2017	2016	4.8432	0.7108	5.5540	7.1380	0.1840	7.3220	0.1359	0.0471	0.1477
2018	2017	5.6500	0.6198	6.2698	6.7740	0.2200	6.9940	0.1275	0.0441	0.1384
2018	2017	5.6500	0.6198	6.2698	6.7740	0.2200	6.9940	0.1275	0.0441	0.1384

Source: Miami-Dade County Appraiser's Office

Note: 2019 Information not available at time of publication.

		Overlapping Rates								Total Direct and Overlapping Rates
State		Miami-Dade County			Special Districts					
Florida Inland Navigational District	Total State Millage	Operating Millage	Debt Service Millage	Total County Millage	Children's Trust	Fire and Rescue	Fire Debt	Library	Total District's Millage	
0.0345	0.6585	4.8379	0.2850	5.1229	0.5000	2.1851	0.0420	0.3822	3.1093	21.6844
0.0345	0.6585	5.4275	0.4450	5.8725	0.5000	2.5753	0.0200	0.2840	3.3793	23.4373
0.0345	0.4708	4.8050	0.2850	5.0900	0.5000	2.4496	0.0131	0.1795	3.1422	22.7207
0.0345	0.4634	4.7035	0.2850	4.9885	0.5000	2.4496	0.0131	0.1725	3.1352	22.5978
0.0345	0.4455	4.7035	0.4220	5.1255	0.5000	2.4496	0.0127	0.1725	3.1348	23.1973
0.0345	0.4187	4.6669	0.4500	5.1169	0.5000	2.4207	0.0114	0.2840	3.2161	23.0570
0.0320	0.3871	4.6669	0.4500	5.1169	0.5000	2.4207	0.0086	0.2840	3.2133	22.5381
0.0320	0.3627	4.6669	0.4000	5.0669	0.5000	2.4207	0.0075	0.2840	3.2122	21.5178
0.0320	0.3420	4.6669	0.4000	5.0669	0.4673	2.4207	0.0075	0.2840	3.1795	21.8522
0.0320	0.3420	4.6669	0.4000	5.0669	0.4673	2.4207	0.0075	0.2840	3.1795	21.8522

NORTH BAY VILLAGE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		Fiscal Year					
		2018			2010		
Taxpayer	Type of Use	Taxable Assessed Value	Rank	Percentage Total Taxable Assessed	Taxable Assessed Value	Rank	Percentage Total Taxable Assessed
				Value			Value
CLPF NBV LP	Rental Apartments	\$ 62,000,000	1	5.68%	\$ -	-	-
AG ICC MC Treasures Point LLC	Condominiums	35,902,061	2	3.29%	-	-	-
Treasurers on the Bay Master	Rental Apartments	16,210,200	3	1.49%	-	-	-
Sunbeam Television Corp	Utilities	11,714,917	4	1.07%	-	-	-
The Inn on the Bay LTD	Hotel	11,636,664	5	1.07%	7,433,825	8	0.76%
Coastal Condos LLC	Condominiums	11,625,472	6	1.07%	14,582,780	4	1.48%
Isle of Dreams LLC	Utilities	10,264,474	7	0.94%	11,027,010	5	1.12%
Sunbeam Properties Inc.	Commercial	10,000,000	8	0.92%	-	-	-
Florida Power & Light Company	Utilities	8,027,684	9	0.74%	-	-	-
Causeway Tower LLC	Office Building	7,500,000	10	0.69%	-	-	-
KMC EC II LLC	Apartments and Condo	-	-	-	61,046,713	1	6.21%
Lexi Development	Condominium	-	-	-	32,420,173	2	3.30%
Casa Marina Development	Vacant Commercial	-	-	-	17,680,000	3	1.80%
360 Developers LLC	Condominium	-	-	-	10,880,188	6	1.11%
Ness Raquet Club LLC	Vacant Commercial	-	-	-	10,080,000	7	1.03%
Pennsylvania Invest Prop LP	Commercial	-	-	-	5,972,500	10	0.61%
Royal Isle Apartment	Rental Apartments	-	-	-	6,810,018	9	0.69%
Totals		<u>\$ 184,881,472</u>		<u>16.94%</u>	<u>\$ 177,933,207</u>		<u>18.11%</u>

Source: Miami-Dade County - Office of the Property Appraiser.

Note: 2019 Information not available at time of publication.

NORTH BAY VILLAGE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Property Tax Levy	Current Tax Collection (1)	Percentage of Current Tax Collections to Net Tax Levy	Delinquent Tax Collection	Total Tax Collection	Percentage of Total Tax Collection to Property Tax Levy
2010	2009	4,713,635	4,174,918	88.57%	*	4,174,918	88.57%
2011	2010	3,771,091	3,026,564	80.26%	*	3,026,564	80.26%
2012	2011	4,026,317	3,139,931	77.99%	*	3,139,931	77.99%
2013	2012	4,010,332	3,062,516	76.37%	*	3,062,516	76.37%
2014	2013	4,358,650	3,579,598	82.13%	*	3,579,598	82.13%
2015	2014	4,094,246	3,974,467	97.07%	*	3,974,467	97.07%
2016	2015	4,476,256	4,320,744	96.53%	*	4,320,744	96.53%
2017	2016	4,624,002	4,516,750	97.68%	*	4,516,750	97.68%
2018	2017	5,867,221	5,667,670	96.60%	*	5,667,670	96.60%
2019	2018	5,959,266	5,668,642	95.12%	*	5,668,642	95.12%

Source: Miami-Dade County, Florida, Tax Collector.

Notes: (1) Includes discounts taken by property taxpayers.

* Information is not available

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Loan Payable	Capital Leases	State Revolving Loans	Capital Leases and Loan Payable			
2010	8,410,000	-	30,285	1,019,137	-	9,459,422	3.37%	1,287
2011	8,305,000	-	-	1,737,495	-	10,042,495	3.38%	1,335
2012	7,932,143	-	-	1,687,531	-	9,619,674	3.15%	1,255
2013	7,544,286	-	-	1,485,671	-	9,029,957	2.75%	1,150
2014	7,151,429	-	-	1,589,861	-	8,741,290	2.47%	1,069
2015	6,748,572	-	-	1,429,373	-	8,177,945	2.01%	914
2016	6,335,715	-	-	1,257,358	-	7,593,073	1.84%	846
2017	5,912,857	-	-	1,717,110	-	7,629,967	#VALUE!	850
2018	5,480,001	2,350,000	-	5,004,174	-	12,834,175	3.45%	1,414
2019	5,032,144	2,310,000.00	-	6,623,865	-	13,966,009	3.76%	1,555

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

NORTH BAY VILLAGE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Gross Bonded Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Estimated Actual Taxable Value	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita (1)
2010	8,410,000	-	8,410,000	672,307,016	1.25%	1,144.37
2011	8,305,000	-	8,305,000	629,836,974	1.32%	1,103.80
2012	7,932,143	-	7,932,143	623,053,803	1.27%	1,034.58
2013	7,544,286	52,229	7,492,057	669,219,086	1.12%	954.28
2014	7,151,429	59,356	7,092,073	739,570,304	0.96%	867.21
2015	6,748,572	-	6,748,572	824,875,351	0.82%	754.11
2016	6,335,715	-	6,335,715	954,741,137	0.66%	706.09
2017	5,912,858	-	5,912,858	1,033,018,017	0.57%	658.37
2018	5,480,001	-	5,480,001	1,091,206,289	0.50%	603.92
2019	5,959,266	-	5,959,266	1,062,193,571	0.56%	656.74

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for population data.

NORTH BAY VILLAGE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT
SEPTEMBER 30, 2019

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable to North Bay Village (1)	Estimated Share of Overlapping Debt
Overlapping debt:			
Miami-Dade Board of County Commissioners (2)	\$ 5,106,663,000	0.336%	\$ 16,262,494
Miami-Dade County School Board (3)	<u>3,188,281,000</u>	0.336%	<u>10,704,079</u>
Subtotal overlapping debt	<u>8,294,944,000</u>		<u>26,966,573</u>
Direct debt:			
North Bay Village	<u>5,480,001</u>	100.000%	<u>5,480,001</u>
Subtotal direct debt	<u>5,480,001</u>		<u>5,480,001</u>
Total direct and overlapping debt	<u>\$ 8,300,424,001</u>		<u>\$ 32,446,574</u>

Notes: (1) The percentage of the overlap is calculated as follows:

$$\frac{\text{Overlapping portion of the government's revenue base (North Bay Village)}}{\text{Total revenue base of the overlapping government (Miami-Dade County)}}$$

Assessed value of taxable property is the base used in the above calculation.

(2) Source: Miami-Dade County 2019 CAFR.

(3) Source: The School Board of Miami-Dade County, Florida 2019 CAFR.

NORTH BAY VILLAGE, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018
Debt limit	\$ 1,924,921	\$ 2,960,705	\$ 1,803,889	\$ 1,585,830	\$ 1,751,798	\$ 1,813,321	\$ 2,090,147	\$ 2,366,719	\$ 2,519,222	\$ -
Total net debt applicable to limit	-	-	-	-	-	-	-	-	\$ 2,350,000	\$ 2,350,000
Legal debt margin	\$ 1,924,921	\$ 2,960,705	\$ 1,803,889	\$ 1,585,830	\$ 1,751,798	\$ 1,813,321	\$ 2,090,147	\$ 2,366,719	\$ 169,222	\$ (2,350,000)
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	77.31%	77.31%

Legal Debt Margin Calculation for Fiscal Year 2019

Current annual governmental funds fiscal budget	\$ 12,596,110
Bonded debt limit - 20% of above	\$ 2,519,222
Amount of debt applicable to debt limit:	
Total bonded debt:	\$ -
Less revenue bonds	\$ -
Total net debt applicable to limit	\$ -
Legal Debt Margin (1)	\$ 2,519,222

(1) General obligation bonds are not subject to the debt limit because they must be approved by referendum of the electorate.

NORTH BAY VILLAGE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	State Revolving Fund Loans					Coverage
	Gross Revenue	Operating Expenses *	Net Available Revenue	Principal	Interest	
2010	7,062,689	4,131,976	2,930,713	123,110	25,260	19.75
2011	7,177,066	3,538,860	3,638,206	126,698	34,427	22.58
2012	4,554,304	3,931,927	622,377	187,445	40,578	2.73
2013	4,708,028	3,991,640	716,388	201,860	37,133	3.00
2014	5,030,869	4,631,949	398,907	168,850	32,807	1.98
2015	5,008,300	5,158,918	(150,618)	160,488	40,342	-
2016	5,608,242	4,746,754	861,488	172,015	28,783	4.29
2017	6,334,887	4,701,409	1,633,478	128,781	28,158	10.41
2018	5,930,010	4,539,722	1,390,288	257,449	23,691	4.95
2019	5,884,268	4,101,102	1,783,166	315,067	55,615	4.81

* Total expenses exclude depreciation

NORTH BAY VILLAGE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (Amounts Expressed in Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2010	7,137	261,600	36,654	9.2%
2011	7,349	281,040	38,242	8.7%
2012	7,524	296,950	39,467	6.8%
2013	7,667	305,760	39,880	6.3%
2014	7,851	328,823	41,883	5.0%
2015	8,178	353,927	43,278	6.0%
2016	8,949	406,643	45,440	5.6%
2017	8,973	413,189	46,048	4.7%
2018	8,981	*	*	3.6%
2019	9,074	*	*	2.5%

Data sources: Years are as of April 1 of each year per the University of Florida
Bureau of Economics & Business Research.

Represents income per capita for Miami-Dade County as provided
by the U.S. Department of Commerce, Bureau of Economic Analysis.

Florida Department of Labor, Bureau of Labor Market Information.

* Information not available.

NORTH BAY VILLAGE, FLORIDA
OCCUPATIONAL EMPLOYMENT BY GROUP - MIAMI DADE COUNTY, FLORIDA
CURRENT YEAR AND NINE YEARS AGO

Occupational Groups	Fiscal Year					
	2019			2009 ⁽¹⁾		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Management Occupations	154,150	1	5.83%			
Business and financial operations	154,600	2	5.85%			
Computer and mathematical science	57,880	3	2.19%			
Architecture and engineering	26,900	4	1.02%			
Life, physical and social sciences	13,590	5	0.51%			
Community and social services	35,460	6	1.34%			
Legal Occupations	35,550	7	1.35%			
Educational Instruction and Library Occ.	127,030	8	4.81%			
Arts, design, entertainment,	34,330	9	1.30%			
Healthcare Practitioner and Technical Occ.	160,200	10	6.06%			
Healthcare support	82,430	11	3.12%			
Protective Service Occupations	87,700		3.32%			
Food Preparation and Serving Occupations	258,500	12	9.78%			
Building and Grounds Cleaning and Maint	92,370	13	3.50%			
Personal care and service	61,900	14	2.34%			
Sales and Related Occupations	325,800	15	12.33%			
Office and Administrative Support	405,380	16	15.34%			
Farming, fishing and forestry	4,480	17	0.17%			
Construction and Extraction	105,110		3.98%			
Installation, Maintenance, and Repair	106,960	18	4.05%			
Production	80,420	19	3.04%			
Transportation and Material Moving	231,580	20	8.76%			
Total	<u>2,642,320</u>		<u>100.00%</u>	<u>-</u>		

Source: Represents Metropolitan and Nonmetropolitan Area Occupational Employment for the entire Miami-Miami Beach-Kendall, Florida Metropolitan Division as provided by the U.S. Department of Labor, Bureau of Labor Statistics as of May 2017. Estimates do not include self-employed workers.

(1) In 2019, the Bureau of Labor Statistics changed the manner in which they measured both the areas and occupational groupings. The Miami-Miami Beach-Kendall area has been replaced with Miami-Fort Lauderdale-West Palm Beach. Because of these changes, comparisons would be misleading.

NORTH BAY VILLAGE, FLORIDA
FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function:										
General government and public safety:										
Sworn officers	25.5	25.5	24.5	24.5	24.0	26.0	29.0	29.0	29.0	29.0
Civilians	8.0	7.0	7.0	7.0	8.0	8.0	9.5	9.5	9.0	10.0
Administration	11.5	14.5	15.0	16.0	16.5	17.0	17.0	17.0	17.5	16.0
Culture and recreation	0.5	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0
Public works:										
Administration	4.0	-	-	-	-	-	-	-	2.0	2.0
Sanitation	7.5	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Water	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Streets	3.0	3.5	2.5	2.5	3.0	3.0	3.0	3.0	2.0	2.0
Transit	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	64.0	64.0	61.5	63.5	65.0	67.5	71.5	71.5	72.5	72.0

Source: Various City departments.

NORTH BAY VILLAGE, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function:										
General government:										
Building permits issued	426	540	507	645	686	740	727	728	807	1
Public safety:										
Number of calls for service **	9,941	19,775	33,400	34,506	30,977	27,515	33,036	39,499	26,512	1
Number of arrests	94	117	167	112	78	141	392	379	400	1
Number of traffic violations	765	1,360	1,953	1,497	1,630	1,041	2,918	3,254	3,591	1
Number of parking violations	584	799	1,188	1,598	1,301	1,230	2,650	2,476	3,064	1
Number of school crossing guards	N/A	N/A	N/A	4	4	4	4	4	4	4
Public works:										
Garbage tons collected and disposed*	N/A	N/A	4,729	4,637	4,578	4,800	4,794	4,641	4,983	1
Catch basins cleaned	-	-	-	53	28	12	19	6	6	1
Water average daily consumption (gallons)	778,312	833,668	1,069,939	1,137,815	1,092,706	1,176,752	1,148,480	1,192,408	1,148,793	1
Sewer average daily flow	N/A	N/A	968,157	1,118,656	1,145,298	1,186,282	1,283,631	1,120,561	966,919	1
Number of metered accounts	613	613	613	613	615	617	617	617	614	1
Fire hydrants	57	57	57	57	57	57	57	57	57	1

Source: Various City departments.

* Includes white goods

** Police department implemented a new comprehensive reporting system in 2010/2011

1 Information Not available at time of publication

N/A: Information not available.

NORTH BAY VILLAGE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function:										
Public safety:										
Number of police stations	-	-	-	-	-	-	-	-	-	-
Number of fire stations	-	-	-	-	-	-	-	-	-	-
Number of general government buildings	1	1	1	1	1	1	1	1	2	2
Public works:										
Miles of water mains	8	8	8	8	8	8	8	8	8	8
Miles of sewer lines	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Miles of storm water drains	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84
Number of lift stations	4	4	4	4	4	4	4	4	4	4
Number of fire hydrants	62	62	62	62	62	62	62	62	62	62
Number of public works buildings	1	1	1	1	1	1	1	1	1	1
Recreation and parks:										
Number of parks and recreation facilities	1	1	2	2	2	2	2	2	2	2
Acres of park	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Acres of water	281	281	281	281	281	281	281	281	281	281

Source: Various City Departments

COMPLIANCE SECTION



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

Honorable Mayor and Members of the Village Commission
North Bay Village, 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, the business-type activities, each major fund, and the aggregate remaining fund information of North Bay Village, Florida (the "Village"), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 30, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-01 and 2019-02 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-03, 2019-04, 2019-05, and 2019-06 to be significant deficiencies.

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*. However, instances of noncompliance were identified as items 2019-07 and 2019-08 in the accompanying schedule of findings and questioned costs.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2020



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of the Village Commission
North Bay Village, Florida

Report on Compliance for Each Major State Project

We have audited North Bay Village, Florida's (the "Village") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Village's major State project for the fiscal year ended September 30, 2019. The Village's State project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State awards applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Village's major State project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Village's major State project. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on Each Major State Project

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the fiscal year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on the major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2020

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

State Agency/Pass-through Entity/State Project	CSFA Number	Contract/Grant Number	Expenditures
State Projects:			
Direct Programs:			
Florida Department of Environmental Protection			
Drinking Water Facility Construction	37.076	DW130400	\$ 1,222,020
Drinking Water Facility Construction	37.076	DW130420	675,843
Florida Inland Navigation Districts - Clean Vessel Act Grant Program	37.084	DA-NBV-18-235	270,861
Total Florida Department of Environmental Protection			<u>2,168,724</u>
Total Expenditures of State Financial Assistance			<u>\$ 2,168,724</u>

NORTH BAY VILLAGE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of the Village for the fiscal year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the Village.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - CONTINGENCY

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor/contract agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the Village. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable state laws and other applicable regulations.

NOTE 4 - INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiencies identified?

 X Yes None reported

Noncompliance material to financial
statements noted?

 X Yes No

Internal control over major State projects:

Material weakness(es) identified?

 Yes X No

Significant deficiencies identified?

 Yes X None reported

Type of auditors' report issued on compliance for
major State projects:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with Chapter 10.550,
Rules of the Auditor General?

 Yes X No

Identification of major State projects:

CSFA No.

State Financial Assistance Project

37.076 Florida Department of Environmental Protection
Drinking Water Facility Construction

Dollar threshold used to distinguish between Type A
and Type B programs:

\$650,000

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2019-01 Internal Control over Financial Reporting

Criteria:

Prudent timely completion and review of account reconciliations and closure of accounting periods provides the ability to apply proper fiscal management/oversight. Municipalities should have adequate staffing to provide for a formal review of general ledger activity and account balances periodically to identify potential concerns and imbalances throughout fund activity. Additionally, a position to provide approval of entries including periodic reporting to Finance Director or management.

Condition:

Timely preparation and accurate account reconciliations is key to maintaining adequate control over financial reporting. During the performance of our fieldwork procedures, we noted several misstatements in the areas of revenues, accounts receivable, debt, and capital assets suggesting the financial information provided was not complete and not fully adjusted.

Cause:

Insufficient controls in place to ensure appropriate review of financial reporting and timely closure of accounting periods. The Village currently lacks personnel to allow for an appropriate review of accounting data and financial information.

Effect:

We identified several misstatements during the course of our audit and provided them to management, who made the corrections to the appropriate accounts and reconciliations. Without proper review, the effects may lead to misappropriation of assets, delays in financial reporting, and material misstatements.

Recommendation:

We recommend the Village evaluate resources needs in the finance department to provide for timely accounting period closure and proper review of account activity.

Views of Responsible Officials and Planned Corrective Action:

The Chief Financial Officer position remained unfilled for several months as experienced and available candidates could not be found. The Village currently has an experienced interim CFO and we do not expect this issue to recur. This issue resulted from inadequate staffing.

2019-02 Capital Assets

Criteria:

Appropriate tracking of capital assets is essential to ensure that assets on hand at a point in time are appropriately stated in addition to the related calculation of depreciation expense.

Condition:

During the performance of our fieldwork procedures, we noted that the Village does not have an up to date inventory of capital assets. As a result, there were misstatements in the opening balances and current balances of business-type capital assets resulting from assets that were supposed to be disposed of in prior years and reclassifications of completed projects.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESSES (Continued)

2019-02 Capital Assets (Continued)

Cause:

The Village's financial reporting system is not set to allow for tracking of capital assets when changes are made to the general ledger. As a result, the finance department would need to manually update the fixed asset detail separate from the general ledger. There also appears to have been a lack of communication between the public works department and finance with regards to tracking of capital assets when projects are completed and assets are placed out of service. In addition, the Village has not kept an up to date inventory of capital assets.

Effect:

We identified several misstatements during the course of our audit and advised management, who made the corrections to the appropriate accounts, reconciliations, and capital asset detail schedules. Without a proper communication between the general ledger and the capital assets module in the Village's financial reporting system, the general ledger relies on manual updates and is exposed to human error leading to misstatements.

Recommendation:

We recommend the Village perform an inventory of its capital assets to ensure the current assets on hand are accurate and adjust the financial reporting system to track capital assets when adjustments are made to the general ledger. In addition, we recommend the Village evaluate its current roles and responsibilities to assign capital asset tracking and reviews of transaction to the appropriate management personnel.

View of Responsible Officials and Planned Corrective Actions:

The Village undertook a significant capital improvement campaign. During those improvements, underground facilities were abandoned in place and their book value should have been written off. The Village will undertake a review of fixed asset accounting. Any process improvements may not be complete by the end of fiscal year 2020 as it appears these records have not been evaluated in many years. We are confident that this issue will be corrected in the near future.

SIGNIFICANT DEFICIENCIES

2019-03 Bank Reconciliations Untimely Preparation and Review

Criteria:

Best practices dictate that bank reconciliations are preferably prepared and reviewed within 30 days from period end with the appropriate sign off as evidence of the completeness, the accuracy, and timeliness of the reconciliation. Bank reconciliations should be prepared by one individual and reviewed by a separate individual in management. Properly reviewed bank reconciliations reduce the risk of errors, fraud, or possible misappropriations of assets.

Condition:

During the performance of our audit planning procedures for the fiscal year ended September 30, 2019, we selected three bank reconciliations noting two bank reconciliations were not prepared and reviewed timely evidenced by dated signatures.

Cause:

Improper internal controls in place to ensure that bank reconciliations are prepared and reviewed timely.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCIES (Continued)

2019-03 Bank Reconciliations Untimely Preparation and Review (Continued)

Effect:

Without bank reconciliations being reviewed timely for accuracy and completeness, the Village would not know if the cash position at a point in time is accurate and whether or not there were errors, fraud, or misuse of funds. In addition, unreconciled transactions could cause accounts to be over/understated.

Recommendation:

We recommend the Village implement internal controls associated with the review of bank reconciliations that will ensure reconciliations are prepared and reviewed within 30 days subsequent to the month end to ensure the accuracy and completeness of cash balances reported by the Village.

View of Responsible Officials and Planned Corrective Actions:

In the absence of a CFO, the Senior Accountant was required to perform not only their regular duties, but that of the CFO. At this time, the bank reconciliations are being performed timely and being approved by someone other than the person who prepares the reconciliation. This issue resulted from inadequate staffing.

2019-04 Journal Entry Preparation and Review

Criteria:

Journal entry transactions should be prepared by one individual and reviewed and approved by another individual in management to ensure accuracy and to provide a system of internal control for recording journal entry transactions.

Condition:

During the performance of our audit planning procedures, we selected journal entry transactions for testing. Our testing disclosed instances of journal entry transactions prepared and approved by the same individual.

Cause:

Improper internal controls in place to ensure journal entries are properly reviewed and approved.

Effect:

Without proper review of journal entry transactions, the Village would be exposed to material misstatements due to improper recording of journal entry transactions in addition to possible fraud or misuse of funds.

Recommendation:

We recommend the Village implement internal controls associated with the review of journal entry transactions to ensure journal entries are properly prepared and approved.

View of Responsible Officials and Planned Corrective Actions:

The Village will implement procedures where journal entries are reviewed by someone other than the person who prepared the entry. This issue resulted from inadequate staffing.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCIES (Continued)

2019-05 Segregation of Duties – Utility Billing

Criteria:

Utility billing functions, including review of consumption reports, billing registers, opening of accounts, and bill adjustments, are functions that should have appropriate segregation of duties in place to allow for proper oversight of such transactions.

Condition:

During the performance of our utility billing testing and internal control walkthroughs, we noted there is a lack of segregation of duties in relation to utility billing including but not limited to, generation of monthly billing registers, bill adjustments, and utility account opening.

Cause:

Improper segregation of duties in place for utility billing functions and reviews.

Effect:

Without proper segregation of duties, the Village exposes itself to the risk of material misstatement due to errors and possible misuse of funds.

Recommendation:

We recommend the Village implement a system of segregation of duties that would provide additional oversight for billing, adjustments, and account openings.

View of Responsible Officials and Planned Corrective Actions:

The Village will segregate these duties and changes to customer accounts will be approved by someone other than the person initiating the change.

2019-06 Financial Condition

Criteria:

Pursuant to sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, the firm has applied financial condition assessment procedures for the City as of the fiscal year end.

Condition:

The financial condition assessment procedures performed resulted in the following:

- i. A declining trend of current cash & investments to total current liabilities in the governmental funds as a whole.
- ii. A declining trend of current cash & investments to total current liabilities in the proprietary funds.
- iii. A declining trend of current cash & investments to total operating expenses in the proprietary funds.
- iv. An increasing trend of current liabilities to total revenues in the governmental and an increasing trend of current liabilities to operating revenues in the proprietary funds.
- v. A declining trend in unassigned fund balance in the General Fund.
- vi. A declining trend in unrestricted net position to total operating revenues in the proprietary funds.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCIES (Continued)

2019-06 Financial Condition (Continued)

Condition: (Continued)

- vii. A declining trend of excess revenues over expenses to total revenues in the governmental funds.

All of the items above could be an indication that the Village has overextended itself in the long run or may have difficulty raising the cash needed to meet its current needs. In addition, we noted a deficit in cash and unrestricted net position in the Utilities Fund, which required funds from the General Fund to cover the deficits. From inquiries of management, the Village appears to have been delayed in submittals for reimbursements from its State Revolving Loans in relation to the water projects performed throughout the fiscal year, which is affecting the cash position.

Cause:

The Village has not been submitting timely requests for reimbursement of water project expenses to the State from its State Revolving Loans. This issue has had a direct effect on the Village's Utilities Fund cash position. Additionally, the deficits in Utilities Fund are affecting the General Fund as funds are covering these deficits.

Effect:

If the Village continues to delay reimbursement requests from State Revolving Loans to replenish cash and continues to incur construction expenses, the Village would expose itself to the risk of a future deteriorating financial condition that may cause a condition as described in State law Section 218.503(1), Florida Statutes to occur.

Recommendation:

We recommend the Village's management implement procedures to promptly and timely submit reimbursement requests for State water projects through State Revolving Loans to replenish cash and apply these procedures to all cost reimbursement grants. Additionally, we recommend the Village implement procedures to monitor its financial condition to be able to be proactive in its mitigation of risk of deteriorating financial condition.

Views of Responsible Officials and Planned Corrective Action:

Trend indicators as listed in items I through iv and vi were a temporary issue and a direct result of the Village using its own cash to finance utility capital projects. These projects had previously been approved for funding by the Florida Department of Environmental Protection under the State Revolving Loan program. The program does not allow loan funding until the project is complete. Subsequent to fiscal year end, the Village applied for and received the funding that had been allotted. This had the immediate effect of eliminating the loan (due to) from the General Fund (which increased its cash and investment position), decreasing the liability (due to) in the utility fund, and increasing the cash position and current assets to current liabilities ratio.

The declining trend of unassigned fund balance in the General Fund is a partial result of increasing General Fund budgets. The City's code requires that the Assigned fund balance in the General Fund be equal to 20% of the subsequent year's adopted General Fund total expenditures. All other things held equal, this practice of necessity results in a declining unassigned fund balance. The Assigned Fund balance, which is a form of reserves for emergencies, is at 20%. The assigned and unassigned fund balance in the General Fund at fiscal year-end is still within the realm of what would be considered an adequate and available fund balance. However, the fund balance policy for all of the funds within the Village is under review and it is expected that the Village will set forth a plan to increase its reserves in its major funds.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCIES (Continued)

2019-06 Financial Condition (Continued)

Views of Responsible Officials and Planned Corrective Action: (Continued)

Regarding item vii, the suggested measurement by the Financial Trend monitoring employed by the Auditor General's office (Revenues less expenditures), ignores the better indicator of Net change in fund balances. The Village has had a positive trend in that regard for at least the last 5 prior years. The Village's practice, which continued into FY2020, was to transfer funds out of the Utility fund to the General fund for expenses in the General fund associated with the Utility operation. This practice, while not uncommon for municipal governments, understates operating expenses in the Utility fund and overstates operating expenses in the General fund. The ultimate bottom line does not change, but the annual operations of the respective funds are misleading. The Village corrected this practice in its proposed FY2020 budget and is evaluating the cost allocation model employed in determining those costs.

NONCOMPLIANCE

2019-07 Amendments to Budget

Criteria:

Section 35.21 of the Village's Code of Ordinances states that the Village's annual budget may be amended from time to time in the following manner:

- (A) Minor amendments: Transfers between line items within a departmental budget, or decreases in line items, not amounting to more than 5% of the total budget of each department, may be made by the Village Manager by written statement describing the transfers and the reasons therefore. A copy of such statement shall be filed with the Village Clerk and delivered to the Mayor and each of the Village Commissioners. A copy shall also be posted at a conspicuous place in Village Hall. The transfers shall become effective fourteen (14) days after posting, unless within that time, the Mayor or any Village Commissioner shall notify the Village Clerk that they wish the transfer placed upon the Village Commission agenda for consideration by the Village Commission. Any transfer considered by the Commission must be approved by majority vote of the Commission.
- (B) Other amendments: All other budgetary transfers shall be approved by resolution of the Village Commission.
- (C) Nothing in this section shall authorize the Village Manager to expend unanticipated revenues which may accrue to the Village during the fiscal year, unless and until the unanticipated revenues have been budgeted by the Village Commission.

Condition:

The Village has not been following the procedure for minor amendments as delineated above in Section 35.21(A).

Cause:

Lack of procedures in place to ensure compliance with the manner required by the Village's code to make minor amendments the Village's budget.

Effect:

The Village is not in compliance with its Code of Ordinances as it relates to minor amendments to the budget.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NONCOMPLIANCE (Continued)

2019-07 Amendments to Budget (Continued)

Recommendation:

We recommend the Village implement procedures associated with minor amendments to the budget to ensure compliance with the Village's Code.

View of Responsible Officials and Planned Corrective Actions:

The Village has implemented procedures to follow this code requirement. We now require Departments to encumber funds through the issuance of purchase orders. Together with other actions, Departments will now submit budget revisions to Finance for tentative approval, subject to the code notice requirements, that will not be entered into the accounting system until either approved by the Commission or the notice period to the Commission lapses. Expenditures, other than for emergencies, will not be paid until the budget revisions have become effective.

2019-08 Purchasing Procedures

Criteria:

Section 35.25 (F) of the Village's Code of Ordinances as well as Chapter 7.2 of the Village's accounting procedures Manual (Revision date 9/29/2019) for purchasing dictate that purchases over \$5,000 must include no less than three written quotes and purchases exceeding \$15,000 must be approved by the Village Commission with resolution and three written quotes attached. In the alternative, purchases exceeding \$5,000 but are less than \$15,000 may be made from a supplier that is on the current approved vendors list, or who has been selected in a competitive process within the last 24-month period by another governmental entity or public agency in the State of Florida. Award shall be made to the supplier offering the lowest acceptable quotation.

Condition:

Our procedures found that the Village has not been consistently applying the procurement policies and procedures delineated above in Section 35.25(F) of the Village's Code and Chapter 7.2 of the Village's Accounting Procedures Manual as evidenced by the following:

- 1- For two (2) of the thirteen (13) Vendors selected for which the Village made purchases of over \$5,000 but less than \$15,000, the Village was not able to provide supporting documentation for the three (3) required quotations or provide an explanation as to an alternative that was chosen.
- 2- For one (1) of the fourteen (14) vendors selected for which the Village made purchases of over \$15,000, the Village was unable to provide evidence for the 3 quotations including resolution or Commission's approval or provide an explanation as to an alternative that was chosen.
- 3- The Village was unable to provide supporting documentation or Commission resolution evidencing approval for these items.

Cause:

Lack of adherence to procedures in place for these purchases to ensure purchases are made in accordance with the Village's Code and internal policies as well as lack of training and policies and procedures to ensure evidence of the process is properly maintained by the Village.

Effect:

The Village is not in compliance with its Code of Ordinances or its accounting procedures manual as it relates to procurement for these purchases.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NONCOMPLIANCE (Continued)

2019-08 Purchasing Procedures (Continued)

Recommendation:

We recommend the Village follow the procedures associated with procurement and documentation of the evidence of purchases made by the Village to ensure compliance with the Village's Code and Accounting procedures manual. In addition, the Village should hold those who are responsible for the implementation of those procedures accountable.

View of Responsible Officials and Planned Corrective Actions:

The Village has hired a procurement manager who will ensure compliance with local codes and state purchasing laws. Purchases by departments will be documented prior to the approval of a purchase order. Additionally, the Village is providing training to departments on rules for Village purchases and how to document compliance with those rules through the automated purchasing system.

NORTH BAY VILLAGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- None



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

Honorable Mayor and Members of the Village Commission
North Bay Village, Florida

Report on the Financial Statements

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

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' 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*, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.550, Rules of the Auditor General, Schedule of Findings and Questioned Costs, and Independent Accountants' Report on Compliance with the Requirements of Section 218.415 Florida Statutes. Disclosures in those reports and schedule, which are dated June 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2020

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

To the Honorable Mayor, Village Commission, and Village Manager
North Bay Village, Florida

We have examined North Bay Village, Florida's (the "Village") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2018 to September 30, 2019. Management of the Village is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Village's compliance with specified requirements. In our opinion, the Village complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2018 to September 30, 2019.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 30, 2020