

# TOWN OF BAY HARBOR ISLANDS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2019

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**



**For the fiscal year ended September 30, 2019**

**Prepared by the Finance Department**

**Town of Bay Harbor Islands, Florida**  
**Comprehensive Annual Financial Report**  
**September 30, 2019**  
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## **INTRODUCTORY SECTION**

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## Town Council

Stephanie Bruder  
Mayor

Joshua D. Fuller  
Vice Mayor

Jordan W. Leonard  
Council Member

Kelly Reid  
Council Member

Isaac Salver  
Council Member

Elizabeth Tricoche  
Council Member

Robert Yaffe  
Council Member

## Town Officials

Marlene Marante Siegel  
Interim Town Manager

Alba L. Chang  
Interim Town Clerk

Frank C. Simone  
Town Attorney

June 16, 2020

To the Honorable Mayor Stephanie Bruder, members of the Town Council, and citizens of the Town of Bay Harbor Islands:

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by licensed certified public accountants. In addition, Section 31 of the Town Charter requires that qualified public accountants shall make an independent audit of accounts for submission to the Town Council. In fulfillment of these requirements, the Town's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019 is presented for your consideration and review.

Responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with the Town. We believe the information as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town, and that all disclosures necessary to enable the reader to gain general understanding of the Town's financial activity have been included. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Bay Harbor Islands' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Marcum LLP, a licensed certified public accounting firm, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Bay Harbor Islands for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering unmodified opinions that the Town's financial statements for the fiscal year ended September 30, 2019 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview, and analysis provided by management accompanying the basic financial statements. This letter of transmittal is complementary to the MD&A and should be read in conjunction with it. The Town of Bay Harbor Islands' MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The Town of Bay Harbor Islands has 5,938 residents according to the latest available estimate from the U.S. Census Bureau. Located in northeastern Miami-Dade County, it is comprised of two islands in the Intracoastal Waterway. The Broad Causeway provides access from the Town to the mainland and to the beaches of the barrier island. The Town has a very low crime rate and enjoys moderate subtropical temperatures and weather.

The Town was incorporated in 1947 and operates under a council-manager form of government. The seven-member Town Council establishes policy, enacts legislation, and adopts budgets. The Town provides a full range of services: public safety (police, building and zoning), transportation and the construction and maintenance of roads, infrastructure, and recreation facilities, operation and maintenance of a causeway, water and sewer utilities, sanitation (refuse collection), operation and maintenance of parking facilities, and general government and administrative services. Fire protection, education, and welfare services are provided by units of other local governments whose activities are not included in the accompanying financial statements.

The annual budget serves as the foundation for the Town's financial planning and control. The Town Manager presents a proposed budget to the Town Council, after having reviewed and revised budget requests from all departments. The Council holds two public hearings to receive public comment prior to adopting the final budget and tax millage. The budget must be adopted prior to September 30<sup>th</sup>. The department is the legal level of budgetary control. The Town Council must approve all supplemental appropriations and any transfers of appropriations between departments. Budget-to-actual comparisons are provided for the General Fund in the Required Supplementary Information section following the notes to the financial statements.

## **Information Relevant to an Assessment of Financial Condition**

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

The Town has a convenient location within easy driving distance of the cities of Miami, Miami Beach, and Fort Lauderdale, with all their commercial and employment opportunities and cultural, recreational and other amenities. The Miami and Fort Lauderdale airports, Port Everglades, and the Port of Miami are all easily accessible.

Based on 2018 estimates from the U.S. Census Bureau, the median age for Town residents is 40, and median household income is \$73,639.

Property values have increased for eight years in a row following four consecutive years of decline, and total taxable value has exceeded its 2007 high. According to the Miami-Dade County property appraiser, existing property values increased 8.3% as of January 1, 2019. Redevelopment of older properties is continuing to give a more modern look to the Town and to strengthen the tax base. Continuing improvement in property values and in the economy is expected to have a positive impact on the Town's ability to generate revenues.

## **Long-term Financial Planning**

Redevelopment of commercial and residential properties continues to enhance the Town's tax base, and several significant multi-family projects should be added to the Town's tax rolls for upcoming fiscal years. Sales of transferable development rights needed for development of larger multi-family projects have continued but since those receipts are from the sales of limited assets they are not budgeted nor used to support ongoing operations.

## **Major Initiatives**

The Town implemented a new financial software system, Incode 10 and launched a financial transparency portal on its website. The park on 95<sup>th</sup> Street opened and is the site for the TBHI Concert series and many community events. The causeway corridor enhancements project will begin in fiscal year 2020.

## **Awards and Acknowledgements**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the twenty-third consecutive year the Town received the award. In order to earn the award, the Town published an easily readable and efficiently organized report that conformed to program standards, generally accepted accounting principles, and applicable legal requirements. The Certificate of Achievement is the highest form of recognition for excellence in financial reporting by state and local governments and is valid for a period of one year only. We believe the current report continues to meet the standards of the Certificate of Achievement program and we are submitting it for review by the GFOA.

As always, we would like to thank the Mayor and members of the Town Council for their support and endorsement of sound accounting, financial management, and financial reporting practices and to express our appreciation to our independent certified public accountants, Marcum LLP, for their cooperation, assistance, and professionalism. We would also like to express our appreciation to everyone on the Finance Department team for their dedication and hard work.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Marlene Marante Siegel".

Marlene Marante Siegel, Interim Town Manager

A handwritten signature in blue ink, appearing to read "Melissa Cruz".

Melissa Cruz, Assistant Town Manager/CFO

# **TOWN OF BAY HARBOR ISLANDS, FLORIDA**

## **TOWN OFFICIALS**

### **COUNCIL-MANAGER FORM OF GOVERNMENT**

#### **TOWN COUNCIL**

Stephanie Bruder, Mayor

Joshua D. Fuller, Vice Mayor

Jordan W. Leonard

Kelly Reid

Isaac Salver

Elizabeth Tricoche

Robert H. Yaffe

#### **TOWN MANAGER**

J.C. Jimenez

#### **TOWN CLERK**

Marlene M. Siegel

#### **TOWN ATTORNEY**

Sherman & Sherman, PA

Craig B. Sherman, Esquire

#### **TOWN FINANCE DIRECTOR**

Melissa Cruz

#### **INDEPENDENT AUDITORS**

Marcum LLP



Government Finance Officers Association

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

Presented to

**Town of Bay Harbor Islands  
Florida**

For its Comprehensive  
Annual Financial Report  
for the Fiscal Year Ended

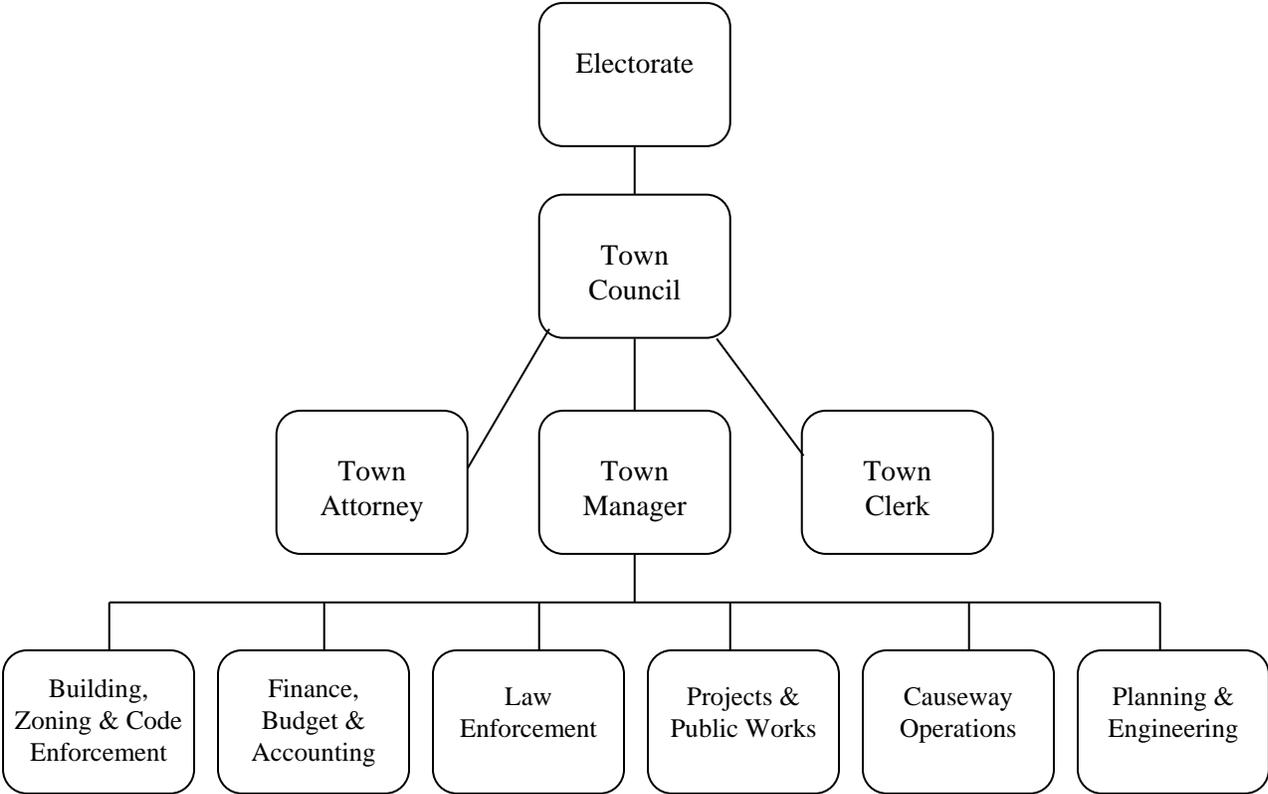
**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**ORGANIZATIONAL CHART**



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## **FINANCIAL SECTION**

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# **INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Council and Town Manager  
**Town of Bay Harbor Islands, 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 the Town of Bay Harbor Islands, Florida, (the Town), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 Town'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 Town'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 the Town, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the budgetary comparison schedule on pages 65 and 66, and the required supplementary information for the pensions and OPEB on pages 67 to 69, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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 16, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Marcum LLP*

Miami, FL  
June 16, 2020

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bay Harbor Islands, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

### Financial Highlights

- The assets plus deferred outflows of the Town of Bay Harbor Islands exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$67,643,879 (net position). Of this amount, \$24,784,566 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$4,705,946.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,403,302 an increase of \$284,298 in comparison with the prior year. Approximately \$9,081,019 or 98.3% is available in the Town's general fund for spending at the government's discretion (unassigned fund balance). The \$160,689 assigned fund balance of the general capital projects fund is intended to provide resources for planned infrastructure capital projects and is not available for general discretionary spending.
- The Town's total debt decreased by \$1,620,088 or 8.0% during the current fiscal year due to scheduled repayment of existing debt.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Bay Harbor Islands' basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

### Government-wide Financial Statements

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

The *statement of net position* presents information on all the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town'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 result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town of Bay Harbor Islands that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety (law enforcement, building inspections and code enforcement), transportation (street maintenance and bus service), support for the local library, and parks and recreation. The business-type activities of the Town include operation of a causeway and toll facility, as well as sewer, water, parking, solid waste disposal, and stormwater management systems.

The government-wide financial statements can be found on pages 16-17 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 Town of Bay Harbor Islands, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Bay Harbor Islands can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town of Bay Harbor Islands maintains two 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 capital projects fund (both major funds).

The Town of Bay Harbor Islands adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget (page 64).

The governmental fund financial statements can be found on pages 18-19 of this report.

***Proprietary Funds.*** The Town of Bay Harbor Islands maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its causeway and toll facility, as well as its sewer, water, parking, solid waste, and stormwater management operations.

The proprietary fund financial statements can be found on pages 21-24 of this report.

***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Pension Trust Fund is the Town's only fiduciary fund.

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

### **Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-63 of this report.

### **Other Information**

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* including the budgetary comparison for the general fund, information concerning the Town's contributions to provide pension benefits to its employees, and the funding status of the pension and OPEB plans.

Required supplementary information can be found on pages 64-68 of this report.

## Government-wide Financial Analysis

### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Bay Harbor Islands, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$67,643,879 at the close of the most recent fiscal year.

#### Summary of Net Position

|                                  | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                  | 2019                    | 2018                 | 2019                     | 2018                 | 2019                 | 2018                 |
| Current and other assets         | \$ 10,031,354           | \$ 9,630,207         | \$ 19,349,648            | \$ 14,453,203        | \$ 29,381,002        | \$ 24,083,410        |
| Capital assets                   | <u>21,755,208</u>       | <u>21,869,663</u>    | <u>39,511,725</u>        | <u>41,009,629</u>    | <u>61,266,933</u>    | <u>62,879,292</u>    |
| Total assets                     | <u>31,786,562</u>       | <u>31,499,870</u>    | <u>58,861,373</u>        | <u>55,462,832</u>    | <u>90,647,935</u>    | <u>86,962,702</u>    |
| Total deferred outflows          | <u>1,587,463</u>        | <u>1,648,380</u>     | <u>554,124</u>           | <u>574,344</u>       | <u>2,141,587</u>     | <u>2,222,724</u>     |
| Long-term liabilities            | 8,760,274               | 8,585,830            | 13,139,089               | 14,307,444           | 21,899,363           | 22,893,274           |
| Other liabilities                | <u>683,191</u>          | <u>553,520</u>       | <u>1,479,682</u>         | <u>1,436,378</u>     | <u>2,162,873</u>     | <u>1,989,898</u>     |
| Total liabilities                | <u>9,443,465</u>        | <u>9,139,350</u>     | <u>14,618,771</u>        | <u>15,743,822</u>    | <u>24,062,236</u>    | <u>24,883,172</u>    |
| Total deferred inflows           | <u>626,462</u>          | <u>799,967</u>       | <u>456,945</u>           | <u>564,354</u>       | <u>1,083,407</u>     | <u>1,364,321</u>     |
| Net position:                    |                         |                      |                          |                      |                      |                      |
| Net investment in capital assets | 15,378,550              | 15,161,744           | 27,270,755               | 27,475,399           | 42,649,305           | 42,637,143           |
| Restricted                       | 115,065                 | 67,790               | 94,943                   | 91,993               | 210,008              | 159,783              |
| Unrestricted                     | <u>7,810,483</u>        | <u>7,979,399</u>     | <u>16,974,083</u>        | <u>12,161,608</u>    | <u>24,784,566</u>    | <u>20,141,007</u>    |
| Total net position               | <u>\$ 23,304,098</u>    | <u>\$ 23,208,933</u> | <u>\$ 44,339,781</u>     | <u>\$ 39,729,000</u> | <u>\$ 67,643,879</u> | <u>\$ 62,937,933</u> |

63.0% of the Town's reported net position is composed of its investment in capital assets (e.g. land, building, and equipment) less any related debt and any deferred inflows/outflows used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Only 0.3% of the Town's net position is subject to external restrictions on use.

36.6% of the Town's net position (\$24,784,566) may be used to meet the Town's ongoing obligations to citizens and creditors.

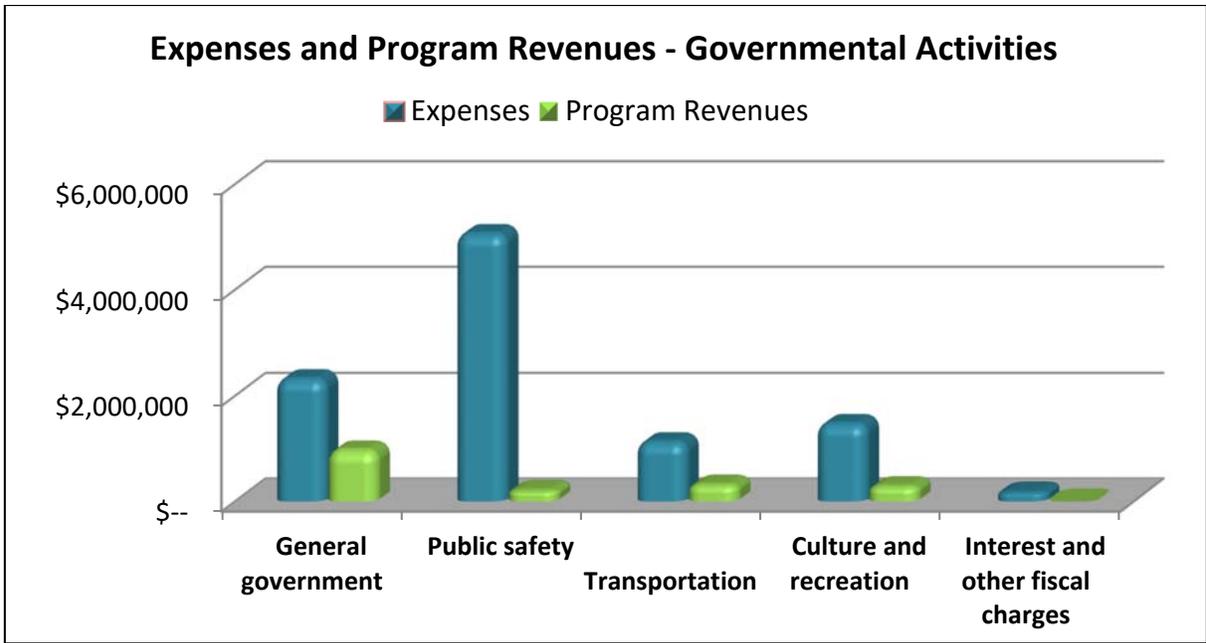
At the end of the current fiscal year, the Town of Bay Harbor Islands is able to report positive balances in all reported categories of net position, for the Town as a whole, as well as for its separate governmental and business-type activities.

## Summary of Changes in Net Position

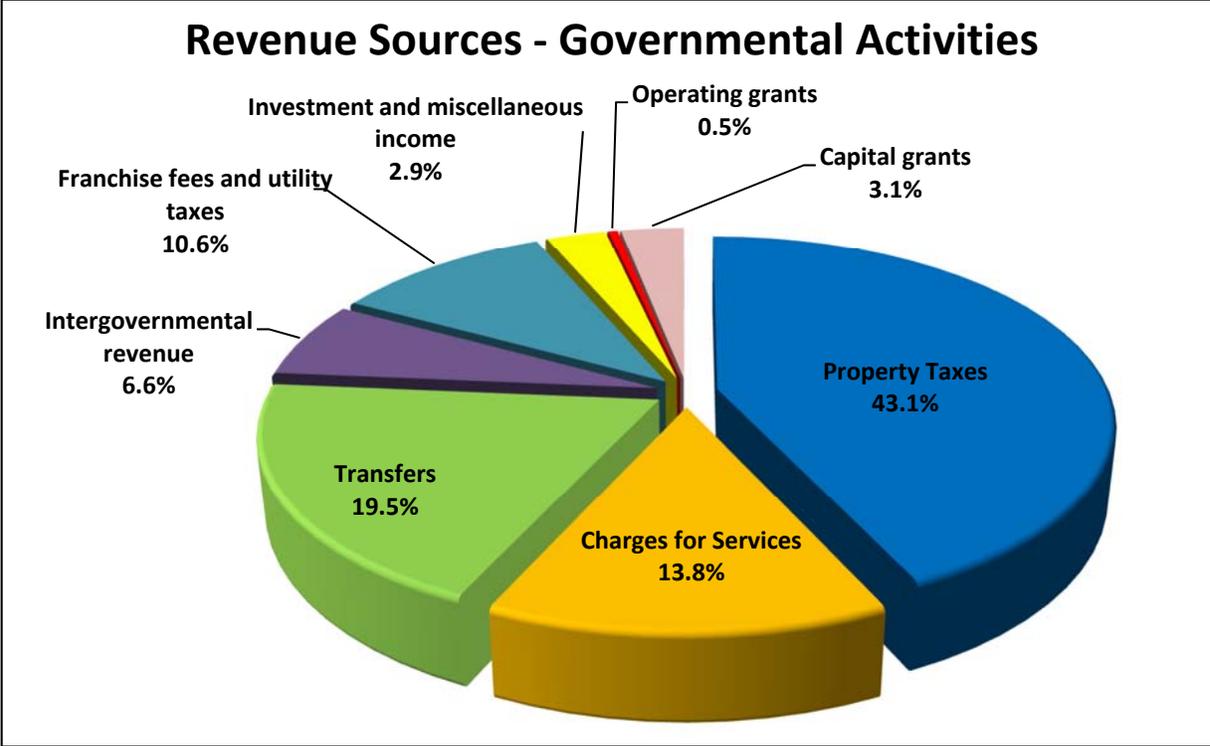
|                                    | Governmental Activities |               | Business-type Activities |               | Total         |               |
|------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                    | <u>2019</u>             | <u>2018</u>   | <u>2019</u>              | <u>2018</u>   | <u>2019</u>   | <u>2018</u>   |
| Revenues:                          |                         |               |                          |               |               |               |
| Program revenues:                  |                         |               |                          |               |               |               |
| Charges for services               | \$ 1,413,279            | \$ 1,201,673  | \$ 15,002,777            | \$ 14,939,679 | \$ 16,416,056 | \$ 16,141,352 |
| Operating grants and contributions | 48,252                  | 333,051       | -                        | -             | 48,252        | 333,051       |
| Capital grants and contributions   | 314,849                 | 296,068       | -                        | -             | 314,849       | 296,068       |
| General revenues:                  |                         |               |                          |               |               |               |
| Property taxes                     | 4,414,128               | 3,963,786     | -                        | -             | 4,414,128     | 3,963,786     |
| Franchise fees & utility taxes     | 1,086,646               | 1,070,819     | -                        | -             | 1,086,646     | 1,070,819     |
| Asset sales (development rights)   | -                       | 5,000         | -                        | -             | -             | 5,000         |
| Intergovernmental revenue          | 674,423                 | 652,061       | -                        | -             | 674,423       | 652,061       |
| Investment earnings (losses)       | 202,361                 | (28,308)      | 251,344                  | (33,214)      | 453,705       | (61,522)      |
| Miscellaneous                      | 94,513                  | 51,928        | 273,852                  | 262,885       | 368,365       | 314,813       |
| Total revenues                     | 8,248,451               | 7,546,078     | 15,527,973               | 15,169,350    | 23,776,424    | 22,715,428    |
| Expenses:                          |                         |               |                          |               |               |               |
| General government                 | 2,318,792               | 1,780,209     | -                        | -             | 2,318,792     | 1,780,209     |
| Public safety                      | 5,058,762               | 5,330,461     | -                        | -             | 5,058,762     | 5,330,461     |
| Transportation                     | 1,126,025               | 1,295,889     | -                        | -             | 1,126,025     | 1,295,889     |
| Culture and recreation             | 1,470,681               | 1,459,979     | -                        | -             | 1,470,681     | 1,459,979     |
| Interest on long-term debt         | 176,656                 | 185,472       | -                        | -             | 176,656       | 185,472       |
| Causeway                           | -                       | -             | 4,467,392                | 4,735,956     | 4,467,392     | 4,735,956     |
| Sewer                              | -                       | -             | 1,640,744                | 1,477,308     | 1,640,744     | 1,477,308     |
| Water                              | -                       | -             | 1,115,795                | 1,209,085     | 1,115,795     | 1,209,085     |
| Parking                            | -                       | -             | 712,546                  | 664,496       | 712,546       | 664,496       |
| Solid Waste                        | -                       | -             | 744,219                  | 717,272       | 744,219       | 717,272       |
| Stormwater                         | -                       | -             | 238,866                  | 198,933       | 238,866       | 198,933       |
| Total expenses                     | 10,150,916              | 10,052,010    | 8,919,562                | 9,003,050     | 19,070,478    | 19,055,060    |
| Increase (decrease) in net assets  |                         |               |                          |               |               |               |
| before transfers                   | (1,902,465)             | (2,505,932)   | 6,608,411                | 6,166,300     | 4,705,946     | 3,660,368     |
| Transfers                          | 1,997,630               | 1,926,674     | (1,997,630)              | (1,926,674)   | -             | -             |
| Change in net position             | 95,165                  | (579,258)     | 4,610,781                | 4,239,626     | 4,705,946     | 3,660,368     |
| Net position, beginning            | 23,208,933              | 23,842,780    | 39,729,000               | 35,509,029    | 62,937,933    | 59,351,809    |
| Prior period adjustment            | -                       | (54,589)      | -                        | (19,655)      | -             | -             |
| Net position, ending               | \$ 23,304,098           | \$ 23,208,933 | \$ 44,339,781            | \$ 39,729,000 | \$ 67,643,879 | \$ 63,012,177 |

### Governmental Activities

The Town's governmental activities net position increased by \$95,165 (0.4%), to \$23,304,098 at the end of the year. The revenue increase was due to the combination of reduced operational grants and contributions, offset by an increase in property tax receipts, charges for services and investment earnings. Costs related to the Town's new financial software system, police department boat, construction of the 95<sup>th</sup> street park and road resurfacing resulted in an increase in general government and transportation expenses.



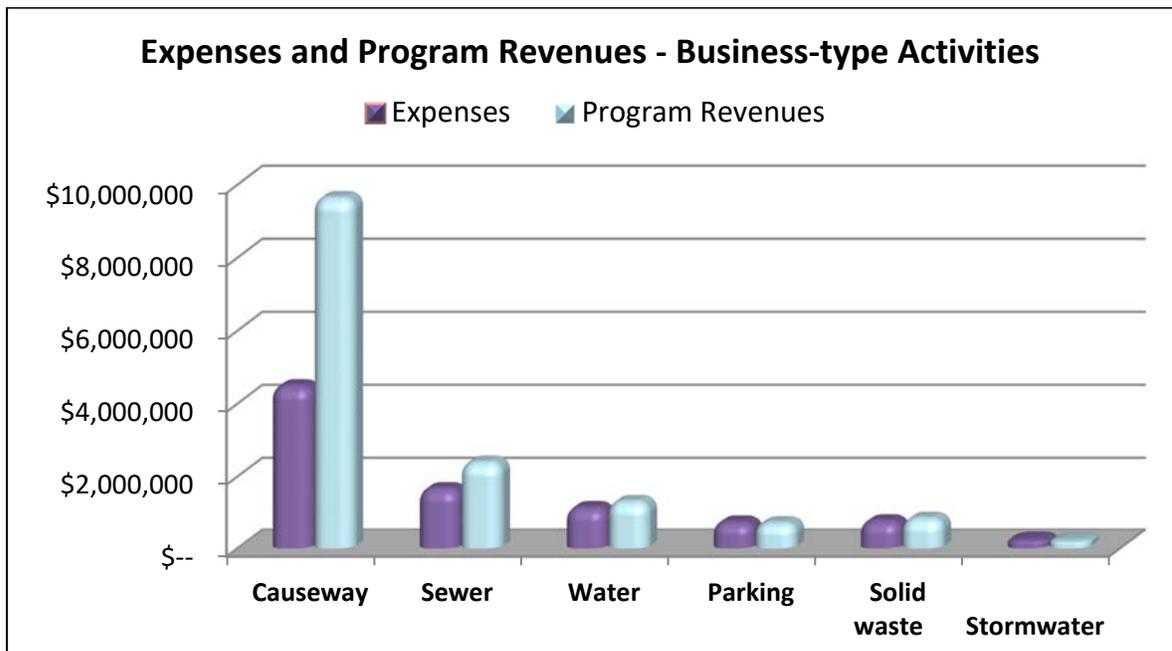
- Program revenues, comprised of charges for services, operating grants and contributions, and capital grants and contributions, were 19.3% of total governmental activities revenues (including transfers). Property taxes, 41.8% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.

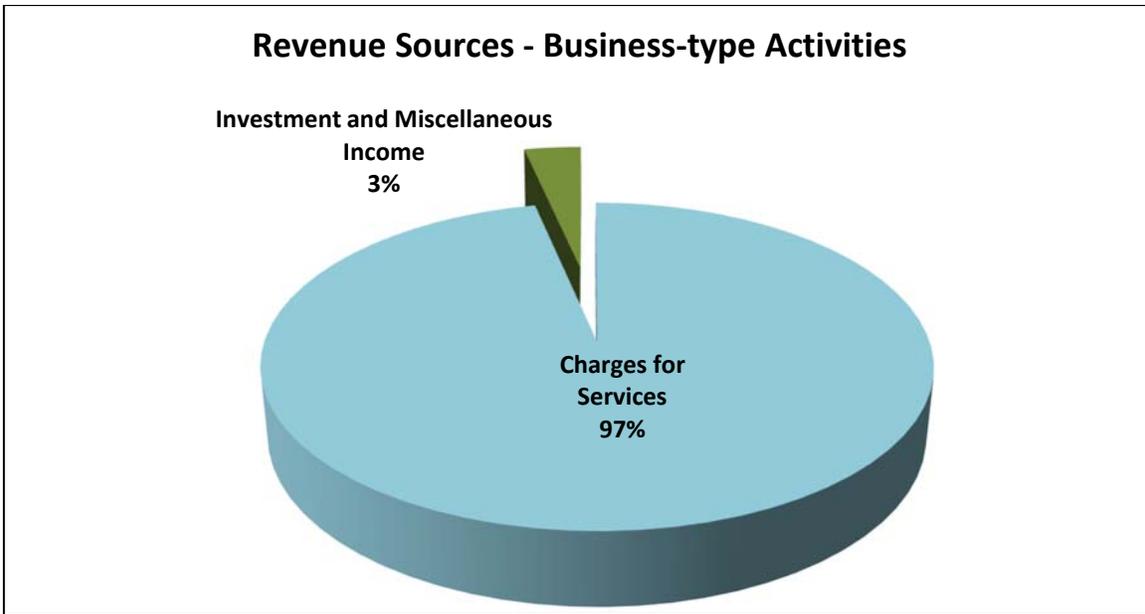


**Business-type Activities**

Business-type activities increased the Town of Bay Harbor Islands’ net position by \$4,610,781. The causeway, sewer, water, and parking funds generated substantial operating income. The solid waste fund operated at a profit for the third time since 2013 due to the 3% increase in customer charges. Net transfers from the Town’s business-type activities to its governmental activities increased by about 3.7% to \$1,997,630, including planned transfers to fund debt service on debt related to the community enhancements project.

- Causeway Fund revenues increased by \$73,995 or 0.8% due primarily to an increase in traffic. Expenses decreased by \$268,564 or 5.7% due mostly to the depreciation related to a \$2.3M Causeway improvement that was fully depreciated by the end of the prior year (2018).
- Sewer Fund revenue was flat as the sewer rates remained the same in 2019 as the prior year. Expenses increased by \$163,436 or 11.1% due mostly to an increase in sewage disposal fees and repairs and maintenance costs.
- Water Fund revenue was flat as the water rates remained the same in 2019 as the prior year. Expenses decreased by \$93,290 or 7.7% due to decreased water purchases.
- Parking Fund revenues decreased by \$28,563 or 4.0% due to lower parking permit sales, meter collections, and parking fines offset by an increase in pay by phone receipts. Expenses increased by \$48,050 or 7.2% due mostly to an increase in repairs and maintenance costs related to meter removal and the parking garage
- Solid waste revenues increased by \$19,566 or 2.5% due to an increase in collection fees. Expenses increased by \$26,947 or 3.8% due to an increase in disposal fees.
- Stormwater Fund revenues were flat compared to prior year. Expenses increased by \$39,933 or 20.1% due to an increase in repairs and maintenance.





### Financial Analysis of the Government's Funds

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

### Governmental Funds

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

As of the end of the current fiscal year, the Town of Bay Harbor Islands' governmental funds reported combined ending fund balances of \$9,403,302, an increase of \$284,298 in comparison with the prior year. Increased revenues were the net result of higher property tax receipts, licenses and permits and investment income offset by communications services taxes and grant revenue. Total transfers from the Town's proprietary funds increased by 3.7% to \$1,997,630. General fund expenditures increased, with the bulk of the increase due to increased general government and capital outlays for road resurfacing, the 95<sup>th</sup> street park construction, a new police boat, budgeted salary increases and HR and IT consulting services, offset by a decrease in public safety and transportation costs. Of total fund balance, 98.3%, or \$9,081,019, is general fund *unassigned fund balance*, which is available for spending at the Town's discretion. The remainder of fund balance is either *non-spendable* to indicate that it is not available for new spending because it is associated with inventories or prepaid items (\$46,529), *restricted* for specific uses by law or agreement (\$49,840), restricted for debt service (\$65,225) or is *assigned* such as the fund balance of the capital projects fund intended to fund capital projects (\$160,689).

*General Fund*

The general fund is the main operating fund of the Town of Bay Harbor Islands. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,081,019 while total fund balance was \$9,242,613. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 91.5% of total general fund expenditures, while total fund balance represents 93.1%.

Fund balance of the Town of Bay Harbor Islands’ general fund increased by \$284,298 during the current fiscal year. Property taxes, licenses and permits and investment income increased; communications services taxes and grant receipts decreased. Increased expenditures were mostly attributable to capital spending and increased general government costs related to HR and IT services, the Town’s new website and budgeted salary increases offset by decreased public safety and transportation costs.

The amount of General Fund revenues by type, their percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

|                           | 2019                | % of          | 2018                | % of          | Increase/<br>(Decrease) | % of<br>Increase/<br>(Decrease) |
|---------------------------|---------------------|---------------|---------------------|---------------|-------------------------|---------------------------------|
|                           | <u>Amount</u>       | <u>Total</u>  | <u>Amount</u>       | <u>Total</u>  | <u>from 2018</u>        | <u>(Decrease)</u>               |
| Revenues:                 |                     |               |                     |               |                         |                                 |
| Property taxes            | \$ 4,414,128        | 53.8%         | \$ 3,963,786        | 52.6%         | \$ 450,342              | 11.4%                           |
| Utility taxes             | 512,875             | 6.3%          | 496,433             | 6.6%          | 16,442                  | 3.3%                            |
| Communications            |                     |               |                     |               |                         |                                 |
| services taxes            | 186,454             | 2.3%          | 203,345             | 2.7%          | (16,891)                | -8.3%                           |
| Franchise fees            | 387,317             | 4.7%          | 371,041             | 4.9%          | 16,276                  | 4.4%                            |
| Licenses and permits      | 967,672             | 11.8%         | 761,815             | 10.1%         | 205,857                 | 27.0%                           |
| Intergovernmental         | 1,004,290           | 12.2%         | 989,502             | 13.1%         | 14,788                  | 1.5%                            |
| Transfer development fees | -                   | 0.0%          | 5,000               | 0.1%          | (5,000)                 | -100.0%                         |
| Charges for services      | 290,547             | 3.5%          | 273,828             | 3.6%          | 16,719                  | 6.1%                            |
| Fines and forfeitures     | 155,060             | 1.9%          | 164,723             | 2.2%          | (9,663)                 | -5.9%                           |
| Investment income/(loss)  | 202,361             | 2.5%          | (28,308)            | -0.4%         | 230,669                 | -814.9%                         |
| Grants                    | -                   | 0.0%          | 288,088             | 3.8%          | (288,088)               | 100.0%                          |
| Miscellaneous             | 84,413              | 1.0%          | 51,928              | 0.7%          | 32,485                  | 62.6%                           |
| Total revenues            | <u>\$ 8,205,117</u> | <u>100.0%</u> | <u>\$ 7,541,181</u> | <u>100.0%</u> | <u>\$ 663,936</u>       | <u>8.8%</u>                     |

- Licenses and permits increased due to increased construction and remodeling activity compared to the prior year.
- Market conditions in 2019 allowed for investment income vs a loss in the prior fiscal year.
- Grants decreased due to a grant from FEMA for Hurricane Irma received in 2018. There were no grants received in 2019.

Expenditures in the General Fund are shown in the following schedule:

|                        | 2019                | % of         | 2018                | % of          | Increase/<br>(Decrease) | % of<br>Increase/<br>(Decrease) |
|------------------------|---------------------|--------------|---------------------|---------------|-------------------------|---------------------------------|
|                        | <u>Amount</u>       | <u>Total</u> | <u>Amount</u>       | <u>Total</u>  | <u>from 2018</u>        | <u>(Decrease)</u>               |
| Expenditures           |                     |              |                     |               |                         |                                 |
| General government     | \$ 1,910,436        | 19.1%        | \$ 1,591,468        | 17.1%         | \$ 318,968              | 20.0%                           |
| Public safety          | 4,862,875           | 49.0%        | 4,998,502           | 53.7%         | (135,627)               | -2.7%                           |
| Transportation         | 639,646             | 6.4%         | 808,231             | 8.7%          | (168,585)               | -20.9%                          |
| Culture and recreation | 1,210,888           | 12.2%        | 1,209,433           | 13.0%         | 1,455                   | 0.1%                            |
| Capital outlay         | 802,419             | 8.1%         | 201,442             | 2.2%          | 600,977                 | 298.3%                          |
| Debt service           | 502,285             | 5.1%         | 501,958             | 5.4%          | 327                     | 0.1%                            |
| Total expenditures     | <u>\$ 9,928,549</u> | <u>99.9%</u> | <u>\$ 9,311,034</u> | <u>100.0%</u> | <u>\$ 617,515</u>       | <u>6.6%</u>                     |

The General Fund expenditure increase is due primarily to capital spending on road resurfacing, the new police department boat and 95<sup>th</sup> street park construction, increased general government costs related to HR services, the Town's new website, IT consulting for PCI compliance and network transition for the Police Department and budgeted salary increases offset by decreased public safety personnel costs and transportation costs related landscaping.

#### *Capital Projects Fund*

- Fund balance in the capital projects fund was flat compared to the prior year due to no activity in 2019.

#### **Proprietary Funds**

Statements for the Town's proprietary funds provide the same type of information found in the business-type activities sections of the government-wide financial statements but in more detail. As noted above in the discussion of business-type activities, all of the Town's major enterprise funds generated income before transfers.

For the proprietary funds as a whole, net position increased by \$4,610,781.

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

During the past year, the budget was modified several times, increasing the total budget amount by \$690,510. The major elements of this increase are as follows:

- \$225,000 for Zone 2 street resurfacing.
- \$194,485 for a new law enforcement boat.
- \$127,000 for the 95<sup>th</sup> Street park
- \$20,950 for the HR classification and compensation study
- \$17,000 for the Town's 1<sup>st</sup> strategic plan and goal setting session.

For total revenues, there was a favorable budget variance of \$804,817, due to greater than anticipated licenses and permits, investment earnings and property tax receipts.

Total expenditures were \$159,891 less than budgeted due to unspent appropriations for capital improvements.

## Capital Assets and Debt Administration

### Capital Assets

The Town of Bay Harbor Islands' investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$61,266,933 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, causeway, toll collection, water, and sewer systems, as well as construction in progress. Capital assets do not include governmental infrastructure assets prior to 2004, as GASB 34 did not require Phase III governments to report infrastructure retroactively. The Town's investment in capital assets for the current fiscal year decreased by \$1,373,142.

Additions to capital assets for governmental activities before depreciation and net of transfers from construction in progress were \$802,420, while disposals amounted to \$24,430, for net additions of \$777,990.

Business-type activities' capital asset additions before depreciation and net of transfers from construction in progress totaled \$900,980, with no disposals, for net additions of \$900,980.

|                                     | <u>Governmental Activities</u> |                      | <u>Business-type Activities</u> |                      | <u>Total</u>         |                      |
|-------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                     | <u>2019</u>                    | <u>2018</u>          | <u>2019</u>                     | <u>2018</u>          | <u>2019</u>          | <u>2018</u>          |
| Capital assets, net of depreciation |                                |                      |                                 |                      |                      |                      |
| Land                                | \$ 3,806,254                   | \$ 3,806,254         | \$ 671,273                      | \$ 671,273           | \$ 4,477,527         | \$ 4,477,527         |
| Construction in progress            | 49,898                         | 103,698              | 176,150                         | 349,182              | 226,048              | 452,880              |
| Buildings                           | 2,409,409                      | 2,534,523            | -                               | -                    | 2,409,409            | 2,534,523            |
| Improvements other than buildings   | 14,976,824                     | 15,089,845           | 24,666,094                      | 25,706,243           | 39,642,918           | 40,796,088           |
| Furniture, fixtures and equipment   | 512,823                        | 335,343              | 600,050                         | 577,543              | 1,112,873            | 912,886              |
| Toll collection system              | -                              | -                    | 967,962                         | 1,161,555            | 967,962              | 1,161,555            |
| Sewer system                        | -                              | -                    | 3,254,395                       | 3,155,540            | 3,254,395            | 3,155,540            |
| Water system                        | -                              | -                    | 1,057,311                       | 1,066,977            | 1,057,311            | 1,066,977            |
| Parking garage                      | -                              | -                    | 8,118,490                       | 8,321,316            | 8,118,490            | 8,321,316            |
| Total                               | <u>\$ 21,755,208</u>           | <u>\$ 21,869,663</u> | <u>\$ 39,511,725</u>            | <u>\$ 41,009,629</u> | <u>\$ 61,266,933</u> | <u>\$ 62,879,292</u> |

Additional information on the Town’s capital assets can be found in note 7 on pages 46-47 of this report.

### Long-Term Debt

At the end of the current fiscal year, the Town of Bay Harbor Islands had long-term debt outstanding of \$18,537,621.

|                                | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                     | <u>Total</u>        |                     |
|--------------------------------|--------------------------------|--------------------|---------------------------------|---------------------|---------------------|---------------------|
|                                | <u>2019</u>                    | <u>2018</u>        | <u>2019</u>                     | <u>2018</u>         | <u>2019</u>         | <u>2018</u>         |
| Refunding Note, Series 2012    | \$3,130,000                    | \$3,444,000        | \$ -                            | \$ -                | \$ 3,130,000        | \$ 3,444,000        |
| Revenue Bonds, Series 2016     | 3,184,597                      | 3,197,425          |                                 |                     | 3,184,597           | 3,197,425           |
| Causeway Promissory Note, 2012 | -                              | -                  | 8,921,000                       | 9,794,000           | 8,921,000           | 9,794,000           |
| Parking Refunding Note, 2012   | -                              | -                  | 3,157,000                       | 3,508,000           | 3,157,000           | 3,508,000           |
| State Revolving Loan           | -                              | -                  | 145,024                         | 214,284             | 145,024             | 214,284             |
| Total                          | <u>\$6,314,597</u>             | <u>\$6,641,425</u> | <u>\$12,223,024</u>             | <u>\$13,516,284</u> | <u>\$18,537,621</u> | <u>\$20,157,709</u> |

The Town of Bay Harbor Islands’ total debt decreased \$1,620,088 as a result of scheduled repayments and refunding activity. Additional information on the Town’s long-term debt can be found in note 8 on pages 47-51 of this report.

### Economic Factors and Next Year’s Budgets and Rates

The following are major considerations included in the preparation of the Town of Bay Harbor Islands’ budget for the 2020 fiscal year.

- The Town’s millage was reduced from 3.7199 to 3.6245, which is equal to the rollback rate. Since taxable values increased, a modest increase in tax revenues is anticipated.
- Water and sewer rates increased for 2020 as wholesale water and sewer rates increased by 5.76% and 4.95%, respectively.

### Requests for Information

This financial report is designed to provide a general overview of the Town of Bay Harbor Islands’ finances for all those with an interest in the Town’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Town Manager/CFO, Town of Bay Harbor Islands, 9665 Bay Harbor Terrace, Bay Harbor Islands, Florida 33154.

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## **BASIC FINANCIAL STATEMENTS**

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# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF NET POSITION SEPTEMBER 30, 2019

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Assets</b>                               |                            |                             |                      |
| Cash  | \$ 6,280,289               | \$ 13,863,662               | \$ 20,143,951        |
| Investments                                 | 3,092,994                  | 3,594,528                   | 6,687,522            |
| Receivables, net                            | 183,424                    | 826,614                     | 1,010,038            |
| Internal balances                           | (63,892)                   | 63,892                      | --                   |
| Due from other governments                  | 230,695                    | 216,934                     | 447,629              |
| Inventory                                   | 14,930                     | 65,115                      | 80,045               |
| Prepaid items                               | 31,599                     | 110,830                     | 142,429              |
| Restricted assets:                          |                            |                             |                      |
| Cash  | 261,315                    | 513,130                     | 774,445              |
| Loan reserves                               | --                         | 94,943                      | 94,943               |
| Capital assets not being depreciated        | 3,856,152                  | 847,421                     | 4,703,573            |
| Capital assets being depreciated, net       | 17,899,056                 | 38,664,304                  | 56,563,360           |
| <b>Total assets</b>                         | <b>31,786,562</b>          | <b>58,861,373</b>           | <b>90,647,935</b>    |
| <b>Deferred outflows of resources</b>       |                            |                             |                      |
| Pension                                     | 1,579,904                  | 540,874                     | 2,120,778            |
| OPEB  | 7,559                      | 13,250                      | 20,809               |
| <b>Total deferred outflows of resources</b> | <b>1,587,463</b>           | <b>554,124</b>              | <b>2,141,587</b>     |
| <b>Liabilities</b>                          |                            |                             |                      |
| Accounts payable and accrued liabilities    | 408,732                    | 498,783                     | 907,515              |
| Due to other governments                    | --                         | 219,538                     | 219,538              |
| Due to pension                              | 48,252                     | --                          | 48,252               |
| Unearned revenue                            | 74,888                     | 248,231                     | 323,119              |
| Customer deposits                           | 151,319                    | 513,130                     | 664,449              |
| Noncurrent liabilities:                     |                            |                             |                      |
| Due within one year                         | 393,747                    | 92,324                      | 486,071              |
| Due in more than one year                   | 6,548,321                  | 12,339,879                  | 18,888,200           |
| Net pension liability                       | 1,672,891                  | 598,820                     | 2,271,711            |
| Total OPEB liability                        | 145,315                    | 108,066                     | 253,381              |
| <b>Total liabilities</b>                    | <b>9,443,465</b>           | <b>14,618,771</b>           | <b>24,062,236</b>    |
| <b>Deferred inflows of resources</b>        |                            |                             |                      |
| Parking trust receipts                      | --                         | 229,051                     | 229,051              |
| Deferred gain on bond refunding             | 62,061                     | --                          | 62,061               |
| Pension                                     | 564,401                    | 227,894                     | 792,295              |
| <b>Total deferred inflows of resources</b>  | <b>626,462</b>             | <b>456,945</b>              | <b>1,083,407</b>     |
| <b>Net position</b>                         |                            |                             |                      |
| Net investment in capital assets            | 15,378,550                 | 27,270,755                  | 42,649,305           |
| Restricted for:                             |                            |                             |                      |
| Law enforcement                             | 49,840                     | --                          | 49,840               |
| Debt service                                | 65,225                     | --                          | 65,225               |
| Loan reserve                                | --                         | 94,943                      | 94,943               |
| Unrestricted                                | 7,810,483                  | 16,974,083                  | 24,784,566           |
| <b>Total net position</b>                   | <b>\$ 23,304,098</b>       | <b>\$ 44,339,781</b>        | <b>\$ 67,643,879</b> |

*See notes to basic financial statements.*

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

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

| Functions/Programs                     | Expenses             | Program Revenues           |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                                 |                      |
|--|----------------------|----------------------------|--|--|--|---------------------------------|----------------------|
|  |                      | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-<br>type<br>Activities | Total                |
| <b>Governmental activities</b>         |                      |                            |  |  |  |                                 |                      |
| General government                     | \$ 2,318,792         | \$ 967,692                 | \$ --                                    | \$ --                                  | \$ (1,351,100)                                       | \$ --                           | \$ (1,351,100)       |
| Public safety                          | 5,058,762            | 159,708                    | 48,252                                   | --                                     | (4,850,802)  | --                              | (4,850,802)          |
| Transportation                         | 1,126,025            | --                         | --                                       | 314,849                                | (811,176)  | --                              | (811,176)            |
| Culture and recreation                 | 1,470,681            | 285,879                    | --                                       | --                                     | (1,184,802)  | --                              | (1,184,802)          |
| Interest and other fiscal charges      | 176,656              | --                         | --                                       | --                                     | (176,656)  | --                              | (176,656)            |
| <b>Total governmental activities</b>   | <b>10,150,916</b>    | <b>1,413,279</b>           | <b>48,252</b>                            | <b>314,849</b>                         | <b>(8,374,536)</b>                                   | <b>--</b>                       | <b>(8,374,536)</b>   |
| <b>Business-type activities</b>        |                      |                            |  |  |  |                                 |                      |
| Causeway                               | 4,467,392            | 9,623,061                  | --                                       | --                                     | --   | 5,155,669                       | 5,155,669            |
| Sewer                                  | 1,640,744            | 2,375,878                  | --                                       | --                                     | --   | 735,134                         | 735,134              |
| Water                                  | 1,115,795            | 1,281,424                  | --                                       | --                                     | --   | 165,629                         | 165,629              |
| Parking                                | 712,546              | 688,309                    | --                                       | --                                     | --   | (24,237)                        | (24,237)             |
| Solid waste                            | 744,219              | 815,242                    | --                                       | --                                     | --   | 71,023                          | 71,023               |
| Stormwater                             | 238,866              | 218,863                    | --                                       | --                                     | --   | (20,003)                        | (20,003)             |
| <b>Total business-type activities</b>  | <b>8,919,562</b>     | <b>15,002,777</b>          | <b>--</b>                                | <b>--</b>                              | <b>--</b>  | <b>6,083,215</b>                | <b>6,083,215</b>     |
| <b>Total</b>                           | <b>\$ 19,070,478</b> | <b>\$ 16,416,056</b>       | <b>\$ 48,252</b>                         | <b>\$ 314,849</b>                      | <b>(8,374,536)</b>                                   | <b>6,083,215</b>                | <b>(2,291,321)</b>   |
| <b>General revenues</b>                |                      |                            |  |  |  |                                 |                      |
| Property taxes                         |                      |                            |  |  | 4,414,128  | --                              | 4,414,128            |
| Franchise fees based on gross receipts |                      |                            |  |  | 387,317  | --                              | 387,317              |
| Utility taxes                          |                      |                            |  |  | 512,875  | --                              | 512,875              |
| Communications services tax            |                      |                            |  |  | 186,454  | --                              | 186,454              |
| Unrestricted intergovernmental revenue |                      |                            |  |  | 674,423  | --                              | 674,423              |
| Unrestricted investment earnings       |                      |                            |  |  | 202,361  | 251,344                         | 453,705              |
| Miscellaneous                          |                      |                            |  |  | 84,413   | 273,852                         | 358,265              |
| Gain on sale of capital assets         |                      |                            |  |  | 10,100   | --                              | 10,100               |
| <b>Transfers</b>                       |                      |                            |  |  | 1,997,630  | (1,997,630)                     | --                   |
| Total general revenues and transfers   |                      |                            |  |  | 8,469,701  | (1,472,434)                     | 6,997,267            |
| <b>Change in net position</b>          |                      |                            |  |  | 95,165   | 4,610,781                       | 4,705,946            |
| <b>Net position - Beginning</b>        |                      |                            |  |  | 23,208,933   | 39,729,000                      | 62,937,933           |
| <b>Net Positon - Ending</b>            |                      |                            |  |  | <b>\$ 23,304,098</b>                                 | <b>\$ 44,339,781</b>            | <b>\$ 67,643,879</b> |

*See notes to basic financial statements.*

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

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

|  | General              | Capital<br>Projects | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|--------------------------------|
| <b>Assets</b>  |                      |                     |                                |
| Cash   | \$ 6,181,050         | \$ 99,239           | \$ 6,280,289                   |
| Investments  | 3,092,994            | --                  | 3,092,994                      |
| Receivables, net   | 165,146              | --                  | 165,146                        |
| Interest receivable  | 18,278               | --                  | 18,278                         |
| Due from other funds   | 444,722              | 88,992              | 533,714                        |
| Due from other governments   | 182,443              | --                  | 182,443                        |
| Inventory  | 14,930               | --                  | 14,930                         |
| Prepaid items  | 31,599               | --                  | 31,599                         |
| Restricted cash  | 261,315              | --                  | 261,315                        |
| <b>Total assets</b>  | <b>\$ 10,392,477</b> | <b>\$ 188,231</b>   | <b>\$ 10,580,708</b>           |
| <b>Liabilities</b>   |                      |                     |                                |
| Accounts payable and accrued liabilities                                   | \$ 330,021           | \$ --               | \$ 330,021                     |
| Due to other funds   | 570,064              | 27,542              | 597,606                        |
| Unearned revenue   | 74,888               | --                  | 74,888                         |
| Customer deposits  | 151,319              | --                  | 151,319                        |
| <b>Total liabilities</b>   | <b>1,126,292</b>     | <b>27,542</b>       | <b>1,153,834</b>               |
| <b>Deferred inflows of resources</b>                                       |                      |                     |                                |
| Unavailable revenue  | 23,572               | --                  | 23,572                         |
| <b>Fund balances</b>   |                      |                     |                                |
| Non-spendable:   |                      |                     |                                |
| Inventory  | 14,930               | --                  | 14,930                         |
| Prepaid items  | 31,599               | --                  | 31,599                         |
| Restricted:  |                      |                     |                                |
| Law enforcement  | 49,840               | --                  | 49,840                         |
| Debt Service   | 65,225               | --                  | 65,225                         |
| Assigned:  |                      |                     |                                |
| Capital projects fund  | --                   | 160,689             | 160,689                        |
| Unassigned   | 9,081,019            | --                  | 9,081,019                      |
| <b>Total fund balances</b>   | <b>9,242,613</b>     | <b>160,689</b>      | <b>9,403,302</b>               |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 10,392,477</b> | <b>\$ 188,231</b>   |                                |

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

|  |                      |
|--|----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds   | 21,755,208           |
| Deferred outflows and inflows of resources related to pensions are recorded in the statement of net position   | 1,015,503            |
| Deferred outflows of resources related to OPEB are recorded in the statement of net position   | 7,559                |
| Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements | 23,572               |
| Deferred inflows of resources related to deferred charges on refunding of revenue bonds  | (62,061)             |
| Accrued interest related to long-term debt is recorded in the statement of net position  | (78,711)             |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (see Note 2)   | (8,760,274)          |
| <b>Net position of governmental activities</b>   | <b>\$ 23,304,098</b> |

*See notes to basic financial statements.*

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

|   | General             | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|--------------------------------|
| <b>Revenues</b>                                 |                     |                     |                                |
| Property taxes                                  | \$ 4,414,128        | \$ --               | \$ 4,414,128                   |
| Utility taxes                                   | 512,875             | --                  | 512,875                        |
| Communications services tax                     | 186,454             | --                  | 186,454                        |
| Franchise fees                                  | 387,317             | --                  | 387,317                        |
| Licenses and permits                            | 967,672             | --                  | 967,672                        |
| Intergovernmental                               | 1,004,290           | --                  | 1,004,290                      |
| Charges for services                            | 290,547             | --                  | 290,547                        |
| Fines and forfeitures                           | 155,060             | --                  | 155,060                        |
| Investment earnings                             | 202,361             | --                  | 202,361                        |
| Miscellaneous                                   | 84,413              | --                  | 84,413                         |
| <b>Total revenues</b>                           | <b>8,205,117</b>    | <b>--</b>           | <b>8,205,117</b>               |
| <b>Expenditures</b>                             |                     |                     |                                |
| Current:  |                     |                     |                                |
| General government                              | 1,910,436           | --                  | 1,910,436                      |
| Public safety                                   | 4,862,875           | --                  | 4,862,875                      |
| Transportation                                  | 639,646             | --                  | 639,646                        |
| Culture and recreation                          | 1,210,888           | --                  | 1,210,888                      |
| Capital outlay                                  | 802,419             | --                  | 802,419                        |
| Debt service:                                   |                     |                     |                                |
| Principal payments                              | 319,000             | --                  | 319,000                        |
| Interest and other fiscal charges               | 183,285             | --                  | 183,285                        |
| <b>Total expenditures</b>                       | <b>9,928,549</b>    | <b>--</b>           | <b>9,928,549</b>               |
| <b>Deficiency of revenues over expenditures</b> | <b>(1,723,432)</b>  | <b>--</b>           | <b>(1,723,432)</b>             |
| <b>Other financing sources</b>                  |                     |                     |                                |
| Proceeds from sale of capital assets            | 10,100              | --                  | 10,100                         |
| Transfers in                                    | 1,997,630           | --                  | 1,997,630                      |
| <b>Total other financing sources</b>            | <b>2,007,730</b>    | <b>--</b>           | <b>2,007,730</b>               |
| <b>Net change in fund balances</b>              | <b>284,298</b>      | <b>--</b>           | <b>284,298</b>                 |
| <b>Fund balances - beginning</b>                | <b>8,958,315</b>    | <b>160,689</b>      | <b>9,119,004</b>               |
| <b>Fund balances - ending</b>                   | <b>\$ 9,242,613</b> | <b>\$ 160,689</b>   | <b>\$ 9,403,302</b>            |

*See notes to basic financial statements.*

# TOWN OF BAY HARBOR ISLANDS, 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

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Amounts reported for governmental activities in the statement of activities (Page 17) are different because:

Net change in fund balances - total governmental funds (Page 19) \$ 284,298

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

The details of the difference are as follows:

|                      |                  |           |
|----------------------|------------------|-----------|
| Capital outlay       | \$ 802,419       |           |
| Depreciation expense | <u>(916,874)</u> | (114,455) |

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

The details of the difference are as follows:

|  |              |         |
|--|--------------|---------|
| 2012 Revenue bonds principal payment   | 319,000      |         |
| Amortization of gain on bond refunding | 4,433        |         |
| Amortization of bond premium           | <u>7,828</u> | 331,261 |

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

The details of the difference are as follows:

|  |                |           |
|--|----------------|-----------|
| Accrued interest payable   | 2,197          |           |
| Compensated absences payable   | (309,096)      |           |
| Net pension liability and related deferred outflows and inflows of resources | (78,768)       |           |
| Total OPEB liability   | <u>(5,254)</u> | (390,921) |

Net effect of revenues reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.

(15,018)

**Change in net position of governmental activities (Page 17)**

**\$ 95,165**

*See notes to basic financial statements.*

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2019

|  | Business-type Activities - Enterprise Funds |                     |                     |                     |                   |                              | Total                |
|--|---|---------------------|---------------------|---------------------|-------------------|------------------------------|----------------------|
|  | Causeway                                    | Sewer               | Water               | Parking             | Solid Waste       | Stormwater (a Nonmajor Fund) |                      |
| <b>Assets</b>                                      |   |                     |                     |                     |                   |                              |                      |
| Current assets:                                    |   |                     |                     |                     |                   |                              |                      |
| Cash   | \$ 9,876,072                                | \$ 2,190,309        | \$ 1,011,991        | \$ 124,163          | \$ 659,160        | \$ 1,967                     | \$ 13,863,662        |
| Investments  | 1,739,991                                   | --                  | 1,854,537           | --                  | --                | --                           | 3,594,528            |
| Receivables, net                                   | 17,736                                      | --                  | 554,698             | 209,954             | --                | --                           | 782,388              |
| Interest receivable                                | 10,067                                      | --                  | 10,936              | 23,223              | --                | --                           | 44,226               |
| Due from other funds                               | 45,226                                      | 14,327              | 204,472             | 565,453             | 4,368             | 730,231                      | 1,564,077            |
| Due from other governments                         | 216,934                                     | --                  | --                  | --                  | --                | --                           | 216,934              |
| Inventory  | --  | --                  | 65,115              | --                  | --                | --                           | 65,115               |
| Prepaid items                                      | 95,550                                      | --                  | 7,350               | 7,930               | --                | --                           | 110,830              |
| Restricted assets:                                 |   |                     |                     |                     |                   |                              |                      |
| Cash   | 10,648                                      | 243,943             | 182,650             | --                  | 75,889            | --                           | 513,130              |
| Loan reserves                                      | --  | 94,943              | --                  | --                  | --                | --                           | 94,943               |
| <b>Total current assets</b>                        | <b>12,012,224</b>                           | <b>2,543,522</b>    | <b>3,891,749</b>    | <b>930,723</b>      | <b>739,417</b>    | <b>732,198</b>               | <b>20,849,833</b>    |
| Noncurrent assets                                  |   |                     |                     |                     |                   |                              |                      |
| Capital assets not being depreciated               | 173,147                                     | 3,000               | --                  | 671,274             | --                | --                           | 847,421              |
| Capital assets being depreciated, net              | 25,199,572                                  | 3,305,793           | 1,281,262           | 8,350,501           | 3,388             | 523,788                      | 38,664,304           |
| <b>Total noncurrent assets</b>                     | <b>25,372,719</b>                           | <b>3,308,793</b>    | <b>1,281,262</b>    | <b>9,021,775</b>    | <b>3,388</b>      | <b>523,788</b>               | <b>39,511,725</b>    |
| <b>Total assets</b>                                | <b>37,384,943</b>                           | <b>5,852,315</b>    | <b>5,173,011</b>    | <b>9,952,498</b>    | <b>742,805</b>    | <b>1,255,986</b>             | <b>60,361,558</b>    |
| <b>Deferred outflows of resources</b>              |   |                     |                     |                     |                   |                              |                      |
| Pension  | 315,385                                     | 84,358              | 82,770              | 43,103              | --                | 15,258                       | 540,874              |
| OPEB   | 8,657                                       | 1,573               | 2,743               | 102                 | --                | 175                          | 13,250               |
| <b>Total deferred outflows of resources</b>        | <b>324,042</b>                              | <b>85,931</b>       | <b>85,513</b>       | <b>43,205</b>       | <b>--</b>         | <b>15,433</b>                | <b>554,124</b>       |
| <b>Liabilities</b>                                 |   |                     |                     |                     |                   |                              |                      |
| Current liabilities:                               |   |                     |                     |                     |                   |                              |                      |
| Accounts payable and accrued liabilities           | 151,773                                     | 115,319             | 57,499              | 6,242               | 61,614            | 106,336                      | 498,783              |
| Due to other funds                                 | 199,641                                     | 279,934             | 806,659             | 3,290               | 71,181            | 139,480                      | 1,500,185            |
| Due to other governments                           | --  | --                  | 219,538             | --                  | --                | --                           | 219,538              |
| Unearned revenue                                   | 248,231                                     | --                  | --                  | --                  | --                | --                           | 248,231              |
| Customer deposits (payable from restricted assets) | 10,648                                      | 243,943             | 182,650             | --                  | 75,889            | --                           | 513,130              |
| Current portion of notes payable                   | --  | 71,406              | --                  | --                  | --                | --                           | 71,406               |
| Current portion of compensated absences            | 13,718                                      | 2,606               | 2,703               | 1,580               | --                | 311                          | 20,918               |
| <b>Total current liabilities</b>                   | <b>624,011</b>                              | <b>713,208</b>      | <b>1,269,049</b>    | <b>11,112</b>       | <b>208,684</b>    | <b>246,127</b>               | <b>3,072,191</b>     |
| Noncurrent liabilities                             |   |                     |                     |                     |                   |                              |                      |
| Notes payable                                      | 8,921,000                                   | 73,618              | --                  | 3,157,000           | --                | --                           | 12,151,618           |
| Total OPEB liability                               | 69,223                                      | 13,986              | 17,104              | 6,411               | --                | 1,342                        | 108,066              |
| Compensated absences                               | 123,463                                     | 23,449              | 24,329              | 14,225              | --                | 2,795                        | 188,261              |
| Net pension liability                              | 350,174                                     | 92,666              | 90,435              | 48,453              | --                | 17,092                       | 598,820              |
| <b>Total noncurrent liabilities</b>                | <b>9,463,860</b>                            | <b>203,719</b>      | <b>131,868</b>      | <b>3,226,089</b>    | <b>--</b>         | <b>21,229</b>                | <b>13,046,765</b>    |
| <b>Total liabilities</b>                           | <b>10,087,871</b>                           | <b>916,927</b>      | <b>1,400,917</b>    | <b>3,237,201</b>    | <b>208,684</b>    | <b>267,356</b>               | <b>16,118,956</b>    |
| <b>Deferred inflows of resources</b>               |   |                     |                     |                     |                   |                              |                      |
| Parking trust receipts                             | --  | --                  | --                  | 229,051             | --                | --                           | 229,051              |
| Pension  | 134,747                                     | 35,996              | 34,382              | 17,464              | --                | 5,305                        | 227,894              |
| <b>Total deferred inflows of resources</b>         | <b>134,747</b>                              | <b>35,996</b>       | <b>34,382</b>       | <b>246,515</b>      | <b>--</b>         | <b>5,305</b>                 | <b>456,945</b>       |
| <b>Net position</b>                                |   |                     |                     |                     |                   |                              |                      |
| Net investment in capital assets                   | 16,451,719                                  | 3,157,159           | 1,276,262           | 5,864,775           | 3,388             | 517,452                      | 27,270,755           |
| Restricted for loan reserve                        | --  | 94,943              | --                  | --                  | --                | --                           | 94,943               |
| Unrestricted                                       | 11,034,648                                  | 1,733,221           | 2,546,963           | 647,212             | 530,733           | 481,306                      | 16,974,083           |
| <b>Total net position</b>                          | <b>\$ 27,486,367</b>                        | <b>\$ 4,985,323</b> | <b>\$ 3,823,225</b> | <b>\$ 6,511,987</b> | <b>\$ 534,121</b> | <b>\$ 998,758</b>            | <b>\$ 44,339,781</b> |

See notes to basic financial statements.

**TOWN OF BAY HARBOR ISLANDS, 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 |                     |                     |                     |                   |                              | Total                |
|---|---|---------------------|---------------------|---------------------|-------------------|------------------------------|----------------------|
|   | Causeway                                    | Sewer               | Water               | Parking             | Solid Waste       | Stormwater (a Nonmajor Fund) |                      |
| Operating revenues                            |   |                     |                     |                     |                   |                              |                      |
| Charges for services                          | \$ 9,623,061                                | \$ 2,375,878        | \$ 1,281,424        | \$ 688,309          | \$ 815,242        | \$ 218,863                   | \$ 15,002,777        |
| Miscellaneous revenue                         | 949   | 8,550               | 32,894              | 17,262              | 192               | --                           | 59,847               |
| <b>Total operating revenues</b>               | <b>9,624,010</b>                            | <b>2,384,428</b>    | <b>1,314,318</b>    | <b>705,571</b>      | <b>815,434</b>    | <b>218,863</b>               | <b>15,062,624</b>    |
| Operating expenses                            |   |                     |                     |                     |                   |                              |                      |
| Operation and maintenance                     | 2,565,695                                   | 1,476,108           | 1,028,233           | 398,233             | 744,219           | 217,880                      | 6,430,368            |
| Depreciation expense                          | 1,653,909                                   | 159,020             | 87,562              | 238,189             | --                | 20,986                       | 2,159,666            |
| <b>Total operating expenses</b>               | <b>4,219,604</b>                            | <b>1,635,128</b>    | <b>1,115,795</b>    | <b>636,422</b>      | <b>744,219</b>    | <b>238,866</b>               | <b>8,590,034</b>     |
| <b>Operating income (loss)</b>                | <b>5,404,406</b>                            | <b>749,300</b>      | <b>198,523</b>      | <b>69,149</b>       | <b>71,215</b>     | <b>(20,003)</b>              | <b>6,472,590</b>     |
| Nonoperating revenues (expenses)              |   |                     |                     |                     |                   |                              |                      |
| Investment income                             | 130,052                                     | --                  | 121,292             | --                  | --                | --                           | 251,344              |
| Rental income                                 | 86,515                                      | --                  | --                  | 127,490             | --                | --                           | 214,005              |
| Interest expense and other debt costs         | (247,788)                                   | (5,616)             | --                  | (76,124)            | --                | --                           | (329,528)            |
| <b>Total nonoperating revenues (expenses)</b> | <b>(31,221)</b>                             | <b>(5,616)</b>      | <b>121,292</b>      | <b>51,366</b>       | <b>--</b>         | <b>--</b>                    | <b>135,821</b>       |
| <b>Income (loss) before transfers</b>         | <b>5,373,185</b>                            | <b>743,684</b>      | <b>319,815</b>      | <b>120,515</b>      | <b>71,215</b>     | <b>(20,003)</b>              | <b>6,608,411</b>     |
| <b>Transfers</b>                              | <b>(1,280,000)</b>                          | <b>(499,630)</b>    | <b>(218,000)</b>    | <b>--</b>           | <b>--</b>         | <b>--</b>                    | <b>(1,997,630)</b>   |
| <b>Change in net position</b>                 | <b>4,093,185</b>                            | <b>244,054</b>      | <b>101,815</b>      | <b>120,515</b>      | <b>71,215</b>     | <b>(20,003)</b>              | <b>4,610,781</b>     |
| <b>Net position - beginning</b>               | <b>23,393,182</b>                           | <b>4,741,269</b>    | <b>3,721,410</b>    | <b>6,391,472</b>    | <b>462,906</b>    | <b>1,018,761</b>             | <b>39,729,000</b>    |
| <b>Net position - ending</b>                  | <b>\$ 27,486,367</b>                        | <b>\$ 4,985,323</b> | <b>\$ 3,823,225</b> | <b>\$ 6,511,987</b> | <b>\$ 534,121</b> | <b>\$ 998,758</b>            | <b>\$ 44,339,781</b> |

*See notes to basic financial statements.*

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

|  | Business-type Activities - Enterprise Funds |                     |                     |                   |                   |                              | Total                |
|--|---|---------------------|---------------------|-------------------|-------------------|------------------------------|----------------------|
|  | Causeway                                    | Sewer               | Water               | Parking           | Solid Waste       | Stormwater (a Nonmajor Fund) |                      |
| <b>Cash flows from operating activities</b>                      |   |                     |                     |                   |                   |                              |                      |
| Cash received from customers                                     | \$ 9,643,636                                | \$ 2,370,863        | \$ 1,268,626        | \$ 253,420        | \$ 813,146        | \$ 205,596                   | \$ 14,555,287        |
| Cash received from other operations                              | 949   | 8,550               | 32,894              | 17,262            | 192               | --                           | 59,847               |
| Cash payments to employees for services                          | (1,692,980)                                 | (358,943)           | (405,089)           | (239,415)         | --                | (69,779)                     | (2,766,206)          |
| Cash payments to suppliers for goods and services                | (632,042)                                   | (985,748)           | (535,412)           | (140,562)         | (738,576)         | (52,232)                     | (3,084,572)          |
| <b>Net cash provided (used) by operating activities</b>          | <b>7,319,563</b>                            | <b>1,034,722</b>    | <b>361,019</b>      | <b>(109,295)</b>  | <b>74,762</b>     | <b>83,585</b>                | <b>8,764,356</b>     |
| <b>Cash flows from noncapital financing activities</b>           |   |                     |                     |                   |                   |                              |                      |
| Transfers out  | (1,280,000)                                 | (499,630)           | (218,000)           | --                | --                | --                           | (1,997,630)          |
| <b>Net cash used by noncapital financing activities</b>          | <b>(1,280,000)</b>                          | <b>(499,630)</b>    | <b>(218,000)</b>    | <b>--</b>         | <b>--</b>         | <b>--</b>                    | <b>(1,997,630)</b>   |
| <b>Cash flows from capital and related financing activities</b>  |   |                     |                     |                   |                   |                              |                      |
| Acquisition of capital assets                                    | (65,616)                                    | (253,794)           | (52,835)            | (104,511)         | (3,388)           | (81,618)                     | (561,762)            |
| Principal paid on capital debt                                   | (873,000)                                   | (69,259)            | --                  | (351,000)         | --                | --                           | (1,293,259)          |
| Interest paid on capital debt                                    | (247,788)                                   | (6,060)             | --                  | (76,124)          | --                | --                           | (329,972)            |
| <b>Net cash used by capital and related financing activities</b> | <b>(1,186,404)</b>                          | <b>(329,113)</b>    | <b>(52,835)</b>     | <b>(531,635)</b>  | <b>(3,388)</b>    | <b>(81,618)</b>              | <b>(2,184,993)</b>   |
| <b>Cash flows from investing activities</b>                      |   |                     |                     |                   |                   |                              |                      |
| Sales and maturities of investments                              | 594,505                                     | --                  | 705,205             | --                | --                | --                           | 1,299,710            |
| Purchases of investments   | (636,371)                                   | --                  | (747,948)           | --                | --                | --                           | (1,384,319)          |
| Rental income received   | 86,516                                      | --                  | --                  | 127,490           | --                | --                           | 214,006              |
| Investment earnings received                                     | 47,660                                      | --                  | 34,139              | --                | --                | --                           | 81,799               |
| <b>Net cash provided (used) by investing activities</b>          | <b>92,310</b>                               | <b>--</b>           | <b>(8,604)</b>      | <b>127,490</b>    | <b>--</b>         | <b>--</b>                    | <b>211,196</b>       |
| <b>Net increase (decrease) in cash</b>                           | <b>4,945,469</b>                            | <b>205,979</b>      | <b>81,580</b>       | <b>(513,440)</b>  | <b>71,374</b>     | <b>1,967</b>                 | <b>4,792,929</b>     |
| <b>Cash - beginning (including restricted assets)</b>            | <b>4,941,251</b>                            | <b>2,323,216</b>    | <b>1,113,061</b>    | <b>637,603</b>    | <b>663,675</b>    | <b>--</b>                    | <b>9,678,806</b>     |
| <b>Cash - ending (including restricted assets)</b>               | <b>\$ 9,886,720</b>                         | <b>\$ 2,529,195</b> | <b>\$ 1,194,641</b> | <b>\$ 124,163</b> | <b>\$ 735,049</b> | <b>\$ 1,967</b>              | <b>\$ 14,471,735</b> |

(Continued)

*See notes to basic financial statements.*

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS (Continued)**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

|   | Business-type Activities - Enterprise Funds |                     |                     |                     |                   |                              | Total                |
|---|---|---------------------|---------------------|---------------------|-------------------|------------------------------|----------------------|
|   | Causeway                                    | Sewer               | Water               | Parking             | Solid Waste       | Stormwater (a Nonmajor Fund) |                      |
| <b>Reconciliation of cash to the statement of net position</b>  |   |                     |                     |                     |                   |                              |                      |
| Cash  | \$ 9,876,072                                | \$ 2,190,309        | \$ 1,011,991        | \$ 124,163          | \$ 659,160        | \$ 1,967                     | \$ 13,863,662        |
| Restricted cash   | 10,648                                      | 338,886             | 182,650             | --                  | 75,889            | --                           | 608,073              |
|   | <u>\$ 9,886,720</u>                         | <u>\$ 2,529,195</u> | <u>\$ 1,194,641</u> | <u>\$ 124,163</u>   | <u>\$ 735,049</u> | <u>\$ 1,967</u>              | <u>\$ 14,471,735</u> |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>               |   |                     |                     |                     |                   |                              |                      |
| Operating income (loss)   | \$ 5,404,406                                | \$ 749,300          | \$ 198,523          | \$ 69,149           | \$ 71,215         | \$ (20,003)                  | \$ 6,472,590         |
| <b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b> |   |                     |                     |                     |                   |                              |                      |
| Depreciation  | 1,653,909                                   | 159,020             | 87,562              | 238,189             | --                | 20,986                       | 2,159,666            |
| Changes in assets, liabilities and deferred inflows/outflows:   |   |                     |                     |                     |                   |                              |                      |
| (Increase) decrease in:   |   |                     |                     |                     |                   |                              |                      |
| Receivables   | --  | --                  | 39,933              | 19,796              | --                | --                           | 59,729               |
| Interest receivable   | --  | --                  | --                  | 4,967               | --                | --                           | 4,967                |
| Due from other funds  | 104,654                                     | (14,327)            | (57,852)            | (434,890)           | (4,043)           | (13,267)                     | (419,725)            |
| Due from other governments  | (11,150)                                    | --                  | --                  | --                  | --                | --                           | (11,150)             |
| Inventory   | --  | --                  | 22,915              | --                  | --                | --                           | 22,915               |
| Prepaid items   | 19,400                                      | --                  | (7,350)             | 5,433               | --                | --                           | 17,483               |
| Deferred outflows - OPEB  | (8,657)                                     | (1,573)             | (2,743)             | (102)               | --                | (175)                        | (13,250)             |
| Deferred outflows - pension   | 19,951                                      | 5,016               | 4,710               | 2,855               | --                | 938                          | 33,470               |
| Increase (decrease) in:   |   |                     |                     |                     |                   |                              |                      |
| Accounts payable and accrued liabilities  | (15,197)                                    | 17,690              | (4,303)             | 2,169               | 950               | (1,967)                      | (658)                |
| Due to other governments  | --  | --                  | 954                 | --                  | --                | --                           | 954                  |
| Due to other funds  | 199,641                                     | 106,987             | 65,440              | 3,290               | 4,693             | 96,367                       | 476,418              |
| Customer deposits   | 2   | 9,312               | 5,121               | --                  | 1,947             | --                           | 16,382               |
| Parking trust receipts  | --  | --                  | --                  | (24,762)            | --                | --                           | (24,762)             |
| Net pension liability   | 52,258                                      | 13,138              | 12,337              | 7,476               | --                | 2,457                        | 87,666               |
| Total OPEB liability  | 14,674                                      | 2,666               | 4,649               | 173                 | --                | 296                          | 22,458               |
| Compensated absences  | 7,869                                       | (121)               | 2,753               | 4,011               | --                | 269                          | 14,781               |
| Deferred inflows - pension  | (49,266)                                    | (12,386)            | (11,630)            | (7,049)             | --                | (2,316)                      | (82,647)             |
| Unearned revenues   | (72,931)                                    | --                  | --                  | --                  | --                | --                           | (72,931)             |
| Total adjustments   | 1,915,157                                   | 285,422             | 162,496             | (178,444)           | 3,547             | 103,588                      | 2,291,766            |
| <b>Net cash provided (used) by operating activities</b>   | <u>\$ 7,319,563</u>                         | <u>\$ 1,034,722</u> | <u>\$ 361,019</u>   | <u>\$ (109,295)</u> | <u>\$ 74,762</u>  | <u>\$ 83,585</u>             | <u>\$ 8,764,356</u>  |
| <b>Noncash investing and financing activities</b>   |   |                     |                     |                     |                   |                              |                      |
| Transfers from construction in progress to depreciable capital assets                                       | 206,131                                     | 7,395               | --                  | --                  | --                | --                           | 213,526              |
| Payable due on purchase of capital asset  | --  | --                  | --                  | --                  | --                | 100,000                      | 100,000              |
| Increase in fair value of investments   | 85,278                                      | --                  | 89,984              | --                  | --                | --                           | 175,262              |
| <b>Total noncash investing and financing activities</b>   | <u>\$ 291,409</u>                           | <u>\$ 7,395</u>     | <u>\$ 89,984</u>    | <u>\$ --</u>        | <u>\$ --</u>      | <u>\$ 100,000</u>            | <u>\$ 488,788</u>    |

*See notes to basic financial statements.*

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND SEPTEMBER 30, 2019

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### Assets

|  |                                    |
|--|------------------------------------|
| Cash                                       | \$ 342,935                         |
| Investments                                |                                    |
| Money market funds                         | 612,086                            |
| U.S. treasuries and government obligations | 2,490,198                          |
| Corporate bonds                            | 4,459,859                          |
| Common stock and equity funds              | 1,927,002                          |
| Commingled collective trusts               | 8,982,173                          |
| Real estate fund                           | <u>2,129,266</u>                   |
| Total investments                          | <u>20,600,584</u>                  |
| Receivables                                |                                    |
| Contributions receivable                   | 110,981                            |
| Due from Town                              | 48,252                             |
| Due from broker for investments sold       | 98,224                             |
| Accrued interest and dividends             | <u>42,557</u>                      |
| Total receivables                          | <u>300,014</u>                     |
| Prepaid expenses                           | <u>4,980</u>                       |
| <b>Total assets</b>                        | <u><b>21,248,513</b></u>           |
| <b>Liabilities</b>                         |                                    |
| Accounts payable                           | 13,765                             |
| Due to broker for investments purchased    | <u>69,234</u>                      |
| <b>Total liabilities</b>                   | <u><b>82,999</b></u>               |
| <b>Net position</b>                        |                                    |
| Restricted for pension benefits            | <u><u><b>\$ 21,165,514</b></u></u> |

*See notes to basic financial statements.*

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### Additions

#### Contributions:

|                        |                  |
|------------------------|------------------|
| Town (including state) | \$ 1,052,915     |
| Employees              | <u>399,794</u>   |
| Total contributions    | <u>1,452,709</u> |

#### Investment income

|   |                 |
|---|-----------------|
| Net appreciation in fair value of investments | 416,161         |
| Interest                                      | 238,961         |
| Dividends                                     | <u>47,351</u>   |
|   | 702,473         |
| Less investment expense                       | <u>(50,659)</u> |

Net investment income 651,814

**Total additions** 2,104,523

### Deductions

|                           |               |
|---------------------------|---------------|
| Benefits paid and refunds | 1,310,542     |
| Administrative expenses   | <u>38,809</u> |

**Total deductions** 1,349,351

**Change in net position** 755,172

**Net position restricted for pension benefits - beginning** 20,410,342

**Net position restricted for pension benefits - ending** \$ 21,165,514

*See notes to basic financial statements.*

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Bay Harbor Islands, Florida, (the Town) is a municipal corporation which was incorporated in 1947 and adopted its first charter June 15, 1953, under the provisions of the Laws of Florida Acts of 1953, Chapter 2889. The Town operates under a “Council-Manager” form of government with the Town’s Mayor serving as the head of the Town government and the Town’s Manager serving as the chief administrative official.

The Town provides the following services: public safety (police), building and zoning, transportation and maintenance of roads and streets, recreation facilities, operation and maintenance of a causeway, water and sewer utilities, physical environment (refuse collection), parking facilities, and general government and administrative services. Fire protection, education, and welfare services are provided by units of other local governments whose activities are not included in the accompanying financial statements.

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

#### **A. FINANCIAL REPORTING ENTITY**

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

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

*Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Town reports only one nonmajor proprietary fund (the Stormwater Fund).

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

Expenditures 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 payment is due.

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the acquisition or construction of various major capital projects.

The Town reports the following major proprietary funds:

The *Causeway Fund* accounts for the collection of tolls and the operation and maintenance of the causeway, including the bascule bridge over the Intercoastal Waterway and the entire traffic corridor.

The *Sewer Fund* accounts for the provision of sewer services to Town residents and businesses.

The *Water Fund* accounts for the distribution of water to Town residents and businesses.

The *Parking Fund* accounts for the collection of parking fees, parking trust arrangements, and the operation and maintenance of lots and meters.

The *Solid Waste Fund* accounts for the provision of solid waste disposal services to Town residents and businesses.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

The Town also reports the following nonmajor proprietary fund:

The *Stormwater Fund* accounts for the provision of a stormwater management system.

Additionally, the Town reports the following fund type:

The *Pension Trust Fund* is used to account for the Town of Bay Harbor Islands Employee Retirement System (the Plan) a single-employer defined benefit pension plan covering substantially all of its employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's various utility functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 Town's funds are charges to customers for services. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Implementation of Governmental Accounting Standards Board Statements**

The Town implemented the following GASB Statement during the fiscal year ended September 30, 2019:

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

##### **Implementation of Governmental Accounting Standards Board Statements (continued)**

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY*

##### **1. Deposits and Investments**

The Town's cash includes cash on hand, and time/demand deposits. Investments of the Town are carried at fair value. For more details regarding the methods used to measure fair value of investments, refer to the fair value hierarchy in Note 3.

Investments of the Town are governed by the provisions of Florida Statutes Section 218.415. Investments in the Town's retirement plan are governed by the Plan's investment policy and Florida Statutes Section 112.661.

##### **2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

##### **3. Capital Assets**

Capital assets, which include property, plant and equipment, infrastructure assets (e.g., utility plant, roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)*

##### **3. Capital Assets (continued)**

acquisition value at the date of donation. The Town has not retroactively reported infrastructure assets acquired prior to the implementation of GASB Statement No. 34. The Town did not retroactively record their intangible assets with the implementation of GASB Statement No. 51, with the exception of computer software which was capitalized when purchased. The Town's capitalization threshold for intangible assets is \$25,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. There was no capitalized interest for the fiscal year ended September 30, 2019.

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

| Assets                            | Years |
|-----------------------------------|-------|
| Buildings                         | 25-50 |
| Improvements other than buildings | 5-10  |
| Furniture, fixtures and equipment | 5     |
| Utility system                    | 10-50 |

##### **4. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon separation from service, employees are paid the value of their accumulated vacation, plus one half the value of unused sick leave up to 45 days. All vacation and sick leave pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Compensated absences of governmental funds are typically liquidated from the general fund.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)*

##### **5. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as another financing source while discounts on debt issuances are reported as another financing use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net 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 Town reports within its government-wide statement of net position as deferred outflows amounts contributed during fiscal year 2019 into the Town of Bay Harbor Islands Employees' Retirement System. The net pension liability associated with the Plan was measured as of September 30, 2018. The amounts paid during fiscal year 2019 to the Plan will be reflected within the Town's pension expense and related liability when the net pension liability is measured for the next fiscal year.

In addition to liabilities, the statement of net position and governmental funds balance sheet 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 Town

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)*

##### **6. Deferred Outflows/Inflows of Resources (continued)**

has several items that qualify for reporting in this category. The statement of net position includes deferred parking trust receipts, a deferred gain on refunding, and deferred inflows related to pensions described below. These amounts are deferred and recognized as an inflow of resources in the period that they are earned. Within the governmental funds balance sheet, the Town reports deferred inflows related to unavailable revenues that qualify for reporting in this category. The governmental funds report this item as a deferred inflow until the criteria for revenue recognition has been met.

Also, within the government-wide statement of net position, the Town reports as deferred inflows or outflows, amounts representing the net difference between or differences between expected and actual results, changes in assumptions and projected and actual earnings of its pension plan and other post-employment benefits (OPEB). Differences between projected and actual earnings will be amortized over a five year closed period beginning in the year in which the difference occurred and are presented as a net deferred inflow or outflow at the measurement date. All other amounts are presented as either a deferred inflow or outflow established at their respective measurement date when the difference occurred and is amortized over the remaining service lives of employees.

##### **7. Fund Equity**

The Town reports the following classifications:

*Nonspendable fund balance.* Nonspendable fund balances are amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance.* Restricted fund balances are amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)*

##### **7. Fund Equity (continued)**

*Committed fund balance.* These amounts can only be used for the specific purposes determined by a formal action (Ordinance) of the Town Council, the Town's highest level of decision making authority. Commitments may be changed or lifted only by the Town Council taking the same formal action (Ordinance) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

*Assigned fund balance.* Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the Town Manager to which the Town Council has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose as assigned by management. Specific amounts that are not restricted or committed in the Capital Projects Fund are assigned for the purposes in accordance with the nature of its fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the fund itself.

*Unassigned fund balance.* This fund balance is the residual classification only for the General Fund. It is also used to report only negative fund balances in other governmental funds.

##### **8. Net Position**

Net position of the government-wide and proprietary funds is categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets is that portion of net position that relates to the Town's capital assets reduced by accumulated depreciation and by any outstanding debt and deferred inflows or outflows, incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)*

##### **8. Net Position (continued)**

Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

##### **9. Flow Assumptions**

###### *Net Position Flow Assumption*

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

###### *Fund Balance Flow Assumption*

Sometimes the Town 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 Town'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.

##### **10. 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/deferred outflows and liabilities/deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$8,760,274 difference are as follows:

|                          |                     |
|--------------------------|---------------------|
| Bonds payable            | \$ 6,205,000        |
| Premium on bonds payable | 109,597             |
| Compensated absences     | 627,471             |
| Net pension liability    | 1,672,891           |
| Total OPEB liability     | 145,315             |
|                          | <u>\$ 8,760,274</u> |

### NOTE 3 - DEPOSITS AND INVESTMENTS

#### *DEPOSITS*

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

#### *INVESTMENTS*

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. The Town's investment policy authorizes investments in obligations of the U.S. Treasury, U.S. Government Agency securities, including FNMA, FHLMC, and GNMA, and securities guaranteed by these Agency issues, certificates of deposit, savings certificates, time deposits, banker's acceptances, repurchase agreements of domestic commercial banks and savings and loan associations fully collateralized with U.S. Government or Agency securities, commercial paper rated A1/P1 or the equivalent by a major rating service, money market funds exclusively comprised of the above securities, the State of Florida Local Government Surplus Funds Trust Fund, the FMIvT, and corporate bonds rated A or better. The investment policy defined in the

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS (CONTINUED)*

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 Town maintains a separate investment policy for its pension plan.

For the Town's pension plan, a Master Custodian Agreement is maintained whereby the investment securities are held in the Plan's name by a financial institution acting as the Plan's agent except for its shares in domestic equity index funds and a core real estate fund.

#### *FAIR VALUE HIERARCHY*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town and the Town's pension plan categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 - Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 - Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 - Investments' fair values based upon unobservable inputs.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – TOWN*

The Town's investment policy limits the maturity of fixed-income holdings to ten years. As of September 30, 2019, the Town had the following investments and its corresponding maturities in its portfolio:

| Investments              | Investment Maturities (In Years) |                   |                     |                     |
|--------------------------|----------------------------------|-------------------|---------------------|---------------------|
|                          | Fair Value                       | Less than 1       | 1-5                 | 6-10                |
| U.S. treasuries          | \$ 3,520,922                     | \$ --             | \$ 2,339,090        | \$ 1,181,832        |
| Local government bonds   | 269,391                          | 25,175            | 152,589             | 91,627              |
| Corporate bonds          | 2,897,209                        | 320,877           | 1,569,297           | 1,007,035           |
| <b>Total Investments</b> | <b>\$ 6,687,522</b>              | <b>\$ 346,052</b> | <b>\$ 4,060,976</b> | <b>\$ 2,280,494</b> |

#### *Interest Rate Risk*

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Town's investment policy limits investment maturities to ten years in order to control its exposure to market value losses arising from increasing interest rates.

#### *Credit Risk*

State law and the Town's investment policy limits investments in bonds, U.S. treasuries and agency obligations, or other evidences of indebtedness to the top ratings issued by nationally recognized statistical rating organizations of the United States. The Town's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and "A" or better under Moody's ratings.

#### *Concentration of Credit Risk*

The Town's investment policy does not stipulate any limit on the percentage that can be invested in any one issuing company. As of September 30, 2019, the value of each position held in the Town's portfolio comprised less than 5% of the Town's investment assets.

#### *Fair Value Hierarchy*

The Town has the following recurring fair value measurements as of September 30, 2019:

- U.S. Treasury securities of \$3,520,922 are valued using quoted market prices (Level 1 inputs).
- Corporate Bonds and Local Government Bonds of \$3,166,600 are valued using a matrix pricing model (evaluated bid price) (Level 2 inputs).

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – PENSION PLAN*

The Plan's investment practices are governed by the Florida Statutes and the Plan's adopted investment policy. Florida Statutes and Plan policy authorize the Board of Trustees to invest in domestic stocks, domestic bonds, international stock and tactical assets allocation equities. In addition to complying with Plan policy, the Plan applies the "Prudent Man Rule" when executing investment strategies. Investments are made with judgment and care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income derived.

To diversify Plan assets so as to minimize the risk associated with dependence on the success on one enterprise, the Board of Trustees has decided to employ a multi-manager team approach to investing Plan assets. Asset managers are employed to utilize individual expertise within their assigned area of responsibility. Each manager is governed by individual investment guidelines. The Plan's investment consultant oversees the investment managers and the entire portfolio.

The Plan's asset management structure established by the policy is as follows:

| Type                                    | Available<br>Range % | Target |
|---|----------------------|--------|
| Domestic equity                         | 30%-50%              | 40%    |
| Domestic bonds (fixed income)           | 25%-60%              | 35%    |
| International equity                    | 0%-20%               | 15%    |
| Real estate                             | 0%-15.5%             | 10%    |
| Emerging markets (international equity) | 0%-7.5%              | 5%     |

As of September 30, 2019, the Plan had the following debt securities and its corresponding maturities in its portfolio:

| Investments                 | Investment Maturities (In Years) |                |              |            |              |
|-----------------------------|----------------------------------|----------------|--------------|------------|--------------|
|                             | Fair<br>Value                    | Less<br>Than 1 | 1-5          | 6-10       | Over 10      |
| U.S. treasuries             | \$ 1,855,516                     | \$ --          | \$ 154,758   | \$ --      | \$ 1,700,758 |
| U.S. government obligations | 634,682                          | --             | 454,527      | 82,021     | 98,134       |
| Corporate bonds             | 4,459,859                        | --             | 3,866,997    | 592,863    | --           |
|                             | \$ 6,950,057                     | \$ --          | \$ 4,476,282 | \$ 674,884 | \$ 1,798,892 |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – PENSION PLAN (CONTINUED)*

##### ***Rate of Return***

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.27%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

##### ***Interest Rate Risk***

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

##### ***Credit Risk***

State law and the Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness to the top ratings issued by nationally recognized statistical rating organizations of the United States. The Plan's investment policy limits fixed income investments to a rating no lower than Baa/BBB or equivalent.

The Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings.

##### ***Concentration of Credit Risk***

The Plan's investment policy prohibits fixed income concentrations greater than 5% in any one issuer with the exception of U.S. government or agency issues. As of September 30, 2019, the value of each position held in the Plan's portfolio comprised less than 5% of fiduciary net position.

##### ***Fair Value Hierarchy***

The following is a description of the fair value techniques for the Town's pension plan investments.

The Plan holds money market funds, which are reported at amortized cost.

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes common stock, American depository receipts (ADR), and exchange traded funds (ETF).

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – PENSION PLAN (CONTINUED)*

##### *Fair Value Hierarchy (continued)*

Debt securities are valued using quoted market prices (Level 1) or using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2).

The following is a summary of the fair value hierarchy of the fair value of investments as of September 30, 2019:

|  | Fair Value Measurements Using |   |   |
|--|-------------------------------|---|---|
|  | 9/30/2019                     | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) |
| <b>Investments by Fair Value Level</b>               |                               |   |   |
| Debt securities                                      |                               |   |   |
| U.S. treasuries                                      | \$ 1,855,515                  | \$ 1,855,515  | \$ --   |
| U.S. government obligations and<br>corporate bonds   | 5,094,542                     | --  | 5,094,542   |
| <b>Total Debt Securities</b>                         | <u>6,950,057</u>              | <u>1,855,515</u>  | <u>5,094,542</u>  |
| <b>Equity Securities</b>                             |                               |   |   |
| Common stock, ADR's, and ETF's                       | 1,927,002                     | 1,927,002   | --  |
| <b>Total Equity Securities</b>                       | <u>1,927,002</u>              | <u>1,927,002</u>  | <u>--</u>   |
| <b>Total Investments at Fair Value</b>               | <u>8,877,059</u>              | <u>\$ 3,782,517</u>   | <u>\$ 5,094,542</u>                                       |
| <b>Investments Measured at Net Asset Value (NAV)</b> |                               |   |   |
| Commingled collective trusts                         | 8,982,173                     |   |   |
| Core real estate fund                                | 2,129,266                     |   |   |
| Total investments measured at NAV                    | <u>11,111,439</u>             |   |   |
| Money market funds (exempt)                          | 612,086                       |   |   |
| Total investments                                    | <u>\$ 20,600,584</u>          |   |   |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### *INVESTMENTS – PENSION PLAN (CONTINUED)*

##### *Fair Value Hierarchy (continued)*

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions as of September 30, 2019:

| Investments Measured at NAV                 | Fair<br>Value               | Unfunded<br>Commitments | Redemption<br>Frequency (if<br>Currently Eligible) | Redemption<br>Notice<br>Period |
|---|-----------------------------|-------------------------|--|--------------------------------|
| Core real estate fund <sup>(1)</sup>        | \$ 2,129,266                | \$ --                   | Quarterly  | N/A                            |
| Commingled collective trusts <sup>(2)</sup> | <u>8,982,173</u>            | --                      | Daily  | N/A                            |
| <b>Total Investments Measured at NAV</b>    | <u><u>\$ 11,111,439</u></u> |                         |  |                                |

(1) *Core real estate fund.* This fund is an open-end core real estate fund with a diversified portfolio of income producing institutional properties throughout the U.S. This investment is valued at NAV and is redeemable on a quarterly basis.

(2) *Commingled trust fund.* This fund's investment objectives are to match the return of the S&P 500, S&P Small-Cap 600, and Russell 1000 Stock Index through investments in substantially all of the stocks contained in those indexes. This investment also seeks long-term growth of capital by investing primarily in common stocks of issuers whose market capitalizations fall within the range of companies within the S&P MidCap 400 Index. This investment is valued at NAV and is redeemable on a daily basis.

##### ***Risks and Uncertainties***

The Town and the Plan invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. The Town and the Plan, through its investment advisor, monitor the investments and the risks associated therewith on a regular basis which the Town and the Plan believes minimizes these risks.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 4 - RECEIVABLES

Receivables as of September 30, 2019 for the Town's individual major funds and fiduciary funds including the allowances for uncollectible accounts, are as follows:

|                                      | General           | Causeway         | Water             | Parking           | Pension<br>Trust<br>Fund | Total               |
|--------------------------------------|-------------------|------------------|-------------------|-------------------|--------------------------|---------------------|
| Customers billed                     | \$ --             | \$ --            | \$ 626,827        | \$ --             | \$ --                    | \$ 626,827          |
| Property taxes                       | 821               | --               | --                | --                | --                       | 821                 |
| Franchise fees                       | 73,893            | --               | --                | --                | --                       | 73,893              |
| Utility taxes                        | 48,851            | --               | --                | --                | --                       | 48,851              |
| Rental income                        | --                | 17,736           | --                | --                | --                       | 17,736              |
| Interest                             | 18,278            | 10,067           | 10,936            | 23,223            | 42,557                   | 105,061             |
| Parking trust receipts               | --                | --               | --                | 209,954           | --                       | 209,954             |
| Contributions receivable             | --                | --               | --                | --                | 110,981                  | 110,981             |
| Due from broker                      | --                | --               | --                | --                | 98,224                   | 98,224              |
| Due from Town                        | --                | --               | --                | --                | 48,252                   | 48,252              |
| Other                                | 41,581            | --               | --                | --                | --                       | 41,581              |
| Gross receivables                    | 183,424           | 27,803           | 637,763           | 233,177           | 300,014                  | 1,382,181           |
| Less allowance<br>for uncollectibles | --                | --               | (72,129)          | --                | --                       | (72,129)            |
| <b>Net Total Receivables</b>         | <b>\$ 183,424</b> | <b>\$ 27,803</b> | <b>\$ 565,634</b> | <b>\$ 233,177</b> | <b>\$ 300,014</b>        | <b>\$ 1,310,052</b> |

### NOTE 5 - PROPERTY TAXES

Property values are assessed on a county-wide basis by the Miami-Dade County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1. Taxable value of property within the Town is certified by the Property Appraiser and the Town levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1.

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

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2019 is as follows:

#### *DUE FROM/TO OTHER FUNDS*

| Receivable Fund         | Payable Fund      |                  |                   |                   |                   |                 |                  |                        | Total               |
|-------------------------|-------------------|------------------|-------------------|-------------------|-------------------|-----------------|------------------|------------------------|---------------------|
|                         | General           | Capital Projects | Causeway          | Sewer             | Water             | Parking         | Solid Waste      | Nonmajor Business-type |                     |
| General                 | \$ --             | \$ --            | \$ 93,838         | \$ 149,303        | \$ 62,101         | \$ --           | \$ --            | \$ 139,480             | \$ 444,722          |
| Capital Projects        | --                | --               | --                | 88,992            | --                | --              | --               | --                     | 88,992              |
| Causeway                | 300               | --               | --                | 41,636            | --                | 3,290           | --               | --                     | 45,226              |
| Sewer                   | --                | --               | --                | --                | 14,327            | --              | --               | --                     | 14,327              |
| Water                   | --                | 27,542           | 105,803           | --                | --                | --              | 71,127           | --                     | 204,472             |
| Parking                 | 565,399           | --               | --                | --                | --                | --              | 54               | --                     | 565,453             |
| Solid waste             | 4,365             | --               | --                | 3                 | --                | --              | --               | --                     | 4,368               |
| Nonmajor:<br>Stormwater | --                | --               | --                | --                | 730,231           | --              | --               | --                     | 730,231             |
|                         | <u>\$ 570,064</u> | <u>\$ 27,542</u> | <u>\$ 199,641</u> | <u>\$ 279,934</u> | <u>\$ 806,659</u> | <u>\$ 3,290</u> | <u>\$ 71,181</u> | <u>\$ 139,480</u>      | <u>\$ 2,097,791</u> |

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

#### *INTERFUND TRANSFERS*

|                            | <u>Transfers In</u><br>General<br>Fund |
|----------------------------|--|
| <b>Transfers Out</b>       |  |
| Causeway Fund              | \$ 1,280,000                           |
| Water Fund                 | 218,000                                |
| Sewer Fund                 | 499,630                                |
| <b>Total Transfers Out</b> | <u>\$ 1,997,630</u>                    |

Transfers are used to move Causeway Fund revenues to the General Fund to pay for expenses related to police officers providing security for the causeway. Other transfers are used to fund debt service.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 7 - CAPITAL ASSETS

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

|   | Beginning<br>Balance | Increases             | Decreases           | Ending<br>Balance    |
|---|----------------------|-----------------------|---------------------|----------------------|
| <b>Governmental activities</b>                      |                      |                       |                     |                      |
| Capital assets, not being depreciated:              |                      |                       |                     |                      |
| Land  | \$ 3,806,254         | \$ --                 | \$ --               | \$ 3,806,254         |
| Construction in progress                            | 103,698              |                       | (53,800)            | 49,898               |
| <b>Total capital assets, not being depreciated</b>  | <b>3,909,952</b>     | <b>--</b>             | <b>(53,800)</b>     | <b>3,856,152</b>     |
| <b>Capital assets, being depreciated</b>            |                      |                       |                     |                      |
| Buildings   | 4,500,096            | 20,312                | --                  | 4,520,408            |
| Improvements other than buildings                   | 21,052,499           | 524,802               | --                  | 21,577,301           |
| Furniture, fixtures and equipment                   | 2,093,009            | 311,105               | (24,430)            | 2,379,684            |
| <b>Total capital assets, being depreciated</b>      | <b>27,645,604</b>    | <b>856,219</b>        | <b>(24,430)</b>     | <b>28,477,393</b>    |
| <b>Less accumulated depreciation for:</b>           |                      |                       |                     |                      |
| Buildings   | (1,965,573)          | (145,425)             | --                  | (2,110,998)          |
| Improvements other than buildings                   | (5,962,654)          | (637,824)             | --                  | (6,600,478)          |
| Furniture, fixtures and equipment                   | (1,757,666)          | (133,625)             | 24,430              | (1,866,861)          |
| Total accumulated depreciation                      | <u>(9,685,893)</u>   | <u>(916,874)</u>      | <u>24,430</u>       | <u>(10,578,337)</u>  |
| Total capital assets, being depreciated, net        | <u>17,959,711</u>    | <u>(60,655)</u>       | <u>--</u>           | <u>17,899,056</u>    |
| <b>Governmental activities capital assets, net</b>  | <b>\$ 21,869,663</b> | <b>\$ (60,655)</b>    | <b>\$ (53,800)</b>  | <b>\$ 21,755,208</b> |
| <b>Business-type activities</b>                     |                      |                       |                     |                      |
| Capital assets, not being depreciated:              |                      |                       |                     |                      |
| Land  | \$ 671,273           | \$ --                 | \$ --               | \$ 671,273           |
| Construction in progress                            | 349,182              | 275,701               | (448,735)           | 176,148              |
| <b>Total capital assets, not being depreciated</b>  | <b>1,020,455</b>     | <b>275,701</b>        | <b>(448,735)</b>    | <b>847,421</b>       |
| <b>Capital assets, being depreciated</b>            |                      |                       |                     |                      |
| Causeway system                                     | 2,549,328            | --                    | --                  | 2,549,328            |
| Toll collection system                              | 1,935,924            | --                    | --                  | 1,935,924            |
| Sewer system  | 5,887,128            | 242,605               | --                  | 6,129,733            |
| Water system  | 2,547,365            | 41,840                | --                  | 2,589,205            |
| Parking garage                                      | 10,141,279           | --                    | --                  | 10,141,279           |
| Improvements other than buildings                   | 37,329,859           | 386,426               | --                  | 37,716,285           |
| Equipment   | 1,640,191            | 163,925               | --                  | 1,804,116            |
| <b>Total capital assets, being depreciated</b>      | <b>62,031,074</b>    | <b>834,796</b>        | <b>--</b>           | <b>62,865,870</b>    |
| <b>Less accumulated depreciation for:</b>           |                      |                       |                     |                      |
| Causeway system                                     | (2,549,328)          | --                    | --                  | (2,549,328)          |
| Toll collection system                              | (774,369)            | (193,592)             | --                  | (967,961)            |
| Sewer system  | (2,731,587)          | (143,751)             | --                  | (2,875,338)          |
| Water system  | (1,480,389)          | (51,505)              | --                  | (1,531,894)          |
| Parking garage                                      | (1,819,963)          | (202,826)             | --                  | (2,022,789)          |
| Improvements other than buildings                   | (11,623,616)         | (1,426,575)           | --                  | (13,050,191)         |
| Equipment   | (1,062,648)          | (141,417)             | --                  | (1,204,065)          |
| Total accumulated depreciation                      | <u>(22,041,900)</u>  | <u>(2,159,666)</u>    | <u>--</u>           | <u>(24,201,566)</u>  |
| Total capital assets, being depreciated, net        | <u>39,989,174</u>    | <u>(1,324,870)</u>    | <u>--</u>           | <u>38,664,304</u>    |
| <b>Business-type activities capital assets, net</b> | <b>\$ 41,009,629</b> | <b>\$ (1,049,169)</b> | <b>\$ (448,735)</b> | <b>\$ 39,511,725</b> |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as functions/programs as follows:

|  |                            |
|--|----------------------------|
| <b>Governmental activities</b>                               |                            |
| General government   | \$ 79,853                  |
| Public safety  | 93,843                     |
| Transportation   | 483,385                    |
| Culture and recreation                                       | <u>259,793</u>             |
| <b>Total depreciation expense - governmental activities</b>  | <b><u>\$ 916,874</u></b>   |
| <b>Business-type activities</b>                              |                            |
| Causeway   | \$ 1,653,909               |
| Sewer  | 159,020                    |
| Water  | 87,562                     |
| Parking  | 238,189                    |
| Stormwater   | <u>20,986</u>              |
| <b>Total depreciation expense - business-type activities</b> | <b><u>\$ 2,159,666</u></b> |

### NOTE 8 - LONG-TERM DEBT

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

|  | Beginning<br>Balance       | Additions                | Reductions                 | Ending<br>Balance          | Due Within<br>One Year   |
|--|----------------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| <b>Governmental activities</b>                           |                            |                          |                            |                            |                          |
| Bonds payable:   |                            |                          |                            |                            |                          |
| Refunding Note, Series 2012<br>(Direct Borrowing)        | \$ 3,444,000               | \$ --                    | \$ (314,000)               | \$ 3,130,000               | \$ 321,000               |
| Revenue bonds, Series 2016                               | 3,080,000                  | --                       | (5,000)                    | 3,075,000                  | 10,000                   |
| Add deferred amounts:                                    |                            |                          |                            |                            |                          |
| Issuance premium   | 117,425                    | --                       | (7,828)                    | 109,597                    | --                       |
| <b>Total bonds payable</b>                               | <u>6,641,425</u>           | <u>--</u>                | <u>(326,828)</u>           | <u>6,314,597</u>           | <u>331,000</u>           |
| Compensated absences                                     | 318,376                    | 359,528                  | (50,433)                   | 627,471                    | 62,747                   |
| <b>Governmental activities<br/>long-term liabilities</b> | <b><u>\$ 6,959,801</u></b> | <b><u>\$ 359,528</u></b> | <b><u>\$ (377,261)</u></b> | <b><u>\$ 6,942,068</u></b> | <b><u>\$ 393,747</u></b> |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 8 - LONG-TERM DEBT (CONTINUED)

All long-term obligations/liabilities, including pension and OPEB liabilities, of governmental activities are typically liquidated through the General Fund.

#### ***REFUNDING AND IMPROVEMENT REVENUE BONDS – SERIES 2016***

On September 29, 2016 the Town issued bonds in the amount of \$3,085,000 to advance refund the Series 2003B bonds. The bonds, including the payment of interest are secured by a pledge by the Town to budget and appropriate an amount from non-ad valorem revenues. As of September 30, 2019, the deferred gain on refunding balance is \$62,061. The total principal and interest remaining on the bonds is \$4,459,550. The note bears interest at a variable rate between 2% to 5%, with annual principal payments and semi-annual interest payments due through October 1, 2034.

Debt service requirements to maturity are as follows:

|                                  | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|----------------------------------|---------------------|---------------------|---------------------|
| Fiscal year ending September 30: |                     |                     |                     |
| 2020                             | \$ 10,000           | \$ 110,250          | \$ 120,250          |
| 2021                             | 10,000              | 109,900             | 119,900             |
| 2022                             | 10,000              | 109,600             | 119,600             |
| 2023                             | 10,000              | 109,250             | 119,250             |
| 2024                             | 10,000              | 108,950             | 118,950             |
| 2025-2029                        | 50,000              | 541,475             | 591,475             |
| 2030-2034                        | 2,440,000           | 287,100             | 2,727,100           |
| 2035                             | 535,000             | 8,025               | 543,025             |
| <b>Total</b>                     | <u>\$ 3,075,000</u> | <u>\$ 1,384,550</u> | <u>\$ 4,459,550</u> |

#### ***REFUNDING NOTE – SERIES 2012***

On December 3, 2012, the Town borrowed \$4,709,000 [Promissory Refunding Note, Series 2012 (Sales Tax)] from a financial institution as a direct borrowing and used the proceeds to refund a portion (\$4,445,000) of its Revenue Bonds, Series 2003B. There was no deferred amount on refunding. The note, including the payment of interest is secured by a pledge of the Town's half-cent sales tax, franchise fees, and utility taxes. The total principal and interest remaining on the note is \$3,433,177. For the current year, pledged revenues were \$1,363,593 and debt service on the note was \$382,698. The note bears interest at 2.09%, with annual principal payments and semi-annual interest payments due through December 1, 2027.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 8 - LONG-TERM DEBT (CONTINUED)

#### *REFUNDING NOTE – SERIES 2012 (CONTINUED)*

|                                  | Principal           | Interest          | Total               |
|----------------------------------|---------------------|-------------------|---------------------|
| Fiscal year ending September 30: |                     |                   |                     |
| 2020                             | \$ 321,000          | \$ 62,063         | \$ 383,063          |
| 2021                             | 328,000             | 55,281            | 383,281             |
| 2022                             | 334,000             | 48,363            | 382,363             |
| 2023                             | 339,000             | 41,330            | 380,330             |
| 2024                             | 345,000             | 34,182            | 379,182             |
| 2025-2028                        | 1,463,000           | 61,958            | 1,524,958           |
| <b>Total</b>                     | <b>\$ 3,130,000</b> | <b>\$ 303,177</b> | <b>\$ 3,433,177</b> |

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

|  | Beginning<br>Balance | Additions         | Reductions            | Ending<br>Balance    | Due Within<br>One Year |
|--|----------------------|-------------------|-----------------------|----------------------|------------------------|
| <b>Business-type activities</b>                                      |                      |                   |                       |                      |                        |
| Notes and loan payable:  |                      |                   |                       |                      |                        |
| Broad Causeway Promissory<br>Note, Series 2012 (Direct<br>Borrowing) | \$ 9,794,000         | \$ --             | \$ (873,000)          | \$ 8,921,000         | \$ --                  |
| State Revolving Fund Loan  | 214,284              | --                | (69,260)              | 145,024              | 71,406                 |
| Parking Refunding Note,<br>Series 2012 (Direct<br>Borrowing)         | 3,508,000            | --                | (351,000)             | 3,157,000            | --                     |
| <b>Total notes and loan payable</b>                                  | <b>13,516,284</b>    | <b>--</b>         | <b>(1,293,260)</b>    | <b>12,223,024</b>    | <b>71,406</b>          |
| Compensated absences   | 194,398              | 119,856           | (105,075)             | 209,179              | 20,918                 |
| <b>Business-type activities<br/>long-term liabilities</b>            | <b>\$ 13,710,682</b> | <b>\$ 119,856</b> | <b>\$ (1,398,335)</b> | <b>\$ 12,432,203</b> | <b>\$ 92,324</b>       |

#### ***BROAD CAUSEWAY PROMISSORY NOTE, SERIES 2012***

On November 14, 2012, the Town issued the Broad Causeway Promissory Note, Series 2012, as a direct borrowing, in the amount of \$14,642,000 in order to secure funding for a comprehensive rehabilitation of the causeway corridor and bridges to be completed over the next several years, and in order to refund the prior Broad Causeway Revenue Notes Series 2003A and 2003B.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 8 - LONG-TERM DEBT (CONTINUED)

#### *BROAD CAUSEWAY PROMISSORY NOTE, SERIES 2012 (CONTINUED)*

The note, including the payment of interest is secured by the gross revenues from the operation of the Causeway and a pledge by the Town to budget and appropriate an amount from non-ad valorem revenues if needed. The total principal and interest remaining on the note is \$10,087,028. For the current year, pledged revenues were \$9,840,577 and debt service on the note was \$1,120,788. The note bears interest at 2.53%, with annual principal payments and semi-annual interest payments due through December 1, 2028.

|                                  | Principal           | Interest            | Total                |
|----------------------------------|---------------------|---------------------|----------------------|
| Fiscal year ending September 30: |                     |                     |                      |
| 2020                             | \$ --               | \$ 112,851          | \$ 112,851           |
| 2021                             | 895,000             | 214,380             | 1,109,380            |
| 2022                             | 918,000             | 191,445             | 1,109,445            |
| 2023                             | 941,000             | 167,929             | 1,108,929            |
| 2024                             | 965,000             | 143,818             | 1,108,818            |
| 2025-2028                        | 5,202,000           | 335,605             | 5,537,605            |
| <b>Total</b>                     | <b>\$ 8,921,000</b> | <b>\$ 1,166,028</b> | <b>\$ 10,087,028</b> |

#### *STATE REVOLVING FUND LOAN*

In April 1998, the Town entered into a revolving loan agreement with the State of Florida Department of Environmental Protection. Through September 30, 2019, the Town has borrowed \$1,121,814 under the agreement to finance the planning and design of a sewer rehabilitation and replacement project. Debt service payments pursuant to the agreement are collateralized by net revenues of the sewer system. The total principal and interest remaining on the note is \$150,640. For the current year, pledged revenues were \$908,320 and debt service on the note was \$75,320. The combined interest and grant allocation rate (interest) ranges from 3.07% to 3.08%, depending upon the date the funds were approved. Principal and interest payments of \$37,660 are due semi-annually for a period of 20 years. The semi-annual payment is calculated based upon the full amount of principal approved, which is \$1,155,900. Utilization of any additional revolving loan funding beyond the presently approved amount will be at the then current interest and grant allocation rate as determined by the Department of Environmental Protection.

|                                  | Principal         | Interest        | Total             |
|----------------------------------|-------------------|-----------------|-------------------|
| Fiscal year ending September 30: |                   |                 |                   |
| 2020                             | \$ 71,406         | \$ 3,914        | \$ 75,320         |
| 2021                             | 73,618            | 1,702           | 75,320            |
| <b>Total</b>                     | <b>\$ 145,024</b> | <b>\$ 5,616</b> | <b>\$ 150,640</b> |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 8 - LONG-TERM DEBT (CONTINUED)

#### *PARKING PROMISSORY REFUNDING NOTE, SERIES 2012*

On November 14, 2012, the Town issued the Parking Promissory Refunding Note, Series 2012, as a direct borrowing, in the amount of \$4,923,000 in order to refinance the Series 2008 note. The note, including the payment of interest is secured by a pledge by the Town to budget and appropriate an amount from non-ad valorem revenues if needed. The total principal and interest remaining on the note is \$3,476,142. The note bears interest at 2.17%, with annual principal payments and semi-annual interest payments due through December 1, 2027.

|                                  | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|----------------------------------|---------------------|-------------------|---------------------|
| Fiscal year ending September 30: |                     |                   |                     |
| 2020                             | \$ --               | \$ 34,253         | \$ 34,253           |
| 2021                             | 357,000             | 64,633            | 421,633             |
| 2022                             | 358,000             | 56,876            | 414,876             |
| 2023                             | 369,000             | 48,988            | 417,988             |
| 2024                             | 397,000             | 40,677            | 437,677             |
| 2025-2028                        | 1,676,000           | 73,715            | 1,749,715           |
| <b>Total</b>                     | <u>\$ 3,157,000</u> | <u>\$ 319,142</u> | <u>\$ 3,476,142</u> |

### NOTE 9 - COMMITMENTS AND CONTINGENCIES

#### *LITIGATION*

At times during the year, the Town was involved in lawsuits or other legal matters incidental to its operations, the outcome of which, in the opinion of management and legal counsel, would not have a material adverse effect on the financial condition of the Town.

#### *RISK MANAGEMENT*

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

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 10 - DEFINED BENEFIT PENSION PLAN

#### *PLAN DESCRIPTION*

The Town has a single-employer defined benefit pension plan covering all full time general employees and police officers with one year of service. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The Plan's fiduciary net position has been determined on the same basis that is used by the Plan. This report may be obtained by contacting the Town's Finance Director or visiting the Town's website.

The Town of Bay Harbor Islands Employees' Retirement System was established by the Town's Ordinance 226 effective January 12, 1970. The Plan is considered part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. All full-time general employees and police officers with one year of service are eligible. The latest actuarial valuation is as of October 1, 2018 (beginning year of valuation date). Benefit and contribution provisions are established by Chapter 16 of the Town Code and may be amended only by the Board of Trustees, subject to approval of the Town Council. Administrative costs of the Plan are funded through investment earnings.

The Plan is administered by a Board of Trustees comprised of:

- The Town Manager (a permanent member of the Board by Ordinance)
- Two members of the Town Council elected by the Town Council
- A police officer elected by his fellow officers
- A general employee elected by his fellow general employees

#### *PLAN DESCRIPTION*

Membership in the Plan as of October 1, 2018, was as follows:

|  |                   |
|--|-------------------|
| Inactive plan members and beneficiaries currently receiving benefits | 36                |
| Inactive plan members entitled but not yet receiving benefits        | 3                 |
| Active plan members  | <u>65</u>         |
| <b>Total Members</b>   | <u><u>104</u></u> |

Employees become fully vested after 5 years of credited service.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *PENSION BENEFITS*

Normal retirement is as follows:

- General employees who retire at the earlier of age 52 with twenty years of credited service, age 55 with ten years of credited service or at age 65 regardless of time of service.
- Police officers who retire at the earlier of age 50 with twenty years of credited service, age 55 with ten years of credited service or at age 65 regardless of time of service.

Under special circumstances, the Plan also provides for delayed retirement benefits and disability retirement benefits. A member may elect to receive in a lump sum at retirement an amount which is the actuarial equivalent of the benefits otherwise payable under the Plan. General employees may elect to receive a partial lump sum equal to any portion of the actuarial equivalent lump sum value of the employee's accrued benefit, with the remaining value, if any, to be paid in the form of a straight-line annuity or in any of the other optional retirement benefit annuity forms.

Normal retirement benefits for general employees are based on 1.25% of average final compensation. For police, the multiplier is 1.75% for service before October 1, 2005, 3% after that date and before October 1, 2006, and 3.25% thereafter. For general employees and for police service before October 1, 2005, the multiplier may increase depending upon the members' contribution rate.

For police officers who were employed and accruing credited service on October 1, 2014, the normal retirement benefit rate increased from 3.25% to 3.50% for years of service on or after October 1, 2014.

For general employees who were employed and accruing credited service on October 1, 2015, the normal retirement benefit rate increased from 1.25% to 1.50% for all credited service earned from October 1, 2010 to September 30, 2016, and to 1.75% for all credit service earned on or after October 1, 2016.

A terminating member with less than five years creditable service shall receive his/her contribution plus accrued interest accumulated since initial employment.

A police officer may purchase credited service for military service or for service as a police officer for a different employer occurring prior to the member's first or initial employment with the Town, as long as the member is not entitled to receive a benefit for such other prior service as a police officer. The maximum number of years of credited service that may be purchased for prior military and prior police service combined is four years.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *CONTRIBUTIONS AND FUNDING POLICY*

General employees are required to contribute 2% of their compensation, and may elect to make additional voluntary contributions up to 10%. Effective October 1, 2006, the mandatory contribution for police is 8% and no additional voluntary contributions are permitted. Employer contributions for fiscal year ended September 30, 2019 were 26.06% of covered payroll. The contribution requirements of the Town for the fiscal year ended September 30, 2019 were determined by the October 1, 2017 actuarial valuation. Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain property and casualty insurance contracts, written on Town of Bay Harbor Islands properties, is collected by the state and is remitted to the Town. The State of Florida distributes this money to local governments meeting certain eligibility requirements which is intended to purchase supplemental pension benefits for police officers. Refer to the share plan/supplemental benefits note for changes made to this benefit.

In fiscal year 2019, \$48,252 was received by the Town from the State on behalf of Police Officers (Chapter 185) and recorded in the government-wide statement of net position as revenue and as a contribution (expense) to the Plan. The total amount went towards funding the actuarially determined annual required contribution for the Plan.

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements of the Plan is the entry age normal cost method.

#### *SHARE PLAN / SUPPLEMENTAL BENEFITS*

The Town participates in the State of Florida Chapter 185 program. As a participant in the program, the Town is eligible to receive annual distributions of state premium tax collections on property and casualty insurance policies written within the Town limits. Chapter 185 levies a 0.85% tax on all casualty insurance premiums written within the Town limits. The monies received by the Town are for the purpose of providing benefits to or for the exclusive use of police officers. Effective October 1, 2015, the Town and the Dade County Police Benevolent Association agreed to utilize the supplemental benefit assets to increase the normal retirement multiplier to 3.50% and to utilize future Chapter 185 distributions as an offset to the Town's required contributions. As a result, there are no Share plan assets included in the pension trust fund as of September 30, 2019.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *SUBSEQUENT EVENTS – DROP*

On October 7, 2019, the Board of Trustees approved and amended the Plan documents to include a Deferred Retirement Option Plan (“DROP”) for sworn members of the Plan. This amendment allows the eligibility for any sworn member that participates in the Plan to enter the DROP on or after age 65 with five years of credited service, age 55 with ten years of credited service, or age 50 with twenty years of credited service. The maximum participation time in the DROP is 60 months, however, an extension of a sworn members participation time in the DROP may be allowed at the sole discretion of the Town Manager and on a case by case basis.

On February 18, 2020, the Board of Trustees approved and amended the plan to also include general employees in the DROP under the same terms noted above.

#### *BASIS OF ACCOUNTING*

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

#### *METHOD USED TO VALUE INVESTMENTS*

Investments are reported at fair value, except for the money market fund, which is reported at amortized cost. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of average cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recorded as earned on the accrual basis. For more details regarding the methods used to measure the fair value of investments, refer to the fair value hierarchy in Note 3.

Within certain limitations as specified in the Plan, the investment policy is determined by the Board of Trustees and is implemented by the Plan’s investment managers.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *NET PENSION LIABILITY OF THE TOWN*

In accordance with Government Accounting Standards Board Statement No. 68, the net pension liability of the Town, which elected to use a measurement date of September 30, 2018, was as follows:

|   |                            |
|---|----------------------------|
| Total pension liability   | \$ 22,682,053              |
| Plan fiduciary net position   | <u>(20,410,342)</u>        |
| <b>Net pension liability</b>  | <b><u>\$ 2,271,711</u></b> |
| Plan fiduciary net position as a percentage<br>of the total pension liability | <u>89.98%</u>              |

The above net pension liability is recorded within the government-wide statement of net position as of September 30, 2019.

#### *CHANGES IN THE NET PENSION LIABILITY*

|  | Increase (Decrease)               |                                       |                                       |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
|  | Total Pension<br>Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
| <b>Balances at September 30, 2017</b>                            | <u>\$ 21,104,271</u>              | <u>\$ (19,099,590)</u>                | <u>\$ 2,004,681</u>                   |
| Changes for the year:  |                                   |                                       |                                       |
| Service cost   | 1,071,650                         | --                                    | 1,071,650                             |
| Expected interest growth   | 1,279,001                         | (1,108,292)                           | 170,709                               |
| Unexpected investment income                                     | --                                | (449,945)                             | (449,945)                             |
| Demographic experience   | 906,769                           | --                                    | 906,769                               |
| Contributions - employer   | --                                | (1,137,266)                           | (1,137,266)                           |
| Contributions - employee   | --                                | (345,320)                             | (345,320)                             |
| Benefit payments, including refunds<br>of employee contributions | (1,688,273)                       | 1,692,472                             | 4,199                                 |
| Administrative changes   | --                                | 37,599                                | 37,599                                |
| Change in benefit terms  | 8,635                             | --                                    | 8,635                                 |
| Assumption Changes   | --                                | --                                    | --                                    |
| Net changes  | <u>1,577,782</u>                  | <u>(1,310,752)</u>                    | <u>267,030</u>                        |
| <b>Balances at September 30, 2018</b>                            | <u>\$ 22,682,053</u>              | <u>\$ (20,410,342)</u>                | <u>\$ 2,271,711</u>                   |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *SIGNIFICANT ACTUARIAL ASSUMPTIONS*

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                 |  |
|---------------------------------|--|
| Discount Rate                   | 5.84%  |
| Inflation                       | 3.00%  |
| Salary increases                | 4.00% per annum  |
| Measurement Date                | September 30, 2018, based on a valuation date of October 1, 2017   |
| Ad-hoc Cost of Living Increases | None   |
| Mortality Rates                 | Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational projections using Scale BB. |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

| Asset Class                            | Expected<br>Long-Term<br>Real Return | Target<br>Allocation |
|--|--------------------------------------|----------------------|
| Large cap (domestic equity)            | 5.4%                                 | 25.0%                |
| Mid cap (domestic equity)              | 8.9%                                 | 7.5%                 |
| Small cap (domestic equity)            | 8.8%                                 | 7.5%                 |
| Fixed Income                           | 3.0%                                 | 35.0%                |
| Foreign Equity (international equity)  | 3.5%                                 | 10.0%                |
| Emerging Market (international equity) | 8.2%                                 | 5.0%                 |
| Real Estate                            | 6.8%                                 | 10.0%                |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

### NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *DISCOUNT RATE*

The discount rate used to measure the total pension liability was 5.84%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### *SENSITIVITY OF THE TOWN'S NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following presents the net pension liability, calculated using the discount rate of 5.84%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.84%) or 1-percentage-point higher (6.84%) than the current rate:

|                                      | 1% Decrease<br>(4.84%) | Current Discount<br>Rate (5.84%) | 1% Increase<br>(6.84%) |
|--------------------------------------|------------------------|----------------------------------|------------------------|
| <b>Net Pension Liability (Asset)</b> | <u>\$ 5,181,228</u>    | <u>\$ 2,271,711</u>              | <u>\$ (111,391)</u>    |

#### *PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS*

At September 30, 2019, the Town reported a net pension liability of \$2,271,711. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017. For the fiscal year ended September 30, 2019, the Town recognized pension expense of \$1,121,901. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

| Description  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Net unexpected investment income                         | \$ --                             | \$ 792,295                       |
| Assumption changes                                       | 763,402                           | --                               |
| Demographic experience                                   | 352,713                           | --                               |
| Town contributions subsequent to<br>the measurement date | <u>1,004,663</u>                  | <u>--</u>                        |
| <b>Total</b>   | <u>\$ 2,120,778</u>               | <u>\$ 792,295</u>                |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)*

The deferred outflows of resources totaling \$1,004,663, resulting from Town contributions to the pension subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The additional amounts reported as deferred inflows and outflows of resources related to the pension will be recognized in pension expense over the remaining years as follows:

| Fiscal Year Ending<br>September 30 | Amount                   |
|------------------------------------|--------------------------|
| 2020                               | \$ 372,700               |
| 2021                               | 216,120                  |
| 2022                               | (174,997)                |
| 2023                               | <u>(90,003)</u>          |
| <b>Total</b>                       | <u><u>\$ 323,820</u></u> |

#### *PAYABLE TO THE PENSION PLAN*

At September 30, 2019, the Town reported a payable of \$48,252 for amounts received from Chapter 185 contributions due to the Plan for the fiscal year ended September 30, 2019.

### NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

#### *PLAN DESCRIPTION AND BENEFITS PROVIDED*

The Town provides an optional single employer defined-benefit post-employment (OPEB) healthcare plan to all regular employees of the Town who retire from active service and receive retirement benefits under the Town's pension plan. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

At September 30, 2019, the following employees were covered by the benefit terms:

|  |                  |
|--|------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 2                |
| Inactive employees entitled to but not yet receiving benefit payments    | --               |
| Active employees   | <u>65</u>        |
| <b>Total employees</b>   | <u><u>67</u></u> |

#### ***TOTAL OPEB LIABILITY***

The Town's total OPEB liability of \$253,381 was measured as of September 30, 2019, and was determined by an actuarial valuation as of October 1, 2018.

#### ***ACTUARIAL ASSUMPTIONS AND OTHER INPUTS***

The Town's total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|  |  |
|--|--|
| Inflation                                | 3.00%  |
| Salary increases                         | 3.00% per annum  |
| Discount rate                            | 3.58% per annum  |
| Healthcare cost trend rates              | 7.50% for fiscal year 2018/2019, decreasing .50% per year to an ultimate rate of 5.00% for fiscal year 2023/2024 and later years   |
| Retirees' share of benefit-related costs | 100% of projected health insurance premiums for retirees   |
| Mortality Rates                          | Sex-distinct rates set forth in the PUB-2010 Mortality Table (with income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2017 |

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*CHANGES IN THE TOTAL OPEB LIABILITY*

|  | Total OPEB<br>Liability<br>(a) |
|--|--------------------------------|
|  | <u>                    </u>    |
| <b>Balance at September 30, 2018</b>   | \$ 218,110                     |
| <b>Changes for the Year:</b>           |                                |
| Service cost                           | 15,299                         |
| Interest                               | 8,089                          |
| Demographic experience                 | 4,510                          |
| Changes of assumptions or other inputs | 22,472                         |
| Benefit payments                       | <u>(15,099)</u>                |
| <b>Net Change</b>                      | <u>35,271</u>                  |
| <b>Balance at September 30, 2019</b>   | <u>\$ 253,381</u>              |

*SENSITIVITY OF THE TOWN'S TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following presents the total OPEB liability, calculated using the discount rate of 3.58%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

|                             | 1% Decrease<br>(2.58%)      | Discount Rate<br>(3.58%)    | 1% Increase<br>(4.58%)      |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                             | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Total OPEB Liability</b> | \$ 274,296                  | \$ 253,381                  | \$ 234,746                  |

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***SENSITIVITY OF THE TOWN'S TOTAL OPEB LIABILITY TO CHANGES HEALTHCARE COST TREND RATES***

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current rate:

|                             | 1% Decrease<br>(6.5%<br>Decreasing<br>to 4.0%) | Healthcare<br>Cost Trend<br>Rates (7.5%<br>Decreasing<br>to 5.0%) | 1% Increase<br>(8.5%<br>Decreasing<br>to 6.0%) |
|-----------------------------|--|---|--|
| <b>Total OPEB Liability</b> | <u>\$ 230,599</u>                              | <u>\$ 253,381</u>   | <u>\$ 279,405</u>                              |

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

For the fiscal year ended September 30, 2019, the Town recognized OPEB expense of \$14,462. At September 30, 2019, the Town reported deferred outflows of resources related to OPEB from the following sources:

| Description            | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| Assumption changes     | \$ 3,478                          | \$ --                            |
| Demographic experience | <u>17,330</u>                     | <u>--</u>                        |
| <b>Total</b>           | <u>\$ 20,808</u>                  | <u>\$ --</u>                     |

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)***

Amounts reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense over the remaining years as follows:

| Fiscal Year Ending<br>September 30 | Amount                  |
|------------------------------------|-------------------------|
| 2020                               | \$ 6,174                |
| 2021                               | 6,174                   |
| 2022                               | 6,174                   |
| 2023                               | <u>2,286</u>            |
| <b>Total</b>                       | <u><u>\$ 20,808</u></u> |

**NOTE 12 – EXPENDITURES IN EXCESS OF APPROPRIATIONS**

During the year ended September 30, 2019, the Town incurred expenditures in the following General fund departments that were in excess of the amounts appropriated:

| Department                 | Budget     | Actual     | Variance    |
|----------------------------|------------|------------|-------------|
| Executive                  | \$ 522,756 | \$ 583,398 | \$ (60,642) |
| Finance and administration | 253,048    | 269,603    | (16,555)    |
| Legal                      | 163,000    | 212,593    | (49,593)    |
| Law enforcement            | 4,273,791  | 4,387,993  | (114,202)   |
| Other public safety        | 70,199     | 81,265     | (11,066)    |
| Parks and recreation       | 1,289,874  | 1,328,834  | (38,960)    |

The overages were paid from available general fund reserves.

**NOTE 13 – SUBSEQUENT EVENT**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Town has been able to continue most of its operations in a remote environment, however, at this point, the extent to which COVID-19 may impact the Town’s financial condition or results of operations is uncertain.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MD&A)**

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**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

|   | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Budget-Positive<br/>(Negative)</u> |
|---|-------------------------|--------------------|---------------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                           |   |
| <b>Revenues</b>                                 |                         |                    |                           |   |
| Property taxes                                  | \$ 4,292,770            | \$ 4,292,770       | \$ 4,414,128              | \$ 121,358  |
| Utility taxes                                   | 466,000                 | 466,000            | 512,875                   | 46,875  |
| Communications services tax                     | 205,000                 | 205,000            | 186,454                   | (18,546)  |
| Franchise fees                                  | 345,000                 | 345,000            | 387,317                   | 42,317  |
| Licenses and permits                            | 639,500                 | 639,500            | 967,672                   | 328,172   |
| Intergovernmental                               | 967,000                 | 967,000            | 1,004,290                 | 37,290  |
| Charges for services                            | 260,030                 | 260,030            | 290,547                   | 30,517  |
| Fines and forfeitures                           | 115,000                 | 115,000            | 155,060                   | 40,060  |
| Investment earnings                             | 55,000                  | 55,000             | 202,361                   | 147,361   |
| Miscellaneous                                   | 55,000                  | 55,000             | 84,413                    | 29,413  |
| <b>Total Revenues</b>                           | <b>7,400,300</b>        | <b>7,400,300</b>   | <b>8,205,117</b>          | <b>804,817</b>  |
| <b>Expenditures</b>                             |                         |                    |                           |   |
| General government:                             |                         |                    |                           |   |
| Legislative                                     | 222,566                 | 218,466            | 141,939                   | 76,527  |
| Executive                                       | 476,456                 | 522,756            | 583,398                   | (60,642)  |
| Clerk   | 215,231                 | 220,231            | 200,716                   | 19,515  |
| Finance and administration                      | 253,048                 | 253,048            | 269,603                   | (16,555)  |
| Information technology                          | 356,045                 | 359,045            | 339,052                   | 19,993  |
| Legal   | 163,000                 | 163,000            | 212,593                   | (49,593)  |
| <b>Total General Government</b>                 | <b>1,686,346</b>        | <b>1,736,546</b>   | <b>1,747,301</b>          | <b>(10,755)</b>   |
| Public buildings                                | 207,619                 | 255,744            | 196,292                   | 59,452  |
| Public safety:                                  |                         |                    |                           |   |
| Law enforcement                                 | 4,033,806               | 4,273,791          | 4,387,993                 | (114,202)   |
| Protective inspections                          | 510,653                 | 510,653            | 490,902                   | 19,751  |
| Code enforcement                                | 209,029                 | 209,029            | 200,974                   | 8,055   |
| Other public safety                             | 70,199                  | 70,199             | 81,265                    | (11,066)  |
| Total public safety                             | <b>4,823,687</b>        | <b>5,063,672</b>   | <b>5,161,134</b>          | <b>(97,462)</b>   |
| Transportation:                                 |                         |                    |                           |   |
| Streets and parkways                            | 813,281                 | 1,038,281          | 903,653                   | 134,628   |
| Public transit                                  | 132,000                 | 132,000            | 89,050                    | 42,950  |
| Total transportation                            | <b>945,281</b>          | <b>1,170,281</b>   | <b>992,703</b>            | <b>177,578</b>  |
| Culture and recreation:                         |                         |                    |                           |   |
| Parks and recreation                            | 1,162,674               | 1,289,874          | 1,328,834                 | (38,960)  |
| Transfer to reserves                            | 65,000                  | 65,000             | --                        | 65,000  |
| Total culture and recreation                    | <b>1,227,674</b>        | <b>1,354,874</b>   | <b>1,328,834</b>          | <b>26,040</b>   |
| Debt service:                                   |                         |                    |                           |   |
| Principal, interest and fiscal charges          | 507,323                 | 507,323            | 502,285                   | 5,038   |
| Total expenditures                              | <b>9,397,930</b>        | <b>10,088,440</b>  | <b>9,928,549</b>          | <b>159,891</b>  |
| <b>Deficiency of revenues over expenditures</b> | <b>(1,997,630)</b>      | <b>(2,688,140)</b> | <b>(1,723,432)</b>        | <b>964,708</b>  |
| <b>Other financing sources</b>                  |                         |                    |                           |   |
| Appropriation of prior year fund balance        | --                      | 690,510            | --                        | (690,510)   |
| Proceeds from sale of capital assets            | --                      | --                 | 10,100                    | 10,100  |
| Transfers in                                    | 1,997,630               | 1,997,630          | 1,997,630                 | --  |
| <b>Total other financing sources (uses)</b>     | <b>1,997,630</b>        | <b>2,688,140</b>   | <b>2,007,730</b>          | <b>(680,410)</b>  |
| <b>Net change in fund balance</b>               | <b>\$ --</b>            | <b>\$ --</b>       | <b>\$ 284,298</b>         | <b>\$ 284,298</b>   |

*See note to budgetary comparison schedule.*

# **TOWN OF BAY HARBOR ISLANDS, FLORIDA**

## **REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON SCHEDULE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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### **NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

An annual appropriated budget is prepared for the General Fund.

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

- (a) The Town Manager submits to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of an Ordinance.
- (d) The Town Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated or from available fund balance. During fiscal year ended September 30, 2019, there were supplemental appropriations in the General Fund of approximately \$691,000.
- (e) Formal budgetary integration is employed as a management control device for the General Fund. Budget amendments were not material in relation to the original appropriation.
- (f) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (g) The Town Manager is authorized to transfer part or all of an encumbered appropriation balance within departments within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the Town Council. Therefore, the legal level of control is at the department level.

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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| <b>September 30,</b>  | <u>2019</u>       | <u>2018</u>       |
|---|-------------------|-------------------|
| <b>Total OPEB Liability</b>   |                   |                   |
| Service cost  | \$ 15,299         | \$ 11,358         |
| Interest  | 8,089             | 7,880             |
| Demographic experience  | 4,510             | --                |
| Changes of assumptions or other inputs                                      | 22,472            | --                |
| Benefit payments  | <u>(15,099)</u>   | <u>(12,372)</u>   |
| <b>Net Change in Total OPEB Liability</b>                                   | 35,271            | 6,866             |
| <b>Total OPEB Liability - Beginning</b>                                     | <u>218,110</u>    | <u>211,244</u>    |
| <b>Total OPEB Liability - Ending</b>  | <u>\$ 253,381</u> | <u>\$ 218,110</u> |
| <b>Covered-Employee Payroll</b>   | \$ 4,263,252      | \$ 4,363,540      |
| <b>Total OPEB Liability as a Percentage<br/>of Covered-Employee Payroll</b> | 5.94%             | 5.00%             |

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

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

| Measurement Date:  | September 30,       |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2018                | 2017                | 2016                | 2015                | 2014                |
| <b>Total pension liability</b>   |                     |                     |                     |                     |                     |
| Service cost   | \$ 1,071,650        | \$ 1,026,849        | \$ 881,514          | \$ 758,824          | \$ 686,893          |
| Interest   | 1,279,001           | 1,180,877           | 983,968             | 923,439             | 851,757             |
| Demographic experience   | 906,769             | (328,634)           | (435,741)           | (100,632)           | --                  |
| Changes of benefit terms   | 8,635               | 726,619             | 998,287             | --                  | --                  |
| Changes of assumptions   | --                  | --                  | 1,864,465           | --                  | --                  |
| Benefit payments, including refunds of member contributions                  | (1,688,273)         | (893,750)           | (1,064,535)         | (671,862)           | (359,028)           |
| <b>Net change in total pension liability</b>                                 | <b>1,577,782</b>    | <b>1,711,961</b>    | <b>3,227,958</b>    | <b>909,769</b>      | <b>1,179,622</b>    |
| <b>Total pension liability - beginning</b>                                   | <b>21,104,271</b>   | <b>19,392,310</b>   | <b>16,164,352</b>   | <b>15,254,583</b>   | <b>14,074,961</b>   |
| <b>Total pension liability - ending (a)</b>                                  | <b>22,682,053</b>   | <b>21,104,271</b>   | <b>19,392,310</b>   | <b>16,164,352</b>   | <b>15,254,583</b>   |
| <b>Plan fiduciary net position</b>   |                     |                     |                     |                     |                     |
| Contributions - employer   | 1,137,266           | 874,490             | 795,792             | 674,623             | 922,599             |
| Contributions - employee   | 345,320             | 332,750             | 700,737             | 271,897             | 275,817             |
| Net Investment income (loss)   | 1,558,236           | 1,705,415           | 1,506,073           | (248,856)           | 1,185,773           |
| Benefit payments, including refunds of member contributions                  | (1,688,273)         | (893,750)           | (1,064,535)         | (671,862)           | (384,382)           |
| Administrative expense   | (37,597)            | (33,384)            | (37,339)            | (31,590)            | (31,811)            |
| <b>Net change in plan fiduciary net position</b>                             | <b>1,314,952</b>    | <b>1,985,521</b>    | <b>1,900,728</b>    | <b>(5,788)</b>      | <b>1,967,996</b>    |
| <b>Plan fiduciary net position - beginning</b>                               | <b>19,095,390</b>   | <b>17,114,069</b>   | <b>15,213,341</b>   | <b>15,219,129</b>   | <b>13,251,133</b>   |
| <b>Plan fiduciary net position - ending (b)</b>                              | <b>20,410,342</b>   | <b>19,099,590</b>   | <b>17,114,069</b>   | <b>15,213,341</b>   | <b>15,219,129</b>   |
| <b>Net pension liability - Ending (a) - (b)</b>                              | <b>\$ 2,271,711</b> | <b>\$ 2,004,681</b> | <b>\$ 2,278,241</b> | <b>\$ 951,011</b>   | <b>\$ 35,454</b>    |
| <b>Fiduciary net position as a percentage of the total pension liability</b> | <b>89.98%</b>       | <b>90.50%</b>       | <b>88.25%</b>       | <b>94.12%</b>       | <b>99.77%</b>       |
| <b>Covered payroll</b>   | <b>\$ 4,363,540</b> | <b>\$ 4,362,247</b> | <b>\$ 3,962,146</b> | <b>\$ 3,822,792</b> | <b>\$ 3,633,983</b> |
| <b>Net pension liability as a percentage of covered payroll</b>              | <b>52.06%</b>       | <b>45.96%</b>       | <b>57.50%</b>       | <b>24.88%</b>       | <b>0.98%</b>        |

Note: Plan Fiduciary Net Position for 2017 excludes \$4,200 related to benefits payable to participants that was accrued after the actuarial valuation was completed.

Note: Plan Fiduciary Net Position for 2015 and 2014 excludes \$223,769 and \$198,656, respectively, of Share Plan net position. In fiscal year 2016, Share Plan assets were transferred over to the Plan and are included in the 2016 employer contributions.

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

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF TOWN CONTRIBUTIONS

| Fiscal Year Ended<br>September 30, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Actual<br>Contribution<br>as a % of<br>Covered Payroll |
|------------------------------------|---|------------------------|--|--------------------|--|
| 2019                               | \$ 1,001,806                              | \$ 1,004,663           | \$ (2,857)                             | \$ 4,645,071       | 21.63%   |
| 2018                               | 1,086,156                                 | 1,137,266              | (51,110)                               | 4,363,540          | 26.06%   |
| 2017                               | 816,415                                   | 874,490                | (58,075)                               | 4,362,247          | 20.05%   |
| 2016                               | 795,792                                   | 795,792                | --                                     | 3,962,146          | 20.08%   |
| 2015                               | 674,623                                   | 674,623                | --                                     | 3,822,792          | 17.65%   |
| 2014                               | 922,599                                   | 922,599                | --                                     | 3,633,983          | 25.39%   |
| 2013                               | 1,145,749                                 | 1,145,749              | --                                     | 3,633,983          | 31.53%   |
| 2012                               | 1,108,878                                 | 1,108,878              | --                                     | 4,161,089          | 26.65%   |
| 2011                               | 1,148,812                                 | 1,148,812              | --                                     | 4,008,381          | 28.66%   |
| 2010                               | 1,039,093                                 | 1,039,093              | --                                     | 4,337,725          | 23.95%   |

### Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ending September 30, 2019:

Valuation Date: October 1, 2017

Note: Actuarially determined contribution rates are calculated as of October 1, which is 24 months prior to the end of the fiscal year which contributions are reported.

|                                       |  |
|---------------------------------------|--|
| Actuarial Cost Method                 | Entry-Age Normal   |
| Amortization Method                   | Level Dollar   |
| Remaining Amortization Period         | 10 years   |
| Asset Valuation Method                | Market Value   |
| Inflation and Other General Increases | 3.00%  |
| Salary Increases                      | 4.00%  |
| Discount Rate of Return               | 5.84%  |
| Retirement Age                        | Retirement is assumed to occur at normal retirement age.   |
| Mortality                             | Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational projections using Scale BB. |

## STATISTICAL SECTION

This part of the Town of Bay Harbor Island'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 Town's overall financial health.

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| <b>Contents</b> | <b>Page(s)</b> |
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|                         |       |
|-------------------------|-------|
| <b>Financial Trends</b> | 69-74 |
|-------------------------|-------|

These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.

|                         |       |
|-------------------------|-------|
| <b>Revenue Capacity</b> | 75-79 |
|-------------------------|-------|

These schedules contain information to help the reader assess the Town's most significant revenue sources, the property tax and the causeway toll.

|                      |       |
|----------------------|-------|
| <b>Debt Capacity</b> | 80-83 |
|----------------------|-------|

These schedules present information to help the reader assess the affordability the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

|   |    |
|---|----|
| <b>Demographic and Economic Information</b> | 84 |
|---|----|

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

|                              |       |
|------------------------------|-------|
| <b>Operating Information</b> | 85-87 |
|------------------------------|-------|

These schedules contain service and infrastructural data to help the reader understand the information in the Town's financial report relates to the services and activities of the Town.

Sources: Unless otherwise noted, information is derived from the comprehensive annual financial report for the relevant year.

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 1  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

|   | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities:                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 9,434,221         | \$ 9,064,893         | \$ 12,424,702        | \$ 12,195,723        | \$ 12,455,881        | \$ 12,948,529        | \$ 14,949,552        | \$ 15,529,419        | \$ 15,161,744        | \$ 15,378,550        |
| Restricted                                  | 3,225,411            | 3,191,089            | 653,821              | 543,612              | 511,416              | 7,486                | 7,487                | 67,839               | 67,790               | 115,065              |
| Unrestricted                                | 3,305,290            | 3,605,326            | 3,178,473            | 3,599,739            | 5,109,768            | 8,080,656            | 8,259,502            | 8,245,522            | 7,979,399            | 7,810,483            |
| Total governmental activities net position  | <u>\$ 15,964,922</u> | <u>\$ 15,861,308</u> | <u>\$ 16,256,996</u> | <u>\$ 16,339,074</u> | <u>\$ 18,077,065</u> | <u>\$ 21,036,671</u> | <u>\$ 23,216,541</u> | <u>\$ 23,842,780</u> | <u>\$ 23,208,933</u> | <u>\$ 23,304,098</u> |
| Business-type activities:                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 17,659,866        | \$ 17,836,883        | \$ 18,112,144        | \$ 18,077,105        | \$ 18,598,260        | \$ 17,833,029        | \$ 23,524,318        | \$ 27,851,167        | \$ 27,475,399        | \$ 27,270,755        |
| Restricted                                  | 68,391               | 71,341               | 74,292               | 77,242               | 80,192               | 83,142               | 86,092               | 89,043               | 91,993               | 94,943               |
| Unrestricted                                | 5,590,395            | 5,992,431            | 6,887,914            | 7,463,786            | 7,287,671            | 10,240,475           | 7,262,551            | 7,568,819            | 12,161,608           | 16,974,083           |
| Total business-type activities net position | <u>\$ 23,318,652</u> | <u>\$ 23,900,655</u> | <u>\$ 25,074,350</u> | <u>\$ 25,618,133</u> | <u>\$ 25,966,123</u> | <u>\$ 28,156,646</u> | <u>\$ 30,872,961</u> | <u>\$ 35,509,029</u> | <u>\$ 39,729,000</u> | <u>\$ 44,339,781</u> |
| Primary government                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 27,094,087        | \$ 26,901,776        | \$ 30,536,846        | \$ 30,272,828        | \$ 31,054,141        | \$ 30,781,558        | \$ 38,473,870        | \$ 43,380,586        | \$ 42,637,143        | \$ 42,649,305        |
| Restricted                                  | 3,293,802            | 3,262,430            | 728,113              | 620,854              | 591,608              | 90,628               | 93,579               | 156,882              | 159,783              | 210,008              |
| Unrestricted                                | 8,895,685            | 9,597,757            | 10,066,387           | 11,063,525           | 12,397,439           | 18,321,131           | 15,522,053           | 15,814,341           | 20,141,007           | 24,784,566           |
| Total primary government net position       | <u>\$ 39,283,574</u> | <u>\$ 39,761,963</u> | <u>\$ 41,331,346</u> | <u>\$ 41,957,207</u> | <u>\$ 44,043,188</u> | <u>\$ 49,193,317</u> | <u>\$ 54,089,502</u> | <u>\$ 59,351,809</u> | <u>\$ 62,937,933</u> | <u>\$ 67,643,879</u> |

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 2  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

|   | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses:                                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                              | \$ 1,388,924         | \$ 1,221,722         | \$ 1,172,787         | \$ 1,069,286         | \$ 969,146           | \$ 1,333,314         | \$ 1,538,406         | \$ 1,537,536         | \$ 1,780,209         | \$ 2,318,792         |
| Public safety                                   | 4,197,284            | 4,261,046            | 4,419,612            | 4,741,403            | 4,247,292            | 4,285,979            | 4,586,153            | 5,044,475            | 5,330,461            | 5,058,762            |
| Transportation                                  | 935,471              | 1,011,529            | 1,087,658            | 1,198,230            | 1,031,567            | 1,058,239            | 1,092,928            | 1,285,291            | 1,295,889            | 1,126,025            |
| Culture and recreation                          | 92,717               | 124,264              | 124,506              | 162,244              | 303,531              | 620,285              | 874,555              | 1,127,501            | 1,459,979            | 1,470,681            |
| Interest on long-term debt                      | 419,819              | 412,328              | 407,945              | 552,546              | 255,835              | 248,602              | 291,717              | 186,048              | 185,472              | 176,656              |
| Total governmental activities expenses          | <u>7,034,215</u>     | <u>7,030,889</u>     | <u>7,212,508</u>     | <u>7,723,709</u>     | <u>6,807,371</u>     | <u>7,546,419</u>     | <u>8,383,759</u>     | <u>9,180,851</u>     | <u>10,052,010</u>    | <u>10,150,916</u>    |
| Business-type activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Causeway  | 3,787,489            | 4,011,938            | 3,878,069            | 4,157,983            | 5,041,852            | 3,423,522            | 3,721,789            | 3,550,807            | 4,735,956            | 4,467,392            |
| Sewer   | 1,210,764            | 1,245,975            | 1,284,691            | 1,334,271            | 1,220,829            | 1,251,842            | 1,440,701            | 1,547,994            | 1,477,308            | 1,640,744            |
| Water   | 1,067,501            | 933,301              | 953,007              | 913,966              | 963,031              | 1,062,721            | 914,630              | 1,017,627            | 1,209,085            | 1,115,795            |
| Parking   | 576,340              | 679,315              | 642,801              | 817,428              | 578,007              | 554,897              | 610,508              | 640,691              | 664,496              | 712,546              |
| Solid waste                                     | 655,092              | 670,688              | 668,603              | 690,765              | 754,366              | 764,182              | 763,258              | 736,001              | 717,272              | 744,219              |
| Stormwater                                      | 114,784              | 113,974              | 94,893               | 120,114              | 118,290              | 153,990              | 236,869              | 196,640              | 198,933              | 238,866              |
| Total business-type activities expenses         | <u>7,411,970</u>     | <u>7,655,191</u>     | <u>7,522,064</u>     | <u>8,034,527</u>     | <u>8,676,375</u>     | <u>7,211,154</u>     | <u>7,687,755</u>     | <u>7,689,760</u>     | <u>9,003,050</u>     | <u>8,919,562</u>     |
| Total primary government expenses               | <u>14,446,185</u>    | <u>14,686,080</u>    | <u>14,734,572</u>    | <u>15,758,236</u>    | <u>15,483,746</u>    | <u>14,757,573</u>    | <u>16,071,514</u>    | <u>16,870,611</u>    | <u>19,055,060</u>    | <u>19,070,478</u>    |
| Program revenues:                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services:                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                              | 179,880              | 153,406              | 191,668              | 509,994              | 513,369              | 1,180,307            | 2,535,629            | 1,883,013            | 766,835              | 967,692              |
| Public safety                                   | 162,720              | 144,116              | 148,623              | 188,158              | 119,749              | 123,346              | 112,103              | 115,543              | 168,887              | 159,708              |
| Transportation                                  | --                   | --                   | --                   | --                   | --                   | --                   | 1,145                | 4,750                | 1,307                | --                   |
| Culture and recreation                          | 1,713                | 2,019                | 2,488                | 10,726               | 117,927              | 187,006              | 188,935              | 220,142              | 269,644              | 285,879              |
| Operating grants and contributions              | 33,156               | 36,584               | 37,187               | 75,071               | 44,615               | 45,552               | 41,440               | 42,825               | 333,051              | 48,252               |
| Capital grants and contributions                | 653,639              | 291,057              | 846,776              | 226,878              | 553,794              | 258,583              | 254,549              | 254,603              | 296,068              | 314,849              |
| Total governmental activities program revenues  | <u>1,031,108</u>     | <u>627,182</u>       | <u>1,226,742</u>     | <u>1,010,827</u>     | <u>1,349,454</u>     | <u>1,794,794</u>     | <u>3,133,801</u>     | <u>2,520,876</u>     | <u>1,835,792</u>     | <u>1,776,380</u>     |
| Business-type activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services:                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Causeway  | 4,933,778            | 5,234,106            | 5,474,246            | 5,582,204            | 5,832,200            | 5,640,616            | 6,343,875            | 8,627,495            | 9,549,066            | 9,623,061            |
| Sewer   | 1,724,939            | 1,747,443            | 2,001,681            | 1,934,067            | 1,857,548            | 1,981,206            | 2,013,613            | 2,253,963            | 2,382,027            | 2,375,878            |
| Water   | 1,082,672            | 1,092,097            | 1,254,114            | 1,214,093            | 1,097,840            | 1,226,305            | 1,154,818            | 1,219,765            | 1,278,795            | 1,281,424            |
| Parking   | 335,354              | 389,756              | 379,778              | 476,723              | 691,395              | 733,488              | 673,472              | 738,302              | 716,872              | 688,309              |
| Solid waste                                     | 696,642              | 694,928              | 715,326              | 715,130              | 725,714              | 711,977              | 698,570              | 755,226              | 795,676              | 815,242              |
| Stormwater                                      | 209,865              | 208,815              | 213,156              | 209,667              | 209,457              | 205,037              | 210,169              | 208,544              | 217,243              | 218,863              |
| Capital grants and contributions                | --                   | 316,249              | --                   | --                   | --                   | 485,012              | 514,988              | --                   | --                   | --                   |
| Total business-type activities program revenues | <u>8,983,250</u>     | <u>9,683,394</u>     | <u>10,038,301</u>    | <u>10,131,884</u>    | <u>10,414,154</u>    | <u>10,983,641</u>    | <u>11,609,505</u>    | <u>13,803,295</u>    | <u>14,939,679</u>    | <u>15,002,777</u>    |
| Total primary government program revenues       | <u>\$ 10,014,358</u> | <u>\$ 10,310,576</u> | <u>\$ 11,265,043</u> | <u>\$ 11,142,711</u> | <u>\$ 11,763,608</u> | <u>\$ 12,778,435</u> | <u>\$ 14,743,306</u> | <u>\$ 16,324,171</u> | <u>\$ 16,775,471</u> | <u>\$ 16,779,157</u> |

Continued

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 2 (CONTINUED)  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
(continued)**

|  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                | 2018                  | 2019                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|
| Net (expense) revenue:                                 |                       |                       |                       |                       |                       |                       |                       |                     |                       |                       |
| Governmental activities                                | \$ (6,003,107)        | \$ (6,403,706)        | \$ (5,985,765)        | \$ (6,712,882)        | \$ (5,457,917)        | \$ (5,751,625)        | \$ (5,249,958)        | \$ (6,659,975)      | \$ (8,216,218)        | \$ (8,374,536)        |
| Business-type activities                               | 1,571,280             | 2,028,203             | 2,516,237             | 2,097,357             | 1,737,779             | 3,772,487             | 3,921,750             | 6,113,535           | 5,936,629             | 6,083,215             |
|  | <u>\$ (4,431,827)</u> | <u>\$ (4,375,503)</u> | <u>\$ (3,469,528)</u> | <u>\$ (4,615,525)</u> | <u>\$ (3,720,138)</u> | <u>\$ (1,979,138)</u> | <u>\$ (1,328,208)</u> | <u>\$ (546,440)</u> | <u>\$ (2,279,589)</u> | <u>\$ (2,291,321)</u> |
| General revenues and other changes<br>in net position: |                       |                       |                       |                       |                       |                       |                       |                     |                       |                       |
| Governmental activities:                               |                       |                       |                       |                       |                       |                       |                       |                     |                       |                       |
| Property taxes   | \$ 3,004,968          | \$ 3,040,733          | \$ 2,992,245          | \$ 3,001,002          | \$ 3,054,392          | \$ 3,332,606          | \$ 3,429,753          | \$ 3,760,854        | \$ 3,963,786          | \$ 4,414,128          |
| Franchise fees based on gross receipts                 | 339,581               | 359,930               | 347,019               | 350,569               | 373,096               | 363,587               | 350,674               | 358,731             | 371,041               | 387,317               |
| Utility taxes  | 387,399               | 390,796               | 399,923               | 422,974               | 461,351               | 452,355               | 455,606               | 465,565             | 496,433               | 512,875               |
| Communications services tax                            | 348,436               | 307,006               | 298,092               | 281,603               | 270,719               | 249,333               | 221,442               | 203,152             | 203,345               | 186,454               |
| Unrestricted intergovernmental revenue                 | 480,068               | 495,586               | 549,523               | 618,159               | 630,453               | 670,021               | 1,175,138             | 660,337             | 652,061               | 674,423               |
| Unrestricted investment earnings (losses)              | 185,113               | 61,145                | 87,275                | (57,892)              | 12,555                | 39,064                | 68,011                | (7,719)             | (28,308)              | 202,361               |
| Miscellaneous  | 9,922                 | 18,144                | 64,179                | 103,964               | 82,892                | 50,830                | 74,354                | 57,681              | 51,928                | 94,513                |
| Transfers  | 853,352               | 1,626,752             | 1,643,197             | 1,764,581             | 1,672,950             | 1,692,655             | 1,654,850             | 1,787,613           | 1,926,674             | 1,997,630             |
| Total governmental activities                          | <u>5,608,839</u>      | <u>6,300,092</u>      | <u>6,381,453</u>      | <u>6,484,960</u>      | <u>6,558,408</u>      | <u>6,850,451</u>      | <u>7,429,828</u>      | <u>7,286,214</u>    | <u>7,636,960</u>      | <u>8,469,701</u>      |
| Business-type activities:                              |                       |                       |                       |                       |                       |                       |                       |                     |                       |                       |
| Unrestricted investment earnings (losses)              | 144,682               | 53,696                | 96,954                | (67,674)              | 13,737                | 45,508                | 94,084                | (8,845)             | (33,214)              | 251,344               |
| Miscellaneous  | 82,840                | 126,856               | 203,701               | 278,681               | 269,424               | 254,094               | 355,331               | 318,991             | 262,885               | 273,852               |
| Transfers  | (853,352)             | (1,626,752)           | (1,643,197)           | (1,764,581)           | (1,672,950)           | (1,692,655)           | (1,654,850)           | (1,787,613)         | (1,926,674)           | (1,997,630)           |
| Total business-type activities                         | <u>(625,830)</u>      | <u>(1,446,200)</u>    | <u>(1,342,542)</u>    | <u>(1,553,574)</u>    | <u>(1,389,789)</u>    | <u>(1,393,053)</u>    | <u>(1,205,435)</u>    | <u>(1,477,467)</u>  | <u>(1,697,003)</u>    | <u>(1,472,434)</u>    |
| Change in net position:                                |                       |                       |                       |                       |                       |                       |                       |                     |                       |                       |
| Governmental activities                                | (394,268)             | (103,614)             | 395,688               | (227,922)             | 1,100,491             | 1,098,826             | 2,179,870             | 626,239             | (579,258)             | 95,165                |
| Business-type activities                               | 945,450               | 582,003               | 1,173,695             | 543,783               | 347,990               | 2,379,434             | 2,716,315             | 4,636,068           | 4,239,626             | 4,610,781             |
|  | <u>\$ 551,182</u>     | <u>\$ 478,389</u>     | <u>\$ 1,569,383</u>   | <u>\$ 315,861</u>     | <u>\$ 1,448,481</u>   | <u>\$ 3,478,260</u>   | <u>\$ 4,896,185</u>   | <u>\$ 5,262,307</u> | <u>\$ 3,660,368</u>   | <u>\$ 4,705,946</u>   |

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 3  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

|                               | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund:                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved                      | \$ 273,821          | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               |
| Unreserved                    | 3,262,489           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Non-spendable                 | --                  | 121,095             | 56,482              | 38,630              | 30,104              | 28,493              | 25,450              | 78,554              | 38,792              | 46,529              |
| Restricted                    | --                  | 132,992             | 94,198              | 23,654              | 26                  | 7,486               | 7,487               | 67,839              | 67,790              | 115,065             |
| Unassigned                    | --                  | 3,343,554           | 3,245,657           | 3,638,393           | 5,050,708           | 7,813,864           | 8,089,298           | 8,653,794           | 8,851,733           | 9,081,019           |
| Total General Fund            | <u>\$ 3,536,310</u> | <u>\$ 3,597,641</u> | <u>\$ 3,396,337</u> | <u>\$ 3,700,677</u> | <u>\$ 5,080,838</u> | <u>\$ 7,849,843</u> | <u>\$ 8,122,235</u> | <u>\$ 8,800,187</u> | <u>\$ 8,958,315</u> | <u>\$ 9,242,613</u> |
| All other governmental funds: |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Unreserved, reported in:      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects Fund         | \$ 7,095,695        | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               | \$ --               |
| Assigned to:                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects Fund         | --                  | 3,956,049           | 559,623             | 519,958             | 511,390             | 354,577             | 160,689             | 160,689             | 160,689             | 160,689             |
| Total Capital Projects Fund   | <u>\$ 7,095,695</u> | <u>\$ 3,956,049</u> | <u>\$ 559,623</u>   | <u>\$ 519,958</u>   | <u>\$ 511,390</u>   | <u>\$ 354,577</u>   | <u>\$ 160,689</u>   | <u>\$ 160,689</u>   | <u>\$ 160,689</u>   | <u>\$ 160,689</u>   |

Note: Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented for the fiscal year ended September 30, 2011.

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 4  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

|  | 2010                  | 2011                  | 2012                  | 2013               | 2014                | 2015                | 2016               | 2017               | 2018               | 2019               |
|--|-----------------------|-----------------------|-----------------------|--------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Revenues:</b>   |                       |                       |                       |                    |                     |                     |                    |                    |                    |                    |
| Taxes  | \$ 3,757,681          | \$ 3,755,413          | \$ 3,697,292          | \$ 3,705,579       | \$ 3,786,462        | \$ 4,034,294        | \$ 4,106,801       | \$ 4,429,571       | \$ 4,663,564       | \$ 5,113,457       |
| Franchise fees   | 339,581               | 359,930               | 347,019               | 350,569            | 373,096             | 363,587             | 350,674            | 358,731            | 371,041            | 387,317            |
| Licenses and permits                                       | 179,860               | 153,386               | 191,628               | 509,964            | 826,335             | 1,180,257           | 1,051,339          | 629,233            | 761,815            | 967,672            |
| Intergovernmental  | 689,430               | 716,848               | 804,970               | 876,689            | 913,702             | 970,463             | 971,127            | 922,765            | 989,502            | 1,004,290          |
| Transfer development right fees                            | --                    | --                    | --                    | 310,000            | 637,500             | 2,186,000           | 1,484,250          | 1,253,750          | 5,000              | --                 |
| Charges for services                                       | 2,422                 | 2,783                 | 2,893                 | 11,435             | 119,252             | 188,524             | 191,929            | 224,723            | 273,828            | 290,547            |
| Fines and forfeitures                                      | 162,031               | 143,529               | 148,308               | 187,480            | 118,454             | 119,988             | 109,149            | 110,992            | 164,723            | 155,060            |
| Investment earnings (losses)                               | 185,113               | 61,145                | 87,275                | (57,892)           | 12,555              | 39,064              | 68,011             | (7,719)            | (28,308)           | 202,361            |
| Grants   | 477,433               | 106,221               | 628,358               | 43,418             | 2,163               | 3,693               | 500,000            | --                 | 288,088            | --                 |
| Miscellaneous  | 9,922                 | 18,144                | 64,179                | 103,964            | 82,891              | 50,830              | 74,354             | 57,681             | 51,928             | 84,413             |
| Total revenues   | <u>5,803,473</u>      | <u>5,317,399</u>      | <u>5,971,922</u>      | <u>6,041,206</u>   | <u>6,872,410</u>    | <u>9,136,700</u>    | <u>8,907,634</u>   | <u>7,979,727</u>   | <u>7,541,181</u>   | <u>8,205,117</u>   |
| <b>Expenditures:</b>                                       |                       |                       |                       |                    |                     |                     |                    |                    |                    |                    |
| General government   | 1,095,584             | 1,074,286             | 1,021,155             | 1,059,846          | 992,855             | 1,146,798           | 1,387,402          | 1,339,307          | 1,591,468          | 1,910,436          |
| Public safety  | 4,108,595             | 4,196,518             | 4,373,684             | 4,718,586          | 4,219,057           | 4,401,701           | 4,441,408          | 4,684,294          | 4,998,502          | 4,862,875          |
| Transportation   | 826,078               | 817,526               | 891,186               | 847,193            | 677,439             | 707,624             | 722,403            | 880,270            | 808,231            | 639,646            |
| Culture and recreation                                     | 45,010                | 56,122                | 51,440                | 88,961             | 229,475             | 520,597             | 750,181            | 905,788            | 1,209,433          | 1,210,888          |
| Capital outlay   | 3,633,259             | 3,272,090             | 4,265,481             | 288,069            | 516,991             | 743,909             | 2,643,918          | 842,941            | 201,442            | 802,419            |
| Debt service:  |                       |                       |                       |                    |                     |                     |                    |                    |                    |                    |
| Principal payments   | 185,000               | 190,000               | 200,000               | 205,000            | 278,000             | 291,000             | 295,000            | 304,000            | 312,000            | 319,000            |
| Interest and debt costs                                    | 421,531               | 415,924               | 409,903               | 379,135            | 259,950             | 250,611             | 344,248            | 137,538            | 189,958            | 183,285            |
| Total expenditures   | <u>10,315,057</u>     | <u>10,022,466</u>     | <u>11,212,849</u>     | <u>7,586,790</u>   | <u>7,173,767</u>    | <u>8,062,240</u>    | <u>10,584,560</u>  | <u>9,094,138</u>   | <u>9,311,034</u>   | <u>9,928,549</u>   |
| Excess of revenues over<br>(under) expenditures            | <u>(4,511,584)</u>    | <u>(4,705,067)</u>    | <u>(5,240,927)</u>    | <u>(1,545,584)</u> | <u>(301,357)</u>    | <u>1,074,460</u>    | <u>(1,676,926)</u> | <u>(1,114,411)</u> | <u>(1,769,853)</u> | <u>(1,723,432)</u> |
| <b>Other financing sources (uses):</b>                     |                       |                       |                       |                    |                     |                     |                    |                    |                    |                    |
| Transfers in   | 1,453,352             | 1,626,752             | 1,643,197             | 1,764,581          | 1,672,950           | 1,692,655           | 1,654,850          | 1,787,613          | 1,926,674          | 1,997,630          |
| Sale of capital assets                                     | --                    | --                    | --                    | --                 | --                  | 1,890               | 1,145              | 4,750              | 1,307              | 10,100             |
| Bonds and notes issued                                     | --                    | --                    | --                    | 4,709,000          | --                  | --                  | 3,218,081          | --                 | --                 | --                 |
| Payment to bond escrow agent                               | --                    | --                    | --                    | (4,663,322)        | --                  | --                  | (3,118,646)        | --                 | --                 | --                 |
| Total other financing sources                              | <u>1,453,352</u>      | <u>1,626,752</u>      | <u>1,643,197</u>      | <u>1,810,259</u>   | <u>1,672,950</u>    | <u>1,694,545</u>    | <u>1,755,430</u>   | <u>1,792,363</u>   | <u>1,927,981</u>   | <u>2,007,730</u>   |
| Net change in fund balances                                | <u>\$ (3,058,232)</u> | <u>\$ (3,078,315)</u> | <u>\$ (3,597,730)</u> | <u>\$ 264,675</u>  | <u>\$ 1,371,593</u> | <u>\$ 2,769,005</u> | <u>\$ 78,504</u>   | <u>\$ 677,952</u>  | <u>\$ 158,128</u>  | <u>\$ 284,298</u>  |
| Debt service as a percentage<br>of noncapital expenditures | 9.0%                  | 9.0%                  | 8.8%                  | 8.0%               | 8.1%                | 7.4%                | 8.1%               | 5.4%               | 5.5%               | 5.5%               |

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 5**

**PROGRAM REVENUES BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

**(Accrual Basis of Accounting)**

|                                       | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities:</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                    | \$ 179,880           | \$ 153,406           | \$ 220,026           | \$ 513,145           | \$ 826,365           | \$ 1,180,307         | \$ 2,535,629         | \$ 1,883,013         | \$ 1,054,923         | \$ 967,692           |
| Public safety                         | 372,082              | 368,757              | 404,229              | 486,956              | 405,162              | 168,898              | 153,543              | 158,368              | 213,850              | 207,960              |
| Transportation                        | 77,433               | --                   | 600,000              | --                   | --                   | 258,583              | 255,694              | 259,353              | 320,372              | 314,849              |
| Culture and recreation                | 401,713              | 105,019              | 2,488                | 10,726               | 117,927              | 185,116              | 188,935              | 220,142              | 269,644              | 285,879              |
| <b>Total governmental activities</b>  | <b>1,031,108</b>     | <b>627,182</b>       | <b>1,226,743</b>     | <b>1,010,827</b>     | <b>1,349,454</b>     | <b>1,792,904</b>     | <b>3,133,801</b>     | <b>2,520,876</b>     | <b>1,858,789</b>     | <b>1,776,380</b>     |
| <b>Business-type activities:</b>      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Causeway                              | 4,933,778            | 5,350,355            | 5,474,246            | 5,582,204            | 5,832,200            | 6,124,053            | 6,858,863            | 8,627,495            | 9,549,066            | 9,623,061            |
| Sewer                                 | 1,724,939            | 1,747,443            | 2,001,681            | 1,934,067            | 1,857,548            | 1,981,206            | 2,013,613            | 2,253,963            | 2,382,027            | 2,375,878            |
| Water                                 | 1,082,672            | 1,292,097            | 1,254,114            | 1,214,093            | 1,097,840            | 1,226,305            | 1,154,818            | 1,219,765            | 1,278,795            | 1,281,424            |
| Parking                               | 335,354              | 389,756              | 379,778              | 476,723              | 691,395              | 586,972              | 673,472              | 738,302              | 716,872              | 688,309              |
| Solid waste                           | 696,642              | 694,928              | 715,326              | 715,130              | 725,714              | 711,977              | 698,570              | 755,226              | 795,676              | 815,242              |
| Stormwater                            | 209,865              | 208,815              | 213,156              | 209,667              | 209,457              | 205,037              | 210,169              | 208,544              | 217,243              | 218,863              |
| <b>Total business-type activities</b> | <b>8,983,250</b>     | <b>9,683,394</b>     | <b>10,038,301</b>    | <b>10,131,884</b>    | <b>10,414,154</b>    | <b>10,835,550</b>    | <b>11,609,505</b>    | <b>13,803,295</b>    | <b>14,939,679</b>    | <b>15,002,777</b>    |
| <b>Total primary government</b>       | <b>\$ 10,014,358</b> | <b>\$ 10,310,576</b> | <b>\$ 11,265,044</b> | <b>\$ 11,142,711</b> | <b>\$ 11,763,608</b> | <b>\$ 12,628,454</b> | <b>\$ 14,743,306</b> | <b>\$ 16,324,171</b> | <b>\$ 16,798,468</b> | <b>\$ 16,779,157</b> |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 6

### ASSESSED VALUE OF TAXABLE PROPERTY

### LAST TEN FISCAL YEARS

| Year* | Real Property    | Personal Property | Total Assessed Value | Exemptions     |              | Net Taxable Value | Direct Millage | Total Direct & Overlapping Millage |
|-------|------------------|-------------------|----------------------|----------------|--------------|-------------------|----------------|------------------------------------|
|       |                  |                   |                      | Real           | Personal     |                   |                |                                    |
| 2010  | \$ 1,037,375,579 | \$ 15,588,658     | \$ 1,052,964,237     | \$ 286,640,237 | \$ 2,524,662 | \$ 763,799,338    | 4.4120         | 20.9155                            |
| 2011  | 786,125,345      | 15,066,967        | 801,192,312          | 193,998,319    | 2,548,463    | 604,645,530       | 5.2971         | 23.1724                            |
| 2012  | 774,573,967      | 15,719,441        | 790,293,408          | 195,261,493    | 2,212,422    | 592,819,493       | 5.2971         | 21.8256                            |
| 2013  | 749,459,838      | 15,472,810        | 764,932,648          | 182,892,469    | 2,174,864    | 579,865,315       | 5.2971         | 21.7097                            |
| 2014  | 845,128,356      | 15,304,530        | 860,432,886          | 255,862,099    | 2,407,807    | 602,162,980       | 5.2971         | 21.7097                            |
| 2015  | 1,063,287,591    | 15,600,448        | 1,078,888,039        | 377,286,535    | 2,674,099    | 698,927,405       | 4.9000         | 21.3417                            |
| 2016  | 1,210,203,009    | 14,982,614        | 1,225,185,623        | 444,372,802    | 2,746,997    | 778,065,824       | 4.5500         | 20.5953                            |
| 2017  | 1,444,251,699    | 14,698,252        | 1,458,949,951        | 576,225,941    | 2,612,688    | 880,111,322       | 4.4000         | 20.3638                            |
| 2018  | 1,720,875,185    | 15,249,716        | 1,736,124,901        | 702,001,113    | 2,536,046    | 1,031,587,742     | 3.9995         | 19.5819                            |
| 2019  | 1,862,399,237    | 17,183,700        | 1,879,582,937        | 662,500,517    | 2,344,091    | 1,214,738,329     | 3.7199         | 19.0560                            |

\*Year refers to the fiscal year which is funded by taxes levied upon the listed assessments. Each fiscal year's tax roll is as of January 1 of the previous year.

SOURCE: Miami-Dade County Property Appraiser's Office

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 7

### PROPERTY TAX RATES (per \$1,000)

### DIRECT AND OVERLAPPING GOVERNMENTS

### LAST TEN FISCAL YEARS

| Year* | Direct Rate                  | Overlapping Rates |                           |                    |                           |                                | Total   |
|-------|------------------------------|-------------------|---------------------------|--------------------|---------------------------|--------------------------------|---------|
|       | Bay Harbor Islands Operating | Miami-Dade County | Miami-Dade County Schools | County Districts** | State Special Districts   |                                |         |
|       |                              |                   |                           |                    | Florida Inland Navigation | South Florida Water Management |         |
| 2010  | 4.4120                       | 5.1229            | 7.9950                    | 2.7271             | 0.0345                    | 0.6240                         | 20.9155 |
| 2011  | 5.2971                       | 5.8725            | 8.2490                    | 3.0953             | 0.0345                    | 0.6240                         | 23.1724 |
| 2012  | 5.2971                       | 5.0900            | 8.0050                    | 2.9627             | 0.0345                    | 0.4363                         | 21.8256 |
| 2013  | 5.2971                       | 4.9885            | 7.9980                    | 2.9627             | 0.0345                    | 0.4289                         | 21.7097 |
| 2014  | 5.2500                       | 5.1255            | 7.9770                    | 2.9623             | 0.0345                    | 0.4110                         | 21.7603 |
| 2015  | 4.9000                       | 5.1169            | 7.9740                    | 2.9321             | 0.0345                    | 0.3842                         | 21.3417 |
| 2016  | 4.5500                       | 5.1169            | 7.6120                    | 2.9293             | 0.0320                    | 0.3551                         | 20.5953 |
| 2017  | 4.4000                       | 5.0669            | 7.3220                    | 3.2122             | 0.0320                    | 0.3307                         | 20.3638 |
| 2018  | 3.9995                       | 5.0669            | 6.9940                    | 3.1795             | 0.0320                    | 0.3100                         | 19.5819 |
| 2019  | 3.7199                       | 5.1313            | 6.7330                    | 3.1462             | 0.0320                    | 0.2936                         | 19.0560 |

SOURCE: Miami-Dade County Property Appraiser's Office

\*Year refers to the fiscal year which is funded by taxes levied upon properties as assessed effective January 1 of the previous year.

\*\* This represents Fire and Rescue and the Children's Trust.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 8 PRINCIPAL PROPERTY TAXPAYERS REAL ESTATE AD VALOREM TAXES CURRENT AND NINE YEARS AGO

**Year: 2019**

| <u>Parcel Owner</u>                   | <u>Taxable<br/>Valuation</u> | <u>Percentage<br/>of Total<br/>Taxable<br/>Valuation*</u> |
|---------------------------------------|------------------------------|---|
| Bay Harbor Hotel LLC                  | \$ 25,822,652                | 1.97%   |
| Bay Village Condos LLC                | 24,820,651                   | 1.89%   |
| B H Investment LLC                    | 17,379,780                   | 1.32%   |
| CBS Realty Holding LLC                | 13,445,916                   | 1.02%   |
| Annette Samson Eichen TRS             | 9,052,315                    | 0.69%   |
| Mark Tabacinic and Vanessa Bibliowicz | 8,887,999                    | 0.68%   |
| NR Wharton Kane Concourse             | 8,379,937                    | 0.64%   |
| Congress Driftwood LTD                | 7,650,000                    | 0.58%   |
| Broadhouse Holdings LTD               | 7,289,482                    | 0.56%   |
| Christophe Navarre                    | 6,909,220                    | 0.53%   |
|                                       | <u>\$ 129,637,952</u>        | <u>9.88%</u>  |

\*Based on Appraisers 2018 Municipal Tax Roll.

**Year: 2010**

| <u>Parcel Owner</u>    | <u>Taxable<br/>Valuation</u> | <u>Percentage<br/>of Total<br/>Taxable<br/>Valuation**</u> |
|------------------------|------------------------------|--|
| 1170 LLC               | \$ 5,354,077                 | 0.90%  |
| 1108 Concourse LC      | 4,177,977                    | 0.70%  |
| Spencer Merinoff       | 3,909,355                    | 0.66%  |
| Ocean Cadillac Inc.    | 3,685,101                    | 0.62%  |
| Uzi and Tova Zohar     | 3,136,587                    | 0.53%  |
| Hernan De Carli        | 3,009,898                    | 0.51%  |
| Baytown Corporation    | 2,918,488                    | 0.49%  |
| Mark and Janice Revitz | 2,870,708                    | 0.48%  |
| Island Club Towers LLC | 2,811,746                    | 0.47%  |
| James Cohen            | 2,642,138                    | 0.45%  |
|                        | <u>\$ 34,516,075</u>         | <u>5.81%</u>   |

\*\*Based on Appraiser's 2009 certification of taxable value.

SOURCE: Miami-Dade County Property Appraiser's Office

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 9

### PROPERTY TAX LEVIES AND COLLECTIONS

#### LAST TEN FISCAL YEARS

| Fiscal Year<br>Ended<br>September 30, | Taxes<br>Levied | Collected within the Fiscal<br>Year of the Levy |                       | Collections of<br>Previous<br>Years' Levies | Total<br>Collections |
|---------------------------------------|-----------------|---|-----------------------|---|----------------------|
|                                       |                 | Amount  | Percentage<br>of Levy |   |                      |
| 2010                                  | \$ 3,365,035    | \$ 2,895,470                                    | 86.0%                 | \$ 109,498                                  | \$ 3,004,968         |
| 2011                                  | 3,213,462       | 2,835,472                                       | 88.2%                 | 205,261                                     | 3,040,733            |
| 2012                                  | 3,056,957       | 2,886,789                                       | 94.4%                 | 105,456                                     | 2,992,245            |
| 2013                                  | 3,071,604       | 2,805,412                                       | 91.3%                 | 195,590                                     | 3,001,002            |
| 2014                                  | 3,161,356       | 2,954,498                                       | 93.5%                 | 99,894                                      | 3,054,392            |
| 2015                                  | 3,424,744       | 3,122,365                                       | 91.2%                 | 210,241                                     | 3,332,606            |
| 2016                                  | 3,540,199       | 3,356,009                                       | 94.8%                 | 73,744                                      | 3,429,753            |
| 2017                                  | 3,872,490       | 3,538,702                                       | 91.4%                 | 222,152                                     | 3,760,854            |
| 2018                                  | 4,125,835       | 3,730,282                                       | 90.4%                 | 233,504                                     | 3,963,786            |
| 2019                                  | 4,518,705       | 4,136,569                                       | 91.5%                 | 277,559                                     | 4,414,128            |

Source: Miami-Dade County Property Appraiser's Office, except for Taxes Levied from Town Finance Department.

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 10  
CAUSEWAY TOLL REVENUE  
LAST TEN FISCAL YEARS**

|                           | <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>         |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total traffic             | <u>5,853,952</u>    | <u>6,204,622</u>    | <u>6,484,193</u>    | <u>6,611,424</u>    | <u>6,729,408</u>    | <u>7,488,382</u>    | <u>7,917,781</u>    | <u>7,779,309</u>    | <u>7,992,743</u>    | <u>7,939,642</u>    |
| Toll revenues:            |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Cash tolls                | \$ 3,661,057        | \$ 3,849,802        | \$ 4,087,159        | \$ 4,110,787        | \$ 4,400,704        | \$ 5,146,478        | \$ 5,947,747        | \$ 8,212,150        | \$ 9,082,874        | \$ 9,128,459        |
| Commuter/annual pass      | <u>1,272,721</u>    | <u>1,384,304</u>    | <u>1,387,087</u>    | <u>1,471,417</u>    | <u>1,431,496</u>    | <u>492,563</u>      | <u>395,428</u>      | <u>415,345</u>      | <u>466,192</u>      | <u>494,602</u>      |
| Total toll revenue        | <u>\$ 4,933,778</u> | <u>\$ 5,234,106</u> | <u>\$ 5,474,246</u> | <u>\$ 5,582,204</u> | <u>\$ 5,832,200</u> | <u>\$ 5,639,041</u> | <u>\$ 6,343,175</u> | <u>\$ 8,627,495</u> | <u>\$ 9,549,066</u> | <u>\$ 9,623,061</u> |
| Average yield per vehicle | \$ 0.843            | \$ 0.844            | \$ 0.844            | \$ 0.844            | \$ 0.867            | \$ 0.753            | \$ 0.801            | \$ 1.109            | \$ 1.195            | \$ 1.212            |
| Toll rates:               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Cash toll (Class 1)       | \$ 1.00             | \$ 1.00             | \$ 1.00             | \$ 1.00             | \$ 1.00             | \$ 1.00             | \$ 1.50             | \$ 1.50             | \$ 1.50             | \$ 1.50             |
| Annual pass               | \$ 250.00           | \$ 250.00           | \$ 250.00           | \$ 250.00           | \$ 250.00           | \$ 250.00           | \$ 250.00           | \$ 300.00           | \$ 300.00           | \$ 300.00           |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 11

### RATIOS OF OUTSTANDING DEBT BY TYPE

#### LAST TEN FISCAL YEARS

| Fiscal Year | Business-Type Activities |                      | Governmental Activities    |                            |                           | Total Primary Government | Percentage of Actual Property Value (1) | Per Capita (2) |
|-------------|--------------------------|----------------------|----------------------------|----------------------------|---------------------------|--------------------------|---|----------------|
|             | Promissory Notes         | State Revolving Loan | Revenue Bonds Series 2003B | Refunding Note Series 2012 | Revenue Bonds Series 2016 |                          |   |                |
| 2010        | \$ 6,605,329             | \$ 698,464           | \$ 8,305,000               |                            |                           | \$ 15,608,793            | 2.04%                                   | \$ 3,064       |
| 2011        | 6,181,197                | 644,204              | 8,115,000                  |                            |                           | 14,940,401               | 2.47%                                   | 2,655          |
| 2012        | 5,747,065                | 588,263              | 7,915,000                  |                            |                           | 14,250,328               | 2.40%                                   | 2,473          |
| 2013        | 18,593,000               | 530,589              | 3,265,000                  | \$ 4,709,000               |                           | 27,097,589               | 4.67%                                   | 4,655          |
| 2014        | 17,643,000               | 471,128              | 3,055,000                  | 4,641,000                  |                           | 25,810,128               | 4.29%                                   | 4,409          |
| 2015        | 16,604,000               | 409,825              | 3,055,000                  | 4,350,000                  |                           | 24,418,825               | 3.49%                                   | 4,065          |
| 2016        | 15,532,000               | 346,623              |                            | 4,055,000                  | \$ 3,218,081              | 23,151,704               | 2.98%                                   | 3,836          |
| 2017        | 14,431,000               | 281,462              |                            | 3,751,000                  | 3,210,253                 | 21,673,715               | 2.46%                                   | 3,627          |
| 2018        | 13,302,000               | 214,284              |                            | 3,444,000                  | 3,197,425                 | 20,157,709               | 1.95%                                   | 3,323          |
| 2019        | 12,078,000               | 145,024              |                            | 3,130,000                  | 3,184,597                 | 18,537,621               | 1.53%                                   | 3,108          |

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

(1) See the Schedule of Assessed Value of Taxable Property for the property value data.

(2) See the Schedule of Demographic and Economic Statistics. Data on personal income for the Town distinct from larger statistical units is not available so a meaningful comparison of total debt to personal income cannot be computed.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 12

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2019

| Jurisdiction                                 | Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable to<br>Town of Bay<br>Harbor<br>Islands (1) | Estimated<br>Share of<br>Direct &<br>Overlapping<br>Debt |
|--|---------------------|--|--|
| Direct:                                      |                     |  |  |
| Bay Harbor Islands                           | \$ 6,314,597        | 100.00%  | \$ 6,314,597   |
| Overlapping:                                 |                     |  |  |
| Miami-Dade Board of County Commissioners (2) | 2,278,634           | 0.21%  | 4,833  |
| Miami-Dade County School Board (3)           | 948,472,000         | 0.21%  | 2,011,531  |
| Total overlapping                            | 950,750,634         |  | 2,016,364  |
| Total direct and overlapping                 | \$ 957,065,231      |  | \$ 8,330,961   |

Notes:

(1) The percentage of overlapping debt payable is estimated by dividing the Town's population of 5,964 by the County's population of 2,812,130 obtained from Miami-Dade County, Florida Finance Department.

(2) Source: Miami-Dade County, Florida, Finance Department; General Obligation Bond

(3) Information obtained from Miami-Dade County School Board CAFR for fiscal year ended June 30, 2019; General Obligation Bonds.

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 13  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

|  | 2010                    | 2011                  | 2012                  | 2013                  | 2014                  | 2015                    | 2016                    | 2017                    | 2018                    | 2019                    |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assessed values (1):   |                         |                       |                       |                       |                       |                         |                         |                         |                         |                         |
| Taxable value of real property                                       | \$ 750,735,342          | \$ 592,127,026        | \$ 579,312,474        | \$ 566,567,369        | \$ 589,266,257        | \$ 686,001,056          | \$ 765,830,207          | \$ 868,025,758          | \$ 1,018,874,072        | \$ 1,199,898,720        |
| Add: Exempt real property  | 286,640,237             | 193,998,319           | 195,261,493           | 182,892,469           | 255,862,099           | 377,286,535             | 444,372,802             | 576,225,941             | 702,001,113             | 662,500,517             |
| Total assessed value of real property                                | <u>\$ 1,037,375,579</u> | <u>\$ 786,125,345</u> | <u>\$ 774,573,967</u> | <u>\$ 749,459,838</u> | <u>\$ 845,128,356</u> | <u>\$ 1,063,287,591</u> | <u>\$ 1,210,203,009</u> | <u>\$ 1,444,251,699</u> | <u>\$ 1,720,875,185</u> | <u>\$ 1,862,399,237</u> |
| Legal debt margin:   |                         |                       |                       |                       |                       |                         |                         |                         |                         |                         |
| Debt limitation (25% of assessed real property)                      | \$ 259,343,895          | \$ 196,531,336        | \$ 193,643,492        | \$ 187,364,960        | \$ 211,282,089        | \$ 265,821,898          | \$ 302,550,752          | \$ 361,062,925          | \$ 430,218,796          | \$ 465,599,809          |
| Total bonded debt  | 8,305,000               | 8,115,000             | 7,915,000             | 7,974,000             | 7,696,000             | 7,551,730               | 7,273,081               | 6,961,253               | 6,641,425               | 6,314,597               |
| Legal debt margin  | <u>\$ 251,038,895</u>   | <u>\$ 188,416,336</u> | <u>\$ 185,728,492</u> | <u>\$ 179,390,960</u> | <u>\$ 203,586,089</u> | <u>\$ 258,270,168</u>   | <u>\$ 295,277,671</u>   | <u>\$ 354,101,672</u>   | <u>\$ 423,577,371</u>   | <u>\$ 459,285,212</u>   |
| Total net debt applicable to the limit as a percentage of debt limit | 3.20%                   | 4.13%                 | 4.09%                 | 4.26%                 | 3.64%                 | 2.84%                   | 2.40%                   | 1.93%                   | 1.54%                   | 1.36%                   |

Note: The Town may incur bonded debt up to 25% of the assessed valuation of real estate within its boundaries per section 45 of the Town Charter.

(1) See the Schedule of Assessed Value of Taxable Property for the property value data.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 14 PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

| Fiscal Year | Broad Causeway Revenue Bonds and Notes |                    |                       |                     |          |
|-------------|--|--------------------|-----------------------|---------------------|----------|
|             | Gross Revenues                         | Operating Expenses | Net Available Revenue | Debt Service Amount | Coverage |
| 2010        | \$ 5,076,927                           | \$ 2,764,852       | \$ 2,312,075          | \$ 430,795          | 5.37     |
| 2011        | 5,337,434                              | 3,033,597          | 2,303,837             | 430,795             | 5.35     |
| 2012        | 5,595,731                              | 3,019,397          | 2,576,334             | 430,795             | 5.98     |
| 2013        | 5,625,617                              | 2,909,660          | 2,715,957             | 1,125,563           | 2.41     |
| 2014        | 5,941,008                              | 3,885,577          | 2,055,431             | 1,121,329           | 1.83     |
| 2015        | 5,757,614                              | 2,159,010          | 3,598,604             | 1,120,823           | 3.21     |
| 2016        | 6,484,815                              | 2,509,514          | 3,975,301             | 1,120,836           | 3.55     |
| 2017        | 8,729,606                              | 2,345,852          | 6,383,754             | 1,121,343           | 5.69     |
| 2018        | 9,656,230                              | 2,598,543          | 7,057,687             | 1,120,319           | 6.30     |
| 2019        | 9,840,577                              | 2,565,695          | 7,274,882             | 1,120,788           | 6.49     |

| Fiscal Year | Sewer Fund State Revolving Loan |                    |                       |                     |          |
|-------------|---------------------------------|--------------------|-----------------------|---------------------|----------|
|             | Gross Revenues                  | Operating Expenses | Net Available Revenue | Debt Service Amount | Coverage |
| 2010        | \$ 1,725,139                    | \$ 1,065,022       | \$ 660,117            | \$ 75,320           | 8.76     |
| 2011        | 1,747,443                       | 1,103,346          | 644,097               | 75,320              | 8.55     |
| 2012        | 2,001,681                       | 1,144,369          | 857,312               | 75,320              | 11.38    |
| 2013        | 1,972,067                       | 1,179,264          | 792,803               | 75,320              | 10.53    |
| 2014        | 1,943,998                       | 1,071,444          | 872,554               | 75,320              | 11.58    |
| 2015        | 2,051,031                       | 1,096,990          | 954,041               | 75,320              | 12.67    |
| 2016        | 2,058,738                       | 1,270,576          | 788,162               | 75,320              | 10.46    |
| 2017        | 2,266,313                       | 1,389,039          | 877,274               | 75,320              | 11.65    |
| 2018        | 2,382,977                       | 1,311,744          | 1,071,233             | 75,320              | 14.22    |
| 2019        | 2,384,428                       | 1,476,108          | 908,320               | 75,320              | 12.06    |

| Fiscal Year | Revenue Bonds and Refunding Note |                |             |                |                     |          |
|-------------|----------------------------------|----------------|-------------|----------------|---------------------|----------|
|             | Sales Tax                        | Franchise Fees | Utility Tax | Total Revenues | Debt Service Amount | Coverage |
| 2010        | \$ 305,951                       | \$ 339,581     | \$ 387,399  | \$ 1,032,931   | \$ 606,531          | 1.70     |
| 2011        | 319,564                          | 359,930        | 390,796     | 1,070,290      | 605,924             | 1.77     |
| 2012        | 336,947                          | 347,020        | 399,923     | 1,083,890      | 609,903             | 1.78     |
| 2013        | 388,606                          | 350,569        | 422,974     | 1,162,149      | 540,971             | 2.15     |
| 2014        | 413,855                          | 373,096        | 461,351     | 1,248,302      | 537,960             | 2.32     |
| 2015        | 434,991                          | 363,587        | 452,355     | 1,250,933      | 541,611             | 2.31     |
| 2016        | 441,069                          | 350,674        | 455,606     | 1,247,349      | 535,582             | 2.33     |
| 2017        | 421,028                          | 358,731        | 465,565     | 1,245,324      | 437,094             | 2.85     |
| 2018        | 444,758                          | 371,041        | 496,433     | 1,312,232      | 501,958             | 2.61     |
| 2019        | 463,401                          | 387,317        | 512,875     | 1,363,593      | 502,285             | 2.71     |

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 15 DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

| Year | Bay Harbor<br>Islands<br>Population * | Miami- Dade County ** |                               |                      |                         |               |
|------|---------------------------------------|-----------------------|-------------------------------|----------------------|-------------------------|---------------|
|      |                                       | Personal<br>Income    | Per Capita<br>Personal Income | Unemployment<br>Rate | Civilian<br>Labor Force | Median<br>Age |
| 2010 | 5,628                                 | \$ 92,227,399         | \$ 36,846                     | 12.0%                | 1,257,324               | 38            |
| 2011 | 5,762                                 | 96,657,710            | 37,834                        | 12.7%                | 1,300,030               | 38            |
| 2012 | 5,821                                 | 100,688,604           | 39,466                        | 9.7%                 | 1,290,751               | 39            |
| 2013 | 5,854                                 | 104,373,301           | 40,680                        | 8.9%                 | 1,289,617               | 39            |
| 2014 | 6,007                                 | 111,528,866           | 43,123                        | 7.2%                 | 1,282,854               | 39            |
| 2015 | 6,036                                 | 116,553,169           | 43,917                        | 6.2%                 | 1,321,033               | 40            |
| 2016 | 5,975                                 | 123,276,064           | 45,440                        | 5.8%                 | 1,334,404               | 40            |
| 2017 | 6,006                                 | 126,715,595           | 46,048                        | 5.0%                 | 1,375,376               | 40            |
| 2018 | 6,006                                 | N/A                   | N/A                           | 3.6%                 | 1,363,766               | N/A           |
| 2019 | 5,964                                 | N/A                   | N/A                           | N/A                  | 1,433,319               | N/A           |

Note: Except for population, demographic statistics on the county level were the most specific available.

\* Source for 2010 to 2019: U.S. Census Bureau

\*\* Source: Miami-Dade County Finance Department and  
U.S. Department of Commerce, Economic and Statistics Administration,  
Bureau of Economic Analysis/Regional Economic Information System,  
Florida Agency for Workforce Innovation, Labor Market Statistics,  
Miami-Dade County Department of Regulatory and Economic Resources, Research Section  
University of Florida Bureau of Economic and Business Research

N/A Information unavailable as of the date of this report.

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 16  
FULL TIME TOWN EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

|                                | <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:       |             |             |             |             |             |             |             |             |             |             |
| General government             | 14          | 15          | 15          | 16          | 18          | 18          | 18          | 18          | 21          | 21          |
| Public safety                  | 35          | 39          | 39          | 35          | 36          | 26          | 28          | 28          | 28          | 27          |
| Transportation                 | 12          | 12          | 10          | 8           | 7           | 7           | 5           | 5           | 6           | 7           |
| Culture and recreation         |             |             |             |             | 6           | 4           | 4           | 6           | 5           | 8           |
| Total governmental activities  | <u>61</u>   | <u>66</u>   | <u>64</u>   | <u>59</u>   | <u>67</u>   | <u>55</u>   | <u>55</u>   | <u>57</u>   | <u>60</u>   | <u>63</u>   |
| Business-type activities:      |             |             |             |             |             |             |             |             |             |             |
| Causeway                       | 30          | 28          | 27          | 32          | 25          | 5           | 6           | 6           | 6           | 6           |
| Sewer                          | 3           | 2           | 2           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Water                          | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Parking                        | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Total business-type activities | <u>36</u>   | <u>33</u>   | <u>32</u>   | <u>36</u>   | <u>29</u>   | <u>9</u>    | <u>10</u>   | <u>10</u>   | <u>10</u>   | <u>10</u>   |
| Total primary government       | <u>97</u>   | <u>99</u>   | <u>96</u>   | <u>95</u>   | <u>96</u>   | <u>64</u>   | <u>65</u>   | <u>67</u>   | <u>70</u>   | <u>73</u>   |

Source: Town Finance Department

**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

**SCHEDULE 17**

**OPERATING INDICATORS BY FUNCTION**

**LAST TEN FISCAL YEARS**

|   | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Governmental activities:                                |           |           |           |           |           |           |           |           |           |           |
| General government                                      |           |           |           |           |           |           |           |           |           |           |
| Elections Held  | 1         | --        | 2         | 1         | 1         | 2         | 2         | 1         | 1         | 1         |
| Newsletters Issued                                      | 12        | 12        | 12        | 12        | 12        | 12        | 12        | 12        | 12        | 12        |
| Town Council Meetings                                   | 12        | 12        | 11        | 11        | 10        | 10        | 11        | 11        | 10        | 10        |
| Planning & Zoning Board Meetings                        | 13        | 12        | 10        | 17        | 13        | 17        | 19        | 12        | 13        | 15        |
| Public safety   |           |           |           |           |           |           |           |           |           |           |
| Case numbers issued                                     | 688       | 647       | 870       | 584       | 626       | 831       | 843       | 739       | 702       | 702       |
| Arrests   | 189       | 192       | 171       | 121       | 84        | 73        | 83        | 72        | 70        | 51        |
| Calls for service                                       | 13,396    | 13,798    | 17,782    | 14,366    | 17,900    | 16,813    | 17,223    | 21,985    | 19,334    | 20,021    |
| Business-type activities:                               |           |           |           |           |           |           |           |           |           |           |
| Causeway  |           |           |           |           |           |           |           |           |           |           |
| Traffic Count (vehicles)                                | 5,853,952 | 6,204,622 | 6,484,193 | 6,611,424 | 6,729,408 | 7,488,382 | 7,917,781 | 7,779,309 | 7,992,743 | 7,939,642 |
| Sewer   |           |           |           |           |           |           |           |           |           |           |
| Average Monthly Sewage Volume<br>(thousands of gallons) | 19,356    | 19,200    | 24,066    | 21,397    | 20,242    | 19,676    | 19,836    | 20,008    | 19,200    | 22,684    |
| Water   |           |           |           |           |           |           |           |           |           |           |
| Average Monthly Gallons Purchased<br>(thousands)        | 26,387    | 25,130    | 25,863    | 25,763    | 26,534    | 26,576    | 24,221    | 26,600    | 28,127    | 26,614    |
| Average Monthly Gallons Sold (thousands)                | 21,263    | 21,761    | 23,974    | 23,617    | 23,534    | 23,618    | 21,884    | 22,474    | 22,884    | 22,511    |
| Parking   |           |           |           |           |           |           |           |           |           |           |
| Parking Citations                                       | 3,322     | 2,031     | 1,635     | 2,431     | 1,465     | 2,592     | 2,626     | 2,307     | 2,573     | 1,838     |

Source: Town Finance Department

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## SCHEDULE 18

### CAPITAL ASSET STATISTICS BY FUNCTION

#### LAST TEN FISCAL YEARS

|                           | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Governmental activities:  |        |        |        |        |        |        |        |        |        |        |
| Public safety             |        |        |        |        |        |        |        |        |        |        |
| Patrol Cars/SUV           | 18     | 18     | 18     | 18     | 18     | 18     | 25     | 26     | 26     | 26     |
| Police Boats              | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 2      |
| Transportation            |        |        |        |        |        |        |        |        |        |        |
| Streets and roads (feet)  | 47,396 | 47,396 | 47,396 | 47,396 | 47,396 | 47,396 | 47,396 | 47,396 | 47,396 | 47,396 |
| Culture and recreation    |        |        |        |        |        |        |        |        |        |        |
| Parks                     | 2      | 2      | 2      | 2      | 3      | 3      | 3      | 3      | 3      | 3      |
| Business-type activities: |        |        |        |        |        |        |        |        |        |        |
| Causeway                  |        |        |        |        |        |        |        |        |        |        |
| Bascule Bridges           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Fixed Span Bridges        | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
| Sewer                     |        |        |        |        |        |        |        |        |        |        |
| Pump Stations             | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Lift Stations             | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      |
| Sanitary Sewers (feet)    | 43,296 | 43,296 | 43,296 | 43,296 | 43,296 | 43,296 | 43,296 | 43,296 | 43,296 | 43,296 |
| Water                     |        |        |        |        |        |        |        |        |        |        |
| Water Mains (feet)        | 44,725 | 44,725 | 44,725 | 44,725 | 44,725 | 44,725 | 44,725 | 44,725 | 44,725 | 44,725 |
| Stormwater                |        |        |        |        |        |        |        |        |        |        |
| Valley gutters (feet)     | 86,592 | 86,592 | 86,592 | 86,592 | 86,592 | 86,592 | 86,592 | 86,592 | 86,592 | 86,592 |
| Outfalls                  | 53     | 53     | 53     | 53     | 53     | 53     | 53     | 53     | 53     | 53     |

Source: Town Finance Department

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## **REPORTING SECTION**

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**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***

To the Honorable Mayor, Town Council and Town Manager  
**Town of Bay Harbor Islands, 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 the Town of Bay Harbor Islands, Florida (the Town), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 16, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Miami, FL  
June 16, 2020

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

To the Honorable Mayor, Town Council and Town Manager  
**Town of Bay Harbor Islands, Florida**

***Report on the Financial Statements***

We have audited the financial statements of the Town of Bay Harbor Islands, Florida (the Town), Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 16, 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*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 16, 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 annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

***Official Title and Legal Authority***

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. As more fully described in Note 1, the Town of Bay Harbor Islands was incorporated by the Laws of Florida Chapter 2889. There are no component units related to the Town.

### ***Financial Condition and Management***

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we to apply appropriate procedures and communicate the results of our determination as to whether or not the Town 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 Town 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 Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. This assessment was done as of fiscal year end.

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

### ***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 have 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, State and other granting agencies, the Honorable Mayor, Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Miami, FL  
June 16, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO  
SECTION 218.415 FLORIDA STATUTES**

To the Honorable Mayor, Town Council and Town Manager  
**Town of Bay Harbor Islands, Florida**

We have examined the Town of Bay Harbor Islands, Florida's (the Town) compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2019. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, 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 Town's compliance with the specified requirements.

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

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

*Marcum LLP*

Miami, FL  
June 16, 2020