

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2020



TOWN OF BAY HARBOR ISLANDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

TOWN OF BAY HARBOR ISLANDS, FLORIDA



For the fiscal year ended September 30, 2020

Prepared by the Finance Department

Town of Bay Harbor Islands, Florida
Comprehensive Annual Financial Report
September 30, 2020
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INTRODUCTORY SECTION



April 19, 2021

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

Maria Lasday
Town Manager

Alba L. Chang
Town Clerk

Joseph Geller
Town Attorney

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, 2020 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.

MAYOR JOSEPH J. GARDNER GOVERNMENT CENTER

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, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering unmodified opinions that the Town's financial statements for the fiscal year ended September 30, 2020 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 5,793 residents according to the latest available estimate in 2019 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 30th. 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 2019 estimates from the U.S. Census Bureau, the median age for Town residents is 41.7, and median household income is \$78,169.

Property values have increased for nine 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 4.48% as of January 1, 2020. 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.

Acknowledgements

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,



Maria Lasday, Town Manager

TOWN OF BAY HARBOR ISLANDS, FLORIDA

TOWN OFFICIALS

COUNCIL-MANAGER FORM OF GOVERNMENT

TOWN COUNCIL

Joshua D. Fuller, Mayor

Elizabeth Tricoche, Vice Mayor

Jordan W. Leonard

Stephanie Bruder

Isaac Salver

Molly Diallo

Robert H. Yaffe

TOWN MANAGER

Maria Lasday

TOWN CLERK

Alba L. Chang

TOWN ATTORNEY

Joseph Geller

TOWN FINANCE DIRECTOR

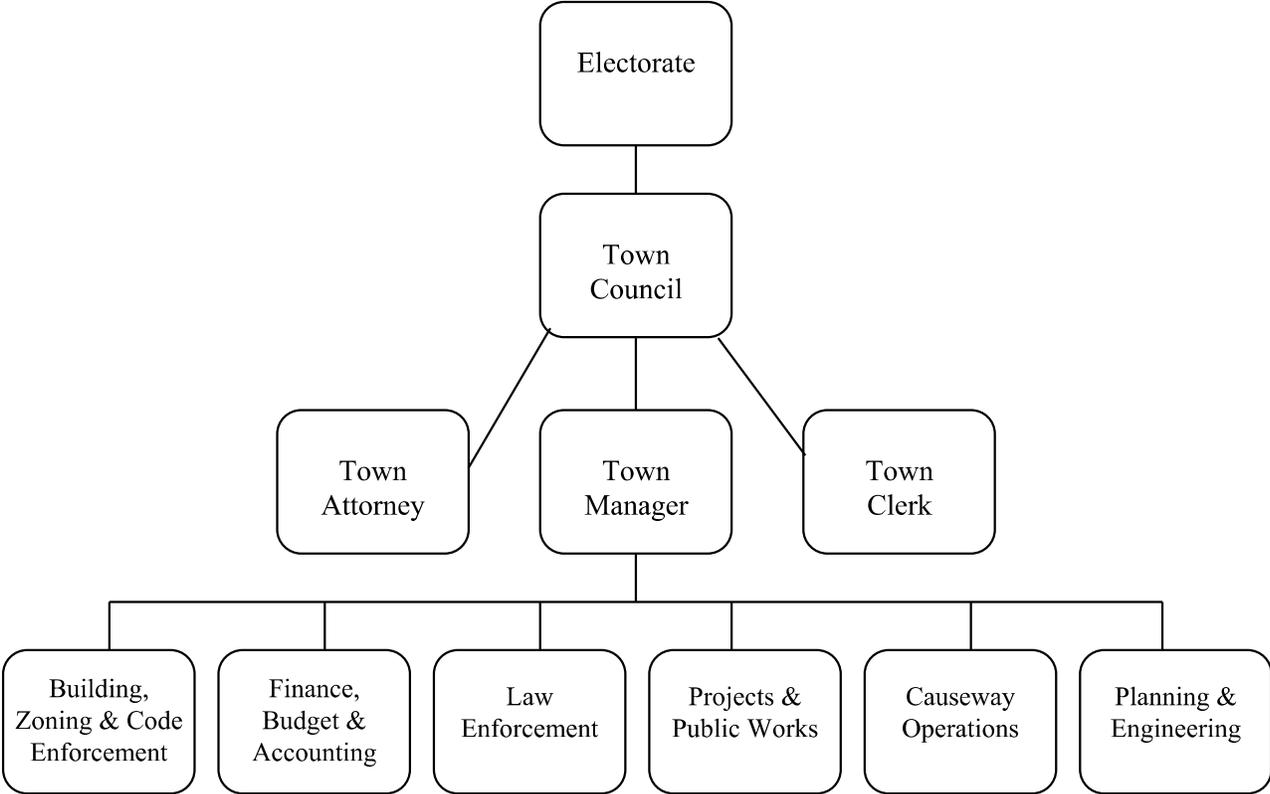
Peter Kajokas

INDEPENDENT AUDITORS

Marcum LLP

TOWN OF BAY HARBOR ISLANDS, FLORIDA

ORGANIZATIONAL CHART



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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, 2020, 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, 2020, 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 16, the budgetary comparison schedule on pages 66 and 67, and the required supplementary information for the pensions and OPEB on pages 68 to 70, 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 April 19, 2021 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
April 19, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
MD&A

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, 2020. 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 - iii 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 \$74,023,095 (net position). Of this amount, \$28,511,036 (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 \$6,379,216.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,611,715 an increase of \$1,208,412 in comparison with the prior year. Approximately \$10,173,601 or 95.87% 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 \$1,662,234 or 9.0% 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 17-18 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 66).

The governmental fund financial statements can be found on pages 19-21 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 22-25 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 26-27 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 28-65 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 66-70 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 \$74,023,095 at the close of the most recent fiscal year.

Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 12,812,597	\$ 10,031,354	\$ 24,021,897	\$ 19,349,648	\$ 36,834,494	\$ 29,381,002
Capital assets	<u>21,137,642</u>	<u>21,755,208</u>	<u>38,779,647</u>	<u>39,511,725</u>	<u>59,917,289</u>	<u>61,266,933</u>
Total assets	<u>33,950,239</u>	<u>31,786,562</u>	<u>62,801,544</u>	<u>58,861,373</u>	<u>96,751,783</u>	<u>90,647,935</u>
Total deferred outflows	<u>965,062</u>	<u>1,587,463</u>	<u>258,566</u>	<u>554,124</u>	<u>1,223,628</u>	<u>2,141,587</u>
Long-term liabilities	6,907,150	8,760,274	11,287,898	13,139,089	18,195,048	21,899,363
Other liabilities	<u>797,690</u>	<u>683,191</u>	<u>2,047,286</u>	<u>1,479,682</u>	<u>2,844,976</u>	<u>2,162,873</u>
Total liabilities	<u>7,704,840</u>	<u>9,443,465</u>	<u>13,335,184</u>	<u>14,618,771</u>	<u>21,040,024</u>	<u>24,062,236</u>
Total deferred inflows	<u>1,871,773</u>	<u>626,462</u>	<u>1,040,519</u>	<u>456,945</u>	<u>2,912,292</u>	<u>1,083,407</u>
Net position:						
Net investment in						
capital assets	15,104,245	15,378,550	27,772,967	27,270,755	42,877,212	42,649,305
Restricted	1,618,790	115,065	1,016,057	94,943	2,634,847	210,008
Unrestricted	<u>8,615,653</u>	<u>7,810,483</u>	<u>19,895,383</u>	<u>16,974,083</u>	<u>28,511,036</u>	<u>24,784,566</u>
Total net position	<u>\$ 25,338,688</u>	<u>\$ 23,304,098</u>	<u>\$ 48,684,407</u>	<u>\$ 44,339,781</u>	<u>\$ 74,023,095</u>	<u>\$ 67,643,879</u>

57.9% (\$42,877,212) 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 3.6% (\$2,634,847) of the Town's net position is subject to external restrictions on use.

38.5% of the Town's net position (\$28,511,036) 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.

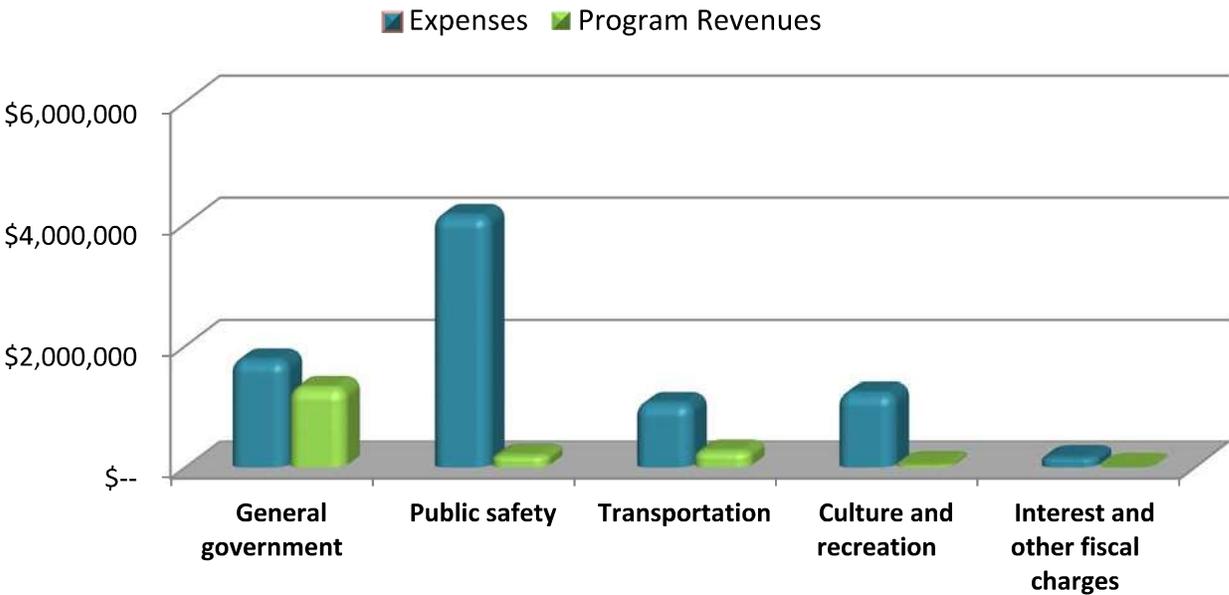
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,490,830	\$ 1,413,279	\$ 13,083,337	\$ 15,002,777	\$ 14,574,167	\$ 16,416,056
Operating grants and contributions	70,000	48,252	-	-	70,000	48,252
Capital grants and contributions	267,579	314,849	918,553	-	1,186,132	314,849
General revenues:						
Property taxes	4,648,810	4,414,128	-	-	4,648,810	4,414,128
Franchise fees & utility taxes	1,082,106	1,086,646	-	-	1,082,106	1,086,646
Asset sales (development rights)	-	-	-	-	-	-
Intergovernmental revenue	703,078	674,423	-	-	703,078	674,423
Investment earnings (losses)	182,684	202,361	210,867	251,344	393,551	453,705
Miscellaneous	73,619	94,513	226,699	273,852	300,318	368,365
Total revenues	<u>8,518,706</u>	<u>8,248,451</u>	<u>14,439,456</u>	<u>15,527,973</u>	<u>22,958,162</u>	<u>23,776,424</u>
Expenses:						
General government	1,768,769	2,318,792	-	-	1,768,769	2,318,792
Public safety	4,136,294	5,058,762	-	-	4,136,294	5,058,762
Transportation	1,062,366	1,126,025	-	-	1,062,366	1,126,025
Culture and recreation	1,230,141	1,470,681	-	-	1,230,141	1,470,681
Interest on long-term debt	167,388	176,656	-	-	167,388	176,656
Causeway	-	-	4,053,303	4,467,392	4,053,303	4,467,392
Sewer	-	-	1,585,259	1,640,744	1,585,259	1,640,744
Water	-	-	974,265	1,115,795	974,265	1,115,795
Parking	-	-	619,454	712,546	619,454	712,546
Solid Waste	-	-	751,989	744,219	751,989	744,219
Stormwater	-	-	229,718	238,866	229,718	238,866
Total expenses	<u>8,364,958</u>	<u>10,150,916</u>	<u>8,213,988</u>	<u>8,919,562</u>	<u>16,578,946</u>	<u>19,070,478</u>
Increase in net assets						
before transfers	153,748	(1,902,465)	6,225,468	6,608,411	6,379,216	4,705,946
Transfers	<u>1,880,842</u>	<u>1,997,630</u>	<u>(1,880,842)</u>	<u>(1,997,630)</u>	<u>-</u>	<u>-</u>
Change in net position	2,034,590	95,165	4,344,626	4,610,781	6,379,216	4,705,946
Net position, beginning	<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>
Net position, ending	<u>\$ 25,338,688</u>	<u>\$ 23,304,098</u>	<u>\$ 48,684,407</u>	<u>\$ 44,339,781</u>	<u>\$ 74,023,095</u>	<u>\$ 67,643,879</u>

Governmental Activities

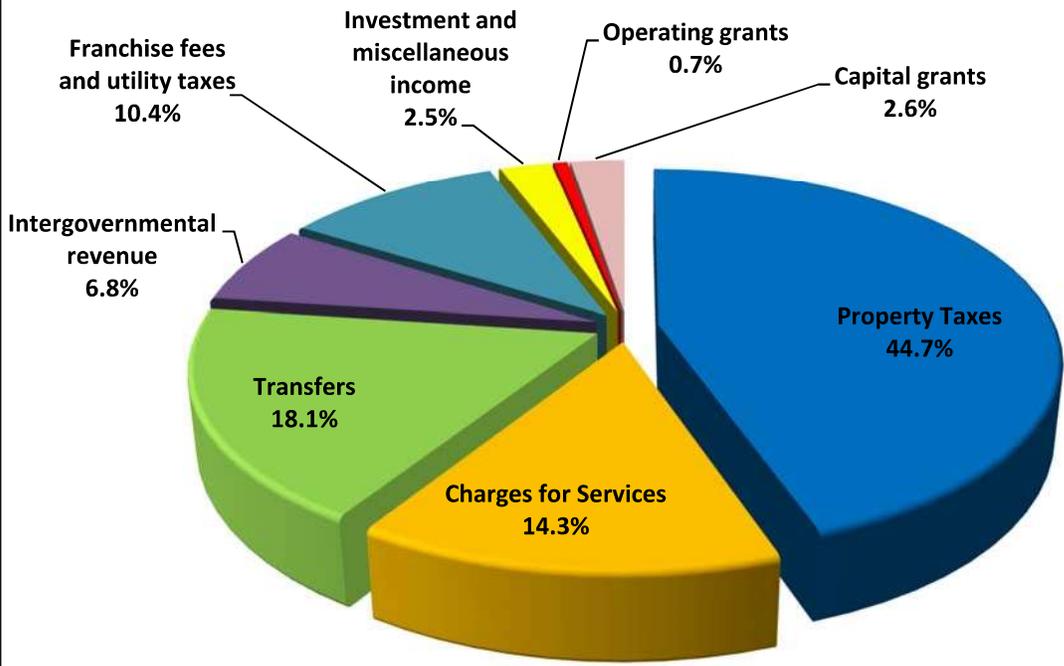
The Town's governmental activities net position increased by \$2,034,590 (8.7%), to \$25,338,688 at the end of the year. The revenue increase was due to the combination of increased charges for services and increase in property tax receipts. The reduction of costs was related to more efficient operations in general government, public safety, transportation, culture and recreation and interest on long-term debt activities.

Expenses and Program Revenues - Governmental Activities



- Program revenues, comprised of charges for services, operating grants and contributions, and capital grants and contributions, were 17.6% of total governmental activities revenues (including transfers). Property taxes, 44.7% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.

Revenue Sources - Governmental Activities

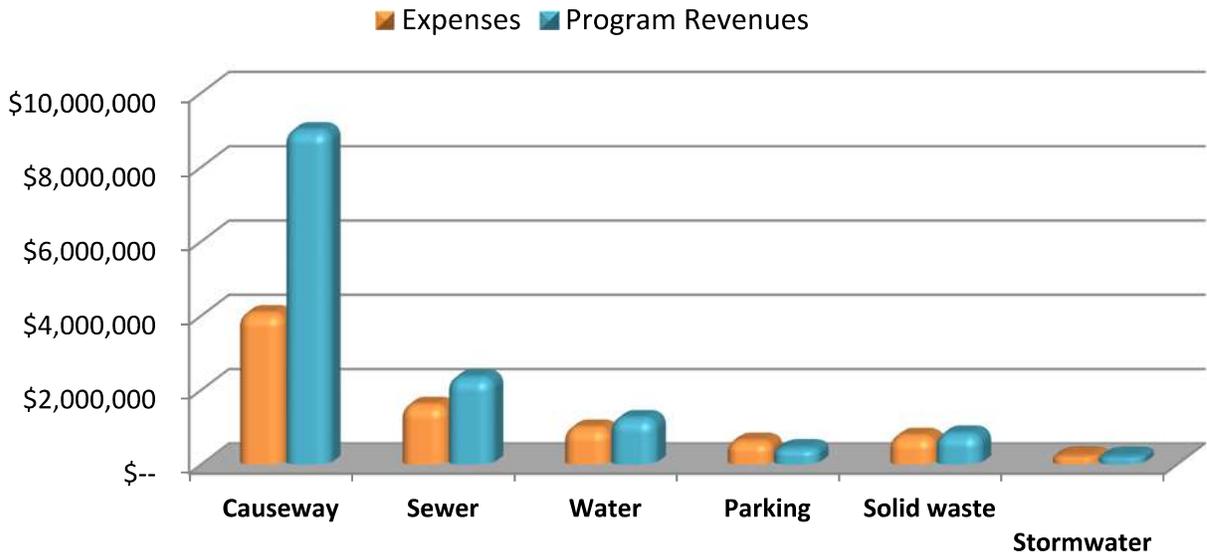


Business-type Activities

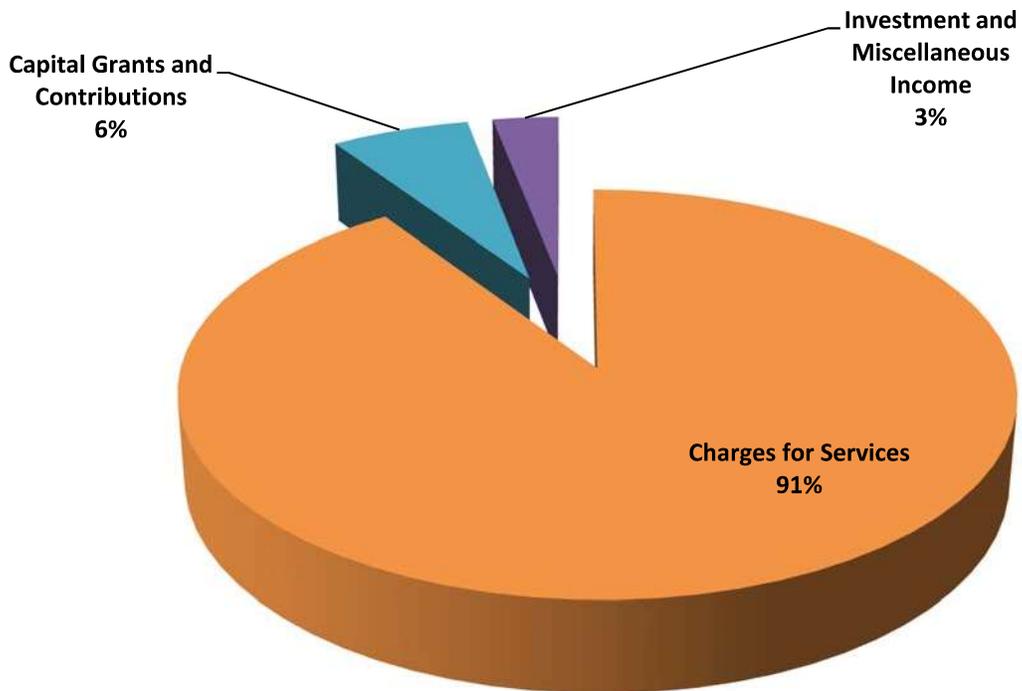
Business-type activities increased the Town of Bay Harbor Islands' net position by \$4,344,626. The causeway, sewer, water, and solid waste funds generated substantial operating income. The solid waste fund operated at a profit for the fourth time since 2013 due to the 3% increase in customer charges. Net transfers from the Town's business-type activities to its governmental activities decreased by about 5.9% to \$1,880,842, including planned transfers to fund debt service on debt related to the community enhancements project.

- Causeway Fund revenue inclusive of capital contributions decreased by \$642,526 or 6.7% due primarily to a decrease in traffic attributed to the COVID-19 pandemic and State Government imposed stay at home orders and temporary businesses shutdowns. Moreover, Causeway Fund received \$918,553 in Capital Grant revenues from other government, which somewhat offset the lost service revenue due to the health pandemic. Expenses decreased by \$414,089 or 9.3% due to the COVID-19 pandemic and State Government imposed stay at home orders, and temporary businesses shutdowns and required less personnel and maintenance cost.
- Sewer Fund revenue decreased by \$52,203 or 2.2% as the sewer rates remained the same in FY 2020 as the prior year. Expenses decreased by \$55,485 or 3.4% as well in FY 2020 due to Town's ability to maintain required Level of Service efficiently utilizing sewer department personnel and controlling maintenance costs.
- Water Fund revenue decreased by \$53,453 or about 4.2% which is attributed to the residents consuming less water. Water Fund expenditures also decreased by \$141,530 or about 12.7% which was due to Town's ability to maintain required Level of Service efficiently utilizing water department personnel and controlling maintenance costs.
- Parking Fund revenue decreased by \$250,199 or 36.3% due to lower parking permit sales, meter collections, and parking fines attributed to the COVID-19 pandemic and State Government imposed stay at home orders and temporary businesses shutdowns. Expenses also decreased by \$93,092 or 13.1% due mostly to a decrease in personnel costs required for parking enforcement, as well as repairs and maintenance costs attributed to the COVID-19 pandemic and State Government imposed stay at home orders and temporary businesses shutdowns. Town was not able to reduce the expenditures any lower since Parking Garage bonds are fixed and not easily conducive to the cost control measures that might be available to control other costs.
- Solid Waste Fund revenue remained flat – decreased by \$562 or 0.1% - since the Town is mostly built out and there are no opportunities to increase resident of business population. Solid Waste Fund expenses increased by \$7,770 or 1.0%, which in turn are considered to be flat and attributed to the limited ability to increase level of service by the Town.
- Stormwater Fund revenue were flat compared to prior fiscal year and decreased by 1,944 or 0.9%. Expenses were flat as well and decreased by \$9,148 or 3.8% due to a decrease in repairs and maintenance.

Expenses and Program Revenues - Business-type Activities



Revenue Sources - Business-type Activities



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. Unassigned *fund balance*, in particular, 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 \$10,611,715 an increase of \$1,208,412 in comparison with the prior year. Increased revenues were the net result of higher property tax receipts, utility taxes receipts, licenses and permits receipts, transfer and development fees receipts and grant from other government offset by lower communications services taxes receipts, franchise fees receipts, charges for services receipts, fine and forfeiture receipts, investment earnings receipts and miscellaneous receipts revenue. Total transfers from the Town's proprietary funds decreased by 5.8% to \$1,880,842. General fund expenditures decreased, with the bulk of the decrease due to decreased general government, transportation, culture and recreation and capital outlays spending, due mostly to a decrease in repairs and maintenance costs related to the COVID-19 pandemic and State Government imposed stay at home orders and temporary businesses shutdowns. General Fund also experienced high ranking administrative personnel change with positions such as Town Manager temporary being vacant and filled at the beginning of FY 2021. Of total fund balance, 95.5% or \$10,173,601, 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 \$15,936, or prepaid items \$96,955, *restricted* for specific uses by law enforcement agreement \$99,509, restricted for debt service \$65,025 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 \$10,173,601 while total fund balance was \$10,451,026. 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 110.7% of total general fund expenditures, while total fund balance represents 113.7% of total general fund expenditures.

Fund balance of the Town of Bay Harbor Islands' general fund increased by \$1,208,412 during the current fiscal year. Property taxes, utility taxes, licenses and permits, transfer development fees and grants funding revenues increased; communications services taxes, franchise fees, intergovernmental, charges for services, fines and forfeitures, investment earnings and miscellaneous revenues decreased, compared with prior FY 2019. Decreased expenditures were mostly attributable to general government, transportation, culture and recreation and capital spending decrease due to Town's upper administrative personnel restructuring and due mostly to a decrease in repairs and maintenance costs related to the COVID-19 pandemic and State Government imposed stay at home orders and temporary businesses shutdowns.

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:

	2020	% of	2019	% of	Increase/ (Decrease)	% of Increase/ (Decrease)
	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>	<u>from 2019</u>	<u>(Decrease)</u>
Revenues:						
Property taxes	\$ 4,648,810	54.6%	\$ 4,414,128	53.8%	\$ 234,682	5.3%
Utility taxes	527,415	6.2%	512,875	6.3%	14,540	2.8%
Communications						
services taxes	174,600	2.1%	186,454	2.3%	(11,854)	-6.4%
Franchise fees	380,091	4.5%	387,317	4.7%	(7,226)	-1.9%
Licenses and permits	1,319,112	15.5%	967,672	11.8%	351,440	36.3%
Intergovernmental	971,167	11.4%	1,004,290	12.2%	(33,123)	-3.3%
Transfer development fees	1,000	0.0%	-	0.0%	1,000	
Charges for services	47,004	0.6%	290,547	3.5%	(243,543)	-83.8%
Fines and forfeitures	123,714	1.5%	155,060	1.9%	(31,346)	-20.2%
Investment earnings (losses)	182,684	2.1%	202,361	2.5%	(19,677)	-9.7%
Grants	70,000	0.8%	-	0.0%	70,000	100.0%
Miscellaneous	61,168	0.7%	84,413	1.0%	(23,245)	-27.5%
Total revenues	<u>\$ 8,506,765</u>	<u>100.0%</u>	<u>\$ 8,205,117</u>	<u>100.0%</u>	<u>\$ 301,648</u>	<u>3.7%</u>

- Property tax revenue collections were higher compared to FY 2019 due to conditions in real estate market and increase in property values.
- Utility tax revenues remitted from County and State were higher compared to FY 2019 due to higher consumption of utilities by residents.
- Licenses and permits increased due to increased construction and remodeling activity compared to the prior year.
- Grants increased due to a grant from State of Florida grant to perform a flood vulnerability assessment at the Town of Bay Harbor Islands.

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

	2020	% of	2019	% of	Increase/ (Decrease)	% of Increase/ (Decrease)
	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>	<u>from 2018</u>	<u>(Decrease)</u>
Expenditures						
General government	\$ 1,827,792	19.8%	\$ 1,910,436	19.2%	\$ (82,644)	-4.3%
Public safety	4,952,409	53.9%	4,862,875	49.0%	89,534	1.8%
Transportation	603,046	6.6%	639,646	6.4%	(36,600)	-5.7%
Culture and recreation	972,097	10.6%	1,210,888	12.2%	(238,791)	-19.7%
Capital outlay	328,895	3.6%	802,419	8.1%	(473,524)	-59.0%
Debt service	507,407	5.5%	502,285	5.1%	5,122	1.0%
Total expenditures	<u>\$ 9,191,646</u>	<u>100.0%</u>	<u>\$ 9,928,549</u>	<u>100.0%</u>	<u>\$ (736,903)</u>	<u>-7.4%</u>

The General Fund expenditure decrease is due primarily to high-ranking administrative personnel change where Town Manager position was vacant, decreased transportation expenditures, decreased culture and recreation expenditures, and capital outlay expenditures, were due to a decrease in ridership and decrease in transportation costs, cancellation of social gatherings and scheduled Town events, and postponement of capital outlay expenditures, was related to the COVID-19 pandemic and State Government imposed stay at home orders and temporary businesses shutdowns. Public Safety expenditures was increased for the same factors since State mandated stay home orders and business shutdowns were needed to be enforced and monitored.

General Fund Budgetary Highlights

For total General Fund revenues, there was a favorable budget variance of \$586,333, due to greater than anticipated property tax receipts, utility taxes, franchise fees, licenses and permits, fines and forfeitures, investment earnings and miscellaneous receipts offset by lower than anticipated communications service tax, intergovernmental, and charges for services receipts.

Total expenditures were \$1,573,229 less than budgeted due to unspent appropriations for General Government, Public Buildings, Public Safety, Transportation and Culture and Recreation.

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 besides Parking Fund and Stormwater Fund.

For the proprietary funds as a whole, net position increased by \$4,344,626.

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, 2020, amounts to \$59,917,289 (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 \$227,907.

Additions to capital assets for governmental activities before depreciation and net of transfers from construction in progress were \$328,895, with no disposals, for net additions of \$328,895.

Business-type activities' capital asset additions before depreciation and net of transfers from construction in progress totaled \$1,463,468, with no disposals, for net additions of \$1,463,468.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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	59,573	49,898	1,473,204	176,148	1,532,777	226,046
Buildings	2,264,346	2,409,410	-	-	2,264,346	2,409,410
Improvements other than buildings	14,549,412	14,976,823	23,293,832	24,666,094	37,843,244	39,642,917
Furniture, fixtures and equipment	458,057	512,823	456,007	600,051	914,064	1,112,874
Toll collection system	-	-	774,370	967,963	774,370	967,963
Sewer system	-	-	3,115,657	3,254,395	3,115,657	3,254,395
Water system	-	-	1,023,414	1,057,311	1,023,414	1,057,311
Parking garage	-	-	7,971,890	8,118,490	7,971,890	8,118,490
Total	<u>\$ 21,137,642</u>	<u>\$ 21,755,208</u>	<u>\$ 38,779,647</u>	<u>\$ 39,511,725</u>	<u>\$ 59,917,289</u>	<u>\$ 61,266,933</u>

Additional information on the Town's capital assets can be found in note 7 on pages 47-48 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 \$16,875,387.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Refunding Note, Series 2012	\$ 2,809,000	\$ 3,130,000	\$ -	\$ -	\$ 2,809,000	\$ 3,130,000
Revenue Bonds, Series 2016	3,166,769	3,184,597			3,166,769	3,184,597
Causeway Promissory Note, 2012	-	-	8,026,000	8,921,000	8,026,000	8,921,000
Parking Refunding Note, 2012	-	-	2,800,000	3,157,000	2,800,000	3,157,000
State Revolving Loan	-	-	73,618	145,024	73,618	145,024
Total	<u>\$ 5,975,769</u>	<u>\$ 6,314,597</u>	<u>\$ 10,899,618</u>	<u>\$ 12,223,024</u>	<u>\$ 16,875,387</u>	<u>\$ 18,537,621</u>

The Town of Bay Harbor Islands' total debt decreased \$1,662,234 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 48-52 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 FY 2021 fiscal year.

- The Town's millage was kept the same at 3.6245, which is lower than the rollback rate of 3.6829. Since taxable values increased, a modest increase in tax revenues is anticipated.
- Water rates were increased 6.17% and sewer rates were increased 3.18% for FY 2021.

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 Director of Finance, Town of Bay Harbor Islands, 9665 Bay Harbor Terrace, Bay Harbor Islands, Florida 33154.

BASIC FINANCIAL STATEMENTS

TOWN OF BAY HARBOR ISLANDS, FLORIDA

STATEMENT OF NET POSITION SEPTEMBER 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 3,286,675	\$ 20,647,786	\$ 23,934,461
Investments	3,258,061	3,789,805	7,047,866
Receivables, net	231,942	843,503	1,075,445
Internal balances	3,994,347	(3,994,347)	--
Due from other governments	207,325	1,030,508	1,237,833
Inventory	15,936	30,617	46,553
Prepaid items	96,955	137,048	234,003
Restricted assets:			
Cash	267,100	520,920	788,020
Loan reserves	--	97,843	97,843
Capital assets not being depreciated	3,865,827	2,144,477	6,010,304
Capital assets being depreciated, net	17,271,815	36,635,170	53,906,985
Net pension asset	1,454,256	918,214	2,372,470
Total assets	33,950,239	62,801,544	96,751,783
Deferred outflows of resources			
Pension	951,000	235,782	1,186,782
OPEB	14,062	22,784	36,846
Total deferred outflows of resources	965,062	258,566	1,223,628
Liabilities			
Accounts payable and accrued liabilities	522,844	1,105,725	1,628,569
Due to other governments	--	219,702	219,702
Due to pension	51,361	--	51,361
Unearned revenue	65,805	200,939	266,744
Customer deposits	157,680	520,920	678,600
Noncurrent liabilities:			
Due within one year	414,844	99,055	513,899
Due in more than one year	6,329,366	11,054,937	17,384,303
Total OPEB liability	162,940	133,906	296,846
Total liabilities	7,704,840	13,335,184	21,040,024
Deferred inflows of resources			
Parking trust receipts	--	206,352	206,352
Deferred gain on bond refunding	57,628	--	57,628
Pension	1,814,145	834,167	2,648,312
Total deferred inflows of resources	1,871,773	1,040,519	2,912,292
Net position			
Net investment in capital assets	15,104,245	27,772,967	42,877,212
Restricted for:			
Law enforcement	99,509	--	99,509
Debt service	65,025	--	65,025
Loan reserve	--	97,843	97,843
Net pension asset	1,454,256	918,214	2,372,470
Unrestricted	8,615,653	19,895,383	28,511,036
Total net position	\$ 25,338,688	\$ 48,684,407	\$ 74,023,095

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
General government	\$ 1,768,769	\$ 1,320,142	\$ --	\$ --	\$ (448,627)	\$ --	\$ (448,627)
Public safety	4,136,294	127,152	70,000	--	(3,939,142)	--	(3,939,142)
Transportation	1,062,366	--	--	267,579	(794,787)	--	(794,787)
Culture and recreation	1,230,141	43,536	--	--	(1,186,605)	--	(1,186,605)
Interest and other fiscal charges	167,388	--	--	--	(167,388)	--	(167,388)
Total governmental activities	8,364,958	1,490,830	70,000	267,579	(6,536,549)	--	(6,536,549)
Business-type activities							
Causeway	4,053,303	8,061,982	--	918,553	--	4,927,232	4,927,232
Sewer	1,585,259	2,323,675	--	--	--	738,416	738,416
Water	974,265	1,227,971	--	--	--	253,706	253,706
Parking	619,454	438,110	--	--	--	(181,344)	(181,344)
Solid waste	751,989	814,680	--	--	--	62,691	62,691
Stormwater	229,718	216,919	--	--	--	(12,799)	(12,799)
Total business-type activities	8,213,988	13,083,337	--	918,553	--	5,787,902	5,787,902
Total	\$ 16,578,946	\$ 14,574,167	\$ 70,000	\$ 1,186,132	(6,536,549)	5,787,902	(748,647)
General revenues							
Property taxes					4,648,810	--	4,648,810
Franchise fees based on gross receipts					380,091	--	380,091
Utility taxes					527,415	--	527,415
Communications services tax					174,600	--	174,600
Unrestricted intergovernmental revenue					703,078	--	703,078
Unrestricted investment earnings					182,684	210,867	393,551
Miscellaneous					61,168	226,699	287,867
Gain on sale of capital assets					12,451	--	12,451
Transfers					1,880,842	(1,880,842)	--
Total general revenues and transfers					8,571,139	(1,443,276)	7,127,863
Change in net position					2,034,590	4,344,626	6,379,216
Net position - Beginning					23,304,098	44,339,781	67,643,879
Net Position - Ending					\$ 25,338,688	\$ 48,684,407	\$ 74,023,095

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

	General	Capital Projects	Total Governmental Funds
Assets			
Cash	\$ 3,187,436	\$ 99,239	\$ 3,286,675
Investments	3,258,061	--	3,258,061
Receivables, net	216,403	--	216,403
Interest receivable	15,539	--	15,539
Due from other funds	3,932,897	88,992	4,021,889
Due from other governments	207,325	--	207,325
Inventory	15,936	--	15,936
Prepaid items	96,955	--	96,955
Restricted cash	267,100	--	267,100
Total assets	\$ 11,197,652	\$ 188,231	\$ 11,385,883
Liabilities			
Accounts payable and accrued liabilities	\$ 448,718	\$ --	\$ 448,718
Due to other funds	--	27,542	27,542
Due to pension fund	51,361	--	51,361
Unearned revenue	65,805	--	65,805
Customer deposits	157,680	--	157,680
Total liabilities	723,564	27,542	751,106
Deferred inflows of resources			
Unavailable revenue	23,062	--	23,062
Fund balances			
Non-spendable:			
Inventory	15,936	--	15,936
Prepaid items	96,955	--	96,955
Restricted:			
Law enforcement	99,509	--	99,509
Debt Service	65,025	--	65,025
Assigned:			
Capital projects fund	--	160,689	160,689
Unassigned	10,173,601	--	10,173,601
Total fund balances	10,451,026	160,689	10,611,715
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,197,652	\$ 188,231	
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			21,137,642
Net pension assets are not considered to represent financial assets and, therefore, are not reported in the funds			1,454,256
Deferred outflows and inflows of resources related to pensions are recorded in the statement of net position			(863,145)
Deferred outflows of resources related to OPEB are recorded in the statement of net position			14,062
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements			23,062
Deferred inflows of resources related to deferred charges on refunding of revenue bonds			(57,628)
Accrued interest related to long-term debt is recorded in the statement of net position			(74,126)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (see Note 2)			(6,907,150)
Net position of governmental activities			\$ 25,338,688

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, 2020

	General	Capital Projects	Total Governmental Funds
Revenues			
Property taxes	\$ 4,648,810	\$ --	\$ 4,648,810
Utility taxes	527,415	--	527,415
Communications services tax	174,600	--	174,600
Franchise fees	380,091	--	380,091
Licenses and permits	1,319,112	--	1,319,112
Intergovernmental	971,167	--	971,167
Transfer development right fees	1,000	--	1,000
Charges for services	47,004	--	47,004
Fines and forfeitures	123,714	--	123,714
Investment earnings	182,684	--	182,684
Grants	70,000	--	70,000
Miscellaneous	61,168	--	61,168
Total revenues	8,506,765	--	8,506,765
Expenditures			
Current:			
General government	1,827,792	--	1,827,792
Public safety	4,952,409	--	4,952,409
Transportation	603,046	--	603,046
Culture and recreation	972,097	--	972,097
Capital outlay	328,895	--	328,895
Debt service:			
Principal payments	331,000	--	331,000
Interest and other fiscal charges	176,407	--	176,407
Total expenditures	9,191,646	--	9,191,646
Deficiency of revenues over expenditures	(684,881)	--	(684,881)
Other financing sources			
Proceeds from sale of capital assets	12,451	--	12,451
Transfers in	1,880,842	--	1,880,842
Total other financing sources	1,893,293	--	1,893,293
Net change in fund balances	1,208,412	--	1,208,412
Fund balances - beginning	9,242,614	160,689	9,403,303
Fund balances - ending	\$ 10,451,026	\$ 160,689	\$ 10,611,715

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, 2020**

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) \$ 1,208,412

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	\$ 328,895	
Depreciation expense	<u>(946,461)</u>	(617,566)

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:

Revenue bonds principal payment	331,000	
Amortization of gain on bond refunding	4,433	
Amortization of bond premium	<u>7,828</u>	343,261

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	4,586	
Compensated absences payable	(140,970)	
Net pension asset and related deferred outflows and inflows of resources	1,248,499	
Total OPEB liability	<u>(11,122)</u>	1,100,993

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.

(510)

Change in net position of governmental activities (Page 17) \$ 2,034,590

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds						Total
	Causeway	Sewer	Water	Parking	Solid Waste	Stormwater (a Nonmajor Fund)	
Assets							
Current assets:							
Cash	\$ 14,626,385	\$ 2,174,473	\$ 3,077,783	\$ 668,796	\$ 100,349	\$ --	\$ 20,647,786
Investments	1,834,543	--	1,955,262	--	--	--	3,789,805
Receivables, net	19,576	--	595,785	191,413	--	--	806,774
Interest receivable	8,610	--	9,053	19,066	--	--	36,729
Due from other funds	56,058	728,954	133,345	54	743,827	947,149	2,609,387
Due from other governments	1,030,508	--	--	--	--	--	1,030,508
Inventory	--	--	30,617	--	--	--	30,617
Prepaid items	125,935	--	6,538	4,575	--	--	137,048
Restricted assets:							
Cash	10,650	249,693	183,205	--	77,372	--	520,920
Loan reserves	--	97,843	--	--	--	--	97,843
Total current assets	17,712,265	3,250,963	5,991,588	883,904	921,548	947,149	29,707,417
Noncurrent assets							
Capital assets not being depreciated	1,470,203	3,000	--	671,274	--	--	2,144,477
Capital assets being depreciated, net	23,551,412	3,149,436	1,215,132	8,203,332	2,877	512,981	36,635,170
Net pension asset	596,610	98,464	130,905	65,405	--	26,830	918,214
Total noncurrent assets	25,618,225	3,250,900	1,346,037	8,940,011	2,877	539,811	39,697,861
Total assets	43,330,490	6,501,863	7,337,625	9,823,915	924,425	1,486,960	69,405,278
Deferred outflows of resources							
Pension	124,976	45,920	38,256	20,205	--	6,425	235,782
OPEB	13,772	2,666	4,505	1,570	--	271	22,784
Total deferred outflows of resources	138,748	48,586	42,761	21,775	--	6,696	258,566
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	780,289	110,774	60,107	3,614	124,376	26,565	1,105,725
Due to other funds	2,284,894	714,589	2,739,755	284,942	125,865	453,689	6,603,734
Due to other governments	--	--	219,702	--	--	--	219,702
Unearned revenue	200,939	--	--	--	--	--	200,939
Customer deposits (payable from restricted assets)	10,650	249,693	183,205	--	77,372	--	520,920
Current portion of notes payable	--	73,618	--	--	--	--	73,618
Current portion of compensated absences	16,661	2,955	3,775	1,748	--	298	25,437
Total current liabilities	3,293,433	1,151,629	3,206,544	290,304	327,613	480,552	8,750,075
Noncurrent liabilities							
Notes payable	8,026,000	--	--	2,800,000	--	--	10,826,000
Total OPEB liability	83,086	16,949	21,879	10,390	--	1,602	133,906
Compensated absences	149,947	26,594	33,978	15,733	--	2,685	228,937
Total noncurrent liabilities	8,259,033	43,543	55,857	2,826,123	--	4,287	11,188,843
Total liabilities	11,552,466	1,195,172	3,262,401	3,116,427	327,613	484,839	19,938,918
Deferred inflows of resources							
Parking trust receipts	--	--	--	206,352	--	--	206,352
Pension	513,123	112,380	122,839	62,967	--	22,858	834,167
Total deferred inflows of resources	513,123	112,380	122,839	269,319	--	22,858	1,040,519
Net position							
Net investment in capital assets	16,893,553	3,078,818	1,210,132	6,074,606	2,877	512,981	27,772,967
Restricted for loan reserve	--	97,843	--	--	--	--	97,843
Restricted for pension	596,610	98,464	130,905	65,405	--	26,830	918,214
Unrestricted	13,913,486	1,967,772	2,654,109	319,933	593,935	446,148	19,895,383
Total net position	\$ 31,403,649	\$ 5,242,897	\$ 3,995,146	\$ 6,459,944	\$ 596,812	\$ 985,959	\$ 48,684,407

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, 2020**

	Business-type Activities - Enterprise Funds						Total
	Causeway	Sewer	Water	Parking	Solid Waste	Stormwater (a Nonmajor Fund)	
Operating revenues							
Charges for services	\$ 8,061,982	\$ 2,323,675	\$ 1,227,971	\$ 438,110	\$ 814,680	\$ 216,919	\$ 13,083,337
Miscellaneous revenue	--	--	10,040	232	--	--	10,272
Total operating revenues	8,061,982	2,323,675	1,238,011	438,342	814,680	216,919	13,093,609
Operating expenses							
Operation and maintenance	2,174,804	1,405,847	905,353	283,357	750,551	200,866	5,720,778
Depreciation expense	1,652,799	175,955	68,912	267,590	1,438	28,852	2,195,546
Total operating expenses	3,827,603	1,581,802	974,265	550,947	751,989	229,718	7,916,324
Operating income (loss)	4,234,379	741,873	263,746	(112,605)	62,691	(12,799)	5,177,285
Nonoperating revenues (expenses)							
Investment income	102,692	--	108,175	--	--	--	210,867
Rental income	87,358	--	--	129,069	--	--	216,427
Interest expense and other debt costs	(225,700)	(3,457)	--	(68,507)	--	--	(297,664)
Total nonoperating revenues (expenses)	(35,650)	(3,457)	108,175	60,562	--	--	129,630
Income (loss) before contributions and transfers	4,198,729	738,416	371,921	(52,043)	62,691	(12,799)	5,306,915
Capital contributions	918,553	--	--	--	--	--	918,553
Transfers out	(1,200,000)	(480,842)	(200,000)	--	--	--	(1,880,842)
Change in net position	3,917,282	257,574	171,921	(52,043)	62,691	(12,799)	4,344,626
Net position - beginning	27,486,367	4,985,323	3,823,225	6,511,987	534,121	998,758	44,339,781
Net position - ending	\$ 31,403,649	\$ 5,242,897	\$ 3,995,146	\$ 6,459,944	\$ 596,812	\$ 985,959	\$ 48,684,407

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, 2020

	Business-type Activities - Enterprise Funds						Total
	Causeway	Sewer	Water	Parking	Solid Waste	Stormwater (a Nonmajor Fund)	
Cash flows from operating activities							
Cash received from customers	\$ 8,021,672	\$ 1,614,798	\$ 1,258,566	\$ 1,003,508	\$ 76,704	\$ --	\$ 11,975,248
Cash received from other operations	--	--	10,040	232	--	--	10,272
Cash payments to employees for services	(1,715,683)	(343,649)	(412,566)	(208,181)	--	(59,850)	(2,739,929)
Cash payments to suppliers for goods and services	(758,450)	(1,137,687)	(529,504)	(115,719)	(687,789)	(238,281)	(3,467,430)
Cash received from other funds	2,085,253	434,655	1,933,260	281,652	54,684	314,209	5,103,713
Net cash provided (used) by operating activities	7,632,792	568,117	2,259,796	961,492	(556,401)	16,078	10,881,874
Cash flows from noncapital financing activities							
Transfers out	(1,200,000)	(480,842)	(200,000)	--	--	--	(1,880,842)
Net cash used by noncapital financing activities	(1,200,000)	(480,842)	(200,000)	--	--	--	(1,880,842)
Cash flows from capital and related financing activities							
Proceeds from capital grants	87,167	--	--	--	--	--	87,167
Acquisition of capital assets	(744,059)	(19,598)	(2,782)	(120,421)	(927)	(18,045)	(905,832)
Principal paid on capital debt	(895,000)	(71,405)	--	(357,000)	--	--	(1,323,405)
Interest paid on capital debt	(225,700)	(3,458)	--	(68,507)	--	--	(297,665)
Net cash used by capital and related financing activities	(1,777,592)	(94,461)	(2,782)	(545,928)	(927)	(18,045)	(2,439,735)
Cash flows from investing activities							
Sales and maturities of investments	555,977	--	573,053	--	--	--	1,129,030
Purchases of investments	(578,925)	--	(598,628)	--	--	--	(1,177,553)
Rental income received	85,518	--	--	129,069	--	--	214,587
Investment earnings received	32,545	--	34,908	--	--	--	67,453
Net cash provided by investing activities	95,115	--	9,333	129,069	--	--	233,517
Net increase (decrease) in cash	4,750,315	(7,186)	2,066,347	544,633	(557,328)	(1,967)	6,794,814
Cash - beginning (including restricted assets)	9,886,720	2,529,195	1,194,641	124,163	735,049	1,967	14,471,735
Cash - ending (including restricted assets)	\$ 14,637,035	\$ 2,522,009	\$ 3,260,988	\$ 668,796	\$ 177,721	\$ --	\$ 21,266,549

(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, 2020

	Business-type Activities - Enterprise Funds						Total
	Causeway	Sewer	Water	Parking	Solid Waste	Stormwater (a Nonmajor Fund)	
Reconciliation of cash to the statement of net position							
Cash	\$ 14,626,385	\$ 2,174,473	\$ 3,077,783	\$ 668,796	\$ 100,349	\$ --	\$ 20,647,786
Restricted cash	10,650	347,536	183,205	--	77,372	--	618,763
	<u>\$ 14,637,035</u>	<u>\$ 2,522,009</u>	<u>\$ 3,260,988</u>	<u>\$ 668,796</u>	<u>\$ 177,721</u>	<u>\$ --</u>	<u>\$ 21,266,549</u>
Reconciliation of operating income (loss) to net cash provided by operating activities							
Operating income (loss)	\$ 4,234,379	\$ 741,873	\$ 263,746	\$ (112,605)	\$ 62,691	\$ (12,799)	\$ 5,177,285
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	1,652,799	175,955	68,912	267,590	1,438	28,852	2,195,546
Changes in assets, liabilities and deferred inflows/outflows:							
(Increase) decrease in:							
Receivables	--	--	(41,087)	18,541	--	--	(22,546)
Interest receivable	--	--	--	4,157	--	--	4,157
Due from other funds	(10,832)	(714,627)	71,127	565,399	(739,459)	(216,918)	(1,045,310)
Due from other governments	17,812	--	--	--	--	--	17,812
Inventory	--	--	34,498	--	--	--	34,498
Prepaid items	(30,385)	--	812	3,355	--	--	(26,218)
Net pension asset	(596,610)	(98,464)	(130,905)	(65,405)	--	(26,830)	(918,214)
Deferred outflows - OPEB	(5,115)	(1,093)	(1,762)	(1,468)	--	(96)	(9,534)
Deferred outflows - pension	190,409	38,438	44,514	22,898	--	8,833	305,092
Increase (decrease) in:							
Accounts payable and accrued liabilities	70,880	(4,545)	2,608	(2,628)	62,762	(79,771)	49,306
Due to other governments	--	--	164	--	--	--	164
Due to other funds	2,085,253	434,655	1,933,096	281,652	54,684	314,209	5,103,549
Customer deposits	2	5,750	555	--	1,483	--	7,790
Parking trust receipts	--	--	--	(22,699)	--	--	(22,699)
Net pension liability	(350,174)	(92,666)	(90,435)	(48,453)	--	(17,092)	(598,820)
Total OPEB liability	13,863	2,963	4,775	3,979	--	260	25,840
Compensated absences	29,427	3,494	10,721	1,676	--	(123)	45,195
Deferred inflows - pension	378,376	76,384	88,457	45,503	--	17,553	606,273
Unearned revenues	(47,292)	--	--	--	--	--	(47,292)
Total adjustments	<u>3,398,413</u>	<u>(173,756)</u>	<u>1,996,050</u>	<u>1,074,097</u>	<u>(619,092)</u>	<u>28,877</u>	<u>5,704,589</u>
Net cash provided (used) by operating activities	<u>\$ 7,632,792</u>	<u>\$ 568,117</u>	<u>\$ 2,259,796</u>	<u>\$ 961,492</u>	<u>\$ (556,401)</u>	<u>\$ 16,078</u>	<u>\$ 10,881,874</u>
Noncash investing and financing activities							
Payable on purchase of capital assets	\$ 557,636	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 557,636
Increase in fair value of investments	63,451	--	65,607	--	--	--	129,058
Total noncash investing and financing activities	<u>\$ 621,087</u>	<u>\$ --</u>	<u>\$ 65,607</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 686,694</u>

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND SEPTEMBER 30, 2020

Assets

Cash \$ 390,550

Investments

Money market funds	353,585
U.S. treasuries and government obligations	3,099,678
Corporate bonds	4,871,312
Common stock and equity funds	2,047,312
Commingled trust fund	9,681,415
Real estate fund	<u>2,140,033</u>

Total investments 22,193,335

Receivables

Due from Town	51,361
Due from broker for investments sold	102,564
Accrued interest and dividends	<u>39,157</u>

Total receivables 193,082

Prepaid expenses 4,980

Total assets 22,781,947

Liabilities

Accounts payable	30,965
Due to broker for investments purchased	<u>35,446</u>

Total liabilities 66,411

Net position

Restricted for pension benefits \$ 22,715,536

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, 2020

Additions

Contributions	
Town (including state)	\$ 1,080,265
Employees	<u>520,770</u>
Total contributions	<u>1,601,035</u>
Investment income	
Net appreciation in fair value of investments	1,158,931
Interest	185,817
Dividends	42,828
Other Income	<u>3,178</u>
	1,390,754
Less investment expense	<u>(54,540)</u>
Net investment income	<u>1,336,214</u>
Total additions	<u>2,937,249</u>
Deductions	
Benefits paid and refunds	1,341,878
Administrative expenses	<u>45,349</u>
Total deductions	<u>1,387,227</u>
Change in net position	1,550,022
Net position restricted for pension benefits - beginning	<u>21,165,514</u>
Net position restricted for pension benefits - ending	<u>\$ 22,715,536</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020

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, 2020

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, 2020

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.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

The Town implemented the following GASB Statement during the fiscal year ended September 30, 2020:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligation (AROs). The adoption of GASB 83 in the current fiscal year did not have a material effect on the Town's basic financial statement and related disclosures.

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

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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)

historical cost if purchased or constructed. Donated capital assets are recorded at 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.

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 90 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, 2020

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 2020 into the Town of Bay Harbor Islands Employees' Retirement System. The net pension asset associated with the Plan was measured as of September 30, 2019. The amounts paid during fiscal year 2020 to the Plan will be reflected within the Town's pension expense and related asset when the net pension asset is measured for the next fiscal year.

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

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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)

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.

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 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.

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, 2020

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, 2020

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, 2020

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 \$6,907,150 difference are as follows:

Bonds payable	\$ 5,874,000
Premium on bonds payable	101,769
Compensated absences	768,441
Total OPEB liability	162,940
	<u>\$ 6,907,150</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, 2020

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, 2020

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, 2020, 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	\$ 3,799,699	\$ --	\$ 2,233,653	\$ 1,566,046
Local government bonds	327,918	--	229,874	98,044
Corporate bonds	2,920,249	247,909	1,852,128	820,212
Total Investments	\$ 7,047,866	\$ 247,909	\$ 4,315,655	\$ 2,484,302

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, 2020, 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, 2020:

- U.S. Treasury securities of \$3,799,699 are valued using quoted market prices (Level 1 inputs).
- Corporate Bonds and Local Government Bonds of \$3,248,167 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, 2020

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 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, 2020, the Plan had the following debt securities and its corresponding maturities in its portfolio:

Investments	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	Over 10
U.S. treasuries	\$ 925,116	\$ --	\$ --	\$ 925,116	\$ --
U.S. government obligations	2,174,562	939,861	1,084,483	108,325	41,893
Corporate bonds	4,871,312	--	--	4,533,843	337,469
	\$ 7,970,990	\$ 939,861	\$ 1,084,483	\$ 5,567,284	\$ 379,362

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION PLAN (CONTINUED)

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.59%. 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, 2020, 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, 2020

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, 2020:

	Fair Value Measurements Using		
	9/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Debt securities			
U.S. treasuries	\$ 925,116	\$ 925,116	\$ --
U.S. government obligations and corporate bonds	7,045,874	--	7,045,874
Total Debt Securities	<u>7,970,990</u>	<u>925,116</u>	<u>7,045,874</u>
Equity Securities			
Common stock, ADR's, and ETF's	2,047,312	2,047,312	--
Total Equity Securities	<u>2,047,312</u>	<u>2,047,312</u>	<u>--</u>
Total Investments at Fair Value	<u>10,018,302</u>	<u>\$ 2,972,428</u>	<u>\$ 7,045,874</u>
Investments Measured at Net Asset Value (NAV)			
Commingled trust fund	9,681,415		
Core real estate fund	2,140,033		
Total investments measured at NAV	<u>11,821,448</u>		
Money market funds (exempt)	353,585		
Total investments	<u>\$ 22,193,335</u>		

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Core real estate fund ⁽¹⁾	\$ 2,140,033	\$ --	Quarterly	N/A
Commingled trust fund ⁽²⁾	<u>9,681,415</u>	--	Daily	N/A
Total Investments Measured at NAV	<u>\$ 11,821,448</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.
- (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.

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, 2020

NOTE 4 - RECEIVABLES

Receivables as of September 30, 2020 for the Town's individual major funds and fiduciary funds including the allowances for uncollectible accounts, are as follows:

	General	Causeway	Water	Parking	Pension Trust Fund	Total
Customers billed	\$ --	\$ --	\$ 810,790	\$ --	\$ --	\$ 810,790
Property taxes	32,999	--	--	--	--	32,999
Franchise fees	76,054	--	--	--	--	76,054
Utility taxes	55,265	--	--	--	--	55,265
Rental income	--	19,576	--	--	--	19,576
Interest and dividends	15,539	8,610	9,053	19,066	39,157	91,425
Parking trust receipts	--	--	--	191,413	--	191,413
Due from broker	--	--	--	--	102,564	102,564
Due from Town	--	--	--	--	51,361	51,361
Other	52,085	--	--	--	--	52,085
Gross receivables	231,942	28,186	819,843	210,479	193,082	1,483,532
Less allowance for uncollectibles	--	--	(215,005)	--	--	(215,005)
Net Total Receivables	\$ 231,942	\$ 28,186	\$ 604,838	\$ 210,479	\$ 193,082	\$ 1,268,527

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, 2020, there were no material delinquent taxes.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2020 is as follows:

DUE FROM/TO OTHER FUNDS

Receivable Fund	Payable Fund							Total
	Capital Projects	Causeway	Sewer	Water	Parking	Solid Waste	Nonmajor Business-type	
General	\$ --	\$ 2,179,091	\$ 572,446	\$ 320,208	\$ 281,652	\$ 125,811	\$ 453,689	\$ 3,932,897
Capital Projects	--	--	88,992	--	--	--	--	88,992
Causeway	--	--	52,768	--	3,290	--	--	56,058
Sewer	--	--	--	728,954	--	--	--	728,954
Water	27,542	105,803	--	--	--	--	--	133,345
Parking	--	--	--	--	--	54	--	54
Solid waste	--	--	383	743,444	--	--	--	743,827
Nonmajor: Stormwater	--	--	--	947,149	--	--	--	947,149
	<u>\$ 27,542</u>	<u>\$ 2,284,894</u>	<u>\$ 714,589</u>	<u>\$ 2,739,755</u>	<u>\$ 284,942</u>	<u>\$ 125,865</u>	<u>\$ 453,689</u>	<u>\$ 6,631,276</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> General Fund
Transfers Out	
Causeway Fund	\$ 1,200,000
Water Fund	200,000
Sewer Fund	480,842
Total Transfers Out	<u>\$ 1,880,842</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, 2020

NOTE 7 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 3,806,254	\$ --	\$ --	\$ 3,806,254
Construction in progress	49,898	9,675	--	59,573
Total capital assets, not being depreciated	3,856,152	9,675	--	3,865,827
Capital assets, being depreciated				
Buildings	4,520,408	--	--	4,520,408
Improvements other than buildings	21,577,301	241,372	--	21,818,673
Furniture, fixtures and equipment	2,379,684	77,848	--	2,457,532
Total capital assets, being depreciated	28,477,393	319,220	--	28,796,613
Less accumulated depreciation for:				
Buildings	(2,110,998)	(145,064)	--	(2,256,062)
Improvements other than buildings	(6,600,478)	(668,783)	--	(7,269,261)
Furniture, fixtures and equipment	(1,866,861)	(132,614)	--	(1,999,475)
Total accumulated depreciation	(10,578,337)	(946,461)	--	(11,524,798)
Total capital assets, being depreciated, net	17,899,056	(627,241)	--	17,271,815
Governmental activities capital assets, net	\$ 21,755,208	\$ (617,566)	\$ --	\$ 21,137,642
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 671,273	\$ --	\$ --	\$ 671,273
Construction in progress	176,148	1,297,056	--	1,473,204
Total capital assets, not being depreciated	847,421	1,297,056	--	2,144,477
Capital assets, being depreciated				
Causeway system	2,549,328	--	--	2,549,328
Toll collection system	1,935,924	--	--	1,935,924
Sewer system	6,129,733	15,331	--	6,145,064
Water system	2,589,205	--	--	2,589,205
Parking garage	10,141,279	57,373	--	10,198,652
Improvements other than buildings	37,716,285	56,254	--	37,772,539
Equipment	1,804,116	37,454	--	1,841,570
Total capital assets, being depreciated	62,865,870	166,412	--	63,032,282
Less accumulated depreciation for:				
Causeway system	(2,549,328)	--	--	(2,549,328)
Toll collection system	(967,961)	(193,593)	--	(1,161,554)
Sewer system	(2,875,338)	(154,069)	--	(3,029,407)
Water system	(1,531,894)	(33,897)	--	(1,565,791)
Parking garage	(2,022,789)	(203,973)	--	(2,226,762)
Improvements other than buildings	(13,050,191)	(1,428,516)	--	(14,478,707)
Equipment	(1,204,065)	(181,498)	--	(1,385,563)
Total accumulated depreciation	(24,201,566)	(2,195,546)	--	(26,397,112)
Total capital assets, being depreciated, net	38,664,304	(2,029,134)	--	36,635,170
Business-type activities capital assets, net	\$ 39,511,725	\$ (732,078)	\$ --	\$ 38,779,647

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as functions/programs as follows:

Governmental activities	
General government	\$ 82,804
Public safety	97,486
Transportation	508,127
Culture and recreation	258,044
Total depreciation expense - governmental activities	<u>\$ 946,461</u>
Business-type activities	
Causeway	\$ 1,652,799
Sewer	175,955
Water	68,912
Parking	267,590
Solid Waste	1,438
Stormwater	28,852
Total depreciation expense - business-type activities	<u>\$ 2,195,546</u>

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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
Refunding Note, Series 2012 (Direct Borrowing)	\$ 3,130,000	\$ --	\$ (321,000)	\$ 2,809,000	\$ 328,000
Revenue bonds, Series 2016	3,075,000	--	(10,000)	3,065,000	10,000
Add deferred amounts:					
Issuance premium	109,597	--	(7,828)	101,769	--
Total bonds payable	<u>6,314,597</u>	<u>--</u>	<u>(338,828)</u>	<u>5,975,769</u>	<u>338,000</u>
Compensated absences	627,471	285,105	(144,135)	768,441	76,844
Governmental activities long-term liabilities	<u>\$ 6,942,068</u>	<u>\$ 285,105</u>	<u>\$ (482,963)</u>	<u>\$ 6,744,210</u>	<u>\$ 414,844</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020, the deferred gain on refunding balance is \$57,628. The total principal and interest remaining on the bonds is \$4,339,300. 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:			
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	10,000	108,750	118,750
2026-2030	490,000	529,125	1,019,125
2031-2035	2,525,000	198,725	2,723,725
Total	<u>\$ 3,065,000</u>	<u>\$ 1,274,300</u>	<u>\$ 4,339,300</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 \$3,050,113. For the current year, pledged revenues were \$1,308,886 and debt service on the note was \$383,063. 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, 2020

NOTE 8 - LONG-TERM DEBT (CONTINUED)

REFUNDING NOTE – SERIES 2012 (CONTINUED)

Debt service requirements to maturity for this direct borrowing are as follows:

	Principal	Interest	Total
Fiscal year ending September 30:			
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	354,000	26,877	380,877
2026-2028	1,109,000	35,081	1,144,081
Total	\$ 2,809,000	\$ 241,113	\$ 3,050,113

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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Notes and loan payable:					
Broad Causeway Promissory Note, Series 2012 (Direct Borrowing)	\$ 8,921,000	\$ --	\$ (895,000)	\$ 8,026,000	\$ --
State Revolving Fund Loan	145,024	--	(71,406)	73,618	73,618
Parking Refunding Note, Series 2012 (Direct Borrowing)	3,157,000	--	(357,000)	2,800,000	--
Total notes and loan payable	12,223,024	--	(1,323,406)	10,899,618	73,618
Compensated absences	209,179	94,378	(49,184)	254,373	25,437
Business-type activities long-term liabilities	\$ 12,432,203	\$ 94,378	\$ (1,372,590)	\$ 11,153,991	\$ 99,055

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, 2020

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 \$8,966,326. For the current year, pledged revenues were \$8,252,032 and debt service on the note was \$1,120,700. The note bears interest at 2.53%, with annual principal payments and semi-annual interest payments due through December 1, 2028.

Debt service requirements to maturity for this direct borrowing are as follows:

	Principal	Interest	Total
Fiscal year ending September 30:			
2021	\$ --	\$ 101,529	\$ 101,529
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	989,000	119,100	1,108,100
2026-2029	4,213,000	216,505	4,429,505
Total	\$ 8,026,000	\$ 940,326	\$ 8,966,326

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, 2020, 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 \$75,320. For the current year, pledged revenues were \$917,827 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:			
2021	\$ 73,618	\$ 1,702	\$ 75,320

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 \$3,050,635. The note bears interest at 2.17%, with annual principal payments and semi-annual interest payments due through December 1, 2027.

Debt service requirements to maturity for this direct borrowing are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2021	\$ --	\$ 30,380	\$ 30,380
2022	358,000	56,876	414,876
2023	369,000	48,988	417,988
2024	397,000	40,677	437,677
2025	406,000	31,964	437,964
2026-2028	1,270,000	41,751	1,311,751
Total	<u>\$ 2,800,000</u>	<u>\$ 250,635</u>	<u>\$ 3,050,635</u>

The Town's failure to pay the principal or interest on any debt obligation listed above when due or failure to observe and perform any covenant, condition, agreement or provision in any indenture applicable to the Town's various debt obligations, constitutes an event of default for the Town. In the event of a default, lenders may declare all principal and interest to be due immediately. The lender may also seek enforcement of and exercise all remedies available to collect the obligation due under any applicable law.

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.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

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, 2019 (beginning of year 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/her fellow officers
- A general employee elected by his/her fellow general employees

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN DESCRIPTION

Membership in the Plan as of October 1, 2019, was as follows:

Inactive plan members and beneficiaries currently receiving benefits	35
Inactive plan members entitled but not yet receiving benefits	4
Active plan members	<u>61</u>
Total Members	<u><u>100</u></u>

Employees become fully vested after 5 years of credited service.

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.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION BENEFITS (CONTINUED)

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.

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, 2020 were 25.63% of covered payroll. The contribution requirements of the Town for the fiscal year ended September 30, 2020 were determined by the October 1, 2018 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 2020, \$51,361 was received by the Town from the State on behalf of Police Officers (Chapter 185) and recorded in the general fund as revenue and as a contribution (expenditure) 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.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2020.

DEFERRED RETIREMENT OPTION PLAN ("DROP")

Effective October 7, 2019, the Board of Trustees approved and amended the Plan documents to include a DROP. Any member is eligible to enter the DROP on or after his or her normal retirement date as defined above. The maximum participation in the DROP is 60 months. However, an extension of a member's participation time in the DROP may be allowed at the sole discretion of the town manager and on a case-by-case basis. If an extension of time is allowed, the manager's approval shall be in writing and it shall specify the amount of time that is approved. A DROP member may separate from service prior to the expiration of the five-year period and can only participate in the DROP once.

Upon commencement of participation in the DROP, (a) the employee does not receive any additional creditable service for pension purposes, (b) the member is not eligible for disability or pre-retirement death benefits and (c) the member's contributions are discontinued. Additionally, the amount of final average salary for calculation of pension benefits is determined as of the date of entering the DROP. No payment is made for accrued unused leave upon entering the DROP, nor shall the amount of accrued unpaid leave be used in the calculation of the amount of pension benefits.

The monthly retirement benefits that would have been payable had the member elected to cease employment and not join the DROP, is credited to the member's DROP account. The money in all participant's DROP accounts is commingled with all other assets of the fund.

For members who enter the DROP on or after October 7, 2019, the member's DROP account is credited with the interest earned by the individual employee's retirement system account for the fiscal year minus administrative fees reasonably incurred by the Town in processing the account.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

DEFERRED RETIREMENT OPTION PLAN ("DROP") (CONTINUED)

Upon termination of a DROP member's employment with the Town, the retirement benefits accumulated in the member's DROP account is paid to the member. The balance credited to the member's DROP account shall be payable either to the member or as a direct rollover into any qualified plan that accepts rollovers. All distributions must comply with the Internal Revenue Code and regulations promulgated thereunder.

There were no members who participated in the DROP as of the fiscal year ended September 30, 2020.

BASIS OF ACCOUNTING

The financial statements of the Plan are prepared using the accrual basis of accounting in accordance with GAAP as applied to governmental entities in accordance with GASB pronouncements. 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 money market funds, which are 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, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

NET PENSION ASSET OF THE TOWN

In accordance with Government Accounting Standards Board Statement No. 68, the net pension asset of the Town, which elected to use a measurement date of September 30, 2019, was as follows:

Total pension liability	\$ 18,744,792
Plan fiduciary net position*	<u>(21,117,262)</u>
Net pension asset	<u>\$ (2,372,470)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>112.66%</u>

* Plan fiduciary net position for 2019 excludes \$48,252 related to employer contributions that were accrued after the actuarial valuation was completed.

The above net pension asset is recorded within the government-wide statement of net position as of September 30, 2020.

CHANGES IN THE NET PENSION LIABILITY/ASSET

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2018	\$ 22,682,053	\$ (20,410,342)	\$ 2,271,711
Changes for the year:			
Service cost	786,299	--	786,299
Expected interest growth	1,850,596	(1,626,813)	223,783
Unexpected investment income	--	974,999	974,999
Demographic experience	(477,459)	--	(477,459)
Contributions - employer	--	(1,004,663)	(1,004,663)
Contributions - employee	--	(399,794)	(399,794)
Benefit payments, including refunds of employee contributions	(1,310,542)	1,310,542	--
Administrative changes	--	38,809	38,809
Change in benefit terms	--	--	--
Assumption Changes	(4,786,155)	--	(4,786,155)
Net changes	<u>(3,937,261)</u>	<u>(706,920)</u>	<u>(4,644,181)</u>
Balances at September 30, 2019	\$ 18,744,792	\$ (21,117,262)	\$ (2,372,470)

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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	7.96%
Inflation	3.00%
Salary increases	4.00% per annum
Measurement Date	September 30, 2019, based on a valuation date of October 1, 2018
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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Expected Long-Term Real Return</u>	<u>Target Allocation</u>
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, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.96%. 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 ASSET TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension asset, calculated using the discount rate of 7.96%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.96%) or 1-percentage-point higher (8.96%) than the current rate:

	1% Decrease (6.96%)	Current Discount Rate (7.96%)	1% Increase (8.96%)
Net Pension Asset	\$ 353,928	\$ 2,372,470	\$ 4,065,571

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

At September 30, 2020, the Town reported a net pension asset of \$2,372,470. The net pension asset was measured as of September 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2018. For the fiscal year ended September 30, 2020, the Town recognized credit to pension expense of \$777,011 as a result of changes in actuarial assumptions. 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 of Resources	Deferred Inflows of Resources
Net unexpected investment income	\$ 109,626	\$ --
Assumption changes	--	2,576,835
Demographic experience	--	71,477
Town contributions subsequent to the measurement date	1,077,156	--
Total	\$ 1,186,782	\$ 2,648,312

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 \$1,077,156, resulting from Town contributions to the pension subsequent to the measurement date will be recognized as a reduction of the net pension asset 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 September 30	Amount
2021	\$ 1,582,675
2022	1,256,022
2023	(105,011)
2024	<u>(195,000)</u>
Total	<u>\$ 2,538,686</u>

PAYABLE TO THE PENSION PLAN

At September 30, 2020, the Town reported a payable of \$51,361 for amounts received from Chapter 185 contributions due to the Plan for the fiscal year ended September 30, 2020.

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, 2020

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PLAN DESCRIPTION AND BENEFITS PROVIDED (CONTINUED)

At September 30, 2020, 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>
Total employees	<u><u>67</u></u>

TOTAL OPEB LIABILITY

The Town's total OPEB liability of \$296,846 was measured as of September 30, 2020, 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	2.14% 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, 2020**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability (a)
	<u> </u>
Balance at September 30, 2019	\$ <u>253,381</u>
Changes for the Year:	
Service cost	19,214
Interest	5,695
Changes of assumptions or other inputs	31,584
Benefit payments	<u>(13,028)</u>
Net Change	<u>43,465</u>
Balance at September 30, 2020	<u>\$ 296,846</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 2.14%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.14%) or 1-percentage-point higher (3.14%) than the current rate:

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 322,389</u>	<u>\$ 296,846</u>	<u>\$ 274,192</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB Liability	<u>\$ 266,949</u>	<u>\$ 296,846</u>	<u>\$ 331,345</u>

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

For the fiscal year ended September 30, 2020, the Town recognized OPEB expense of \$27,427. At September 30, 2020, the Town reported deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ 34,400	\$ --
Demographic experience	2,446	--
Total	<u>\$ 36,846</u>	<u>\$ --</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 September 30	Amount
2021	\$ 15,546
2022	15,546
2023	<u>5,754</u>
Total	<u><u>\$ 36,846</u></u>

NOTE 12 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the fiscal year ended September 30, 2020, the Town incurred expenditures in the following General fund departments that were in excess of the amounts appropriated:

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Executive	\$ 469,960	\$ 488,406	\$ (18,446)
Protective Inspections	541,652	554,402	(12,750)

The overages were paid from available general fund reserves.

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

TOWN OF BAY HARBOR ISLANDS, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 4,592,902	\$ 4,592,902	\$ 4,648,810	\$ 55,908
Utility taxes	467,000	467,000	527,415	60,415
Communications services tax	197,000	197,000	174,600	(22,400)
Franchise fees	364,000	364,000	380,091	16,091
Licenses and permits	828,000	828,000	1,319,112	491,112
Intergovernmental	988,500	988,500	971,167	(17,333)
Charges for services	275,030	275,030	47,004	(228,026)
Fines and forfeitures	113,000	113,000	123,714	10,714
Investment earnings	50,000	50,000	182,684	132,684
Miscellaneous	45,000	45,000	61,168	16,168
Total Revenues	7,920,432	7,920,432	8,506,765	586,333
Expenditures				
General government:				
Legislative	145,187	145,187	87,261	57,926
Executive	396,460	469,960	488,406	(18,446)
Clerk	239,165	239,165	212,568	26,597
Finance and administration	192,674	192,674	190,768	1,906
Information technology	435,379	435,379	367,163	68,216
Human resources	101,852	128,352	94,525	33,827
Legal	204,800	204,800	203,095	1,705
Total General Government	1,715,517	1,815,517	1,643,786	171,731
Public buildings	710,089	710,089	240,745	469,344
Public safety:				
Law enforcement	4,194,332	4,204,332	4,070,373	133,959
Protective inspections	541,652	541,652	554,402	(12,750)
Code enforcement	227,846	227,846	215,820	12,026
Other public safety	91,901	216,901	153,523	63,378
Total public safety	5,055,731	5,190,731	4,994,118	196,613
Transportation:				
Streets and parkways	726,355	726,355	516,982	209,373
Public transit	158,000	158,000	86,064	71,936
Total transportation	884,355	884,355	603,046	281,309
Culture and recreation:				
Parks and recreation	1,363,444	1,592,045	1,202,544	389,501
Transfer to reserves	65,000	65,000	--	65,000
Total culture and recreation	1,428,444	1,657,045	1,202,544	454,501
Debt service:				
Principal, interest and fiscal charges	507,138	507,138	507,407	(269)
Total expenditures	10,301,274	10,764,875	9,191,646	1,573,229
Deficiency of revenues over expenditures	(2,380,842)	(2,844,443)	(684,881)	2,159,562
Other financing sources				
Appropriation of prior year fund balance	500,000	963,601	--	(963,601)
Proceeds from sale of capital assets	--	--	12,451	12,451
Transfers in	1,880,842	1,880,842	1,880,842	--
Total other financing sources (uses)	2,380,842	2,844,443	1,893,293	(951,150)
Net change in fund balance	\$ --	\$ --	\$ 1,208,412	\$ 1,208,412

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, 2020

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, 2020, there were supplemental appropriations in the General Fund of approximately \$464,000.
- (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**

Measurement Date, September 30,	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 19,214	\$ 15,299	\$ 11,358
Interest	5,695	8,089	7,880
Demographic experience	--	4,510	--
Changes of assumptions or other inputs	31,584	22,472	--
Benefit payments	<u>(13,028)</u>	<u>(15,099)</u>	<u>(12,372)</u>
Net Change in Total OPEB Liability	43,465	35,271	6,866
Total OPEB Liability - Beginning	<u>253,381</u>	<u>218,110</u>	<u>211,244</u>
Total OPEB Liability - Ending	<u>\$ 296,846</u>	<u>\$ 253,381</u>	<u>\$ 218,110</u>
Covered-Employee Payroll	\$ 4,263,252	\$ 4,263,252	\$ 4,363,540
Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.96%	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 (ASSET) AND RELATED RATIOS

Measurement Date:	September 30,					
	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 786,299	\$ 1,071,650	\$ 1,026,849	\$ 881,514	\$ 758,824	\$ 686,893
Interest	1,850,596	1,279,001	1,180,877	983,968	923,439	851,757
Demographic experience	(477,459)	906,769	(328,634)	(435,741)	(100,632)	--
Changes of benefit terms	--	8,635	726,619	998,287	--	--
Changes of assumptions	(4,786,155)	--	--	1,864,465	--	--
Benefit payments, including refunds of member contributions	(1,310,542)	(1,688,273)	(893,750)	(1,064,535)	(671,862)	(359,028)
Net change in total pension liability	(3,937,261)	1,577,782	1,711,961	3,227,958	909,769	1,179,622
Total pension liability - beginning	22,682,053	21,104,271	19,392,310	16,164,352	15,254,583	14,074,961
Total pension liability - ending (a)	18,744,792	22,682,053	21,104,271	19,392,310	16,164,352	15,254,583
Plan fiduciary net position						
Contributions - employer	1,004,663	1,137,266	874,490	795,792	674,623	922,599
Contributions - employee	399,794	345,320	332,750	700,737	271,897	275,817
Net Investment income (loss)	651,814	1,558,236	1,705,415	1,506,073	(248,856)	1,185,773
Benefit payments, including refunds of member contributions	(1,310,542)	(1,688,273)	(893,750)	(1,064,535)	(671,862)	(384,382)
Administrative expense	(38,809)	(37,597)	(33,384)	(37,339)	(31,590)	(31,811)
Net change in plan fiduciary net position	706,920	1,314,952	1,985,521	1,900,728	(5,788)	1,967,996
Plan fiduciary net position - beginning	20,410,342	19,095,390	17,114,069	15,213,341	15,219,129	13,251,133
Plan fiduciary net position - ending (b)	21,117,262	20,410,342	19,099,590	17,114,069	15,213,341	15,219,129
Net pension liability (asset) - Ending (a) - (b)	\$ (2,372,470)	\$ 2,271,711	\$ 2,004,681	\$ 2,278,241	\$ 951,011	\$ 35,454
Fiduciary net position as a percentage of the total pension liability	112.66%	89.98%	90.50%	88.25%	94.12%	99.77%
Covered payroll	\$ 4,645,071	\$ 4,363,540	\$ 4,362,247	\$ 3,962,146	\$ 3,822,792	\$ 3,633,983
Net pension liability as a percentage of covered payroll	N/A	52.06%	45.96%	57.50%	24.88%	0.98%

Note: Plan Fiduciary Net Position for 2019 excludes \$48,252 related to employer contributions that were accrued after the actuarial valuation was completed.

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.

N/A means not applicable

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 September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	\$ 1,022,793	\$ 1,128,517	\$ (105,724)	\$ 4,402,353	25.63%
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%

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ended September 30, 2020:

Valuation Date: October 1, 2018

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	6.00%
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.

Contents	Page(s)
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Financial Trends	71-76
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These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity	77-81
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These schedules contain information to help the reader assess the Town's most significant revenue sources, the property tax and the causeway toll.

Debt Capacity	82-85
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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.

Demographic and Economic Information	86
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information	87-89
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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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 15,104,245
Restricted	3,191,089	653,821	543,612	511,416	7,486	7,487	67,839	67,790	115,065	1,618,790
Unrestricted	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	8,615,653
Total governmental activities net position	\$ 15,861,308	\$ 16,256,996	\$ 16,339,074	\$ 18,077,065	\$ 21,036,671	\$ 23,216,541	\$ 23,842,780	\$ 23,208,933	\$ 23,304,098	\$ 25,338,688
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 27,772,967
Restricted	71,341	74,292	77,242	80,192	83,142	86,092	89,043	91,993	94,943	1,016,057
Unrestricted	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	19,895,383
Total business-type activities net position	\$ 23,900,655	\$ 25,074,350	\$ 25,618,133	\$ 25,966,123	\$ 28,156,646	\$ 30,872,961	\$ 35,509,029	\$ 39,729,000	\$ 44,339,781	\$ 48,684,407
Primary government										
Net investment in capital assets	\$ 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	\$ 42,877,212
Restricted	3,262,430	728,113	620,854	591,608	90,628	93,579	156,882	159,783	210,008	2,634,847
Unrestricted	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	28,511,036
Total primary government net position	\$ 39,761,963	\$ 41,331,346	\$ 41,957,207	\$ 44,043,188	\$ 49,193,317	\$ 54,089,502	\$ 59,351,809	\$ 62,937,933	\$ 67,643,879	\$ 74,023,095

TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 1,768,769
Public safety	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	4,136,294
Transportation	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	1,062,366
Culture and recreation	124,264	124,506	162,244	303,531	620,285	874,555	1,127,501	1,459,979	1,470,681	1,230,141
Interest on long-term debt	412,328	407,945	552,546	255,835	248,602	291,717	186,048	185,472	176,656	167,388
Total governmental activities expenses	7,030,889	7,212,508	7,723,709	6,807,371	7,546,419	8,383,759	9,180,851	10,052,010	10,150,916	8,364,958
Business-type activities:										
Causeway	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	4,053,303
Sewer	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	1,585,259
Water	933,301	953,007	913,966	963,031	1,062,721	914,630	1,017,627	1,209,085	1,115,795	974,265
Parking	679,315	642,801	817,428	578,007	554,897	610,508	640,691	664,496	712,546	619,454
Solid waste	670,688	668,603	690,765	754,366	764,182	763,258	736,001	717,272	744,219	751,989
Stormwater	113,974	94,893	120,114	118,290	153,990	236,869	196,640	198,933	238,866	229,718
Total business-type activities expenses	7,655,191	7,522,064	8,034,527	8,676,375	7,211,154	7,687,755	7,689,760	9,003,050	8,919,562	8,213,988
Total primary government expense:	14,686,080	14,734,572	15,758,236	15,483,746	14,757,573	16,071,514	16,870,611	19,055,060	19,070,478	16,578,946
Program revenues:										
Governmental activities:										
Charges for services:										
General government	153,406	191,668	509,994	513,369	1,180,307	2,535,629	1,883,013	766,835	967,692	1,320,142
Public safety	144,116	148,623	188,158	119,749	123,346	112,103	115,543	168,887	159,708	127,152
Transportation	--	--	--	--	--	1,145	4,750	1,307	--	--
Culture and recreation	2,019	2,488	10,726	117,927	187,006	188,935	220,142	269,644	285,879	43,536
Operating grants and contributions	36,584	37,187	75,071	44,615	45,552	41,440	42,825	333,051	48,252	70,000
Capital grants and contributions	291,057	846,776	226,878	553,794	258,583	254,549	254,603	296,068	314,849	267,579
Total governmental activities program revenues	627,182	1,226,742	1,010,827	1,349,454	1,794,794	3,133,801	2,520,876	1,835,792	1,776,380	1,828,409
Business-type activities:										
Charges for services:										
Causeway	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	8,061,982
Sewer	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	2,323,675
Water	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	1,227,971
Parking	389,756	379,778	476,723	691,395	733,488	673,472	738,302	716,872	688,309	438,110
Solid waste	694,928	715,326	715,130	725,714	711,977	698,570	755,226	795,676	815,242	814,680
Stormwater	208,815	213,156	209,667	209,457	205,037	210,169	208,544	217,243	218,863	216,919
Capital grants and contributions	316,249	--	--	--	485,012	514,988	--	--	--	918,553
Total business-type activities program revenues	9,683,394	10,038,301	10,131,884	10,414,154	10,983,641	11,609,505	13,803,295	14,939,679	15,002,777	14,001,890
Total primary government revenue:	\$ 10,310,576	\$ 11,265,043	\$ 11,142,711	\$ 11,763,608	\$ 12,778,435	\$ 14,743,306	\$ 16,324,171	\$ 16,775,471	\$ 16,779,157	\$ 15,830,299

Continued

TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense) revenue:										
Governmental activities	\$ (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)	\$ (6,536,549)
Business-type activities	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	5,787,902
	<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>	<u>\$ (748,647)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 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	\$ 4,648,810
Franchise fees based on gross receipts	359,930	347,019	350,569	373,096	363,587	350,674	358,731	371,041	387,317	380,091
Utility taxes	390,796	399,923	422,974	461,351	452,355	455,606	465,565	496,433	512,875	527,415
Communications services tax	307,006	298,092	281,603	270,719	249,333	221,442	203,152	203,345	186,454	174,600
Unrestricted intergovernmental revenue	495,586	549,523	618,159	630,453	670,021	1,175,138	660,337	652,061	674,423	703,078
Unrestricted investment earnings (losses)	61,145	87,275	(57,892)	12,555	39,064	68,011	(7,719)	(28,308)	202,361	182,684
Miscellaneous	18,144	64,179	103,964	82,892	50,830	74,354	57,681	51,928	94,513	73,619
Transfers	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	1,880,842
Total governmental activities	<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>	<u>8,571,139</u>
Business-type activities:										
Unrestricted investment earnings (losses)	53,696	96,954	(67,674)	13,737	45,508	94,084	(8,845)	(33,214)	251,344	210,867
Miscellaneous	126,856	203,701	278,681	269,424	254,094	355,331	318,991	262,885	273,852	226,699
Transfers	(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)	(1,880,842)
Total business-type activities	<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>	<u>(1,443,276)</u>
Change in net position:										
Governmental activities	(103,614)	395,688	(227,922)	1,100,491	1,098,826	2,179,870	626,239	(579,258)	95,165	2,034,590
Business-type activities	582,003	1,173,695	543,783	347,990	2,379,434	2,716,315	4,636,068	4,239,626	4,610,781	4,344,626
	<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>	<u>\$ 6,379,216</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 3

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Non-spendable	\$ 121,095	\$ 56,482	\$ 38,630	\$ 30,104	\$ 28,493	\$ 25,450	\$ 78,554	\$ 38,792	\$ 46,529	\$ 112,891
Restricted	132,992	94,198	23,654	26	7,486	7,487	67,839	67,790	115,065	164,534
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	10,173,601
Total General Fund	<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>	<u>\$ 10,451,026</u>
All other governmental funds:										
Unreserved, reported in:										
Capital Projects Fund	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Assigned to:										
Capital Projects Fund	3,956,049	559,623	519,958	511,390	354,577	160,689	160,689	160,689	160,689	160,689
Total Capital Projects Fund	<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>				

TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 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	\$ 5,350,825
Franchise fees	359,930	347,019	350,569	373,096	363,587	350,674	358,731	371,041	387,317	380,091
Licenses and permits	153,386	191,628	509,964	826,335	1,180,257	1,051,339	629,233	761,815	967,672	1,319,112
Intergovernmental	716,848	804,970	876,689	913,702	970,463	971,127	922,765	989,502	1,004,290	971,167
Transfer development right fees	--	--	310,000	637,500	2,186,000	1,484,250	1,253,750	5,000	--	1,000
Charges for services	2,783	2,893	11,435	119,252	188,524	191,929	224,723	273,828	290,547	47,004
Fines and forfeitures	143,529	148,308	187,480	118,454	119,988	109,149	110,992	164,723	155,060	123,714
Investment earnings (losses)	61,145	87,275	(57,892)	12,555	39,064	68,011	(7,719)	(28,308)	202,361	182,684
Grants	106,221	628,358	43,418	2,163	3,693	500,000	--	288,088	--	70,000
Miscellaneous	18,144	64,179	103,964	82,891	50,830	74,354	57,681	51,928	84,413	61,168
Total revenues	5,317,399	5,971,922	6,041,206	6,872,410	9,136,700	8,907,634	7,979,727	7,541,181	8,205,117	8,506,765
Expenditures:										
General government	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	1,827,792
Public safety	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	4,952,409
Transportation	817,526	891,186	847,193	677,439	707,624	722,403	880,270	808,231	639,646	603,046
Culture and recreation	56,122	51,440	88,961	229,475	520,597	750,181	905,788	1,209,433	1,210,888	972,097
Capital outlay	3,272,090	4,265,481	288,069	516,991	743,909	2,643,918	842,941	201,442	802,419	328,895
Debt service:										
Principal payments	190,000	200,000	205,000	278,000	291,000	295,000	304,000	312,000	319,000	331,000
Interest and debt costs	415,924	409,903	379,135	259,950	250,611	344,248	137,538	189,958	183,285	176,407
Total expenditures	10,022,466	11,212,849	7,586,790	7,173,767	8,062,240	10,584,560	9,094,138	9,311,034	9,928,549	9,191,646
Excess of revenues over (under) expenditures	(4,705,067)	(5,240,927)	(1,545,584)	(301,357)	1,074,460	(1,676,926)	(1,114,411)	(1,769,853)	(1,723,432)	(684,881)
Other financing sources (uses):										
Transfers in	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	1,880,842
Sale of capital assets	--	--	--	--	1,890	1,145	4,750	1,307	10,100	12,451
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	1,626,752	1,643,197	1,810,259	1,672,950	1,694,545	1,755,430	1,792,363	1,927,981	2,007,730	1,893,293
Net change in fund balances	\$ (3,078,315)	\$ (3,597,730)	\$ 264,675	\$ 1,371,593	\$ 2,769,005	\$ 78,504	\$ 677,952	\$ 158,128	\$ 284,298	\$ 1,208,412
Debt service as a percentage of noncapital expenditures	9.0%	8.8%	8.0%	8.1%	7.4%	8.1%	5.4%	5.5%	5.5%	5.7%

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 5

PROGRAM REVENUES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 153,406	\$ 220,026	\$ 513,145	\$ 826,365	\$ 1,180,307	\$ 2,535,629	\$ 1,883,013	\$ 1,054,923	\$ 967,692	\$ 1,320,142
Public safety	368,757	404,229	486,956	405,162	168,898	153,543	158,368	213,850	207,960	197,152
Transportation	--	600,000	--	--	258,583	255,694	259,353	320,372	314,849	267,579
Culture and recreation	105,019	2,488	10,726	117,927	185,116	188,935	220,142	269,644	285,879	43,536
Total governmental activities	627,182	1,226,743	1,010,827	1,349,454	1,792,904	3,133,801	2,520,876	1,858,789	1,776,380	1,828,409
Business-type activities:										
Causeway	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	8,980,535
Sewer	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	2,323,675
Water	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	1,227,971
Parking	389,756	379,778	476,723	691,395	586,972	673,472	738,302	716,872	688,309	438,110
Solid waste	694,928	715,326	715,130	725,714	711,977	698,570	755,226	795,676	815,242	814,680
Stormwater	208,815	213,156	209,667	209,457	205,037	210,169	208,544	217,243	218,863	216,919
Total business-type activities	9,683,394	10,038,301	10,131,884	10,414,154	10,835,550	11,609,505	13,803,295	14,939,679	15,002,777	14,001,890
Total primary government	\$ 10,310,576	\$ 11,265,044	\$ 11,142,711	\$ 11,763,608	\$ 12,628,454	\$ 14,743,306	\$ 16,324,171	\$ 16,798,468	\$ 16,779,157	\$ 15,830,299

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 Property	Personal Property	Real	Personal		Real	Personal			
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		
2020	1,933,106,853	18,943,845	1,952,050,698	615,865,109	2,309,588	1,333,876,001	3.6245	19.4016		

*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		
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	
2020	3.6245	5.1449	7.1480	3.1727	0.0320	0.2795	19.4016	

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: 2020

<u>Parcel Owner</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation*</u>
Bay Village Condos LLC	\$ 25,390,370	1.86%
Bay Harbor Hotel LLC	18,000,000	1.32%
B H Investment LLC	17,379,780	1.27%
CBS Realty Holding LLC	12,221,920	0.89%
Annette Samson Eichen TRS	8,862,366	0.65%
Bay Harbor Project LLC	8,472,760	0.62%
NR Wharton Kane Concourse	8,379,937	0.61%
Mark Tabacinic and Vanessa Bibliowicz	8,136,085	0.59%
Broadhouse Holdings LTD	8,018,430	0.59%
Congress Driftwood LTD	7,650,000	0.56%
	<u>\$ 122,511,648</u>	<u>8.95%</u>

*Based on Appraisers 2020 Municipal Tax Roll.

Year: 2011

<u>Parcel Owner</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation**</u>
1170 LLC	\$ 5,151,577	0.91%
Spencer Merinoff	3,968,745	0.70%
1108 Concourse LC	3,849,278	0.68%
Uzi and Tova Zohar	3,184,385	0.56%
Ocean Cadillac Inc.	3,178,500	0.56%
Baytown Corporation	3,006,949	0.53%
Mitchell and Annette Eichen	2,969,850	0.53%
Mark and Janice Revitz	2,914,518	0.52%
James Cohen	2,682,520	0.48%
Paul and Camile Battista	2,660,706	0.47%
	<u>\$ 33,567,028</u>	<u>5.94%</u>

**Based on Appraiser's 2011 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 Ended September 30,	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections of Previous Years' Levies	Total Collections
		Amount	Percentage of Levy		
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
2020	4,995,365	4,279,098	85.7%	369,712	4,648,810

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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total traffic	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	6,647,870
Toll revenues:										
Cash tolls	\$ 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	\$ 7,557,782
Commuter/annual pass	1,384,304	1,387,087	1,471,417	1,431,496	492,563	395,428	415,345	466,192	494,602	504,200
Total toll revenue	\$ 5,234,106	\$ 5,474,246	\$ 5,582,204	\$ 5,832,200	\$ 5,639,041	\$ 6,343,175	\$ 8,627,495	\$ 9,549,066	\$ 9,623,061	\$ 8,061,982
Average yield per vehicle	\$ 0.844	\$ 0.844	\$ 0.844	\$ 0.867	\$ 0.753	\$ 0.801	\$ 1.109	\$ 1.195	\$ 1.212	\$ 1.213
Toll rates:										
Cash toll (Class 1)	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Annual pass	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 300.00	\$ 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			
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
2020	10,826,000	73,618		2,809,000	3,166,769	16,875,387	1.27%	2,913

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, 2020

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable to Town of Bay Harbor Islands (1)	Estimated Share of Direct & Overlapping Debt
Direct:			
Bay Harbor Islands	\$ 5,975,769	100.00%	\$ 5,975,769
Overlapping:			
Miami-Dade Board of County Commissioners (2)	2,282,020	0.20%	4,667
Miami-Dade County School Board (3)	927,088,000	0.20%	1,895,874
Total overlapping	<u>929,370,020</u>		<u>1,900,541</u>
Total direct and overlapping	<u>\$ 935,345,789</u>		<u>\$ 7,876,310</u>

Notes:

(1) The percentage of overlapping debt payable is estimated by dividing the Town's population of 5,793 by the County's population of 2,832,794 obtained from Miami-Dade County, Florida Finance Department.

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

(3) Information obtained from Miami-Dade County School Board CAFR for fiscal year ended June 30, 2020; General Obligation Bonds.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed values (1):										
Taxable value of real property	\$ 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	\$ 1,317,241,744
Add: Exempt real property	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	615,865,109
Total assessed value of real property	\$ 786,125,345	\$ 774,573,967	\$ 749,459,838	\$ 845,128,356	\$ 1,063,287,591	\$ 1,210,203,009	\$ 1,444,251,699	\$ 1,720,875,185	\$ 1,862,399,237	\$ 1,933,106,853
Legal debt margin:										
Debt limitation (25% of assessed real property)	\$ 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	\$ 483,276,713
Total bonded debt	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	5,975,769
Legal debt margin	\$ 188,416,336	\$ 185,728,492	\$ 179,390,960	\$ 203,586,089	\$ 258,270,168	\$ 295,277,671	\$ 354,101,672	\$ 423,577,371	\$ 459,285,212	\$ 477,300,944
Total net debt applicable to the limit as a percentage of debt limit	4.13%	4.09%	4.26%	3.64%	2.84%	2.40%	1.93%	1.54%	1.36%	1.24%

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
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
2020	8,253,032	2,174,804	6,078,228	1,120,701	5.42

Fiscal Year	Sewer Fund State Revolving Loan				
	Gross Revenues	Operating Expenses	Net Available Revenue	Debt Service Amount	Coverage
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
2020	2,323,675	1,405,847	917,828	75,320	12.19

Fiscal Year	Revenue Bonds and Refunding Note					
	Sales Tax	Franchise Fees	Utility Tax	Total Revenues	Debt Service Amount	Coverage
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
2020	401,379	380,091	527,415	1,308,885	507,407	2.58

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 15 DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Bay Harbor Islands Population *	Miami- Dade County **				
		Personal Income	Per Capita Personal Income	Unemployment Rate	Civilian Labor Force	Median Age
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	131,244,442	47,813	5.0%	1,375,376	40
2018	6,006	138,138,976	50,022	3.6%	1,363,766	40
2019	5,964	149,166,155	54,902	2.9%	1,463,774	40
2020	5,793	N/A	N/A	N/A	1,396,663	N/A

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

* Source for 2011 to 2020: 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>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>	<u>2020</u>
Governmental activities:										
General government	15	15	16	18	18	18	18	21	21	22
Public safety	39	39	35	36	26	28	28	28	27	25
Transportation	12	10	8	7	7	5	5	6	7	5
Culture and recreation				6	4	4	6	5	8	8
Total governmental activities	<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>	<u>60</u>
Business-type activities:										
Causeway	28	27	32	25	5	6	6	6	6	6
Sewer	2	2	1	1	1	1	1	1	1	1
Water	2	2	2	2	2	2	2	2	2	3
Parking	1	1	1	1	1	1	1	1	1	1
Total business-type activities	<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>	<u>11</u>
Total primary government	<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>	<u>71</u>

Source: Town Finance Department

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 17

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government										
Elections Held	--	2	1	1	2	2	1	1	1	1
Newsletters Issued	12	12	12	12	12	12	12	12	12	10
Town Council Meetings	12	11	11	10	10	11	11	10	10	8
Planning & Zoning Board Meetings	12	10	17	13	17	19	12	13	15	9
Public safety										
Case numbers issued	647	870	584	626	831	843	739	702	702	804
Arrests	192	171	121	84	73	83	72	70	51	49
Calls for service	13,798	17,782	14,366	17,900	16,813	17,223	21,985	19,334	20,021	23,211
Business-type activities:										
Causeway										
Traffic Count (vehicles)	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	6,647,870
Sewer										
Average Monthly Sewage Volume (thousands of gallons)	19,200	24,066	21,397	20,242	19,676	19,836	20,008	19,200	22,684	23,269
Water										
Average Monthly Gallons Purchased (thousands)	25,130	25,863	25,763	26,534	26,576	24,221	26,600	28,127	26,614	26,419
Average Monthly Gallons Sold (thousands)	21,761	23,974	23,617	23,534	23,618	21,884	22,474	22,884	22,511	22,333
Parking										
Parking Citations	2,031	1,635	2,431	1,465	2,592	2,626	2,307	2,573	1,838	1,058

Source: Town Finance Department

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 18

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Public safety										
Patrol Cars/SUV	18	18	18	18	18	25	26	26	26	28
Police Boats	1	1	1	1	1	1	1	1	2	1
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	3	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

REPORTING SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 19, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item MW2020-001, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item SD2020-002, to be a significant deficiency.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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
April 19, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

We have audited the Town of Bay Harbor Islands, Florida (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the fiscal year ended September 30, 2020. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and, the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Town as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 19, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

Miami, FL
April 19, 2021

TOWN OF BAY HARBOR ISLANDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Federal Agency, Pass-through Entity Federal Program Project	CFDA Number	Contract/ Grant No.	Total Expenditures
<i>United States Department of Transportation</i>			
Passed through State of Florida, Department of Transportation - Highway Planning and Construction Cluster	20.205	G1213	\$ 918,553
<i>Total United States Department of Transportation</i>			<u>918,553</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 918,553</u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Town of Bay Harbor Islands, Florida (the “Town”) under programs of the federal government for the fiscal year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the Town.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

The Town has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None reported
Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None reported

Type of auditors’ report issued on compliance for major program:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)? Yes No

Identification of major program:

CFDA No.
20.205

Federal Program or Cluster
Department of Transportation –
Highway Planning and Construction Cluster

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

\$750,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?

Yes No

TOWN OF BAY HARBOR ISLANDS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

MW 2020-001- Untimely Preparation and Review of Bank Reconciliations

Criteria

Prudent internal control practices for the cash receipts and disbursements financial cycles of the Town include having a process in place for timely preparation and review of the monthly bank reconciliations.

Condition, Cause, and Effect

During our review of the internal control processes over Financial Reporting and Closing it was noted that that bank reconciliations for the Town’s bank accounts were not being prepared or reviewed in a timely manner. Marcum noted that there was no evidence of when the bank reconciliations were prepared. Additionally, the bank reconciliations for all nine of the Town’s bank accounts had a minimum of nine months in fiscal year 2020 that were not completed and reviewed in accordance with the Town’s policy of no later than 45 days, with one account not meeting the Town’s policy for the entire fiscal year.

The Town, due to lack of enforcement of the Town’s internal control policy over the preparation and review of bank reconciliations, was out of compliance with its policy for bank reconciliations. Potential effect of this condition could result in failure to timely detect loss or misuse of funds.

Recommendation

In order to ensure that assets are safeguarded from loss or misuse, it is important that bank reconciliations should be prepared and reviewed in a timely manner in accordance with the Town’s established policy. We recommend the Town maintain support for the preparation and review by signing and dating which provides evidence of the timeliness.

Views of Responsible Officials and Planned Corrective Actions

See accompanying corrective action plan.

TOWN OF BAY HARBOR ISLANDS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY

SD 2020-002- Lack of Review and Approval of Manual Journal Entries

Criteria

Proper management review and approval of manual journal entries is an essential part of internal control over financial reporting. Sound internal controls call for proper authorization and review of manual journal entries.

Condition, Cause, and Effect

During our review of the internal control processes over Financial Reporting and Closing it was noted that there was lack of adequate internal controls over the preparation and review of manual journal entries. Marcum noted that certain manual journal entries selected for testing did not have any evidence of review by an appropriate member of financial management.

The Town has inadequate internal controls over the preparation and review of manual journal entries. Potential effects of this condition could result in inaccurate or incomplete transactions being recorded and ultimately inaccurate financial reporting.

Recommendation

We recommend the adoption of a policy whereby all manual journal entries will be approved by an appropriate member of financial management. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. All manual journal entries should be accompanied by full explanation and by reference to adequate supporting data.

Views of Responsible Officials and Planned Corrective Actions

See accompanying corrective action plan.

TOWN OF BAY HARBOR ISLANDS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings reported in the prior fiscal year.

**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, 2020, and have issued our report thereon dated April 19, 2021.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance; and Report on Schedule of Expenditures of Federal Awards; and Schedule of Findings and Questioned Costs; 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 and schedules, which are dated April 19, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address 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
April 19, 2021

**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, 2020. 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, 2020.

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
April 19, 2021



Town Council

Joshua D. Fuller
Mayor

Elizabeth Tricoche
Vice Mayor

Stephanie Bruder
Council Member

Molly Diallo
Council Member

Jordan W. Leonard
Council Member

Isaac Salver
Council Member

Robert Yaffe
Council Member

Town Officials

Maria Lasday
Town Manager

Alba L. Chang
Town Clerk

Joseph Geller
Town Attorney

TOWN OF BAY HARBOR ISLANDS

CORRECTIVE ACTION PLAN

April 19, 2021

The Town of Bay Harbor Islands respectfully submits the following corrective plan for the fiscal year ended September 30, 2020.

MW 2020-001 – Untimely Preparation and Review of Bank Reconciliations

View of Responsible Official and Planned Corrective Action

Management concurs with the auditor’s recommendation. The Town of Bay Harbor Islands Finance Department has prepared monthly bank reconciliations throughout the fiscal year and months subsequent to year end. The Finance Director is now reviewing and approving all the bank reconciliations in a timely manner to comply with the Town’s established policy. The Town’s internal control process over Financial Reporting and Closing and regarding bank reconciliations is now being enforced and reconciliations are being prepared and approved no later than 45 days from month end. Additional controls, such as maintenance of supporting documentation for preparation and review by signing and dating bank reconciliations that provides evidence of the timeliness, are being considered by the Finance Department.

SD 2020-002 – Lack of Review and Approval of Manual Journal Entries

View of Responsible Official and Planned Corrective Action

Management concurs with the auditor’s recommendation. The Finance Department will adopt a policy whereby all manual journal entries will be approved by an appropriate member of financial management. All entries will be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. All manual journal entries will be accompanied by full explanation and by reference to adequate supporting data. The Finance Director will be responsible in approving a policy within the next 60 days and ensuring continued adherence to the Policy.