

TOWN OF BAY HARBOR ISLANDS,
FLORIDA



ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

TOWN OF BAY HARBOR ISLANDS, FLORIDA



For the fiscal year ended September 30, 2021

Prepared by the Finance Department

Town of Bay Harbor Islands, Florida
Annual Comprehensive Financial Report
September 30, 2021
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INTRODUCTORY SECTION



April 6, 2022

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

Yvonne Hamilton
Interim Town Clerk

Joseph Geller
Town Attorney

To the Honorable Mayor Joshua D. Fuller, Vice Mayor Elizabeth Tricoche, 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021, 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, 2021, 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, 2021, 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 5,922 residents according to the latest available estimate in 2020 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 2020 estimates from the U.S. Census Bureau, the median age for Town residents is 42.2, and median household income is \$99,063.

Property values have increased for ten 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 decreased 0.03% as of January 1, 2021. However, 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, Vice 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Bay Harbor Islands
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

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

ASSISTANT TOWN MANAGER

Jenice Rosado

TOWN CLERK

Yvonne Hamilton

TOWN ATTORNEY

Greenspoon Marder LLP

Joseph Geller

TOWN FINANCE DIRECTOR

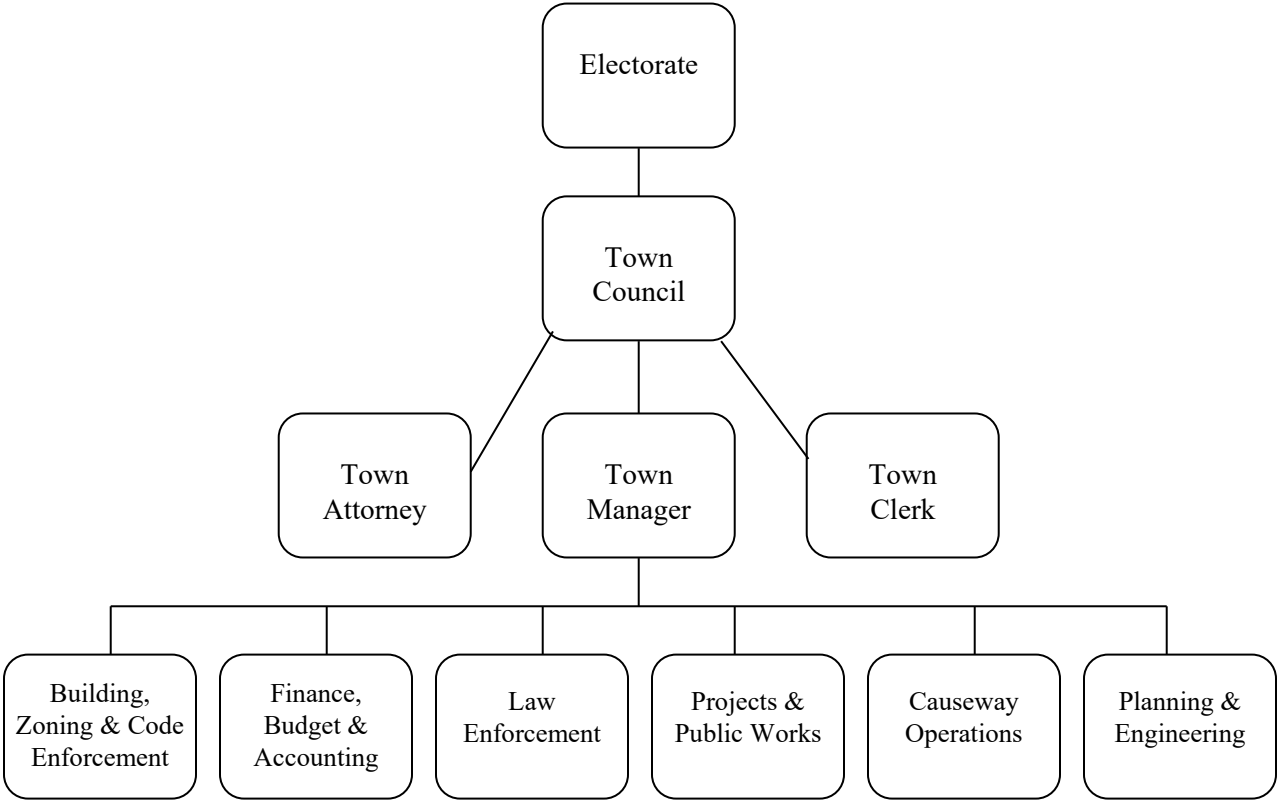
Peter Kajokas

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, 2021, 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, 2021, 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 6, 2022 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 6, 2022.

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, 2021. 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 \$82,585,678 (net position). Of this amount, \$35,627,656 (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 \$8,562,583.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,207,201 an increase of \$1,595,483 in comparison with the prior year. Approximately \$11,886,220 or 97.37% is available in the Town's general fund for spending at the government's discretion (unassigned fund balance). The \$160,690 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 \$1,695,446 or 10.0% 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 \$82,585,678 at the close of the most recent fiscal year.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 15,324,862	\$ 12,812,597	\$ 27,962,795	\$ 24,021,897	\$ 43,287,657	\$ 36,834,494
Capital assets	<u>20,669,751</u>	<u>21,137,642</u>	<u>37,761,243</u>	<u>38,779,647</u>	<u>58,430,994</u>	<u>59,917,289</u>
Total assets	<u>35,994,613</u>	<u>33,950,239</u>	<u>65,724,038</u>	<u>62,801,544</u>	<u>101,718,651</u>	<u>96,751,783</u>
Total deferred outflows	<u>1,211,895</u>	<u>965,062</u>	<u>372,721</u>	<u>258,566</u>	<u>1,584,616</u>	<u>1,223,628</u>
Long-term liabilities	6,453,423	6,907,150	9,957,018	11,287,898	16,410,441	18,195,048
Other liabilities	<u>813,349</u>	<u>797,690</u>	<u>1,561,799</u>	<u>2,047,286</u>	<u>2,375,148</u>	<u>2,844,976</u>
Total liabilities	<u>7,266,772</u>	<u>7,704,840</u>	<u>11,518,817</u>	<u>13,335,184</u>	<u>18,785,589</u>	<u>21,040,024</u>
Total deferred inflows	<u>1,216,577</u>	<u>1,871,773</u>	<u>715,423</u>	<u>1,040,519</u>	<u>1,932,000</u>	<u>2,912,292</u>
Net position:						
Net investment in						
capital assets	14,986,615	15,104,245	28,185,137	27,772,967	43,171,752	42,877,212
Restricted	2,455,206	1,618,790	1,331,064	1,016,057	3,786,270	2,634,847
Unrestricted	<u>11,281,338</u>	<u>8,615,653</u>	<u>24,346,318</u>	<u>19,895,383</u>	<u>35,627,656</u>	<u>28,511,036</u>
Total net position	<u>\$ 28,723,159</u>	<u>\$ 25,338,688</u>	<u>\$ 53,862,519</u>	<u>\$ 48,684,407</u>	<u>\$ 82,585,678</u>	<u>\$ 74,023,095</u>

52.3% (\$43,171,752) 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 4.6% (\$3,786,270) of the Town's net position is subject to external restrictions on use.

43.1% of the Town's net position (\$35,627,656) may be used to meet the Town's ongoing obligations to citizens and creditors.

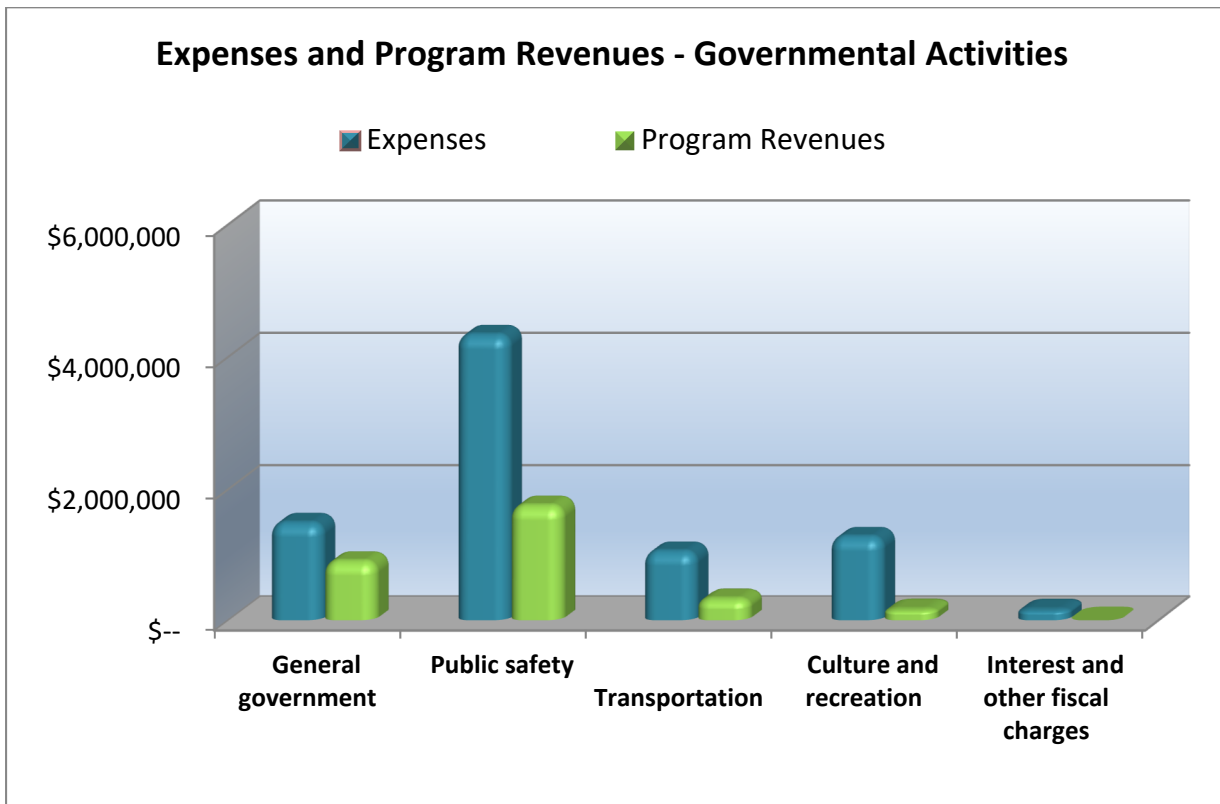
At the end of the current fiscal year, the Town of Bay Harbor Islands is able to report positive balances in all reported categories of net position, for the Town as a whole, as well as for its separate governmental and business-type activities.

Summary of Changes in Net Position

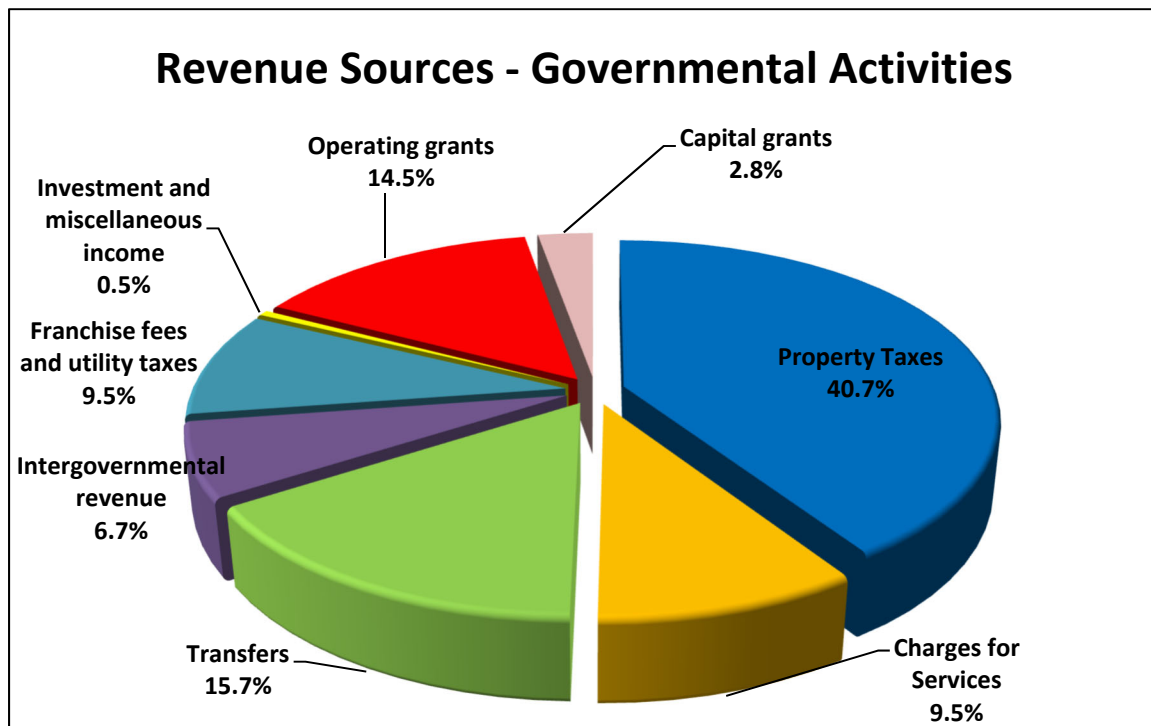
	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,112,446	\$ 1,490,830	\$ 14,830,198	\$ 13,083,337	\$ 15,942,644	\$ 14,574,167
Operating grants and contributions	1,696,222	70,000	-	-	1,696,222	70,000
Capital grants and contributions	325,861	267,579	498,642	918,553	824,503	1,186,132
General revenues:						
Property taxes	4,760,975	4,648,810	-	-	4,760,975	4,648,810
Franchise fees & utility taxes	1,114,039	1,082,106	-	-	1,114,039	1,082,106
Intergovernmental revenue	785,697	703,078	-	-	785,697	703,078
Investment earnings (losses)	(23,607)	182,684	(27,109)	210,867	(50,716)	393,551
Miscellaneous	80,094	73,619	266,934	226,699	347,028	300,318
Total revenues	<u>9,851,727</u>	<u>8,518,706</u>	<u>15,568,665</u>	<u>14,439,456</u>	<u>25,420,392</u>	<u>22,958,162</u>
Expenses:						
General government	1,486,733	1,768,769	-	-	1,486,733	1,768,769
Public safety	4,327,810	4,136,294	-	-	4,327,810	4,136,294
Transportation	1,049,872	1,062,366	-	-	1,049,872	1,062,366
Culture and recreation	1,274,188	1,230,141	-	-	1,274,188	1,230,141
Interest on long-term debt	162,482	167,388	-	-	162,482	167,388
Causeway	-	-	4,023,653	4,053,303	4,023,653	4,053,303
Sewer	-	-	1,773,259	1,585,259	1,773,259	1,585,259
Water	-	-	1,152,084	974,265	1,152,084	974,265
Parking	-	-	595,505	619,454	595,505	619,454
Solid Waste	-	-	787,885	751,989	787,885	751,989
Stormwater	-	-	224,338	229,718	224,338	229,718
Total expenses	<u>8,301,085</u>	<u>8,364,958</u>	<u>8,556,724</u>	<u>8,213,988</u>	<u>16,857,809</u>	<u>16,578,946</u>
Increase in net assets before transfers	1,550,642	153,748	7,011,941	6,225,468	8,562,583	6,379,216
Transfers	<u>1,833,829</u>	<u>1,880,842</u>	<u>(1,833,829)</u>	<u>(1,880,842)</u>	<u>-</u>	<u>-</u>
Change in net position	3,384,471	2,034,590	5,178,112	4,344,626	8,562,583	6,379,216
Net position, beginning	<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>
Net position, ending	<u>\$ 28,723,159</u>	<u>\$ 25,338,688</u>	<u>\$ 53,862,519</u>	<u>\$ 48,684,407</u>	<u>\$ 82,585,678</u>	<u>\$ 74,023,095</u>

Governmental Activities

The Town's governmental activities net position increased by \$3,384,471 (13.4%), to \$28,723,159 at the end of the year. The revenue increase was due to the combination of decreased charges for services and investment earnings, and increase in operating grants and contributions (primarily Federal Grant revenues in the amount of \$1,450,722 for American Rescue Plan Act of 2021 COVID19 Relief Fund ("ARPA") which was passed by Congress and signed into law by President Joe Biden on March 11, 2021), capital grants and contributions, property tax receipts, franchise fees and utility taxes, intergovernmental revenues and miscellaneous revenues. The reduction of costs was related to more efficient operations in public safety and culture and recreation. However, the general government, transportation and interest on long-term debt has operated with increased costs compared to prior year due to planned restructuring of department personnel and inflation causing increased operational costs.



- Program revenues, comprised of charges for services, operating grants and contributions, and capital grants and contributions, were 26.8% of total governmental activities revenues (including transfers). Property taxes, 40.7% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.

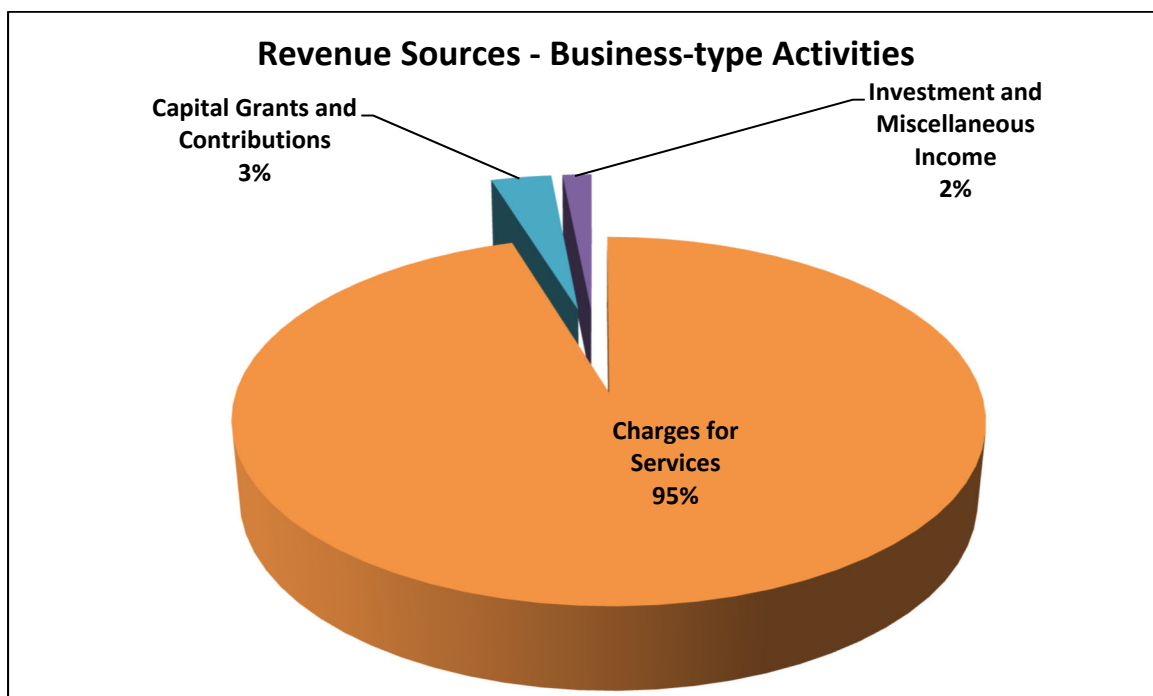
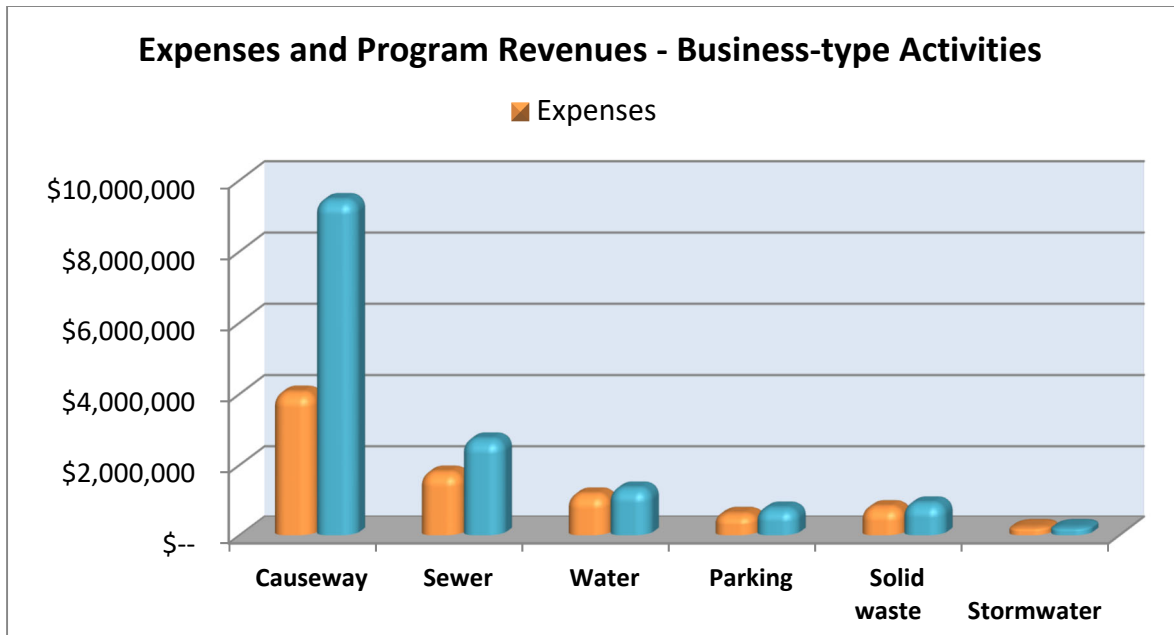


- **Business-type Activities**

Business-type activities increased the Town of Bay Harbor Islands' net position by \$5,178,112. The causeway, sewer, water, parking, and solid waste funds generated substantial operating income. The solid waste fund operated at a profit for the fifth time since 2013 due to the 10.0% increase in customer charges. Net transfers from the Town's business-type activities to its governmental activities decreased by about 2.5% to \$1,833,829, including planned transfers to fund debt service on debt related to the community enhancements project.

- Causeway Fund revenues inclusive of capital contributions increased by \$449,924 or 5.0% due primarily to increase in traffic attributed to the gradual recovery from COVID-19 pandemic and State Government lifting imposed stay at home orders and re-opening businesses from temporary shutdowns. Expenses decreased by \$29,650 or 0.7% due to the management ability to operate Causeway Fund more efficiently and Town managements' ability to reduce maintenance cost.
- Sewer Fund revenue increased by \$387,130 or 16.7% as the sewer rates in FY 2021 increased by 3.18% compared to the FY 2020 sewer rates. The rate increase was due to increases in City of Miami Beach sewer services rates. The Town passed this increase of sewer service rates to the Town's residents since the Town does not own its own sewer plant. As anticipated Sewer Fund expenses increased by \$188,000 or 11.9% in FY 2021 due to increase in City of Miami Beach sewer service rates and inflationary maintenance and operational cost to maintain required Level of Service (LOS).
- Water Fund revenue decreased by \$92,668 or about 7.5% which is attributed to Town increasing water service rates by 6.17% to offset Miami-Dade County increase in water service rates to the Town. The Town of Bay Harbor Islands does not currently have an alternative source to purchase water and to maintain proper fiscal discipline had to pass-through the County's increase in water rates to its residents. Water Fund expenditures also increased by \$177,819 or about 18.3% which was due to increase in water service rates by Miami-Dade County, increase in Town's required Level of Service (LOS), increase in water department personnel, and inflationary maintenance costs.
- Parking Fund revenues increased by \$309,904 or 70.7% due to increase in parking permit sales, meter collections, and parking fines attributed to the gradual recovery from COVID-19 pandemic and State Government lifting imposed stay at home orders and re-opening businesses from temporary shutdowns. Parking Fund expenses decreased by \$23,949 or 3.9% 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. Parking Fund expenditures are difficult to lower since Parking Garage bonds are fixed and not easily conducive to the cost control measures that might be available to control other costs. However, the Town was able to reduce personnel cost and efficiently maintain operating costs.
- Solid Waste Fund revenues increased by \$80,588 or 9.9% due to the Town increasing solid waste collection fees to its residents in FY 2021. The Town's solid waste contractor has increased solid waste collection fees allowed contractually and based on Consumer Price Index (CPI) increase. Since the Town does not own its own fleet of waste collection vehicles, accordingly, to maintain the proper fiscal discipline, the Town passed the increase in solid waste collection fees to its residents. As expected, Solid Waste Fund expenses increased by \$35,869 or 4.8% which is attributed to the solid waste contractor increased solid waste collection fees and increased operational costs in Solid Waste Fund.
- Stormwater Fund revenues increased by 6,736 or 3.1%, which is attributed to the slight increase in Town's resident and business population. Stormwater Fund expenses decreased

by \$5,380 or 2.3% due to decrease personnel costs, and the Town's ability to effectively control operational costs, and repair and maintenance costs. However, since the repair and maintenance cost are reduced for FY 2021, it is expected for these cost to be increase in following years, since the Town has allocated substantial amount from ARPA Grant to the Stormwater Master Plan projects.



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* 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 balance of \$12,207,201 an increase of \$1,595,483 in comparison with the prior year. Increased revenues were the net result of higher property tax receipts, utility taxes receipts, franchise fees receipts, intergovernmental receipts, charges for services, grant receipts and miscellaneous receipts, offset by lower communications services taxes receipts, licenses and permits receipts, transfer developmental fees receipts, fine and forfeiture receipts, and investment earnings receipts revenue. Total transfers from the Town's proprietary funds decreased by 2.5% to \$1,833,829. General fund expenditures increased, with the bulk of the increase due to increased general government, public safety, culture and recreation and capital outlays spending. An increase was attributed to personnel expenditure and operational expenditure increase, due to required additional general, public safety culture and recreation and capital outlay personnel and repairs and maintenance costs related to the phasing out 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, Assistant Town Manager, Chief of Police, Finance Director, Building and Zoning Director and Human Resource Director filled at the beginning of FY 2021 and demanding higher salaries to attract talented, educated and experienced candidates. Of total fund balance, 98.7% or \$11,886,220, 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 \$17,340, or prepaid items \$29,163, *restricted* for specific uses by law enforcement agreement \$48,913, restricted for debt service \$64,875 or is *assigned* such as the fund balance of the capital projects fund intended to fund capital projects \$160,690.

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 \$11,886,220 while total fund balance was \$12,046,511. 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 117.9% of total general fund expenditures, while total fund balance represents 119.5% of total general fund expenditures.

Fund balance of the Town of Bay Harbor Islands' general fund increased by \$1,595,483 during the current fiscal year. Property taxes, utility taxes, franchise fees, intergovernmental fees, charges for services fees, miscellaneous fees and grants funding revenues increased; communications services taxes, licenses and permits fees, transfer of development fees, fines and forfeitures, and investment earnings decreased, compared with prior FY 2020. Increased expenditures were

mostly attributable to transportation, and debt service decrease due to Town attracting and retaining talented, experienced and educated upper administrative personnel and due to inflationary operational and repairs and maintenance costs related to the COVID-19 pandemic, supply chain break down and mainstay supply shortage.

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:

	2021	% of	2020	% of	Increase/ (Decrease)	% of Increase/ (Decrease)
	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>	<u>from 2020</u>	<u>(Decrease)</u>
Revenues:						
Property taxes	\$ 4,760,975	48.4%	\$ 4,648,810	54.7%	\$ 112,165	2.4%
Utility taxes	547,547	5.6%	527,415	6.2%	20,132	3.8%
Communications						
services taxes	165,492	1.7%	174,600	2.1%	(9,108)	(5.2%)
Franchise fees	401,000	4.1%	380,091	4.5%	20,909	5.5%
Licenses and permits	898,314	9.1%	1,319,112	15.5%	(420,798)	(31.9%)
Intergovernmental	1,100,016	11.2%	971,167	11.4%	128,849	13.3%
Transfer development fees	-	0.0%	1,000	0.0%	(1,000)	(100.0%)
Charges for services	163,901	1.7%	47,004	0.6%	116,897	248.7%
Fines and forfeitures	50,231	0.5%	123,714	1.5%	(73,483)	(59.4%)
Investment earnings (losses)	(23,607)	-0.2%	182,684	2.2%	(206,291)	(112.9%)
Grants	1,696,222	17.2%	70,000	0.8%	1,626,222	100.0%
Miscellaneous	80,094	0.8%	61,168	0.7%	18,926	30.9%
Total revenues	<u>\$ 9,840,185</u>	<u>100.0%</u>	<u>\$ 8,506,765</u>	<u>100.0%</u>	<u>\$ 1,333,420</u>	<u>15.7%</u>

- Property tax revenue collections were higher compared to FY 2020 due to conditions in real estate market and increase in property values as well as FY 2021 millage rate being the same as FY 2020.
- Utility tax revenues remitted from County and State were higher compared to FY 2020 due to higher consumption of utilities by residents.
- Licenses and permits decreased due to decreased construction and remodeling activity compared to the prior year or the construction and remodeling permits that were submitted in FY 2020 or prior years have not been issued in FY 2021 and will be issued in the following years.
- Grants increased primarily due to a grant from Federal Grant revenues in the amount of \$1,450,722 for American Rescue Plan Act of 2021 COVID19 Relief Fund (“ARPA”) which was passed by Congress and signed into law by President Joe Biden on March 11.

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

	2021	% of	2020	% of	Increase/ (Decrease)	% of Increase/ (Decrease)
	Amount	Total	Amount	Total	from 2020	(Decrease)
Expenditures						
General government	\$ 1,891,677	18.7%	\$ 1,827,792	19.9%	\$ 63,885	3.5%
Public safety	5,609,588	55.7%	4,952,409	53.9%	657,179	13.3%
Transportation	574,748	5.7%	603,046	6.6%	(28,298)	(4.7%)
Culture and recreation	1,000,662	9.9%	972,097	10.6%	28,565	2.9%
Capital outlay	494,522	4.9%	328,895	3.6%	165,627	50.4%
Debt service	507,334	5.0%	507,407	5.5%	(73)	0.0%
Total expenditures	<u>\$ 10,078,531</u>	<u>99.9%</u>	<u>\$ 9,191,646</u>	<u>100.0%</u>	<u>\$ 886,885</u>	<u>9.6%</u>

The General Fund expenditures increase is due primarily to high-ranking administrative personnel change. Positions such as Town Manager, Assistant Town Manager, Chief of Police, Building and Zoning Director, Finance Director and Human Resources Director were filled and retained by the Town with a higher salary range at the beginning of FY 2021 to attract qualified talented, experienced, and educated candidates. Decreased transportation expenditures, were due to a decrease in ridership and decrease in transportation costs. Increase in Culture and Recreation was attributed to some social gatherings and scheduled Town events being conducted, and some others were still postponed to the future years and were related to the COVID-19 pandemic Omicron variant. Public Safety expenditures was increased for the same factors since State mandated stay home orders were gradually lifted and business were re-opened, which needed to be protected and safety was paramount to the Town's resident's well-being.

General Fund Budgetary Highlights

For total General Fund revenues, there was a favorable budget variance of \$383,836, due to greater than anticipated property tax receipts, utility taxes, franchise fees, licenses and permits, intergovernmental receipts, charges for services, grants revenues and miscellaneous receipts offset by lower than anticipated communications service tax, fines and forfeitures receipts, and investment earnings.

Total expenditures were \$2,050,872 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 Stormwater Fund.

For the proprietary funds as a whole, net position increased by \$5,178,112.

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, 2021, amounts to \$58,430,994 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, furniture, fixtures and equipment, causeway system, toll collection system, water system, sewer system, as well as parking garage. Capital assets do not include governmental infrastructure assets prior to 2004, as GASB 34 did not require Phase III governments to report infrastructure retroactively. The Town's investment in capital assets for the current fiscal year decreased by \$1,486,295.

Additions to capital assets for governmental activities before depreciation and net of transfers from construction in progress were \$494,522, with no disposals, for net additions of \$494,522.

Business-type activities' capital asset additions before depreciation and net of transfers from construction in progress totaled \$1,252,048, with no disposals, for net additions of \$1,252,048.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
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	455,340	59,573	366,512	1,473,204	821,852	1,532,777
Buildings	2,126,288	2,264,346	-	-	2,126,288	2,264,346
Improvements other than buildings	13,866,096	14,549,412	23,503,499	23,293,832	37,369,595	37,843,244
Furniture, fixtures and equipment	415,773	458,057	476,609	456,007	892,382	914,064
Toll collection system	-	-	580,778	774,370	580,778	774,370
Sewer system	-	-	3,405,138	3,115,657	3,405,138	3,115,657
Water system	-	-	989,517	1,023,414	989,517	1,023,414
Parking garage	-	-	7,767,917	7,971,890	7,767,917	7,971,890
Total	<u>\$ 20,669,751</u>	<u>\$ 21,137,642</u>	<u>\$ 37,761,243</u>	<u>\$ 38,779,647</u>	<u>\$ 58,430,994</u>	<u>\$ 59,917,289</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 \$15,179,941.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
Refunding Note, Series 2012	\$ 2,481,000	\$ 2,809,000	\$ -	\$ -	\$ 2,481,000	\$ 2,809,000
Revenue Bonds, Series 2016	3,148,941	3,166,769			3,148,941	3,166,769
Causeway Promissory Note, 2012	-	-	7,108,000	8,026,000	7,108,000	8,026,000
Parking Refunding Note, 2012	-	-	2,442,000	2,800,000	2,442,000	2,800,000
State Revolving Loan	-	-	-	73,618	-	73,618
Total	<u>\$ 5,629,941</u>	<u>\$ 5,975,769</u>	<u>\$ 9,550,000</u>	<u>\$ 10,899,618</u>	<u>\$ 15,179,941</u>	<u>\$ 16,875,387</u>

The Town of Bay Harbor Islands' total debt decreased \$1,695,446 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 2022 fiscal year.

- The Town's millage was reduced from 3.6245 in FY 2021 to 3.5900 in FY 2022, which is lower than the rollback rate of 3.8523. Since taxable values also decreased, a modest decrease in tax revenues is anticipated.
- Water rates were increased 3.88% and sewer rates were increased 5.37% for FY 2022 compared to the rates in FY 2021, to offset Miami-Dade County increase of its water and City of Miami Beach increase in sewer rates.

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 5,585,160	\$ 24,269,049	\$ 29,854,209
Investments	3,231,054	3,748,271	6,979,325
Receivables, net	222,122	969,263	1,191,385
Internal balances	3,408,460	(3,408,460)	--
Due from pension trust fund	10,000	--	10,000
Due from other governments	191,107	253,833	444,940
Inventory	17,340	40,993	58,333
Prepaid items	29,163	232,956	262,119
Restricted assets:			
Cash	289,038	525,826	814,864
Capital assets not being depreciated	4,261,594	1,037,785	5,299,379
Capital assets being depreciated, net	16,408,157	36,723,458	53,131,615
Net pension asset	2,341,418	1,331,064	3,672,482
Total assets	35,994,613	65,724,038	101,718,651
Deferred outflows of resources			
Pension	1,201,512	352,362	1,553,874
OPEB	10,383	20,359	30,742
Total deferred outflows of resources	1,211,895	372,721	1,584,616
Liabilities			
Accounts payable and accrued liabilities	566,931	555,625	1,122,556
Due to other governments	--	225,891	225,891
Unearned revenue	66,088	254,457	320,545
Customer deposits	180,330	525,826	706,156
Noncurrent liabilities:			
Due within one year	411,540	28,291	439,831
Due in more than one year	5,893,800	9,804,615	15,698,415
Total OPEB liability	148,083	124,112	272,195
Total liabilities	7,266,772	11,518,817	18,785,589
Deferred inflows of resources			
Parking trust receipts	--	179,526	179,526
Deferred gain on bond refunding	53,195	--	53,195
Pension	1,139,820	520,364	1,660,184
OPEB	23,562	15,533	39,095
Total deferred inflows of resources	1,216,577	715,423	1,932,000
Net position			
Net investment in capital assets	14,986,615	28,185,137	43,171,752
Restricted for:			
Law enforcement	48,913	--	48,913
Debt service	64,875	--	64,875
Net pension asset	2,341,418	1,331,064	3,672,482
Unrestricted	11,281,338	24,346,318	35,627,656
Total net position	\$ 28,723,159	\$ 53,862,519	\$ 82,585,678

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
General government	\$ 1,486,733	\$ 898,344	\$ --	\$ --	\$ (588,389)	\$ --	\$ (588,389)
Public safety	4,327,810	50,449	1,696,222	--	(2,581,139)	--	(2,581,139)
Transportation	1,049,872	--	--	325,861	(724,011)	--	(724,011)
Culture and recreation	1,274,188	163,653	--	--	(1,110,535)	--	(1,110,535)
Interest and other fiscal charges	162,482	--	--	--	(162,482)	--	(162,482)
Total governmental activities	8,301,085	1,112,446	1,696,222	325,861	(5,166,556)	--	(5,166,556)
Business-type activities							
Causeway	4,023,653	9,181,817	--	248,642	--	5,406,806	5,406,806
Sewer	1,773,259	2,460,805	--	250,000	--	937,546	937,546
Water	1,152,084	1,320,639	--	--	--	168,555	168,555
Parking	595,505	748,014	--	--	--	152,509	152,509
Solid waste	787,885	895,268	--	--	--	107,383	107,383
Stormwater	224,338	223,655	--	--	--	(683)	(683)
Total business-type activities	8,556,724	14,830,198	--	498,642	--	6,772,116	6,772,116
Total	\$ 16,857,809	\$ 15,942,644	\$ 1,696,222	\$ 824,503	(5,166,556)	6,772,116	1,605,560
General revenues							
Property taxes					4,760,975	--	4,760,975
Franchise fees based on gross receipts					401,000	--	401,000
Utility taxes					547,547	--	547,547
Communications services tax					165,492	--	165,492
Unrestricted intergovernmental revenue					785,697	--	785,697
Unrestricted investment earnings					(23,607)	(27,109)	(50,716)
Miscellaneous					80,094	266,934	347,028
Net Transfers					1,833,829	(1,833,829)	--
Total general revenues and transfers					8,551,027	(1,594,004)	6,957,023
Change in net position					3,384,471	5,178,112	8,562,583
Net position - Beginning					25,338,688	48,684,407	74,023,095
Net Positon - Ending					<u>\$ 28,723,159</u>	<u>\$ 53,862,519</u>	<u>\$ 82,585,678</u>

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2021

	General	Capital Projects	Total Governmental Funds
Assets			
Cash	\$ 5,424,470	\$ 160,690	\$ 5,585,160
Investments	3,231,054	--	3,231,054
Receivables, net	206,179	--	206,179
Interest receivable	15,943	--	15,943
Due from other funds	3,408,460	--	3,408,460
Due from pension trust fund	10,000	--	10,000
Due from other governments	191,107	--	191,107
Inventory	17,340	--	17,340
Prepaid items	29,163	--	29,163
Restricted cash	289,038	--	289,038
Total assets	\$ 12,822,754	\$ 160,690	\$ 12,983,444
Liabilities			
Accounts payable and accrued liabilities	\$ 495,221	\$ --	\$ 495,221
Unearned revenue	66,088	--	66,088
Customer deposits	180,330	--	180,330
Total liabilities	741,639	--	741,639
Deferred inflows of resources			
Unavailable revenue	34,604	--	34,604
Fund balances			
Non-spendable:			
Inventory	17,340	--	17,340
Prepaid items	29,163	--	29,163
Restricted:			
Law enforcement	48,913	--	48,913
Debt Service	64,875	--	64,875
Assigned:			
Capital projects fund	--	160,690	160,690
Unassigned	11,886,220	--	11,886,220
Total fund balances	12,046,511	160,690	12,207,201
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,822,754	\$ 160,690	

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	20,669,751
Net pension assets are not considered to represent financial assets and, therefore, are not reported in the funds	2,341,418
Deferred outflows and inflows of resources related to pensions are recorded in the statement of net position	61,692
Deferred outflows and inflows of resources related to OPEB are recorded in the statement of net position	(13,179)
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements	34,604
Deferred inflows of resources related to deferred charges on refunding of revenue bonds	(53,195)
Accrued interest related to long-term debt is recorded in the statement of net position	(71,710)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (see Note 2)	(6,453,423)
Net position of governmental activities	\$ 28,723,159

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, 2021

	General	Capital Projects	Total Governmental Funds
Revenues			
Property taxes	\$ 4,760,975	\$ --	\$ 4,760,975
Utility taxes	547,547	--	547,547
Communications services tax	165,492	--	165,492
Franchise fees	401,000	--	401,000
Licenses and permits	898,314	--	898,314
Intergovernmental	1,100,016	--	1,100,016
Charges for services	163,901	--	163,901
Fines and forfeitures	50,231	--	50,231
Investment losses	(23,607)	--	(23,607)
Grants	1,696,222	--	1,696,222
Miscellaneous	80,094	--	80,094
Total revenues	9,840,185	--	9,840,185
Expenditures			
Current:			
General government	1,891,677	--	1,891,677
Public safety	5,609,588	--	5,609,588
Transportation	574,748	--	574,748
Culture and recreation	1,000,662	--	1,000,662
Capital outlay	494,522	--	494,522
Debt service:			
Principal payments	338,000	--	338,000
Interest and other fiscal charges	169,334	--	169,334
Total expenditures	10,078,531	--	10,078,531
Deficiency of revenues over expenditures	(238,346)	--	(238,346)
Other financing sources (uses)			
Transfers out	(210,000)	--	(210,000)
Transfers in	2,043,829	--	2,043,829
Total other financing sources (uses)	1,833,829	--	1,833,829
Net change in fund balances	1,595,483	--	1,595,483
Fund balances - beginning	10,451,028	160,690	10,611,718
Fund balances - ending	\$ 12,046,511	\$ 160,690	\$ 12,207,201

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, 2021

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) \$ 1,595,483

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	\$ 494,522	
Depreciation expense	<u>(962,413)</u>	(467,891)

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	338,000	
Amortization of gain on bond refunding	4,433	
Amortization of bond premium	<u>7,828</u>	350,261

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

The details of the difference are as follows:

Accrued interest payable	2,419	
Compensated absences payable	93,042	
Net pension asset and related deferred outflows and inflows of resources	1,811,999	
Total OPEB liability and related deferred outflows and inflows of resources	<u>(12,384)</u>	1,895,076

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.

11,542

Change in net position of governmental activities (Page 17) \$ 3,384,471

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds						Total
	Causeway	Sewer	Water	Parking	Solid Waste	Stormwater (a Nonmajor Fund)	
Assets							
Current assets:							
Cash	\$ 18,434,682	\$ 1,641,134	\$ 2,629,615	\$ 855,596	\$ 708,022	\$ --	\$ 24,269,049
Investments	1,812,504	--	1,935,767	--	--	--	3,748,271
Receivables, net	17,454	--	749,972	169,002	--	--	936,428
Interest receivable	8,749	--	9,433	14,653	--	--	32,835
Due from other funds	59,450	620,431	--	54	195,399	1,170,804	2,046,138
Due from other governments	253,833	--	--	--	--	--	253,833
Inventory	--	--	40,993	--	--	--	40,993
Prepaid items	226,219	--	6,737	--	--	--	232,956
Restricted assets:							
Cash	10,651	251,798	184,130	--	79,247	--	525,826
Total current assets	20,823,542	2,513,363	5,556,647	1,039,305	982,668	1,170,804	32,086,329
Noncurrent assets							
Capital assets not being depreciated	261,296	--	--	671,274	--	105,215	1,037,785
Capital assets being depreciated, net	23,607,218	3,548,711	1,146,221	7,935,741	1,438	484,129	36,723,458
Net pension asset	855,927	150,748	191,569	96,614	--	36,206	1,331,064
Total noncurrent assets	24,724,441	3,699,459	1,337,790	8,703,629	1,438	625,550	39,092,307
Total assets	45,547,983	6,212,822	6,894,437	9,742,934	984,106	1,796,354	71,178,636
Deferred outflows of resources							
Pension	198,201	60,684	55,386	29,018	--	9,073	352,362
OPEB	12,246	2,367	4,108	1,412	--	226	20,359
Total deferred outflows of resources	210,447	63,051	59,494	30,430	--	9,299	372,721
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	300,188	60,402	78,301	3,763	67,871	45,100	555,625
Due to other funds	1,895,866	161,661	2,389,914	329,668	132,739	544,750	5,454,598
Due to other governments	--	--	225,891	--	--	--	225,891
Unearned revenue	254,457	--	--	--	--	--	254,457
Customer deposits (payable from restricted assets)	10,651	251,798	184,130	--	79,247	--	525,826
Current portion of compensated absences	18,430	2,963	4,024	2,565	--	309	28,291
Total current liabilities	2,479,592	476,824	2,882,260	335,996	279,857	590,159	7,044,688
Noncurrent liabilities:							
Notes payable	7,108,000	--	--	2,442,000	--	--	9,550,000
Total OPEB liability	76,924	15,740	20,276	9,751	--	1,421	124,112
Compensated absences	165,870	26,663	36,217	23,086	--	2,779	254,615
Total noncurrent liabilities	7,350,794	42,403	56,493	2,474,837	--	4,200	9,928,727
Total liabilities	9,830,386	519,227	2,938,753	2,810,833	279,857	594,359	16,973,415
Deferred inflows of resources							
Parking trust receipts	--	--	--	179,526	--	--	179,526
Pension	316,019	72,639	76,729	39,246	--	15,731	520,364
OPEB	9,772	1,918	2,543	1,013	--	287	15,533
Total deferred inflows of resources	325,791	74,557	79,272	219,785	--	16,018	715,423
Net position							
Net investment in capital assets	16,739,408	3,548,711	1,141,221	6,165,015	1,438	589,344	28,185,137
Restricted for pension	855,927	150,748	191,569	96,614	--	36,206	1,331,064
Unrestricted	18,006,918	1,982,630	2,603,116	481,117	702,811	569,726	24,346,318
Total net position	\$ 35,602,253	\$ 5,682,089	\$ 3,935,906	\$ 6,742,746	\$ 704,249	\$ 1,195,276	\$ 53,862,519

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, 2021**

	Business-type Activities - Enterprise Funds						Total
	Causeway	Sewer	Water	Parking	Solid Waste	Stormwater (a Nonmajor Fund)	
Operating revenues							
Charges for services	\$ 9,181,817	\$ 2,460,805	\$ 1,320,639	\$ 748,014	\$ 895,268	\$ 223,655	\$ 14,830,198
Miscellaneous revenue	650	475	31,162	240	54	--	32,581
Total operating revenues	9,182,467	2,461,280	1,351,801	748,254	895,322	223,655	14,862,779
Operating expenses							
Operation and maintenance	2,131,692	1,557,462	1,083,173	267,154	786,446	195,486	6,021,413
Depreciation expense	1,689,092	214,567	68,911	267,591	1,439	28,852	2,270,452
Total operating expenses	3,820,784	1,772,029	1,152,084	534,745	787,885	224,338	8,291,865
Operating income (loss)	5,361,683	689,251	199,717	213,509	107,437	(683)	6,570,914
Nonoperating revenues (expenses)							
Investment income	(13,152)	--	(13,957)	--	--	--	(27,109)
Rental income	104,300	--	--	130,053	--	--	234,353
Interest expense and other debt costs	(202,869)	(1,230)	--	(60,760)	--	--	(264,859)
Total nonoperating revenues (expenses)	(111,721)	(1,230)	(13,957)	69,293	--	--	(57,615)
Income (loss) before contributions and transfers	5,249,962	688,021	185,760	282,802	107,437	(683)	6,513,299
Capital contributions	248,642	250,000	--	--	--	--	498,642
Transfers in	--	--	--	--	--	210,000	210,000
Transfers out	(1,300,000)	(498,829)	(245,000)	--	--	--	(2,043,829)
Change in net position	4,198,604	439,192	(59,240)	282,802	107,437	209,317	5,178,112
Net position - beginning	31,403,649	5,242,897	3,995,146	6,459,944	596,812	985,959	48,684,407
Net position - ending	\$ 35,602,253	\$ 5,682,089	\$ 3,935,906	\$ 6,742,746	\$ 704,249	\$ 1,195,276	\$ 53,862,519

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, 2021

	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	\$ 10,008,619	\$ 2,571,433	\$ 1,300,722	\$ 748,012	\$ 897,143	\$ 223,655	\$ 15,749,584
Cash received from other operations	650	475	31,162	240	54	--	32,581
Cash payments to employees for services	(1,743,250)	(336,804)	(400,607)	(198,065)	--	(59,391)	(2,738,117)
Cash payments to suppliers for goods and services	(1,475,645)	(1,376,734)	(795,026)	(119,406)	(842,951)	(136,455)	(4,746,217)
Payments from (to) other funds	(389,028)	(552,928)	(343,652)	44,726	555,302	(132,594)	(818,174)
Net cash provided (used) by operating activities	6,401,346	305,442	(207,401)	475,507	609,548	(104,785)	7,479,657
Cash flows from noncapital financing activities							
Transfers from other funds	--	--	--	--	--	210,000	210,000
Transfers to other funds	(1,300,000)	(498,829)	(245,000)	--	--	--	(2,043,829)
Net cash provided (used) by noncapital financing activities	(1,300,000)	(498,829)	(245,000)	--	--	210,000	(1,833,829)
Cash flows from capital and related financing activities							
Proceeds from capital grants	248,642	250,000	--	--	--	--	498,642
Acquisition of capital assets	(535,991)	(610,842)	--	--	--	(105,215)	(1,252,048)
Principal paid on capital debt	(918,000)	(73,617)	--	(358,000)	--	--	(1,349,617)
Interest paid on capital debt	(202,869)	(1,231)	--	(60,760)	--	--	(264,860)
Net cash used by capital and related financing activities	(1,408,218)	(435,690)	--	(418,760)	--	(105,215)	(2,367,883)
Cash flows from investing activities							
Sales and maturities of investments	439,854	--	449,524	--	--	--	889,378
Purchases of investments	(458,921)	--	(473,736)	--	--	--	(932,657)
Rental income received	106,422	--	--	130,053	--	--	236,475
Investment earnings received	27,815	--	29,370	--	--	--	57,185
Net cash provided by investing activities	115,170	--	5,158	130,053	--	--	250,381
Net increase (decrease) in cash	3,808,298	(629,077)	(447,243)	186,800	609,548	--	3,528,326
Cash - beginning (including restricted assets)	14,637,035	2,522,009	3,260,988	668,796	177,721	--	21,266,549
Cash - ending (including restricted assets)	\$ 18,445,333	\$ 1,892,932	\$ 2,813,745	\$ 855,596	\$ 787,269	\$ --	\$ 24,794,875

(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, 2021

	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	\$ 18,434,682	\$ 1,641,134	\$ 2,629,615	\$ 855,596	\$ 708,022	\$ --	\$ 24,269,049
Restricted cash	10,651	251,798	184,130	--	79,247	--	525,826
	<u>\$ 18,445,333</u>	<u>\$ 1,892,932</u>	<u>\$ 2,813,745</u>	<u>\$ 855,596</u>	<u>\$ 787,269</u>	<u>\$ --</u>	<u>\$ 24,794,875</u>
Reconciliation of operating income (loss) to net cash provided by operating activities							
Operating income (loss)	\$ 5,361,683	\$ 689,251	\$ 199,717	\$ 213,509	\$ 107,437	\$ (683)	\$ 6,570,914
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	1,689,092	214,567	68,911	267,591	1,439	28,852	2,270,452
Changes in assets, liabilities and deferred inflows/outflows:							
(Increase) decrease in:							
Receivables	--	--	(154,187)	22,411	--	--	(131,776)
Interest receivable	--	--	--	4,413	--	--	4,413
Due from other funds	(3,392)	108,523	133,345	--	548,428	(223,655)	563,249
Due from other governments	776,675	--	--	--	--	--	776,675
Inventory	--	--	(10,376)	--	--	--	(10,376)
Prepaid items	(100,284)	--	(199)	4,575	--	--	(95,908)
Net pension asset	(259,317)	(52,284)	(60,664)	(31,209)	--	(9,376)	(412,850)
Deferred outflows - OPEB	1,526	299	397	158	--	45	2,425
Deferred outflows - pension	(73,225)	(14,764)	(17,130)	(8,813)	--	(2,648)	(116,580)
Increase (decrease) in:							
Accounts payable and accrued liabilities	(480,101)	(50,372)	18,194	149	(56,505)	18,535	(550,100)
Due to other governments	--	--	6,189	--	--	--	6,189
Due to other funds	(389,028)	(552,928)	(349,841)	44,726	6,874	91,061	(1,149,136)
Customer deposits	1	2,105	925	--	1,875	--	4,906
Parking trust receipts	--	--	--	(26,826)	--	--	(26,826)
Total OPEB liability	(6,162)	(1,209)	(1,603)	(639)	--	(181)	(9,794)
Compensated absences	17,692	77	2,488	8,170	--	105	28,532
Deferred inflows - pension	(187,332)	(37,823)	(43,567)	(22,708)	--	(6,840)	(298,270)
Unearned revenues	53,518	--	--	--	--	--	53,518
Total adjustments	1,039,663	(383,809)	(407,118)	261,998	502,111	(104,102)	908,743
Net cash provided (used) by operating activities	<u>\$ 6,401,346</u>	<u>\$ 305,442</u>	<u>\$ (207,401)</u>	<u>\$ 475,507</u>	<u>\$ 609,548</u>	<u>\$ (104,785)</u>	<u>\$ 7,479,657</u>
Noncash investing and financing activities							
Transfers from construction in progress to depreciable capital assets	\$ 1,662,593	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,662,593
Increase in fair value of investments	(58,060)	--	(60,008)	--	--	--	(118,068)
Total noncash investing and financing activities	<u>\$ 1,604,533</u>	<u>\$ --</u>	<u>\$ (60,008)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,544,525</u>

See notes to basic financial statements.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND SEPTEMBER 30, 2021

Assets

Cash	\$ 490,720
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Investments

Money market funds	650,936
U.S. treasuries and government obligations	5,962,394
Corporate bonds	2,375,883
Common stock and equity funds	2,518,607
Commingled trust fund	11,262,128
Real estate fund	<u>2,402,632</u>

Total investments	<u>25,172,580</u>
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Receivables

Contributions receivable	110,622
Due from broker for investments sold	236,664
Accrued interest and dividends	<u>47,429</u>

Total receivables	<u>394,715</u>
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Prepaid expenses	<u>5,292</u>
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Total assets	<u>26,063,307</u>
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Liabilities

Accounts payable	16,635
Due to Town	10,000
Due to broker for investments purchased	<u>558,516</u>

Total liabilities	<u>585,151</u>
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Net position

Restricted for pension benefits	<u><u>\$ 25,478,156</u></u>
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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, 2021

Additions

Contributions

Town (including state)	\$ 1,050,617
Employees	<u>372,757</u>

Total contributions 1,423,374

Investment income

Net appreciation in fair value of investments	3,534,487
Interest	186,738
Dividends	<u>45,081</u>

3,766,306

Less investment expense (60,328)

Net investment income 3,705,978

Total additions 5,129,352

Deductions

Benefits paid and refunds	2,329,906
Administrative expenses	<u>36,826</u>

Total deductions 2,366,732

Change in net position 2,762,620

Net position restricted for pension benefits - beginning 22,715,536

Net position restricted for pension benefits - ending \$ 25,478,156

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, 2021

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, 2021

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 services.

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, 2021

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, 2021

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, 2021

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

During the year ended September 30, 2021, the Town implemented GASB Statement No. 84, *Fiduciary Activities*, Statement No. 90, *Majority Equity Interests*, Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* and Statement No. 98, *The Annual Comprehensive Financial Report*.

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

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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)

in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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, 2021

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 2021 into the Town of Bay Harbor Islands Employees' Retirement System. The net pension asset associated with the Plan was measured as of September 30, 2020. The amounts paid during fiscal year 2021 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, 2021

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, 2021

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, 2021

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, 2021

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 \$6,453,423 difference are as follows:

Bonds payable	\$ 5,536,000
Premium on bonds payable	93,941
Compensated absences	675,399
Total OPEB liability	148,083
	<u>\$ 6,453,423</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

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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 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, 2021

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, 2021, 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	\$ 3,646,339	\$ 455,437	\$ 2,118,721	\$ 1,072,181
Local government bonds	342,655	121,179	84,742	136,734
Corporate bonds	2,990,331	5,036	1,920,367	1,064,928
Total Investments	\$ 6,979,325	\$ 581,652	\$ 4,123,830	\$ 2,273,843

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 fair 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, 2021, 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, 2021:

- U.S. treasury securities of \$3,646,339 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds and local government bonds of \$3,332,986 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, 2021

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, 2021, 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	\$ 4,054,814	\$ 389,986	\$ --	\$ 3,146,635	\$ 518,193
U.S. government obligations	1,907,580	--	--	50,935	1,856,645
Corporate bonds	2,375,883	--	1,021,602	1,354,281	--
	<u>\$ 8,338,277</u>	<u>\$ 389,986</u>	<u>\$ 1,021,602</u>	<u>\$ 4,551,851</u>	<u>\$ 2,374,838</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION PLAN (CONTINUED)

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.99%. 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, 2021, 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, 2021

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, 2021:

	Fair Value Measurements Using		
	9/30/2021	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	\$ 4,054,814	\$ 4,054,814	\$ --
U.S. government obligations and corporate bonds	4,283,463	--	4,283,463
Total Debt Securities	8,338,277	4,054,814	4,283,463
Equity Securities			
Common stock, ADR's, and ETF's	2,518,607	2,518,607	--
Total Equity Securities	2,518,607	2,518,607	--
Total Investments at Fair Value	10,856,884	\$ 6,573,421	\$ 4,283,463
Investments Measured at Net Asset Value (NAV)			
Commingled trust fund	11,262,128		
Core real estate fund	2,402,632		
Total investments measured at NAV	13,664,760		
Money market funds (exempt)	650,936		
Total investments	\$ 25,172,580		

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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, 2021:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Core real estate fund ⁽¹⁾	\$ 2,402,632	\$ --	Quarterly	N/A
Commingled trust fund ⁽²⁾	<u>11,262,128</u>	--	Daily	N/A
Total Investments Measured at NAV	<u>\$ 13,664,760</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, 2021

NOTE 4 - RECEIVABLES

Receivables as of September 30, 2021 for the Town's individual major funds and fiduciary funds including the allowance for uncollectible accounts, are as follows:

	General	Causeway	Water	Parking	Pension Trust Fund	Total
Customers billed	\$ --	\$ --	\$ 943,002	\$ --	\$ --	\$ 943,002
Property taxes	26,514	--	--	--	--	26,514
Franchise fees	74,551	--	--	--	--	74,551
Utility taxes	55,386	--	--	--	--	55,386
Rental income	--	17,454	--	--	--	17,454
Interest and dividends	15,943	8,749	9,433	14,653	47,429	96,207
Parking trust receipts	--	--	--	169,002	--	169,002
Due from other governments	191,107	253,833	--	--	--	444,940
Due from pension trust fund	10,000	--	--	--	--	10,000
Due from broker	--	--	--	--	236,664	236,664
Contributions receivable	--	--	--	--	110,622	110,622
Other	49,728	--	--	--	--	49,728
Gross receivables	423,229	280,036	952,435	183,655	394,715	2,234,070
Less allowance for uncollectable accounts	--	--	(193,030)	--	--	(193,030)
Net Total Receivables	\$ 423,229	\$ 280,036	\$ 759,405	\$ 183,655	\$ 394,715	\$ 2,041,040

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, 2021, there were no material delinquent taxes.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2021 is as follows:

DUE FROM/TO OTHER FUNDS

Receivable Fund	Payable Fund						Total
	Causeway	Sewer	Water	Parking	Solid Waste	Stormwater (a Nonmajor Fund)	
General	\$ 1,895,866	\$ 108,510	\$ 403,663	\$ 326,378	\$ 132,685	\$ 541,358	\$ 3,408,460
Causeway	--	52,768	--	3,290	--	3,392	59,450
Sewer	--	--	620,431	--	--	--	620,431
Parking	--	--	--	--	54	--	54
Solid waste	--	383	195,016	--	--	--	195,399
Nonmajor: Stormwater	--	--	1,170,804	--	--	--	1,170,804
	<u>\$ 1,895,866</u>	<u>\$ 161,661</u>	<u>\$ 2,389,914</u>	<u>\$ 329,668</u>	<u>\$ 132,739</u>	<u>\$ 544,750</u>	<u>\$ 5,454,598</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

Transfers during the fiscal year ending September 31, 2021 were as follows:

	Transfers In	
	General Fund	Stormwater Fund
Transfers Out		
General Fund	\$ --	\$ 210,000
Causeway Fund	1,300,000	--
Water Fund	245,000	--
Sewer Fund	498,829	--
Total Transfers Out	<u>\$ 2,043,829</u>	<u>\$ 210,000</u>

Transfers in to the General Fund are used to move Causeway Fund revenues to pay for expenses related to police officers providing security for the causeway and to fund debt service payments associated with the Water Fund and Sewer Fund. Transfers in to the Stormwater Fund are used to move General Fund grant revenues to pay for capital projects associated with this fund.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 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	59,573	405,442	(9,675)	455,340
Total capital assets, not being depreciated	3,865,827	405,442	(9,675)	4,261,594
Capital assets, being depreciated				
Buildings	4,520,408	--	--	4,520,408
Improvements other than buildings	21,818,673	1,660	--	21,820,333
Furniture, fixtures and equipment	2,457,532	97,095	--	2,554,627
Total capital assets, being depreciated	28,796,613	98,755	--	28,895,368
Less accumulated depreciation for:				
Buildings	(2,256,062)	(138,058)	--	(2,394,120)
Improvements other than buildings	(7,269,261)	(684,976)	--	(7,954,237)
Furniture, fixtures and equipment	(1,999,475)	(139,379)	--	(2,138,854)
Total accumulated depreciation	(11,524,798)	(962,413)	--	(12,487,211)
Total capital assets, being depreciated, net	17,271,815	(863,658)	--	16,408,157
Governmental activities capital assets, net	\$ 21,137,642	\$ (458,216)	\$ (9,675)	\$ 20,669,751
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 671,273	\$ --	\$ --	\$ 671,273
Construction in progress	1,473,204	710,064	(1,816,756)	366,512
Total capital assets, not being depreciated	2,144,477	710,064	(1,816,756)	1,037,785
Capital assets, being depreciated				
Causeway system	2,549,328	--	--	2,549,328
Toll collection system	1,935,924	--	--	1,935,924
Sewer system	6,145,064	459,678	--	6,604,742
Water system	2,589,205	--	--	2,589,205
Parking garage	10,198,652	--	--	10,198,652
Improvements other than buildings	37,772,539	1,706,494	--	39,479,033
Equipment	1,841,570	192,568	--	2,034,138
Total capital assets, being depreciated	63,032,282	2,358,740	--	65,391,022
Less accumulated depreciation for:				
Causeway system	(2,549,328)	--	--	(2,549,328)
Toll collection system	(1,161,554)	(193,592)	--	(1,355,146)
Sewer system	(3,029,407)	(170,197)	--	(3,199,604)
Water system	(1,565,791)	(33,897)	--	(1,599,688)
Parking garage	(2,226,762)	(203,973)	--	(2,430,735)
Improvements other than buildings	(14,478,707)	(1,496,827)	--	(15,975,534)
Equipment	(1,385,563)	(171,966)	--	(1,557,529)
Total accumulated depreciation	(26,397,112)	(2,270,452)	--	(28,667,564)
Total capital assets, being depreciated, net	36,635,170	88,288	--	36,723,458
Business-type activities capital assets, net	\$ 38,779,647	\$ 798,352	\$ (1,816,756)	\$ 37,761,243

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as functions/programs as follows:

Governmental activities

General government	\$ 82,548
Public safety	97,575
Transportation	508,764
Culture and recreation	<u>273,526</u>
Total depreciation expense - governmental activities	<u>\$ 962,413</u>

Business-type activities

Causeway	\$ 1,689,092
Sewer	214,567
Water	68,911
Parking	267,591
Solid Waste	1,439
Stormwater	<u>28,852</u>
Total depreciation expense - business-type activities	<u>\$ 2,270,452</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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
Refunding Note, Series 2012 (Direct Borrowing)	\$ 2,809,000	\$ --	\$ (328,000)	\$ 2,481,000	\$ 334,000
Revenue bonds, Series 2016	3,065,000	--	(10,000)	3,055,000	10,000
Add deferred amounts:					
Issuance premium	101,769	--	(7,828)	93,941	--
Total bonds payable	<u>5,975,769</u>	<u>--</u>	<u>(345,828)</u>	<u>5,629,941</u>	<u>344,000</u>
Compensated absences	768,441	532,850	(625,892)	675,399	67,540
Governmental activities long-term liabilities	<u>\$ 6,744,210</u>	<u>\$ 532,850</u>	<u>\$ (971,720)</u>	<u>\$ 6,305,340</u>	<u>\$ 411,540</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the deferred gain on refunding balance is \$53,195. The total principal and interest remaining on the bonds is \$4,219,400. 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:

	Principal	Interest	Total
Fiscal year ending September 30:			
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	10,000	108,538	118,538
2027-2031	950,000	493,987	1,443,987
2032-2035	2,055,000	125,325	2,180,325
Total	\$ 3,055,000	\$ 1,164,400	\$ 4,219,400

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 \$2,666,832. For the current year, pledged revenues were \$1,453,420 and debt service on the note was \$383,281. 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, 2021

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:			
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	362,000	19,395	381,395
2027-2028	747,000	15,685	762,685
Total	\$ 2,481,000	\$ 185,832	\$ 2,666,832

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, 2021:

	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)	\$ 8,026,000	\$ --	\$ (918,000)	\$ 7,108,000	\$ --
State Revolving Fund Loan	73,618	--	(73,618)	--	--
Parking Refunding Note, Series 2012 (Direct Borrowing)	2,800,000	--	(358,000)	2,442,000	--
Total notes and loan payable	10,899,618	--	(1,349,618)	9,550,000	--
Compensated absences	254,373	223,196	(194,663)	282,906	28,291
Business-type activities long-term liabilities	\$ 11,153,991	\$ 223,196	\$ (1,544,281)	\$ 9,832,906	\$ 28,291

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, 2021

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 \$7,845,268. For the current year, pledged revenues were \$9,273,615 and debt service on the note was \$1,120,869. 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:			
2022	\$ --	\$ 89,916	\$ 89,916
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	1,014,000	93,762	1,107,762
2027-2028	3,199,000	122,743	3,321,743
Total	\$ 7,108,000	\$ 737,268	\$ 7,845,268

STATE REVOLVING FUND LOAN

In April 1998, the Town entered into a revolving loan agreement with the State of Florida Department of Environmental Protection in which they borrowed a total of \$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 were collateralized by net revenues of the sewer system. For the current year, debt service on the note was \$75,320 and the note and all remaining interest was paid off as of September 30, 2021.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 \$2,631,876. 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:

	Principal	Interest	Total
Fiscal year ending September 30:			
2022	\$ --	\$ 26,496	\$ 26,496
2023	369,000	48,988	417,988
2024	397,000	40,677	437,677
2025	406,000	31,964	437,964
2026	414,000	23,067	437,067
2027-2028	856,000	18,684	874,684
Total	\$ 2,442,000	\$ 189,876	\$ 2,631,876

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, 2021

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, 2020 (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, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN DESCRIPTION

Membership in the Plan as of October 1, 2020, was as follows:

Inactive plan members and beneficiaries currently receiving benefits	34
Inactive plan members entitled but not yet receiving benefits	6
Active plan members	<u>67</u>
Total Members	<u>107</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, 2021

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, 2021 were 25.63% of covered payroll. The contribution requirements of the Town for the fiscal year ended September 30, 2021 were determined by the October 1, 2019 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 2021, \$48,790 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, 2021

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, 2021.

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, 2021

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, 2021.

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, 2021

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, 2020, was as follows:

Total pension liability	\$ 19,043,054
Plan fiduciary net position	<u>(22,715,536)</u>
Net pension asset	<u>\$ (3,672,482)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>119.29%</u>

The above net pension asset is recorded within the government-wide statement of net position as of September 30, 2021.

CHANGES IN THE NET PENSION LIABILITY/ASSET

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2019	<u>\$ 18,744,792</u>	<u>\$ (21,165,514)</u>	<u>\$ (2,420,722)</u>
Changes for the year:			
Service cost	752,678	--	752,678
Expected interest growth	1,530,252	(1,691,288)	(161,036)
Unexpected investment income	--	355,074	355,074
Demographic experience	(642,790)	--	(642,790)
Contributions - employer	--	(1,080,265)	(1,080,265)
Contributions - employee	--	(520,770)	(520,770)
Benefit payments, including refunds of employee contributions	(1,341,878)	1,341,878	--
Administrative changes	--	45,349	45,349
Net changes	<u>298,262</u>	<u>(1,550,022)</u>	<u>(1,251,760)</u>
Balances at September 30, 2020	<u>\$ 19,043,054</u>	<u>\$ (22,715,536)</u>	<u>\$ (3,672,482)</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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, 2020, based on a valuation date of October 1, 2019
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, 2020 are summarized in the following table:

Asset Class	Expected Long-Term Real Return	Target Allocation
Large cap (domestic equity)	5.5%	25.0%
Mid cap (domestic equity)	6.6%	7.5%
Small cap (domestic equity)	7.2%	7.5%
Fixed Income	3.1%	35.0%
Developed Markets	3.3%	10.0%
Emerging Market (international equity)	8.7%	5.0%
Real Estate	6.2%	10.0%

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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	<u>\$ (1,598,587)</u>	<u>\$ (3,672,482)</u>	<u>\$ (5,413,966)</u>

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

At September 30, 2021, the Town reported a net pension asset of \$3,672,482. The net pension asset was measured as of September 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2019. For the fiscal year ended September 30, 2021, the Town recognized credit to pension expense of approximately \$1,653,000 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	\$ 552,047	\$ --
Assumption changes	--	1,130,918
Demographic experience	--	529,266
Town contributions subsequent to the measurement date	<u>1,001,827</u>	<u>--</u>
Total	<u><u>\$ 1,553,874</u></u>	<u><u>\$ 1,660,184</u></u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 \$1,001,827 resulting from Town contributions to the pension subsequent to the measurement date will be recognized as an increase or decrease 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
2022	\$ 1,388,429
2023	27,399
2024	(236,041)
2025	<u>(71,650)</u>
Total	<u>\$ 1,108,137</u>

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, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PLAN DESCRIPTION AND BENEFITS PROVIDED (CONTINUED)

At September 30, 2021, 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>67</u>
Total employees	<u><u>69</u></u>

TOTAL OPEB LIABILITY

The Town's total OPEB liability of \$272,195 was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2020.

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	2.43% per annum
Healthcare cost trend rates	7.0% for fiscal year 2020/2021, decreasing .50% per year to an ultimate rate of 5.00% for fiscal year 2024/2025 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-2020

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability (a)
	<u> </u>
Balance at September 30, 2020	\$ 296,846
Changes for the Year:	
Service cost	17,062
Interest	7,489
Demographic experience	12,001
Changes of assumptions or other inputs	(49,688)
Benefit payments	<u>(11,515)</u>
Net Change	<u>(24,651)</u>
Balance at September 30, 2021	<u>\$ 272,195</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 2.43%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.43%) or 1-percentage-point higher (3.43%) than the current rate:

	1% Decrease (1.43%)	Discount Rate (2.43%)	1% Increase (3.43%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 294,805</u>	<u>\$ 272,195</u>	<u>\$ 252,138</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 (6.0% decreasing to 4.0%) or 1-percentage-point higher (8.0% decreasing to 6.0%) than the current rate:

	1% Decrease (6% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7% Decreasing to 5.0%)	1% Increase (8% Decreasing to 6.0%)
Total OPEB Liability	<u>\$ 247,655</u>	<u>\$ 272,195</u>	<u>\$ 300,484</u>

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

For the fiscal year ended September 30, 2021, the Town recognized OPEB expense of \$20,547. At September 30, 2021, 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	\$ 19,886	\$ 39,095
Demographic experience	10,856	--
Total	<u>\$ 30,742</u>	<u>\$ 39,095</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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
2022	\$ (7,511)
2023	2,282
2024	8,035
2025	5,547
Total	<u><u>\$ 8,353</u></u>

NOTE 12 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the fiscal year ended September 30, 2021, the Town incurred expenditures in the following General Fund departments that were in excess of the amounts appropriated:

Department	Budget	Actual	Variance
Executive	\$ 451,436	\$ 521,048	\$ (69,612)
Code enforcement	219,686	244,890	(25,204)

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget-Positive (Negative)
Revenues				
Property taxes	\$ 4,745,596	\$ 4,745,596	\$ 4,760,975	\$ 15,379
Utility taxes	475,000	475,000	547,547	72,547
Communications services tax	175,000	175,000	165,492	(9,508)
Franchise fees	345,000	345,000	401,000	56,000
Licenses and permits	855,000	855,000	898,314	43,314
Intergovernmental	828,000	828,000	1,100,016	272,016
Charges for services	140,030	140,030	163,901	23,871
Fines and forfeitures	122,000	122,000	50,231	(71,769)
Investment earnings	50,000	50,000	(23,607)	(73,607)
Grants	--	1,675,722	1,696,222	20,500
Miscellaneous	45,001	45,001	80,094	35,093
Total Revenues	7,780,627	9,456,349	9,840,185	383,836
Expenditures				
General government:				
Legislative	111,930	166,330	83,908	82,422
Executive	451,436	451,436	521,048	(69,612)
Clerk	245,693	302,893	209,082	93,811
Finance and administration	222,029	272,029	212,769	59,260
Information technology	359,613	409,613	358,738	50,875
Human resources	95,706	163,206	74,293	88,913
Legal	243,600	243,600	186,061	57,539
Total General Government	1,730,007	2,009,107	1,645,899	363,208
Public buildings	362,668	690,890	455,244	235,646
Public safety:				
Law enforcement	4,267,092	4,549,717	4,481,667	68,050
Protective inspections	811,694	1,051,694	795,665	256,029
Code enforcement	219,686	219,686	244,890	(25,204)
Other public safety	73,153	298,153	163,784	134,369
Total public safety	5,371,625	6,119,250	5,686,006	433,244
Transportation:				
Streets and parkways	528,296	753,296	670,689	82,607
Public transit	158,000	158,000	88,416	69,584
Total transportation	686,296	911,296	759,105	152,191
Culture and recreation:				
Parks and recreation	1,636,504	1,826,504	1,024,943	801,561
Transfer to reserves	65,000	65,000	--	65,000
Total culture and recreation	1,701,504	1,891,504	1,024,943	866,561
Debt service:				
Principal, interest and fiscal charges	507,356	507,356	507,334	22
Total expenditures	10,359,456	12,129,403	10,078,531	2,050,872
Deficiency of revenues over expenditures	(2,578,829)	(2,673,054)	(238,346)	2,434,708
Other financing sources				
Appropriation of prior year fund balance	535,000	839,225	--	(839,225)
Transfers out	--	(210,000)	(210,000)	--
Transfers in	2,043,829	2,043,829	2,043,829	--
Total other financing sources (uses)	2,578,829	2,673,054	1,833,829	(839,225)
Net change in fund balance	\$ --	\$ --	\$ 1,595,483	\$ 1,595,483

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, 2021

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, 2021, there were supplemental appropriations in the General Fund of approximately \$1,770,000.
- (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, Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 17,062	\$ 19,214	\$ 15,299	\$ 11,358
Interest	7,489	5,695	8,089	7,880
Demographic experience	12,001	--	4,510	--
Changes of assumptions or other inputs	(49,688)	31,584	22,472	--
Benefit payments	<u>(11,515)</u>	<u>(13,028)</u>	<u>(15,099)</u>	<u>(12,372)</u>
Net Change in Total OPEB Liability	(24,651)	43,465	35,271	6,866
Total OPEB Liability - Beginning	<u>296,846</u>	<u>253,381</u>	<u>218,110</u>	<u>211,244</u>
Total OPEB Liability - Ending	<u><u>\$ 272,195</u></u>	<u><u>\$ 296,846</u></u>	<u><u>\$ 253,381</u></u>	<u><u>\$ 218,110</u></u>
Covered-Employee Payroll	\$ 4,525,693	\$ 4,263,252	\$ 4,263,252	\$ 4,363,540
Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.01%	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.

Note: The OPEB Plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the OPEB Plan. As such, the OPEB Plan has no assets and does not issue a separate financial report.

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,						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 752,678	\$ 786,299	\$ 1,071,650	\$ 1,026,849	\$ 881,514	\$ 758,824	\$ 686,893
Interest	1,530,252	1,850,596	1,279,001	1,180,877	983,968	923,439	851,757
Demographic experience	(642,790)	(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	(1,341,878)	(1,310,542)	(1,688,273)	(893,750)	(1,064,535)	(671,862)	(359,028)
Net change in total pension liability	298,262	(3,937,261)	1,577,782	1,711,961	3,227,958	909,769	1,179,622
Total pension liability - beginning	18,744,792	22,682,053	21,104,271	19,392,310	16,164,352	15,254,583	14,074,961
Total pension liability - ending (a)	19,043,054	18,744,792	22,682,053	21,104,271	19,392,310	16,164,352	15,254,583
Plan fiduciary net position							
Contributions - employer	1,080,265	1,004,663	1,137,266	874,490	795,792	674,623	922,599
Contributions - employee	520,770	399,794	345,320	332,750	700,737	271,897	275,817
Net Investment income (loss)	1,336,214	651,814	1,558,236	1,705,415	1,506,073	(248,856)	1,185,773
Benefit payments, including refunds of member contributions	(1,341,878)	(1,310,542)	(1,688,273)	(893,750)	(1,064,535)	(671,862)	(384,382)
Administrative expense	(45,349)	(38,809)	(37,597)	(33,384)	(37,339)	(31,590)	(31,811)
Net change in plan fiduciary net position	1,550,022	706,920	1,314,952	1,985,521	1,900,728	(5,788)	1,967,996
Plan fiduciary net position - beginning	21,165,514	20,410,342	19,095,390	17,114,069	15,213,341	15,219,129	13,251,133
Plan fiduciary net position - ending (b)	22,715,536	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)	\$ (3,672,482)	\$ (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	119.29%	112.66%	89.98%	90.50%	88.25%	94.12%	99.77%
Covered payroll	\$ 4,402,353	\$ 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	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
2021	\$ 1,001,827	\$ 1,050,617	\$ (48,790)	\$ 4,525,693	23.21%
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%

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ended September 30, 2021:

Valuation Date: October 1, 2019

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	7.96%
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 Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

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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 Annual Comprehensive 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 14,986,615
Restricted	653,821	543,612	511,416	7,486	7,487	67,839	67,790	115,065	1,618,790	2,455,206
Unrestricted	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	11,281,338
Total governmental activities net position	<u>\$ 16,256,996</u>	<u>\$ 16,339,074</u>	<u>\$ 18,077,065</u>	<u>\$ 21,036,671</u>	<u>\$ 23,216,541</u>	<u>\$ 23,842,780</u>	<u>\$ 23,208,933</u>	<u>\$ 23,304,098</u>	<u>\$ 25,338,688</u>	<u>\$ 28,723,159</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 28,185,137
Restricted	74,292	77,242	80,192	83,142	86,092	89,043	91,993	94,943	1,016,057	1,331,064
Unrestricted	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	24,346,318
Total business-type activities net position	<u>\$ 25,074,350</u>	<u>\$ 25,618,133</u>	<u>\$ 25,966,123</u>	<u>\$ 28,156,646</u>	<u>\$ 30,872,961</u>	<u>\$ 35,509,029</u>	<u>\$ 39,729,000</u>	<u>\$ 44,339,781</u>	<u>\$ 48,684,407</u>	<u>\$ 53,862,519</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 43,171,752
Restricted	728,113	620,854	591,608	90,628	93,579	156,882	159,783	210,008	2,634,847	3,786,270
Unrestricted	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	35,627,656
Total primary government net position	<u>\$ 41,331,346</u>	<u>\$ 41,957,207</u>	<u>\$ 44,043,188</u>	<u>\$ 49,193,317</u>	<u>\$ 54,089,502</u>	<u>\$ 59,351,809</u>	<u>\$ 62,937,933</u>	<u>\$ 67,643,879</u>	<u>\$ 74,023,095</u>	<u>\$ 82,585,678</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 1,486,733
Public safety	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	4,327,810
Transportation	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	1,049,872
Culture and recreation	124,506	162,244	303,531	620,285	874,555	1,127,501	1,459,979	1,470,681	1,230,141	1,274,188
Interest on long-term debt	407,945	552,546	255,835	248,602	291,717	186,048	185,472	176,656	167,388	162,482
Total governmental activities expenses	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	8,301,085
Business-type activities:										
Causeway	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	4,023,653
Sewer	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	1,773,259
Water	953,007	913,966	963,031	1,062,721	914,630	1,017,627	1,209,085	1,115,795	974,265	1,152,084
Parking	642,801	817,428	578,007	554,897	610,508	640,691	664,496	712,546	619,454	595,505
Solid waste	668,603	690,765	754,366	764,182	763,258	736,001	717,272	744,219	751,989	787,885
Stormwater	94,893	120,114	118,290	153,990	236,869	196,640	198,933	238,866	229,718	224,338
Total business-type activities expenses	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	8,556,724
Total primary government expenses	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	16,857,809
Program revenues:										
Governmental activities:										
Charges for services:										
General government	191,668	509,994	513,369	1,180,307	2,535,629	1,883,013	766,835	967,692	1,320,142	898,344
Public safety	148,623	188,158	119,749	123,346	112,103	115,543	168,887	159,708	127,152	50,449
Transportation	--	--	--	--	1,145	4,750	1,307	--	--	--
Culture and recreation	2,488	10,726	117,927	187,006	188,935	220,142	269,644	285,879	43,536	163,653
Operating grants and contributions	37,187	75,071	44,615	45,552	41,440	42,825	333,051	48,252	70,000	1,696,222
Capital grants and contributions	846,776	226,878	553,794	258,583	254,549	254,603	296,068	314,849	267,579	325,861
Total governmental activities program revenues	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	3,134,529
Business-type activities:										
Charges for services:										
Causeway	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	9,181,817
Sewer	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	2,460,805
Water	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	1,320,639
Parking	379,778	476,723	691,395	733,488	673,472	738,302	716,872	688,309	438,110	748,014
Solid waste	715,326	715,130	725,714	711,977	698,570	755,226	795,676	815,242	814,680	895,268
Stormwater	213,156	209,667	209,457	205,037	210,169	208,544	217,243	218,863	216,919	223,655
Capital grants and contributions	--	--	--	485,012	514,988	--	--	--	918,553	498,642
Total business-type activities program revenues	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	15,328,840
Total primary government program revenues	\$ 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	\$ 18,463,369

Continued

TOWN OF BAY HARBOR ISLANDS, FLORIDA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense) revenue:										
Governmental activities	\$ (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)	\$ (5,166,556)
Business-type activities	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	6,772,116
	<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>	<u>\$ 1,605,560</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 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	\$ 4,760,975
Franchise fees based on gross receipts	347,019	350,569	373,096	363,587	350,674	358,731	371,041	387,317	380,091	401,000
Utility taxes	399,923	422,974	461,351	452,355	455,606	465,565	496,433	512,875	527,415	547,547
Communications services tax	298,092	281,603	270,719	249,333	221,442	203,152	203,345	186,454	174,600	165,492
Unrestricted intergovernmental revenue	549,523	618,159	630,453	670,021	1,175,138	660,337	652,061	674,423	703,078	785,697
Unrestricted investment earnings (losses)	87,275	(57,892)	12,555	39,064	68,011	(7,719)	(28,308)	202,361	182,684	(23,607)
Miscellaneous	64,179	103,964	82,892	50,830	74,354	57,681	51,928	94,513	73,619	80,094
Transfers	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	1,833,829
Total governmental activities	<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>	<u>8,551,027</u>
Business-type activities:										
Unrestricted investment earnings (losses)	96,954	(67,674)	13,737	45,508	94,084	(8,845)	(33,214)	251,344	210,867	(27,109)
Miscellaneous	203,701	278,681	269,424	254,094	355,331	318,991	262,885	273,852	226,699	266,934
Transfers	(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)	(1,833,829)
Total business-type activities	<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>	<u>(1,594,004)</u>
Change in net position:										
Governmental activities	395,688	(227,922)	1,100,491	1,098,826	2,179,870	626,239	(579,258)	95,165	2,034,590	3,384,471
Business-type activities	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	5,178,112
	<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>	<u>\$ 8,562,583</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 3

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Non-spendable	\$ 56,482	\$ 38,630	\$ 30,104	\$ 28,493	\$ 25,450	\$ 78,554	\$ 38,792	\$ 46,529	\$ 112,891	\$ 46,503
Restricted	94,198	23,654	26	7,486	7,487	67,839	67,790	115,065	164,534	113,788
Unassigned	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	11,886,220
Total General Fund	<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>	<u>\$ 12,046,511</u>
All other governmental funds:										
Unreserved, reported in:										
Capital Projects Fund	\$ 559,623	\$ 519,958	\$ 511,390	\$ 354,577	\$ 160,689	\$ 160,689	\$ 160,689	\$ 160,689	\$ 160,689	\$ 160,689
Total Capital Projects Fund	<u>\$ 559,623</u>	<u>\$ 519,958</u>	<u>\$ 511,390</u>	<u>\$ 354,577</u>	<u>\$ 160,689</u>	<u>\$ 160,689</u>	<u>\$ 160,689</u>	<u>\$ 160,689</u>	<u>\$ 160,689</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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 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	\$ 5,474,014
Franchise fees	347,019	350,569	373,096	363,587	350,674	358,731	371,041	387,317	380,091	401,000
Licenses and permits	191,628	509,964	826,335	1,180,257	1,051,339	629,233	761,815	967,672	1,319,112	898,314
Intergovernmental	804,970	876,689	913,702	970,463	971,127	922,765	989,502	1,004,290	971,167	1,100,016
Transfer development right fees	--	310,000	637,500	2,186,000	1,484,250	1,253,750	5,000	--	1,000	--
Charges for services	2,893	11,435	119,252	188,524	191,929	224,723	273,828	290,547	47,004	163,901
Fines and forfeitures	148,308	187,480	118,454	119,988	109,149	110,992	164,723	155,060	123,714	50,231
Investment earnings (losses)	87,275	(57,892)	12,555	39,064	68,011	(7,719)	(28,308)	202,361	182,684	(23,607)
Grants	628,358	43,418	2,163	3,693	500,000	--	288,088	--	70,000	1,696,222
Miscellaneous	64,179	103,964	82,891	50,830	74,354	57,681	51,928	84,413	61,168	80,094
Total revenues	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	9,840,185
Expenditures:										
General government	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	1,891,677
Public safety	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	5,609,588
Transportation	891,186	847,193	677,439	707,624	722,403	880,270	808,231	639,646	603,046	574,748
Culture and recreation	51,440	88,961	229,475	520,597	750,181	905,788	1,209,433	1,210,888	972,097	1,000,662
Capital outlay	4,265,481	288,069	516,991	743,909	2,643,918	842,941	201,442	802,419	328,895	494,522
Debt service:										
Principal payments	200,000	205,000	278,000	291,000	295,000	304,000	312,000	319,000	331,000	338,000
Interest and debt costs	409,903	379,135	259,950	250,611	344,248	137,538	189,958	183,285	176,407	169,334
Total expenditures	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	10,078,531
Excess of revenues over (under) expenditures	(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)	(238,346)
Other financing sources (uses):										
Transfers in	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	2,043,829
Transfers out	--	--	--	--	--	--	--	--	--	(210,000)
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	1,643,197	1,810,259	1,672,950	1,694,545	1,755,430	1,792,363	1,927,981	2,007,730	1,893,293	1,833,829
Net change in fund balances	\$ (3,597,730)	\$ 264,675	\$ 1,371,593	\$ 2,769,005	\$ 78,504	\$ 677,952	\$ 158,128	\$ 284,298	\$ 1,208,412	\$ 1,595,483
Debt service as a percentage of noncapital expenditures	8.8%	8.0%	8.1%	7.4%	8.1%	5.4%	5.5%	5.5%	5.7%	5.3%

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 5

PROGRAM REVENUES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 220,026	\$ 513,145	\$ 826,365	\$ 1,180,307	\$ 2,535,629	\$ 1,883,013	\$ 1,054,923	\$ 967,692	\$ 1,320,142	\$ 898,344
Public safety	404,229	486,956	405,162	168,898	153,543	158,368	213,850	207,960	197,152	1,746,671
Transportation	600,000	--	--	258,583	255,694	259,353	320,372	314,849	267,579	325,861
Culture and recreation	2,488	10,726	117,927	185,116	188,935	220,142	269,644	285,879	43,536	163,653
Total governmental activities	<u>1,226,743</u>	<u>1,010,827</u>	<u>1,349,454</u>	<u>1,792,904</u>	<u>3,133,801</u>	<u>2,520,876</u>	<u>1,858,789</u>	<u>1,776,380</u>	<u>1,828,409</u>	<u>3,134,529</u>
Business-type activities:										
Causeway	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	9,430,459
Sewer	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	2,710,805
Water	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	1,320,639
Parking	379,778	476,723	691,395	586,972	673,472	738,302	716,872	688,309	438,110	748,014
Solid waste	715,326	715,130	725,714	711,977	698,570	755,226	795,676	815,242	814,680	895,268
Stormwater	213,156	209,667	209,457	205,037	210,169	208,544	217,243	218,863	216,919	223,655
Total business-type activities	<u>10,038,301</u>	<u>10,131,884</u>	<u>10,414,154</u>	<u>10,835,550</u>	<u>11,609,505</u>	<u>13,803,295</u>	<u>14,939,679</u>	<u>15,002,777</u>	<u>14,001,890</u>	<u>15,328,840</u>
Total primary government	<u>\$ 11,265,044</u>	<u>\$ 11,142,711</u>	<u>\$ 11,763,608</u>	<u>\$ 12,628,454</u>	<u>\$ 14,743,306</u>	<u>\$ 16,324,171</u>	<u>\$ 16,798,468</u>	<u>\$ 16,779,157</u>	<u>\$ 15,830,299</u>	<u>\$ 18,463,369</u>

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 6

ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Year*	Real Property	Personal Property	Total Assessed Value	Exemptions		Net Taxable Value	Direct Millage	Total Direct & Overlapping Millage
				Real	Personal			
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
2021	1,888,062,852	22,451,974	1,910,514,826	529,855,176	2,437,950	1,378,221,700	3.6245	19.3533

*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	South Florida	
					Inland Navigation	Water Management	
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
2021	3.6245	5.1449	7.1290	3.1554	0.0320	0.2675	19.3533

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, Library 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: 2021

<u>Parcel Owner</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation*</u>
PPD Bay Harbor Owner LLC	\$ 25,824,853	1.88%
B H Investment LLC	15,931,465	1.16%
Bay Harbor Hotel LLC	15,700,000	1.15%
CBS Realty Holding LLC	12,657,755	0.92%
Casa J LLC	8,934,869	0.65%
NR Wharton Kane Concourse	8,765,625	0.64%
Congress Driftwood LTD	7,650,000	0.56%
Mark Tabacinic and Vanessa Bibliowicz	7,099,247	0.52%
Annette Samson Eichen TRS	6,789,590	0.50%
Broadhouse Holdings LTD	6,759,733	0.49%
	<u>\$ 116,113,137</u>	<u>8.47%</u>

*Based on Appraisers 2021 Municipal Tax Roll.

Year: 2012

<u>Parcel Owner</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation**</u>
1170 LLC	\$ 5,243,337	0.93%
Spencer Merinoff	4,089,307	0.72%
1108 Concourse LC	3,820,579	0.67%
Isle of Wight Limited	3,491,712	0.62%
Uzi and Tova Zohar	3,281,416	0.58%
Ocean Cadillac Inc.	3,170,495	0.56%
Mitchell and Annette Eichen	2,977,448	0.53%
Baytown Corporation	2,952,812	0.52%
Paul and Camile Battista	2,813,312	0.50%
Evergreen Fin Ltd.	2,739,810	0.48%
	<u>\$ 34,580,228</u>	<u>6.11%</u>

**Based on Appraiser's 2012 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		
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	4,834,307	4,279,098	88.5%	369,712	4,648,810
2021	4,995,365	4,419,701	88.5%	341,274	4,760,975

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total traffic	<u>6,484,193</u>	<u>6,611,424</u>	<u>6,729,408</u>	<u>7,488,382</u>	<u>7,917,781</u>	<u>7,779,309</u>	<u>7,992,743</u>	<u>7,939,642</u>	<u>6,647,870</u>	<u>7,419,637</u>
Toll revenues:										
Cash tolls	\$ 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	\$ 8,733,262
Commuter/annual pass	<u>1,387,087</u>	<u>1,471,417</u>	<u>1,431,496</u>	<u>492,563</u>	<u>395,428</u>	<u>415,345</u>	<u>466,192</u>	<u>494,602</u>	<u>504,200</u>	<u>448,555</u>
Total toll revenue	<u>\$ 5,474,246</u>	<u>\$ 5,582,204</u>	<u>\$ 5,832,200</u>	<u>\$ 5,639,041</u>	<u>\$ 6,343,175</u>	<u>\$ 8,627,495</u>	<u>\$ 9,549,066</u>	<u>\$ 9,623,061</u>	<u>\$ 8,061,982</u>	<u>\$ 9,181,817</u>
Average yield per vehicle	\$ 0.844	\$ 0.844	\$ 0.867	\$ 0.753	\$ 0.801	\$ 1.109	\$ 1.195	\$ 1.212	\$ 1.213	\$ 1.238
Toll rates:										
Cash toll (Class 1)	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Annual pass	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 300.00	\$ 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			
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
2021	9,550,000	--	--	2,481,000	3,148,940	15,179,940	1.10%	2,563

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, 2021

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable to Town of Bay Harbor Islands (1)	Estimated Share of Direct & Overlapping Debt
Direct:			
Bay Harbor Islands	\$ 5,629,940	100.00%	\$ 5,629,940
Overlapping:			
Miami-Dade Board of County Commissioners (2)	2,350,765	0.22%	5,096
Miami-Dade County School Board (3)	847,572,000	0.22%	1,837,274
Total overlapping	849,922,765		1,842,370
Total direct and overlapping	\$ 855,552,705		\$ 7,472,310

Notes:

(1) The percentage of overlapping debt payable is estimated by dividing the Town's population of 5,922 by the County's population of 2,731,939 obtained from Miami-Dade County, Florida Finance Department.

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

(3) Information obtained from Miami-Dade County School Board CAFR for fiscal year ended June 30, 2021; General Obligation Bonds.

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 13 LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed values (1):										
Taxable value of real property	\$ 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	\$ 1,358,207,676
Add: Exempt real property	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	529,855,176
Total assessed value of real property	<u>\$ 774,573,967</u>	<u>\$ 749,459,838</u>	<u>\$ 845,128,356</u>	<u>\$ 1,063,287,591</u>	<u>\$ 1,210,203,009</u>	<u>\$ 1,444,251,699</u>	<u>\$ 1,720,875,185</u>	<u>\$ 1,862,399,237</u>	<u>\$ 1,933,106,853</u>	<u>\$ 1,888,062,852</u>
Legal debt margin:										
Debt limitation (25% of assessed real property)	\$ 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	\$ 472,015,713
Total bonded debt	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	5,629,940
Legal debt margin	<u>\$ 185,728,492</u>	<u>\$ 179,390,960</u>	<u>\$ 203,586,089</u>	<u>\$ 258,270,168</u>	<u>\$ 295,277,671</u>	<u>\$ 354,101,672</u>	<u>\$ 423,577,371</u>	<u>\$ 459,285,212</u>	<u>\$ 477,300,944</u>	<u>\$ 466,385,773</u>
Total net debt applicable to the limit as a percentage of debt limit	4.09%	4.26%	3.64%	2.84%	2.40%	1.93%	1.54%	1.36%	1.24%	1.19%

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
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
2021	9,299,919	2,131,692	7,168,227	1,121,058	6.39

Fiscal Year	Sewer Fund State Revolving Loan				
	Gross Revenues	Operating Expenses	Net Available Revenue	Debt Service Amount	Coverage
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
2021	2,461,280	1,557,462	903,818	75,320	12.00

Fiscal Year	Revenue Bonds and Refunding Note					
	Sales Tax	Franchise Fees	Utility Tax	Total Revenues	Debt Service Amount	Coverage
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
2021	504,873	401,000	547,547	1,453,420	507,334	2.86

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
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	8.0%	1,396,663	40
2021	5,922	N/A	N/A	N/A	N/A	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>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>	<u>2021</u>
Governmental activities:										
General government	15	16	18	18	18	18	21	21	22	24
Public safety	39	35	36	26	28	28	28	27	25	26
Transportation	10	8	7	7	5	5	6	7	5	5
Culture and recreation			6	4	4	6	5	8	8	8
Total governmental activities	<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>	<u>63</u>
Business-type activities:										
Causeway	27	32	25	5	6	6	6	6	6	6
Sewer	2	1	1	1	1	1	1	1	1	1
Water	2	2	2	2	2	2	2	2	3	3
Parking	1	1	1	1	1	1	1	1	1	1
Total business-type activities	<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>	<u>11</u>
Total primary government	<u><u>96</u></u>	<u><u>95</u></u>	<u><u>96</u></u>	<u><u>64</u></u>	<u><u>65</u></u>	<u><u>67</u></u>	<u><u>70</u></u>	<u><u>73</u></u>	<u><u>71</u></u>	<u><u>74</u></u>

Source: Town Finance Department

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 17

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government										
Elections Held	2	1	1	2	2	1	1	1	1	1
Newsletters Issued	12	12	12	12	12	12	12	12	10	12
Town Council Meetings	11	11	10	10	11	11	10	10	8	8
Planning & Zoning Board Meetings	10	17	13	17	19	12	13	15	9	12
Public safety										
Case numbers issued	870	584	626	831	843	739	702	702	804	1,005
Arrests	171	121	84	73	83	72	70	51	49	36
Calls for service	17,782	14,366	17,900	16,813	17,223	21,985	19,334	20,021	23,211	32,102
Business-type activities:										
Causeway										
Traffic Count (vehicles)	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	7,419,637
Sewer										
Average Monthly Sewage Volume (thousands of gallons)	24,066	21,397	20,242	19,676	19,836	20,008	19,200	22,684	23,269	25,666
Water										
Average Monthly Gallons Purchased (thousands)	25,863	25,763	26,534	26,576	24,221	26,600	28,127	26,614	26,419	34,511
Average Monthly Gallons Sold (thousands)	23,974	23,617	23,534	23,618	21,884	22,474	22,884	22,511	22,333	21,904
Parking										
Parking Citations	1,635	2,431	1,465	2,592	2,626	2,307	2,573	1,838	1,058	1,470

Source: Town Finance Department

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SCHEDULE 18

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Public safety										
Patrol Cars/SUV	18	18	18	18	25	26	26	26	28	28
Police Boats	1	1	1	1	1	1	1	2	1	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	3	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, 2021, 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 6, 2022.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Marcus LLP

Miami, FL
April 6, 2022

TOWN OF BAY HARBOR ISLANDS, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

Material Weakness

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

The material weakness associated with untimely preparation and review of bank reconciliations was remediated in fiscal year 2021.

Significant Deficiency

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

The significant deficiency associated with the lack of review and approval of manual journal entries was remediated in fiscal year 2021.

**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, 2021, and have issued our report thereon dated April 6, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Summary Schedule of Prior Audit Findings; 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 schedule, which are dated April 6, 2022, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Marcus LLP

Miami, FL
April 6, 2022

**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, 2021. 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, 2021.

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 6, 2022

**TOWN OF BAY HARBOR ISLANDS
EMPLOYEES' RETIREMENT SYSTEM**

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Plan Administrator
Town of Bay Harbor Islands Employees' Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Bay Harbor Islands Employees' Retirement System (the "Plan") which comprise the statements of fiduciary net position as of September 30, 2021 and 2020, and the related statements of changes in fiduciary net position for the fiscal years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 Plan'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 Plan'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Town of Bay Harbor Islands Employees' Retirement System as of September 30, 2021 and 2020, and the changes in net position thereof for the fiscal years 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 schedule of changes in the town's net pension liability (asset) and related ratios, schedule of town contributions and schedule of investment returns on pages 21 to 23 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

As in prior years, management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. **Our opinion on the financial statements is not affected by this omitted information.**

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2022 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Plan'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 Plan's internal control over financial reporting and compliance.

Marcum LLP

Miami, Florida
April 6, 2022

FINANCIAL STATEMENTS

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF FIDUCIARY NET POSITION SEPTEMBER 30, 2021 AND 2020

	2021	2020
Assets		
Cash	\$ 490,720	\$ 390,550
Investments		
Money market funds	650,936	353,585
U.S. treasuries and government obligations	5,962,394	3,099,678
Corporate bonds	2,375,883	4,871,312
Common stock and equity funds	2,518,607	2,047,312
Commingled trust fund	11,262,128	9,681,415
Real estate fund	2,402,632	2,140,033
Total Investments	25,172,580	22,193,335
Receivables		
Contributions receivable	110,622	--
Due from Town	--	51,361
Due from broker for investments sold	236,664	102,564
Accrued interest and dividends	47,429	39,157
Total Receivables	394,715	193,082
Prepaid Expenses	5,292	4,980
Total Assets	26,063,307	22,781,947
Liabilities and Net Position		
Accounts payable	16,635	30,965
Due to Town	10,000	--
Due to broker for investments purchased	558,516	35,446
Total Liabilities	585,151	66,411
Net Position Restricted for Pension Benefits	\$ 25,478,156	\$ 22,715,536

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

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Additions		
Contributions		
Town (including State)	\$ 1,050,617	\$ 1,080,265
Employees	<u>372,757</u>	<u>520,770</u>
Total Contributions	<u>1,423,374</u>	<u>1,601,035</u>
Investment Income		
Net appreciation in fair value of investments	3,534,487	1,158,931
Interest	186,738	185,817
Dividends	45,081	42,828
Other income	<u>--</u>	<u>3,178</u>
	3,766,306	1,390,754
Less: investment expenses	<u>60,328</u>	<u>54,540</u>
Net Investment Income	<u>3,705,978</u>	<u>1,336,214</u>
Total Additions	<u>5,129,352</u>	<u>2,937,249</u>
Deductions		
Benefits paid and refunds	2,329,906	1,341,878
Administrative expenses	<u>36,826</u>	<u>45,349</u>
Total Deductions	<u>2,366,732</u>	<u>1,387,227</u>
Change in Net Position	2,762,620	1,550,022
Net Position Restricted for Pension Benefits		
Beginning of year	<u>22,715,536</u>	<u>21,165,514</u>
End of year	<u><u>\$ 25,478,156</u></u>	<u><u>\$ 22,715,536</u></u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements of the Town of Bay Harbor Islands Employees' Retirement System (the "Plan") are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as applied to governmental entities in accordance with Governmental Accounting Standards Board ("GASB") pronouncements. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions as determined by the Plan's actuary, 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 AND INVESTMENT INCOME RECOGNITION

Investments are reported at fair value except for money market funds which are reported at amortized cost. 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. Net appreciation 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 detail 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 document, the investment policy is determined by the Board of Trustees and is implemented by the Plan's investment managers.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires the Plan to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 – PLAN DESCRIPTION

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

PLAN DESCRIPTION

The Town of Bay Harbor Islands, Florida (the “Town” or the Employer) is the administrator of a single-employer Public Employee Retirement System (PERS) defined benefit pension plan established to provide pension benefits for its employees.

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 to participate in the Plan. The latest actuarial valuation is as of October 1, 2019 (beginning of year valuation date). Beginning with the October 1, 2009 valuation, separate valuations were performed for the general employees and for the police officers. For reporting and disclosure purposes, amounts are combined, where applicable, from both valuations since it is one plan. 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

Membership in the Plan as of October 1, 2020 and 2019 (actuarial valuation dates) was as follows:

	2020	2019
Inactive plan members and beneficiaries currently receiving benefits	34	35
Inactive plan members entitled but not yet receiving benefits	6	4
Active plan members	<u>67</u>	<u>61</u>
Total Members	<u>107</u>	<u>100</u>

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

PENSION BENEFITS

Employees become fully vested after 5 years of credited service.

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 form.

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

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

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

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

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

PENSION BENEFITS (CONTINUED)

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 years ended September 30, 2021 and 2020 were 23.21% and 25.63%, respectively, of covered payroll. The contribution requirements of the Town for the fiscal years ended September 30, 2021 and 2020 were determined by the October 1, 2019 and October 1, 2018, actuarial valuation, respectively. 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 years 2021 and 2020, \$48,790 and \$51,361, respectively, was received by the Town from the State on behalf of Police Officers (Chapter 185) and recorded as a contribution to the Plan towards funding the actuarially determined annual required contribution for the Plan.

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, 2021 and 2020.

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

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.

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 years ended September 30, 2021 and 2020.

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 – DEPOSITS AND INVESTMENTS

DEPOSITS

In addition to insurance provided by the Federal Deposit Insurance Corporation, all deposits, which include cash on hand, are held in qualified public depositories pursuant to State of Florida Statute Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Therefore, all deposits are deemed as insured or collateralized.

INVESTMENTS

The Plan's investment practices are governed by the Florida Statutes and the Plan's adopted investment policy. Florida Statutes and the Plan policy authorize the Board of Trustees to invest in domestic stocks, domestic bonds, international stock, diversified assets, emerging markets and real estate funds. In addition to complying with Plan policy, the Plan applies the "Prudent Person 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 for fiscal years 2021 and 2020 is as follows:

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

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The Plan maintains a Master Custodian Agreement, 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 several pooled domestic equity index funds and real estate assets.

Rate of Return

For the fiscal years ended September 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.99% and 6.59%, respectively. 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.

Neither state law nor Plan investment policy limits maturity terms on fixed income holdings. As of September 30, 2021 and 2020, the Plan had the following fixed income investments and its corresponding maturities in its portfolio:

September 30, 2021					
Investment Maturities (In Years)					
Investments	Fair Value	Less Than 1	1-5	6-10	Over 10
U.S. Treasuries	\$ 4,054,814	\$ 389,986	\$ --	\$ 3,146,635	\$ 518,193
U.S. Government obligations	1,907,580	--	--	50,935	1,856,645
Corporate bonds	2,375,883	--	1,021,602	1,354,281	--
Total	\$ 8,338,277	\$ 389,986	\$ 1,021,602	\$ 4,551,851	\$ 2,374,838

September 30, 2020					
Investment Maturities (In Years)					
Investments	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
Total	\$ 7,970,990	\$ 939,861	\$ 1,084,483	\$ 5,567,284	\$ 379,362

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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 securities. As of September 30, 2021 and 2020, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position.

RISKS AND UNCERTAINTIES

The Plan invests 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 statements of fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investment and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

FAIR VALUE HIERARCHY

The Plan categorizes its 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.

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

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

The following is a description of the fair value techniques used by the Plan over its investments:

Money market funds 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”).

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).

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following is a summary of the fair value hierarchy of investments as of September 30, 2021:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
9/30/2021			
Investments by Fair Value Level			
Debt securities:			
U.S. treasuries	\$ 4,054,814	\$ 4,054,814	\$ --
U.S. government obligations and corporate bonds	4,283,463	--	4,283,463
Total debt securities	8,338,277	4,054,814	4,283,463
Equity securities:			
Common stock, ADR's, and ETF's	2,518,607	2,518,607	--
Total equity securities	2,518,607	2,518,607	--
Total investments at fair value	10,856,884	\$ 6,573,421	\$4,283,463
Investments Measured at Net Asset Value ("NAV")			
Commingled trust fund	11,262,128		
Real estate fund	2,402,632		
Total investments measured at NAV	13,664,760		
Money market funds (exempt)	650,936		
Total investments	\$ 25,172,580		

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following is a summary of the fair value hierarchy of investments as of September 30, 2020:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
9/30/2020			
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	7,970,990	925,116	7,045,874
Equity securities:			
Common stock, ADR's, and ETF's	2,047,312	2,047,312	--
Total equity securities	2,047,312	2,047,312	--
Total investments at fair value	10,018,302	\$ 2,972,428	\$ 7,045,874
Investments Measured at Net Asset Value ("NAV")			
Commingled trust fund	9,681,415		
Real estate fund	2,140,033		
Total investments measured at NAV	11,821,448		
Money market funds (exempt)	353,585		
Total investments	\$22,193,335		

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (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.

Investments Measured at NAV

	September 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund ⁽¹⁾	\$ 2,402,632	\$ --	Quarterly	N/A
Commingled trust fund ⁽²⁾	<u>11,262,128</u>	--	Daily	N/A
Total Investments Measured at NAV	<u><u>\$ 13,664,760</u></u>			

	September 30, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
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><u>\$ 11,821,448</u></u>			

⁽¹⁾ *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 indexes 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.

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 4 – NET PENSION ASSET OF THE TOWN

The components of the net pension asset at September 30, 2021 and 2020 are as follows:

	2021	2020
Total pension liability	\$ 19,448,054	\$ 19,043,054
Plan fiduciary net position	<u>(25,478,156)</u>	<u>(22,715,536)</u>
Net pension asset	<u>\$ (6,030,102)</u>	<u>\$ (3,672,482)</u>
Plan fiduciary net position as a percentage of the total pension liability	131.01%	119.29%

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the following actuarial assumptions at September 30, 2021 and 2020:

Discount Rate	7.96%
Inflation	3.00%
Salary increases	4.00% per annum
Measurement Date	September 30, 2021, based on a valuation date of October 1, 2020 September 30, 2020, based on a valuation date of October 1, 2019
Ad-hoc Cost of Living Increases	None
Mortality Rates	September 30, 2021 - Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table, with full generational projections using Scale MP-2018. September 30, 2020 - Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational projections using Scale BB.

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 4 – NET PENSION ASSET OF THE TOWN (CONTINUED)

LONG-TERM EXPECTED RATE OF RETURN

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 Plan's target asset allocation as of September 30, 2021 and 2020 are summarized in the following table:

Investment Category	Expected Long-Term Real Rate of Return	
	2021	2020
Large cap (domestic equity)	8.3%	5.5%
Mid cap (domestic equity)	9.8%	6.6%
Small cap (domestic equity)	10.6%	7.2%
Fixed Income	2.4%	3.1%
Foreign Equity (international equity)	6.1%	3.3%
Emerging Market (international equity)	11.3%	8.7%
Real estate	6.5%	6.2%

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.96% for fiscal years 2021 and 2020, respectively. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF BAY HARBOR ISLANDS EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 4 – NET PENSION ASSET OF THE TOWN (CONTINUED)

SENSITIVITY OF THE NET PENSION ASSET TO CHANGES IN THE DISCOUNT RATE

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

		Current	
	1% Decrease	Discount Rate	1% Increase
September 30, 2021:			
Net pension asset	\$ (3,963,595)	\$ (6,030,102)	\$ (7,760,584)
Discount rate	6.96%	7.96%	8.96%
September 30, 2020:			
Net pension asset	\$ (1,598,587)	\$ (3,672,482)	\$ (5,413,966)
Discount rate	6.96%	7.96%	8.96%

NOTE 5 – TAX STATUS

Plan management and legal counsel believe that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 6 – ADMINISTRATIVE EXPENSES

For the fiscal year ended September 30, 2021 and 2020, administrative costs paid by the Plan consisted of the following:

	2021	2020
Professional fees	\$ 17,715	\$ 19,066
Actuarial services	13,650	20,850
Insurance	5,461	5,433
Total Expenses	\$ 36,826	\$ 45,349

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF BAY HARBOR ISLANDS
EMPLOYEES' RETIREMENT SYSTEM**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	September 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 739,288	\$ 752,678	\$ 786,299	\$ 1,071,650	\$ 1,026,849	\$ 881,514	\$ 758,824	\$ 686,893
Interest	1,553,006	1,530,252	1,850,596	1,279,001	1,180,877	983,968	923,439	851,757
Demographic experience	1,073,343	(642,790)	(477,459)	906,769	(328,634)	(435,741)	(100,632)	--
Changes of benefit terms	--	--	--	8,635	726,619	998,287	--	--
Changes of assumptions	(630,731)	--	(4,786,155)	--	--	1,864,465	--	--
Benefit payments, including refunds of member contributions	(2,329,906)	(1,341,878)	(1,310,542)	(1,688,273)	(893,750)	(1,064,535)	(671,862)	(359,028)
Net Change in Total Pension Liability	405,000	298,262	(3,937,261)	1,577,782	1,711,961	3,227,958	909,769	1,179,622
Total Pension Liability - Beginning	19,043,054	18,744,792	22,682,053	21,104,271	19,392,310	16,164,352	15,254,583	14,074,961
Total Pension Liability - Ending (a)	<u>\$ 19,448,054</u>	<u>\$ 19,043,054</u>	<u>\$ 18,744,792</u>	<u>\$ 22,682,053</u>	<u>\$ 21,104,271</u>	<u>\$ 19,392,310</u>	<u>\$ 16,164,352</u>	<u>\$15,254,583</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,050,617	\$ 1,080,265	\$ 1,004,663	\$ 1,137,266	\$ 874,490	\$ 795,792	\$ 674,623	\$ 922,599
Contributions - employee	372,757	520,770	399,794	345,320	332,750	700,737	271,897	275,817
Net investment income (loss)	3,705,978	1,336,214	651,814	1,558,236	1,705,415	1,506,073	(248,856)	1,185,773
Benefit payments, including refunds of member contributions	(2,329,906)	(1,341,878)	(1,310,542)	(1,688,273)	(893,750)	(1,064,535)	(671,862)	(384,382)
Administrative expense	(36,826)	(45,349)	(38,809)	(37,597)	(33,384)	(37,339)	(31,590)	(31,811)
Net Change in Plan Fiduciary Net Position	2,762,620	1,550,022	706,920	1,314,952	1,985,521	1,900,728	(5,788)	1,967,996
Plan Fiduciary Net Position - Beginning	22,715,536	21,165,514	20,410,342	19,095,390	17,114,069	15,213,341	15,219,129	13,251,133
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,478,156</u>	<u>\$ 22,715,536</u>	<u>\$ 21,117,262</u>	<u>\$ 20,410,342</u>	<u>\$ 19,099,590</u>	<u>\$ 17,114,069</u>	<u>\$ 15,213,341</u>	<u>\$15,219,129</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (6,030,102)</u>	<u>\$ (3,672,482)</u>	<u>\$ (2,372,470)</u>	<u>\$ 2,271,711</u>	<u>\$ 2,004,681</u>	<u>\$ 2,278,241</u>	<u>\$ 951,011</u>	<u>\$ 35,454</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	131.01%	119.29%	112.66%	89.98%	90.50%	88.25%	94.12%	99.77%
Covered Payroll	\$ 4,525,693	\$ 4,402,353	\$ 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	N/A	N/A	52.06%	45.96%	57.50%	24.88%	0.98%

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

Note: Ending 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 EMPLOYEES' RETIREMENT SYSTEM

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
2021	\$ 1,001,827	\$ 1,050,617	\$ (48,790)	\$ 4,525,693	23.21%
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%

Significant Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ended September 30, 2021:

Valuation Date: October 1, 2019

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	7.96%
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

**TOWN OF BAY HARBOR ISLANDS
EMPLOYEES' RETIREMENT SYSTEM**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

	September 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	16.99%	6.59%	3.27%	8.49%	10.16%	10.07%	-1.56%	8.75%

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.

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 Board of Trustees and Plan Administrator
Town of Bay Harbor Islands Employees' Retirement System

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 Town of Bay Harbor Islands Employees' Retirement System (the "Plan") which comprise of the statement of fiduciary net position, as of September 30, 2021 and the related statement of changes in fiduciary net position for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 6, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 results of that testing, and not to provide an opinion on the effectiveness of the Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, Florida
April 6, 2022