

*The Town of  
Bay Harbor Islands,  
Florida*

*Comprehensive  
Annual  
Financial  
Report*

*For the  
Year Ended  
September 30, 2014*



**TOWN OF BAY HARBOR ISLANDS, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**Prepared by the Finance Department**

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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## INTRODUCTORY SECTION

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Town Council

Robert H. Yaffe  
Mayor

Jordan W. Leonard  
Vice-Mayor

Stephanie Bruder  
Council Member

Joshua D. Fuller  
Council Member

Kelly Reid  
Council Member

Solange M. Rousselot  
Council Member

Isaac Salver  
Council Member

Town Officials

Ronald J. Wasson  
Town Manager

Marlene Marante  
Town Clerk

Craig B. Sherman  
Town Attorney

April 13, 2015

To the Honorable Mayor Robert H. Yaffe, members of the Town Council, and citizens of the Town of Bay Harbor Islands:

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by licensed certified public accountants. In addition, Section 31 of the Town Charter requires that qualified public accountants shall make an independent audit of accounts for submission to the Town Council. In fulfillment of these requirements, the Town's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014 is presented for your consideration and review.

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

Marcum LLP, a licensed certified public accounting firm, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Bay Harbor Islands for the fiscal year ended September 30, 2014, 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, 2014 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 5,854 residents according to the latest available data 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 was incorporated in 1947 and operates under a council-manager form of government. The seven-member Town Council establishes policy, enacts legislation, and adopts budgets. The Town provides a full range of services: public safety (police, building and zoning), transportation and the construction and maintenance of roads, infrastructure, and recreation facilities, operation and maintenance of a causeway, water and sewer utilities, sanitation (refuse collection), operation and maintenance of parking facilities, and general government and administrative services. Fire protection, education, and welfare services are provided by units of other local governments whose activities are not included in the accompanying financial statements.

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

## **Factors Affecting 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.

### **Local Economy**

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.

Property values have increased modestly for three years in a row following three consecutive years of decline. Extensive redevelopment of older properties is occurring which will benefit the Town's 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**

Since the Town of Bay Harbor Islands is almost completely built out, its primary focus related to economic growth continues to be the redevelopment of commercial and residential properties. Many redevelopment projects are currently underway or in varying stages of the approval process including commercial, single-family and multi-family residential construction. Continued sales of transferable development rights show that higher-density and thus higher value projects are being planned and undertaken.

The comprehensive rehabilitation of the causeway corridor and bridges is well underway and will be completed over the next several years. The conversion to open road tolling (from manned toll booths) has been completed and significant payroll cost savings are being realized. Revenues from electronic tolling and toll-by-plate billing have met expectations despite extensive traffic maintenance efforts along the causeway corridor associated with the causeway rehabilitation and a concurrent road resurfacing being done by the Florida Department of Transportation.

### **Major Initiatives**

The causeway rehabilitation project is well underway. The first phase, the conversion to open road tolling using the Sunpass and Toll-by-Plate programs of the Florida Turnpike system has been completed. Over the next several years there will be substantial structural and esthetic improvements to the bridges and causeway corridor. It is expected that the conversion to Sunpass will enhance traffic flow, improve revenues, and generate substantial cost savings which can be used for debt service on the causeway borrowing and other causeway corridor projects.



The Officer Scott A. Winters Park on 98th Street was completed and opened to the public early in the 2015 fiscal year after several years of planning and construction. It is a major addition to the Town's recreational facilities and includes playground equipment, a water feature, beautiful landscaping with extensive green open play space, and bathrooms.

### **Awards and Acknowledgements**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the eighteenth consecutive year the Town received the award. In order to earn the award, the Town published an easily readable and efficiently organized report that conformed to program standards, generally accepted accounting principles, and applicable legal requirements. The Certificate of Achievement is the highest form of recognition for excellence in financial reporting by state and local governments and is valid for a period of one year only. We believe the current report continues to meet the standards of the Certificate of Achievement program and we are submitting it for review by the GFOA.

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

Respectfully submitted,

  
Ronald J. Wasson, Town Manager

  
Alan K. Short, CGFO, Finance Director

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

## **TOWN OFFICIALS**

AS OF SEPTEMBER 30, 2014

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

### **TOWN COUNCIL**

Robert H. Yaffe, Mayor

Jordan W. Leonard, Vice Mayor

Stephanie Bruder

Joshua D. Fuller

Kelly Reid

Solange Rousselot

Isaac Salver

### **TOWN MANAGER**

Ronald J. Wasson

### **TOWN CLERK**

Marlene Marante

### **TOWN ATTORNEY**

Sherman & Simone, PA  
Craig B. Sherman, Esquire

### **TOWN FINANCE DIRECTOR**

Alan K. Short, CGFO

### **INDEPENDENT AUDITORS**

Marcum LLP



Government Finance Officers Association

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

Presented to

**Town of Bay Harbor Islands  
Florida**

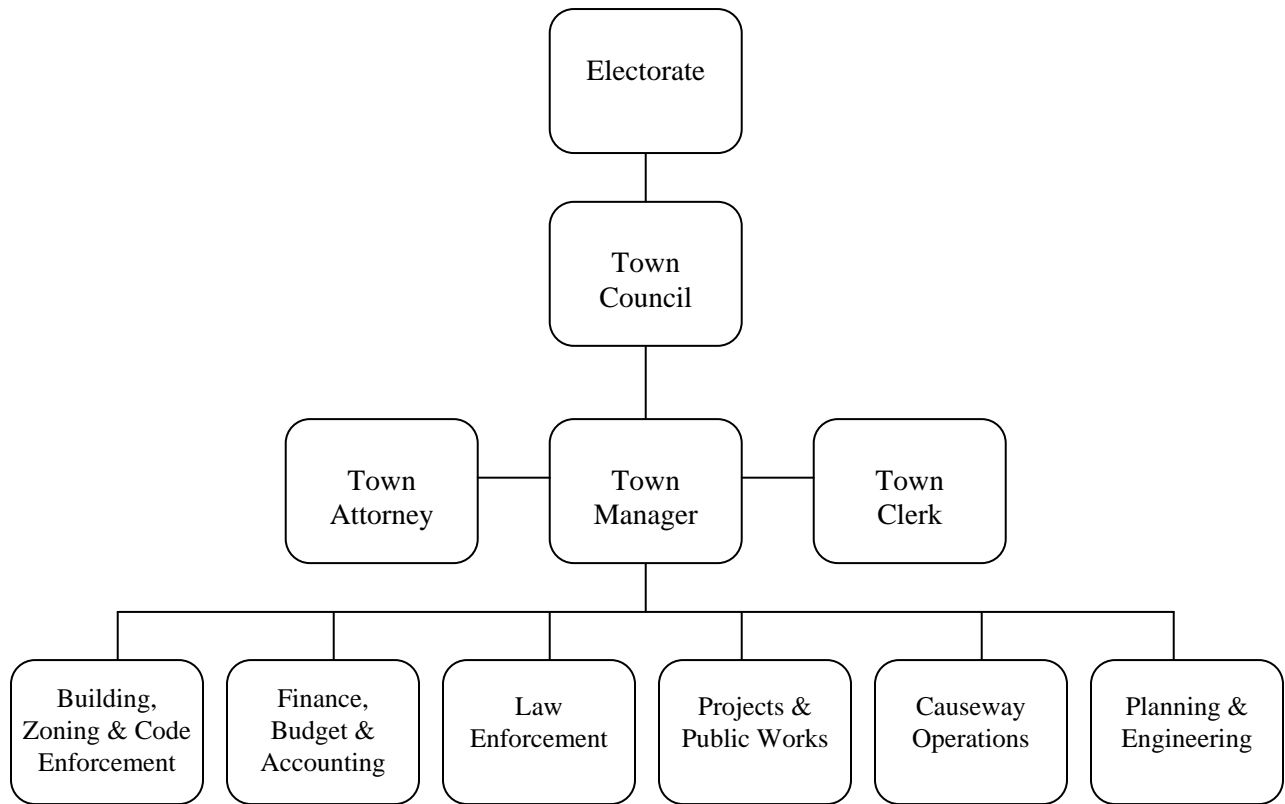
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## ORGANIZATIONAL CHART



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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

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**INDEPENDENT AUDITORS' REPORT**

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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 1 to the financial statements, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 4 through 15, the budgetary comparison schedule on pages 56 and 57, and the required supplementary information for the pensions and OPEB on pages 58 to 63, 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 it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Marcum LLP*

Miami, FL  
April 13, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
MD&A

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bay Harbor Islands, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

### Financial Highlights

- The assets of the Town of Bay Harbor Islands exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$44,043,188 (net position). Of this amount, \$12,397,439 (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 \$2,085,981.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,592,228, an increase of \$1,371,593 in comparison with the prior year. Approximately 90%, or \$5,050,708, is available in the Town's general fund for spending at the government's discretion (unassigned fund balance). The \$511,390 assigned fund balance of the 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 \$1,295,183 (4.75%) during the current fiscal year due to scheduled repayment of existing debt.

### Overview of the Financial Statements

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

### Government-wide Financial Statements

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

The *statement of net position* presents information on all the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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

The government-wide financial statements can be found on pages 16-17 of this report.

### **Fund Financial Statements**

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

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

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

The Town of Bay Harbor Islands maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund (both major funds).

The Town of Bay Harbor Islands adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget (page 56).

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

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

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

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-55 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, the Town's net pension liability and related ratios, investment returns related to the pension trust fund, and the funding status of the pension and OPEB plans.

Required supplementary information can be found on pages 56-63 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 exceeded liabilities and deferred inflows of resources by \$44,043,188 at the close of the most recent fiscal year.

#### Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 6,291,290	\$ 4,709,977	\$ 19,915,368	\$ 22,655,986	\$ 26,206,658	\$ 27,365,963
Capital assets	<u>20,306,334</u>	<u>20,331,898</u>	<u>26,921,207</u>	<u>24,041,846</u>	<u>47,227,541</u>	<u>44,373,744</u>
Total assets	<u>26,597,624</u>	<u>25,041,875</u>	<u>46,836,575</u>	<u>46,697,832</u>	<u>73,434,199</u>	<u>71,739,707</u>
Long-term liabilities	8,122,664	8,352,860	18,366,934	19,345,070	26,489,598	27,697,930
Other liabilities	<u>363,022</u>	<u>307,600</u>	<u>1,650,084</u>	<u>1,341,629</u>	<u>2,013,106</u>	<u>1,649,229</u>
Total liabilities	<u>8,485,686</u>	<u>8,660,460</u>	<u>20,017,018</u>	<u>20,686,699</u>	<u>28,502,704</u>	<u>29,347,159</u>
Total deferred inflows	<u>34,873</u>	<u>42,341</u>	<u>853,434</u>	<u>393,000</u>	<u>888,307</u>	<u>435,341</u>
Net position:						
Net investment in capital assets	12,455,881	12,195,723	18,598,260	18,077,105	31,054,141	30,272,828
Restricted	511,416	543,612	80,192	77,242	591,608	620,854
Unrestricted	<u>5,109,768</u>	<u>3,599,739</u>	<u>7,287,671</u>	<u>7,463,786</u>	<u>12,397,439</u>	<u>11,063,525</u>
Total net position	<u>\$ 18,077,065</u>	<u>\$ 16,339,074</u>	<u>\$ 25,966,123</u>	<u>\$ 25,618,133</u>	<u>\$ 44,043,188</u>	<u>\$ 41,957,207</u>

70.5% 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 1.3% of the Town's net position is subject to external restrictions on use.

28% of the Town's net position (\$12,397,439) 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.

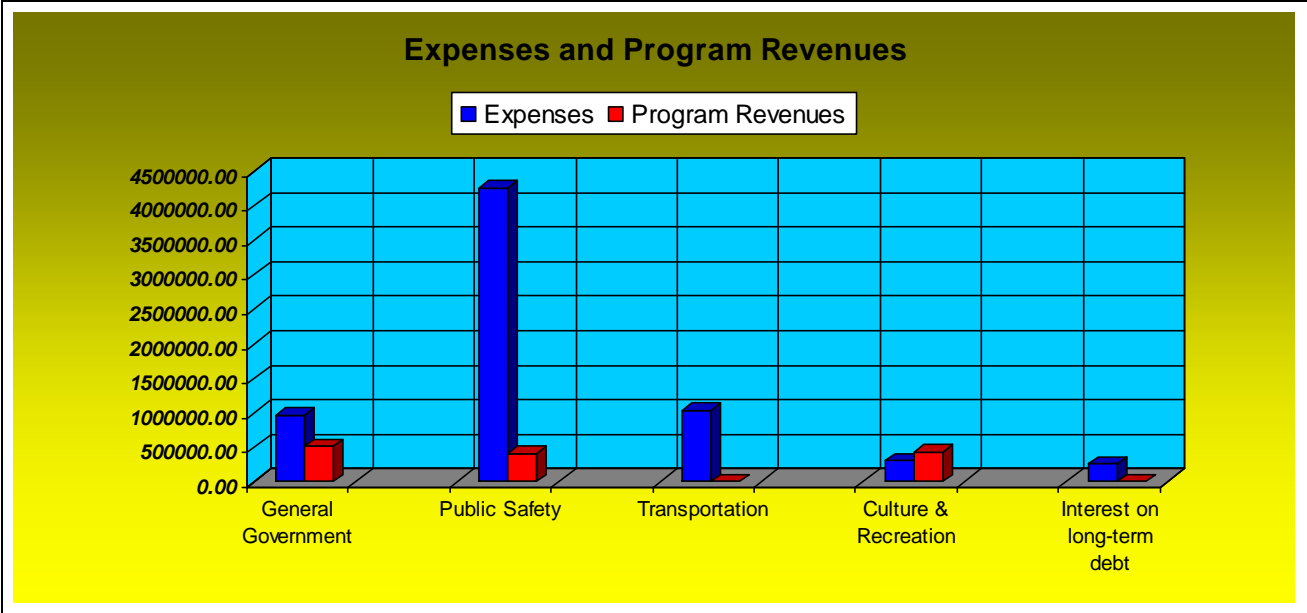
## Changes in Net Position

### Summary of Changes in Net Position

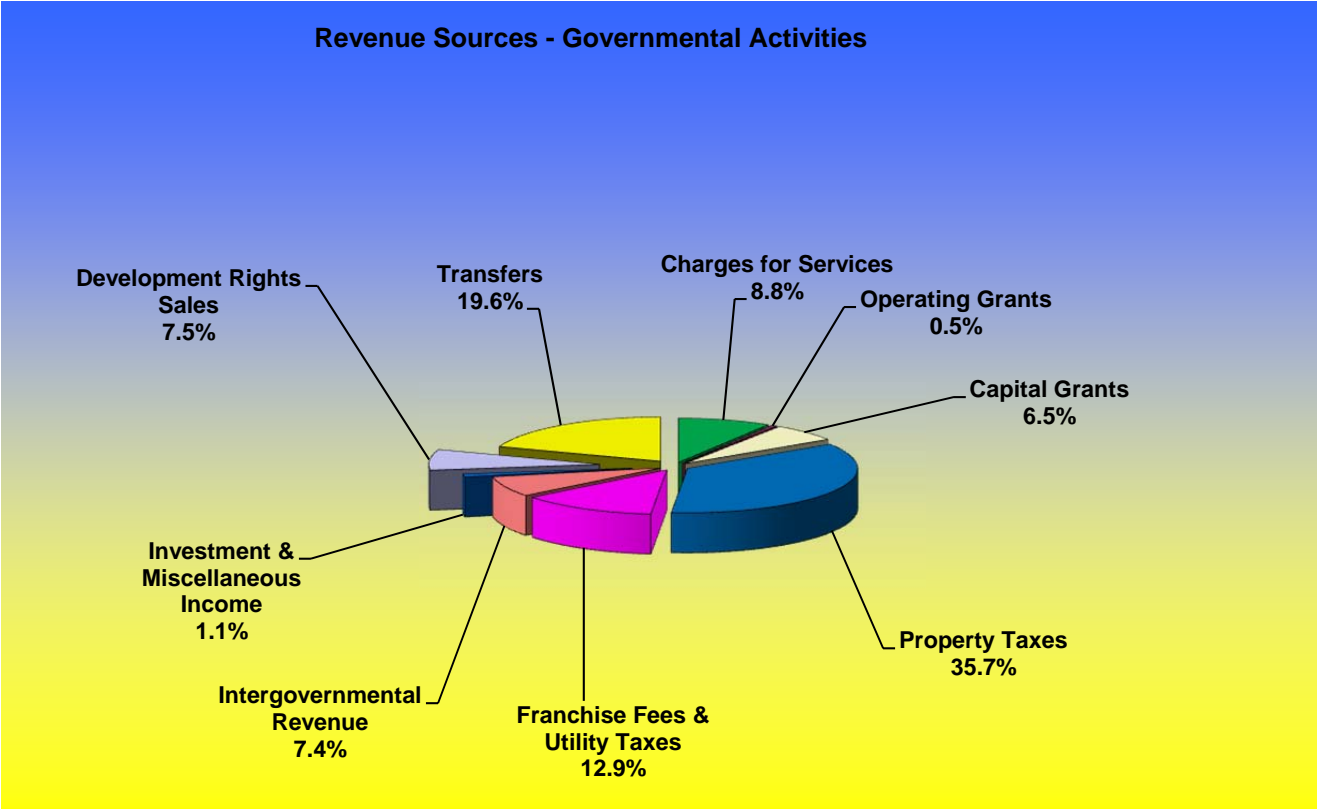
	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 751,045	\$ 708,878	\$ 10,414,154	\$ 10,131,884	\$ 11,165,199	\$ 10,840,762
Operating grants and contributions	44,615	75,071	-	-	44,615	75,071
Capital grants and contributions	553,794	226,878	-	-	553,794	226,878
General revenues:						
Property taxes	3,054,392	3,001,002	-	-	3,054,392	3,001,002
Franchise fees & utility taxes	1,105,166	1,055,146	-	-	1,105,166	1,055,146
Asset sales (development rights)	637,500	310,000	-	-	637,500	310,000
Intergovernmental revenue	630,453	618,159	-	-	630,453	618,159
Investment earnings	12,555	(57,892)	13,737	(67,674)	26,292	(125,566)
Miscellaneous	82,892	103,964	466,329	278,681	549,221	382,645
Loss on disposal of capital assets	-	-	(196,905)	-	(196,905)	-
Total revenues	<u>6,872,412</u>	<u>6,041,206</u>	<u>10,697,315</u>	<u>10,342,891</u>	<u>17,569,727</u>	<u>16,384,097</u>
Expenses:						
General government	969,146	1,069,286	-	-	969,146	1,069,286
Public safety	4,247,292	4,741,403	-	-	4,247,292	4,741,403
Transportation	1,031,567	1,198,230	-	-	1,031,567	1,198,230
Culture and recreation	303,531	162,244	-	-	303,531	162,244
Interest on long-term debt	255,835	552,546	-	-	255,835	552,546
Causeway	-	-	5,041,852	4,157,983	5,041,852	4,157,983
Sewer	-	-	1,220,829	1,334,271	1,220,829	1,334,271
Water	-	-	963,031	913,966	963,031	913,966
Parking	-	-	578,007	817,428	578,007	817,428
Solid Waste	-	-	754,366	690,765	754,366	690,765
Stormwater	-	-	118,290	120,114	118,290	120,114
Total expenses	<u>6,807,371</u>	<u>7,723,709</u>	<u>8,676,375</u>	<u>8,034,527</u>	<u>15,483,746</u>	<u>15,758,236</u>
Increase (decrease) in net assets before transfers	65,041	(1,682,503)	2,020,940	2,308,364	2,085,981	625,861
Transfers	<u>1,672,950</u>	<u>1,764,581</u>	<u>(1,672,950)</u>	<u>(1,764,581)</u>	<u>-</u>	<u>-</u>
Change in net position	1,737,991	82,078	347,990	543,783	2,085,981	625,861
Net position, beginning	<u>16,339,074</u>	<u>16,256,996</u>	<u>25,618,133</u>	<u>25,074,350</u>	<u>41,957,207</u>	<u>41,331,346</u>
Net position, ending	<u>\$ 18,077,065</u>	<u>\$ 16,339,074</u>	<u>\$ 25,966,123</u>	<u>\$ 25,618,133</u>	<u>\$ 44,043,188</u>	<u>\$ 41,957,207</u>

### Governmental Activities

The Town's governmental activities net position increased by \$1,737,991 (10.6%), from \$16,339,074 at the beginning of the year to \$18,077,065 at the end. Increases in building permit fees, receipts from the sale of development rights, and recreation program fees account for most of the revenue increase from the previous year. Expenses declined to baseline levels after having been inflated last year due to large termination leave payouts to employees targeted for a retirement incentive program as well as the write off of substantial deferred charges related to the refinancing of old debt on advantageous terms.



- Program revenues, comprised of charges for services, operating grants and contributions, and capital grants and contributions, were 15.8% of total governmental activities revenues (including transfers). Property taxes, 35.7% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.

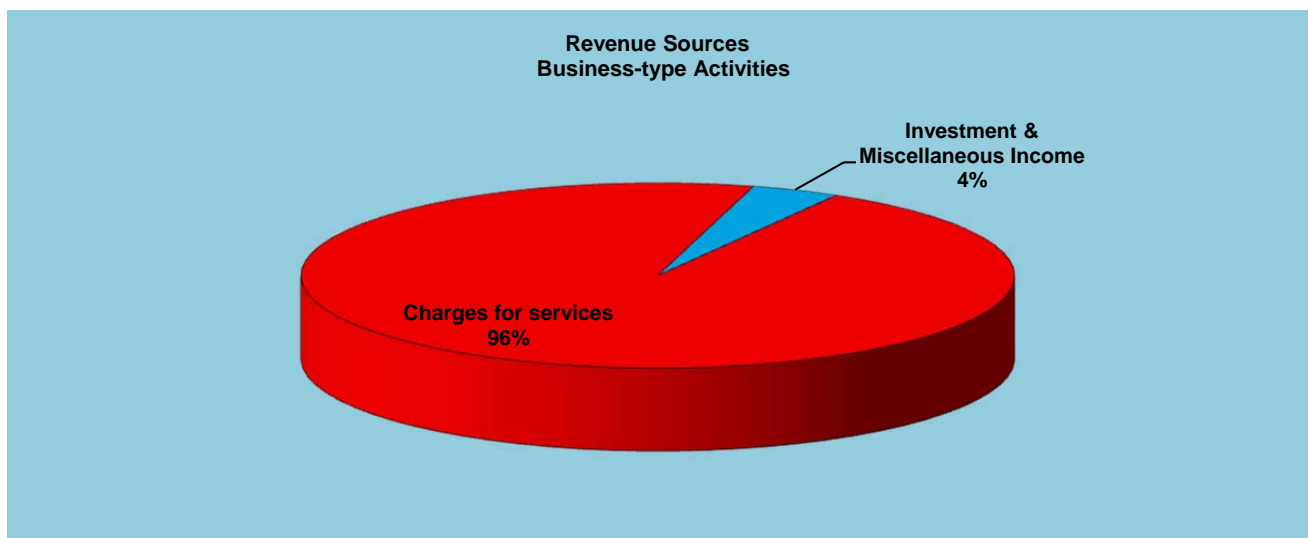
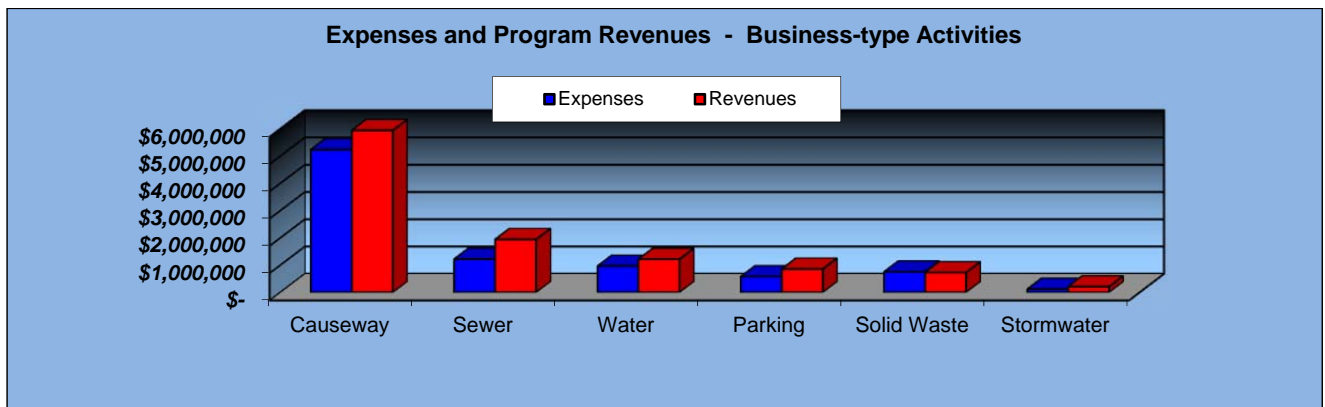




## Business-type Activities

Business-type activities increased the Town of Bay Harbor Islands' net position by \$347,990. The causeway, sewer, water, solid waste, and parking funds generated substantial operating income. The solid waste fund operated at a loss due to increased disposal costs. Including non-operating revenues and expenses, all enterprise funds except the solid waste fund generated income before transfers. Net transfers from the Town's business-type activities to its governmental activities decreased by about 5.2% to \$1,672,950, including planned transfers to fund debt service on the bonds issued to fund the Community Enhancements Project.

- Causeway fund revenues grew almost 4.5%. Expenses associated with the elimination of manned toll booths and the conversion to electronic and toll-by-plate toll collection drove a sharp increase in total expenses.
- Sewer fund and water fund revenues declined slightly; sewer fund expenses declined while those in the water fund increased slightly.
- Parking fund revenues increased sharply due to higher utilization. Lower maintenance and repair costs for parking meters reduced total expenses.
- Solid waste disposal costs increased significantly. Stormwater fund revenues and costs were little changed from previous years.



## Financial Analysis of the Government's Funds

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

### Governmental Funds

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

As of the end of the current fiscal year, the Town of Bay Harbor Islands' governmental funds reported combined ending fund balances of \$5,592,228, an increase of \$1,371,593 in comparison with the prior year. Revenues increased substantially, the net effect of flat property tax receipts, modest increases in other fees, taxes, and other revenues due to improving economic conditions, and most importantly higher receipts from sales of transferable development rights. Transfers from the Town's proprietary funds decreased by 5.2%; approximately \$1.7 million was transferred. General fund expenses decreased, primarily due to some large termination leave payouts for law enforcement personnel in the prior year. Of total fund balance, 90%, or \$5,050,708, 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 and prepaid items (\$30,104), *restricted* for specific uses by law or contract (\$26), or is *assigned* such as the fund balance of the general capital projects fund intended to fund capital projects (\$511,390).

#### *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 \$5,050,708 while total fund balance was \$5,080,838. 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 70.5% of total general fund expenditures, while total fund balance represents 71% of that same amount.

Fund balance of the Town of Bay Harbor Islands' general fund increased by \$1,380,161 during the current fiscal year, driven by increased revenues (increased sales of transferable development rights, recreation program fees, and building permit fees) and a decrease in expenditures (primarily due to public safety termination leave payouts in the prior year).

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:

	2014 <u>Amount</u>	Percent of <u>Total</u>	2013 <u>Amount</u>	Percent of <u>Total</u>	Increase (Decrease) <u>from 2013</u>	Percent of Increase (Decrease)
Revenues:						
Property taxes	\$3,054,392	44.4%	\$3,001,002	49.7%	\$ 53,390	1.8%
Utility taxes	461,351	6.7%	422,974	7.0%	38,377	9.1%
Communications taxes	270,719	3.9%	281,603	4.7%	(10,884)	-3.9%
Franchise fees	373,096	5.5%	350,569	5.8%	22,527	6.4%
Licenses and permits	826,335	12.0%	509,964	8.4%	316,371	62.0%
Intergovernmental	913,702	13.3%	876,689	14.6%	37,013	4.2%
Transferable development rights sales	637,500	9.3%	310,000	5.1%	327,500	105.6%
Charges for services	119,252	1.7%	11,435	0.2%	107,817	942.9%
Fines and forfeitures	118,454	1.7%	187,480	3.1%	(69,026)	-36.8%
Investment earnings	12,555	0.3%	(57,892)	-1.0%	70,447	-121.7%
Grants	2,163	0.0%	43,418	0.7%	(41,255)	-95.0%
Miscellaneous	82,891	1.2%	103,964	1.7%	(21,073)	-20.3%
Total revenues	<u>\$6,872,410</u>	<u>100.0%</u>	<u>\$6,041,206</u>	<u>100.0%</u>	<u>\$831,204</u>	<u>13.8%</u>

- Licenses and permits gained due to increased construction and remodeling activity.
- Development rights sales represent a sale of limited assets rather than a permanent income stream.
- Expansion of the Town's recreation program has resulted in increased program fees (included in Charges for services).

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

	2014 <u>Amount</u>	Percent of <u>Total</u>	2013 <u>Amount</u>	Percent of <u>Total</u>	Increase (Decrease) <u>from 2013</u>	Percent of Increase (Decrease)
Expenditures						
General government	\$ 992,855	13.9%	\$1,059,846	14.0%	\$ (66,991)	-6.3%
Public safety	4,219,057	58.8%	4,718,586	62.6%	(499,529)	-10.6%
Transportation	677,439	9.5%	847,193	11.2%	(169,754)	-20.0%
Culture and recreation	229,475	3.2%	88,961	1.2%	140,514	158.0%
Capital outlay	508,423	7.1%	248,404	3.3%	260,019	104.7%
Debt service	537,950	7.5%	584,135	7.7%	(46,185)	-7.9%
Total expenditures	<u>\$7,165,199</u>	<u>100.0%</u>	<u>\$7,547,125</u>	<u>100.0%</u>	<u>\$(381,926)</u>	<u>-5.1%</u>

Prior year termination payouts increased public safety expenditures last year. Staff reductions caused transportation expenditures to decrease, while capital outlay and recreation expenditures increased due to expanded recreation programming and park improvements at the new Officer Scott A. Winters Park.

#### *Capital Projects Fund*

- Fund balance in the capital projects fund decreased by \$8,568 due to expenditures on community infrastructure rehabilitation and enhancement project. That project is substantially complete except for lighting and utility pole enhancements.

#### **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 enterprise funds except the solid waste fund generated income before transfers. Costs for solid waste disposal increased with no corresponding increase in user charges resulting in the operating loss. Financial results for the parking fund improved dramatically due to increased utilization of the parking garage and sharply lower repair costs for its parking meters.

For the proprietary funds as a whole, net position increased by \$347,990.

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

During the past year, the budget was modified several times, increasing the total budget amount by \$981,355. The major elements of this increase are as follows:

- \$624,855 for the Officer Scott A. Winters Park.
- \$218,000 for design, plans, and construction administration for the Community Center.
- \$52,384 for completion of the license plate reader system.

For total revenues, there was a favorable budget variance of \$1,639,652, the major components of which were increased building permit fees due to redevelopment, unbudgeted sales of transferable development rights owned by the Town, and increased charges for services due to the expansion of the Town's recreation programming.

Total expenditures were \$793,454 less than budgeted due to unspent appropriations for capital improvements and equipment.

## 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, 2014, amounts to \$47,227,541 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, causeway, toll collection, water, and sewer systems, intangibles, as well as construction in progress. Capital assets do not include governmental infrastructure assets prior to 2004, as GASB 34 did not require Phase III governments to report infrastructure retroactively. The Town's investment in capital assets for the current fiscal year increased by \$2,853,797.

Additions to capital assets for governmental activities before depreciation and net of transfers from construction in progress were \$516,990, while disposals amounted to \$110,482, for net additions of \$406,508.

Business-type activities' capital asset additions before depreciation and net of transfers from construction in progress totaled \$4,338,342, while disposals amounted to \$2,664,327, for net additions of \$1,674,015.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Capital assets:						
Land	\$ 3,806,254	\$ 3,806,254	\$ 671,273	\$ 671,273	\$ 4,477,527	\$ 4,477,527
Construction in progress	423,565	227,878	2,305,372	829,503	2,728,937	1,057,381
Buildings	442,571	507,599	-	-	442,571	507,599
Improvements other than buildings	15,278,383	15,699,041	8,390,429	8,395,151	23,668,812	24,094,192
Furniture and equipment	355,561	91,126	447,447	468,500	803,008	559,626
Causeway system	-	-	-	45,414	-	45,414
Toll collection system	-	-	1,932,424	208,099	1,932,424	208,099
Sewer system	-	-	3,068,905	3,070,223	3,068,905	3,070,223
Water system	-	-	972,737	1,018,238	972,737	1,018,238
Parking garage	-	-	9,132,620	9,335,445	9,132,620	9,335,445
Total	<u>\$20,306,334</u>	<u>\$20,331,898</u>	<u>\$26,921,207</u>	<u>\$24,041,846</u>	<u>\$47,227,541</u>	<u>\$44,373,744</u>

Additional information on the Town's capital assets can be found in note 7 on pages 41-42 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 \$25,964,581.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue Bonds, Series 2003B	\$ 3,209,453	\$ 3,427,175	\$ -	\$ -	\$ 3,209,453	\$ 3,427,175
Refunding Note, Series 2012	4,641,000	4,709,000	\$ -	\$ -	4,641,000	\$ 4,709,000
Causeway Revenue Note, 2003A	-	-	-	-	-	-
Causeway Revenue Note, 2003B	-	-	-	-	-	-
Causeway Promissory Note, 2012	-	-	13,076,000	13,847,000	13,076,000	13,847,000
Parking Refunding Note, 2012	-	-	4,567,000	4,746,000	4,567,000	4,746,000
State Revolving Loan	-	-	471,128	530,589	471,128	530,589
Total	<u>\$ 7,850,453</u>	<u>\$ 8,136,175</u>	<u>\$ 18,114,128</u>	<u>\$ 19,123,589</u>	<u>\$ 25,964,581</u>	<u>\$ 27,259,764</u>

The Town of Bay Harbor Islands' total debt decreased \$1,295,183 as a result of scheduled repayments. Additional information on the Town's long-term debt can be found in note 8 on pages 43-46 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 2015 fiscal year.

- The Town's millage was reduced from 5.25 to 4.90. Since taxable values increased slightly, a modest increase in tax revenues is anticipated.
- Water rates increased by two percent (2%) which will offset the effects of the Miami-Dade wholesale water rate increase.
- Sewage rates increased by two percent (2%) in anticipation of higher wholesale sewage rates being charged to the Town.

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

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## BASIC FINANCIAL STATEMENTS

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# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,510,245	\$ 4,964,388	\$ 7,474,633
Investments	2,766,517	3,195,779	5,962,296
Receivables, net	162,318	1,136,758	1,299,076
Internal balances	180,401	(180,401)	-
Due from other governments	173,612	-	173,612
Inventory	22,881	43,876	66,757
Prepaid items	7,223	105,195	112,418
Net pension asset	383,722	229,180	612,902
Restricted assets:			
Cash and cash equivalents	84,371	10,340,401	10,424,772
Loan reserves	-	80,192	80,192
Capital assets not being depreciated	4,229,819	2,976,645	7,206,464
Capital assets being depreciated, net	<u>16,076,515</u>	<u>23,944,562</u>	<u>40,021,077</u>
Total assets	<u>26,597,624</u>	<u>46,836,575</u>	<u>73,434,199</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	270,677	864,398	1,135,075
Due to other governments	-	224,171	224,171
Unearned revenue	-	183,297	183,297
Customer deposits	92,345	378,218	470,563
Noncurrent liabilities:			
Due within one year	312,922	81,182	394,104
Due in more than one year	7,756,757	18,231,739	25,988,496
Net OPEB Obligation	<u>52,985</u>	<u>54,013</u>	<u>106,998</u>
Total liabilities	<u>8,485,686</u>	<u>20,017,018</u>	<u>28,502,704</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Business tax licenses	34,873	-	34,873
Parking trust receipts	-	476,434	476,434
Annual pass sales	<u>-</u>	<u>377,000</u>	<u>377,000</u>
Total deferred inflows of resources	<u>34,873</u>	<u>853,434</u>	<u>888,307</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	12,455,881	18,598,260	31,054,141
Restricted for:			
Law enforcement	26	-	26
Loan reserve	-	80,192	80,192
Capital projects	511,390	-	511,390
Unrestricted	<u>5,109,768</u>	<u>7,287,671</u>	<u>12,397,439</u>
Total net position	<u>\$ 18,077,065</u>	<u>\$ 25,966,123</u>	<u>\$ 44,043,188</u>

See notes to basic financial statements.



# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 969,146	\$ 513,369	\$ -	\$ -	\$ (455,777)	\$ -	\$ (455,777)
Public safety	4,247,292	119,749	44,615	240,798	(3,842,130)	-	(3,842,130)
Transportation	1,031,567	-	-	-	(1,031,567)	-	(1,031,567)
Culture and recreation	303,531	117,927	-	312,996	127,392	-	127,392
Interest on long-term debt	255,835	-	-	-	(255,835)	-	(255,835)
Total governmental activities	6,807,371	751,045	44,615	553,794	(5,457,917)	-	(5,457,917)
Business-type activities:							
Causeway	5,041,852	5,832,200	-	-	-	790,348	790,348
Sewer	1,220,829	1,857,548	-	-	-	636,719	636,719
Water	963,031	1,097,840	-	-	-	134,809	134,809
Parking	578,007	691,395	-	-	-	113,388	113,388
Solid waste	754,366	725,714	-	-	-	(28,652)	(28,652)
Stormwater	118,290	209,457	-	-	-	91,167	91,167
Total business-type activities	8,676,375	10,414,154	-	-	-	1,737,779	1,737,779
Total	\$ 15,483,746	\$ 11,165,199	\$ 44,615	\$ 553,794	(5,457,917)	1,737,779	(3,720,138)
General revenues:							
Property taxes					3,054,392	-	3,054,392
Franchise fees based on gross receipts					373,096	-	373,096
Utility taxes					461,351	-	461,351
Communications services tax					270,719	-	270,719
Transfer development right fees					637,500	-	637,500
Unrestricted intergovernmental revenue					630,453	-	630,453
Unrestricted investment earnings					12,555	13,737	26,292
Miscellaneous					82,892	466,329	549,221
Loss on disposal of capital assets					-	(196,905)	(196,905)
Transfers					1,672,950	(1,672,950)	-
Total general revenues and transfers					7,195,908	(1,389,789)	5,806,119
Change in net position					1,737,991	347,990	2,085,981
Net position, beginning					16,339,074	25,618,133	41,957,207
Net position, ending					\$ 18,077,065	\$ 25,966,123	\$ 44,043,188

See notes to basic financial statements.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,137,005	\$ 373,240	\$ 2,510,245
Investments	2,766,517	-	2,766,517
Receivables, net	147,850	-	147,850
Interest receivable	14,468	-	14,468
Due from other funds	527,272	165,692	692,964
Due from other governments	173,612	-	173,612
Inventory	22,881	-	22,881
Prepaid items	7,223	-	7,223
Restricted cash and cash equivalents	84,371	-	84,371
Total assets	<u>\$ 5,881,199</u>	<u>\$ 538,932</u>	<u>\$ 6,420,131</u>
<b><u>LIABILITIES</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 188,122	\$ -	\$ 188,122
Due to other funds	485,021	27,542	512,563
Customer deposits	92,345	-	92,345
Total liabilities	<u>765,488</u>	<u>27,542</u>	<u>793,030</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue - business tax licenses	<u>34,873</u>	<u>-</u>	<u>34,873</u>
<b><u>FUND BALANCES</u></b>			
Non-spendable:			
Inventory	22,881	-	22,881
Prepaid items	7,223	-	7,223
Restricted:			
Law enforcement	26	-	26
Assigned:			
Capital projects fund	-	511,390	511,390
Unassigned	<u>5,050,708</u>	<u>-</u>	<u>5,050,708</u>
Total fund balances	<u>5,080,838</u>	<u>511,390</u>	<u>5,592,228</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,881,199</u>	<u>\$ 538,932</u>	

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	20,306,334
A net pension asset is not considered to represent a financial asset and therefore is not reported in the governmental funds	383,722
Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(8,205,219)</u>
Net position of governmental activities	<u>\$ 18,077,065</u>

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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 3,054,392	\$ -	\$ 3,054,392
Utility taxes	461,351	-	461,351
Communications services tax	270,719	-	270,719
Franchise fees	373,096	-	373,096
Licenses and permits	826,335	-	826,335
Intergovernmental	913,702	-	913,702
Transfer development right fees	637,500	-	637,500
Charges for services	119,252	-	119,252
Fines and forfeitures	118,454	-	118,454
Investment earnings	12,555	-	12,555
Grants	2,163	-	2,163
Miscellaneous	82,891	-	82,891
Total revenues	6,872,410	-	6,872,410
Expenditures:			
Current:			
General government	992,855	-	992,855
Public safety	4,219,057	-	4,219,057
Transportation	677,439	-	677,439
Culture and recreation	229,475	-	229,475
Capital outlay	508,423	8,568	516,991
Debt service:			
Principal payments	278,000	-	278,000
Interest and fiscal charges	259,950	-	259,950
Total expenditures	7,165,199	8,568	7,173,767
Deficiency of revenues over expenditures	(292,789)	(8,568)	(301,357)
Other financing sources:			
Transfers in	1,672,950	-	1,672,950
Total other financing sources	1,672,950	-	1,672,950
Net change in fund balances	1,380,161	(8,568)	1,371,593
Fund balances, beginning	3,700,677	519,958	4,220,635
Fund balances, ending	\$ 5,080,838	\$ 511,390	\$ 5,592,228

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, 2014

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)	\$ 1,371,593
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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	\$ 516,991	
Depreciation expense	<u>(542,554)</u>	(25,563)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

The details of the difference are as follows:

2003B Bonds principal payment	278,000	
Issuance premium amortization	<u>7,722</u>	285,722

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

The details of the difference are as follows:

Accrued interest payable	4,115	
Compensated absences payable	(55,991)	
Net pension asset	157,650	
Net OPEB obligation	<u>465</u>	<u>106,239</u>

Change in net position of governmental activities (Page 17)	<u>\$ 1,737,991</u>
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See notes to basic financial statements.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2014

### Business-type Activities - Enterprise Funds

	<u>Causeway</u>	<u>Sewer</u>	<u>Water</u>	<u>Parking</u>	<u>Solid Waste</u>	<u>Stormwater (a Nonmajor Fund)</u>	<u>Totals</u>
<b><u>ASSETS</u></b>							
Current assets:							
Cash and cash equivalents	\$ 1,698,710	\$ 988,518	\$ 1,137,039	\$ 329,851	\$ 810,270	\$ -	\$ 4,964,388
Investments	1,545,344	-	1,650,435	-	-	-	3,195,779
Receivables, net	-	-	582,842	420,000	61,115	-	1,063,957
Interest receivable	8,012	-	8,355	56,434	-	-	72,801
Due from other funds	575,800	1,225	357,593	105,176	450	1,208,277	2,248,521
Inventory	-	-	43,876	-	-	-	43,876
Prepaid items	100,625	-	-	4,570	-	-	105,195
Net pension asset	182,738	21,694	16,318	5,623	-	2,807	229,180
Restricted assets:							
Cash and cash equivalents	9,972,819	181,030	127,464	-	59,088	-	10,340,401
Loan reserves	-	80,192	-	-	-	-	80,192
<b>Total current assets</b>	<b><u>14,084,048</u></b>	<b><u>1,272,659</u></b>	<b><u>3,923,922</u></b>	<b><u>921,654</u></b>	<b><u>930,923</u></b>	<b><u>1,211,084</u></b>	<b><u>22,344,290</u></b>
Noncurrent assets:							
Capital assets not being depreciated	2,099,466	-	205,906	671,273	-	-	2,976,645
Capital assets being depreciated, net	10,073,917	3,113,971	1,365,977	9,138,685	-	252,012	23,944,562
<b>Total noncurrent assets</b>	<b><u>12,173,383</u></b>	<b><u>3,113,971</u></b>	<b><u>1,571,883</u></b>	<b><u>9,809,958</u></b>	<b><u>-</u></b>	<b><u>252,012</u></b>	<b><u>26,921,207</u></b>
<b>Total assets</b>	<b><u>26,257,431</u></b>	<b><u>4,386,630</u></b>	<b><u>5,495,805</u></b>	<b><u>10,731,612</u></b>	<b><u>930,923</u></b>	<b><u>1,463,096</u></b>	<b><u>49,265,497</u></b>
<b><u>LIABILITIES</u></b>							
Current liabilities:							
Accounts payable and accrued liabilities	555,456	75,505	156,159	8,330	61,435	7,513	864,398
Due to other funds	-	125,714	1,398,516	103,324	329,855	471,513	2,428,922
Due to other governments	-	-	224,171	-	-	-	224,171
Unearned revenue	183,297	-	-	-	-	-	183,297
Customer deposits (payable from restricted assets)	10,637	181,030	127,464	-	59,087	-	378,218
Current portion of notes payable	-	61,303	-	-	-	-	61,303
Current portion of compensated absences	15,332	1,777	1,739	823	-	208	19,879
<b>Total current liabilities</b>	<b><u>764,722</u></b>	<b><u>445,329</u></b>	<b><u>1,908,049</u></b>	<b><u>112,477</u></b>	<b><u>450,377</u></b>	<b><u>479,234</u></b>	<b><u>4,160,188</u></b>
Noncurrent liabilities:							
Notes payable	13,076,000	409,825	-	4,567,000	-	-	18,052,825
Net OPEB obligation	41,451	4,990	5,122	2,070	-	380	54,013
Compensated absences	137,984	15,997	15,651	7,407	-	1,875	178,914
<b>Total noncurrent liabilities</b>	<b><u>13,255,435</u></b>	<b><u>430,812</u></b>	<b><u>20,773</u></b>	<b><u>4,576,477</u></b>	<b><u>-</u></b>	<b><u>2,255</u></b>	<b><u>18,285,752</u></b>
<b>Total liabilities</b>	<b><u>14,020,157</u></b>	<b><u>876,141</u></b>	<b><u>1,928,822</u></b>	<b><u>4,688,954</u></b>	<b><u>450,377</u></b>	<b><u>481,489</u></b>	<b><u>22,445,940</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>							
Parking trust receipts	-	-	-	476,434	-	-	476,434
Annual pass sales	377,000	-	-	-	-	-	377,000
<b>Total deferred inflows of resources</b>	<b><u>377,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>476,434</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>853,434</u></b>
<b><u>NET POSITION</u></b>							
Net investment in capital assets	8,917,737	2,640,597	1,551,292	5,242,958	-	245,676	18,598,260
Restricted for loan reserve	-	80,192	-	-	-	-	80,192
Unrestricted	2,942,537	789,700	2,015,691	323,266	480,546	735,931	7,287,671
<b>Total net position</b>	<b><u>\$ 11,860,274</u></b>	<b><u>\$ 3,510,489</u></b>	<b><u>\$ 3,566,983</u></b>	<b><u>\$ 5,566,224</u></b>	<b><u>\$ 480,546</u></b>	<b><u>\$ 981,607</u></b>	<b><u>\$ 25,966,123</u></b>

See notes to basic financial statements.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>						<u>Totals</u>
	<u>Causeway</u>	<u>Sewer</u>	<u>Water</u>	<u>Parking</u>	<u>Solid Waste</u>	<u>Stormwater (a Nonmajor Fund)</u>	
Operating revenues:							
Charges for services	\$ 5,832,200	\$ 1,857,548	\$ 1,097,840	\$ 691,395	\$ 725,714	\$ 209,457	\$ 10,414,154
Operating expenses:							
Operation and maintenance	3,885,577	1,071,444	887,109	242,159	754,366	104,853	6,945,508
Depreciation expense	805,946	133,906	75,922	232,860	-	13,437	1,262,071
Total operating expenses	<u>4,691,523</u>	<u>1,205,350</u>	<u>963,031</u>	<u>475,019</u>	<u>754,366</u>	<u>118,290</u>	<u>8,207,579</u>
Operating income (loss)	<u>1,140,677</u>	<u>652,198</u>	<u>134,809</u>	<u>216,376</u>	<u>(28,652)</u>	<u>91,167</u>	<u>2,206,575</u>
Nonoperating revenues (expenses):							
Investment income	6,284	-	7,453	-	-	-	13,737
Rental income	101,208	-	-	134,801	-	-	236,009
Other income	1,316	86,450	109,872	31,401	1,281	-	230,320
Loss on disposal of capital assets	(196,905)	-	-	-	-	-	(196,905)
Interest expense and other debt costs	<u>(350,329)</u>	<u>(15,479)</u>	<u>-</u>	<u>(102,988)</u>	<u>-</u>	<u>-</u>	<u>(468,796)</u>
Total nonoperating revenues (expenses)	<u>(438,426)</u>	<u>70,971</u>	<u>117,325</u>	<u>63,214</u>	<u>1,281</u>	<u>-</u>	<u>(185,635)</u>
Income (loss) before transfers	702,251	723,169	252,134	279,590	(27,371)	91,167	2,020,940
Transfers	<u>(1,055,000)</u>	<u>(472,950)</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(1,672,950)</u>
Change in net position	(352,749)	250,219	122,134	279,590	(27,371)	76,167	347,990
Net position, beginning	<u>12,213,023</u>	<u>3,260,270</u>	<u>3,444,849</u>	<u>5,286,634</u>	<u>507,917</u>	<u>905,440</u>	<u>25,618,133</u>
Net position, ending	<u>\$ 11,860,274</u>	<u>\$ 3,510,489</u>	<u>\$ 3,566,983</u>	<u>\$ 5,566,224</u>	<u>\$ 480,546</u>	<u>\$ 981,607</u>	<u>\$ 25,966,123</u>

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, 2014

	<u>Business-type Activities - Enterprise Funds</u>						<u>Totals</u>
	<u>Causeway</u>	<u>Sewer</u>	<u>Water</u>	<u>Parking</u>	<u>Solid Waste</u>	<u>Stormwater (a Nonmajor Fund)</u>	
Cash flows from operating activities:							
Cash received from customers	\$ 5,456,798	\$ 2,105,910	\$ 1,273,519	\$ 671,226	\$ 665,527	\$ 124,438	\$ 10,297,418
Cash payments to employees for services	(2,471,366)	(270,748)	(316,378)	(136,891)	-	(56,619)	(3,252,002)
Cash payments to suppliers for goods and services	(898,128)	(916,428)	(628,817)	(103,583)	(699,518)	(48,011)	(3,294,485)
Rental income received	101,208	-	-	134,801	-	-	236,009
Other income received	<u>1,316</u>	<u>86,450</u>	<u>109,872</u>	<u>31,401</u>	<u>1,281</u>	<u>-</u>	<u>230,320</u>
Net cash provided (used) by operating activities	<u>2,189,828</u>	<u>1,005,184</u>	<u>438,196</u>	<u>596,954</u>	<u>(32,710)</u>	<u>19,808</u>	<u>4,217,260</u>
Cash flows from noncapital financing activities:							
Transfers out	<u>(1,055,000)</u>	<u>(472,950)</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(1,672,950)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,055,000)</u>	<u>(472,950)</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(1,672,950)</u>
Cash flows from capital and related financing activities:							
Due to other funds	-	-	-	3,324	-	50,427	53,751
Acquisition of capital assets	(3,901,284)	(147,745)	(234,078)	-	-	(55,235)	(4,338,342)
Principal paid on capital debt	(771,000)	(59,461)	-	(179,000)	-	-	(1,009,461)
Interest paid on capital debt	<u>(350,329)</u>	<u>(15,859)</u>	<u>-</u>	<u>(102,988)</u>	<u>-</u>	<u>-</u>	<u>(469,176)</u>
Net cash provided (used) by capital and related financing activities	<u>(5,022,613)</u>	<u>(223,065)</u>	<u>(234,078)</u>	<u>(278,664)</u>	<u>-</u>	<u>(4,808)</u>	<u>(5,763,228)</u>
Cash flows from investing activities:							
Sales and maturities of investments	474,519	-	505,475	-	-	-	979,994
Purchases of investments	(489,092)	-	(519,257)	-	-	-	(1,008,349)
Investment earnings received	<u>19,929</u>	<u>-</u>	<u>20,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,475</u>
Net cash provided (used) by investing activities	<u>5,356</u>	<u>-</u>	<u>6,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,120</u>
Net increase (decrease) in cash and cash equivalents	(3,882,429)	309,169	80,882	318,290	(32,710)	-	(3,206,798)
Cash and cash equivalents, beginning (including restricted assets)	<u>15,553,958</u>	<u>940,571</u>	<u>1,183,621</u>	<u>11,561</u>	<u>902,068</u>	<u>-</u>	<u>18,591,779</u>
Cash and cash equivalents, ending (including restricted assets)	<u>\$ 11,671,529</u>	<u>\$ 1,249,740</u>	<u>\$ 1,264,503</u>	<u>\$ 329,851</u>	<u>\$ 869,358</u>	<u>\$ -</u>	<u>\$ 15,384,981</u>

(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, 2014

	<u>Business-type Activities - Enterprise Funds</u>						
	<u>Causeway</u>	<u>Sewer</u>	<u>Water</u>	<u>Parking</u>	<u>Solid Waste</u>	<u>Stormwater (a Nonmajor Fund)</u>	<u>Totals</u>
Reconciliation of cash and cash equivalents to the statement of net position:							
Cash and cash equivalents	\$ 1,698,710	\$ 988,518	\$ 1,137,039	\$ 329,851	\$ 810,270	\$ -	\$ 4,964,388
Restricted cash and cash equivalents	<u>9,972,819</u>	<u>261,222</u>	<u>127,464</u>	<u>-</u>	<u>59,088</u>	<u>-</u>	<u>10,420,593</u>
	<u>\$ 11,671,529</u>	<u>\$ 1,249,740</u>	<u>\$ 1,264,503</u>	<u>\$ 329,851</u>	<u>\$ 869,358</u>	<u>\$ -</u>	<u>\$ 15,384,981</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	<u>\$ 1,140,677</u>	<u>\$ 652,198</u>	<u>\$ 134,809</u>	<u>\$ 216,376</u>	<u>\$ (28,652)</u>	<u>\$ 91,167</u>	<u>\$ 2,206,575</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	805,946	133,906	75,922	232,860	-	13,437	1,262,071
Rental income	101,208	-	-	134,801	-	-	236,009
Other income	1,316	86,450	109,872	31,401	1,281	-	230,320
Changes in assets, liabilities and deferred inflows:							
(Increase) decrease in:							
Receivable	-	-	226,925	(420,000)	(61,115)	-	(254,190)
Interest receivable	-	-	-	(56,434)	-	-	(56,434)
Due from other funds	(306,469)	246,812	(53,769)	(20,169)	-	(85,019)	(218,614)
Inventory	162,882	-	10,698	-	-	-	173,580
Prepaid items	1,640	-	-	3,360	-	-	5,000
Net pension asset	(35,272)	(5,961)	(5,842)	(2,654)	-	(1,302)	(51,031)
Increase (decrease) in:							
Accounts payable and accrued liabilities	423,772	(137,645)	81,004	(1,414)	1,424	1,178	368,319
Due to other governments	-	-	(11,547)	-	-	-	(11,547)
Due to other funds	(58,248)	24,178	(135,979)	-	53,424	-	(116,625)
Customer deposits	2	1,550	2,523	-	928	-	5,003
Parking trust receipts	(52,935)	-	-	476,434	-	-	423,499
Net OPEB liability	(388)	(155)	(5)	14	-	(3)	(537)
Compensated absences	21,697	3,851	3,585	2,379	-	350	31,862
Annual pass sales	<u>(16,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,000)</u>
Total adjustments	<u>1,049,151</u>	<u>352,986</u>	<u>303,387</u>	<u>380,578</u>	<u>(4,058)</u>	<u>(71,359)</u>	<u>2,010,685</u>
Net cash provided (used) by operating activities	<u>\$ 2,189,828</u>	<u>\$ 1,005,184</u>	<u>\$ 438,196</u>	<u>\$ 596,954</u>	<u>\$ (32,710)</u>	<u>\$ 19,808</u>	<u>\$ 4,217,260</u>
Noncash investing and financing activities:							
Decrease in fair value of investments	<u>\$ (11,784)</u>	<u>\$ -</u>	<u>\$ (10,833)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,617)</u>

See notes to basic financial statements.



# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND

SEPTEMBER 30, 2014

### ASSETS

Cash and cash equivalents	<u>\$ 433,968</u>
Investments:	
U.S. Government and agencies bonds and notes	3,756,390
Corporate bonds	1,910,844
Common stock and equity funds	<u>9,374,411</u>
Total investments	<u>15,041,645</u>
Receivables:	
Due from broker	100,095
Accrued interest and dividends	<u>37,525</u>
Total receivables	<u>137,620</u>
Prepaid expenses	<u>3,463</u>
Total assets	15,616,696

### LIABILITIES

Accounts payable	14,231
Due to broker	<u>184,680</u>
	<u>198,911</u>

### NET POSITION

Net position restricted for pension benefits	<u>\$ 15,417,785</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, 2014

### ADDITIONS

#### Contributions:

Town (including State)	\$ 948,425
Employees	<u>275,817</u>
Total contributions	<u>1,224,242</u>

#### Investment income:

Net appreciation in fair value of investments	900,745
Interest	230,403
Dividends	<u>102,407</u>
	1,233,555
Less investment expense	<u>47,782</u>
Net investment income	<u>1,185,773</u>
Total additions	<u>2,410,015</u>

### DEDUCTIONS

Benefits paid and refunds	384,382
Administrative expenses	<u>31,811</u>
Total deductions	<u>416,193</u>

Net increase	1,993,822
Net position, beginning	<u>13,423,963</u>
Net position, ending	<u>\$ 15,417,785</u>

See notes to basic financial statements.

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## NOTES TO BASIC FINANCIAL STATEMENTS

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# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Based upon the application of these criteria, there were no organizations that met the criteria described above.

#### B. Government-wide and Fund Financial Statements

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

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

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. Government-wide and Fund Financial Statements (Continued)

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. 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.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

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 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.

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's 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.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's funds are charges to customers for services. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### Implementation of Governmental Accounting Standards Board Statements

The Town implemented the following GASB Statement during the fiscal year ended September 30, 2014:

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the plan (net pension liability), about which information is required to be presented.

#### D. Assets, Liabilities, and Net Position or Equity

##### 1. Deposits and Investments

The Town's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Short-term investments are reported at cost, which approximates fair value. All other investments are carried at fair value as determined by quoted market prices.

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.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Position or Equity (Continued)

##### 2. Receivables and Payables

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

##### 3. Capital Assets

Capital assets, which include property, plant and equipment, infrastructure assets (e.g., utility plant, roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The Town has not retroactively reported infrastructure assets acquired prior to the implementation of GASB Statement No. 34. The Town did not retroactively record their intangible assets with the implementation of GASB Statement No. 51, with the exception of computer software which was capitalized when purchased. The Town’s capitalization threshold for intangible assets is \$25,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than buildings	5-10
Furniture, fixtures and equipment	5
Utility system	10-50
Toll collection system	10



# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Position or Equity (Continued)

##### 4. Compensated Absences

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

##### 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 an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts on debt issuances are reported as an other 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 did not have any deferred outflows.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Position or Equity (Continued)

##### 6. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. The governmental funds balance sheet includes deferred license fees, representing business tax license fees for next fiscal year collected in advance. The proprietary funds statement of net position includes deferred Causeway annual pass sales and deferred Parking Trust receipts. These amounts are deferred and recognized as an inflow of resources in the period that they are earned.

##### 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.

*Committed fund balance.* These amounts can only be used for the specific purposes determined by a formal action (Ordinance/Resolution which are equally binding) 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/Resolution) 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 a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their 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 Town itself.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Position or Equity (Continued)

##### 7. Fund Equity (Continued)

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report 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.

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.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Position or Equity (Continued)

##### 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 and liabilities 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.

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$8,205,219 difference are as follows:

Bonds payable	\$ 7,696,000
Issuance premium	154,453
Compensated absences	219,226
Net OPEB obligation	52,986
Accrued interest payable	82,554
	<u>\$ 8,205,219</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.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments*

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

#### *Investments – Town*

The Town's investment policy limits the maturity of fixed-income holdings to ten years. As of September 30, 2014, the Town had the following investments and its corresponding maturities in its portfolio:

<u>Investments</u>	Investment Maturities (In Years)				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over 10</u>
U.S. agency securities	\$ 89,893	\$ -	\$ 69,963	\$ 19,930	\$ -
U.S. Treasury Notes	3,322,472	245,952	2,738,649	337,871	-
Local Government Bonds	236,885	25,239	96,013	60,314	55,319
Corporate bonds	2,313,046	237,074	1,596,006	479,966	-
	\$ 5,962,296	\$ 508,265	\$ 4,500,631	\$ 898,081	\$ 55,319

#### **Interest Rate Risk**

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

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments – Town* (Continued)

##### **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, 2014, the value of each position held in the Town's portfolio comprised less than 5% of the Town's investment assets.

#### *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%-50%	35%
International equity	0%-15%	15%
Diversified assets	0%-15%	10%

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments – Pension Plan* (Continued)

As of September 30, 2014, the Plan had the following debt securities and its corresponding maturities in its portfolio:

<u>Investments</u>	Investment Maturities (In Years)				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over 10</u>
U.S. Treasury Notes	\$ 1,572,865	\$ -	\$ 647,636	\$ -	\$ 925,229
U.S. agency securities	2,183,525	-	300,719	1,360,838	521,968
Corporate bonds	<u>1,910,844</u>	<u>-</u>	<u>429,134</u>	<u>1,481,710</u>	<u>-</u>
	<u>\$ 5,667,234</u>	<u>\$ -</u>	<u>\$ 1,377,489</u>	<u>\$ 2,842,548</u>	<u>\$ 1,447,197</u>

#### **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, 2014, the value of each position held in the Plan's portfolio comprised less than 5% of Plan net position.

#### **Rate of Return**

For the year ended September 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.75%. 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.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### Risks and Uncertainties

The Town and 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 financial statements. The Town and the Plan, through its investment advisor, monitors the investments and the risks associated therewith on a regular basis which the Town and the Plan believes minimizes these risks.

### NOTE 4. RECEIVABLES

Receivables as of September 30, 2014 for the Town's individual major funds and fiduciary funds including the allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Causeway</u>	<u>Water</u>	<u>Parking</u>	<u>Solid Waste</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Customers billed	\$ -	\$ -	\$ 757,467	\$ -	\$ -	\$ -	\$ 757,467
Property taxes	482	-	-	-	-	-	482
Franchise fees	73,119	-	-	-	-	-	73,119
Utility taxes	46,135	-	-	-	-	-	46,135
Rental income	7,229	-	-	-	-	-	7,229
Parking Trust receipts	-	-	-	420,000	-	-	420,000
Interest	14,468	8,012	8,355	56,434	-	37,525	124,794
Due from broker	-	-	-	-	-	100,095	100,095
Other	<u>20,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,115</u>	<u>-</u>	<u>82,000</u>
Gross receivables	162,318	8,012	765,822	476,434	61,115	137,620	1,611,321
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(174,625)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,625)</u>
Net total receivables	<u>\$ 162,318</u>	<u>\$ 8,012</u>	<u>\$ 591,197</u>	<u>\$ 476,434</u>	<u>\$ 61,115</u>	<u>\$ 137,620</u>	<u>\$ 1,436,696</u>

### 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.



# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**NOTE 5. PROPERTY TAXES (Continued)**

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, 2014, there were no material delinquent taxes.

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of September 30, 2014 is as follows:

***Due from/to Other Funds***

Receivable Fund	Payable Fund								Total
	General	Capital Projects	Causeway	Sewer	Water	Parking	Solid Waste	Nonmajor Business- type	
General	\$ -	\$ -	\$ -	\$ 28,072	\$ 26,372	\$ -	\$ 1,315	\$ 471,513	\$ 527,272
Capital Projects	76,700	-	-	88,992	-	-	-	-	165,692
Causeway	303,145	-	-	4,331	165,000	103,324	-	-	575,800
Sewer	-	-	-	-	1,225	-	-	-	1,225
Water	-	27,542	-	1,511	-	-	328,540	-	357,593
Parking	105,176	-	-	-	-	-	-	-	105,176
Solid waste	-	-	-	450	-	-	-	-	450
Nonmajor:									
Stormwater	-	-	-	2,358	1,205,919	-	-	-	1,208,277
	<u>\$485,021</u>	<u>\$ 27,542</u>	<u>\$ -</u>	<u>\$ 125,714</u>	<u>\$ 1,398,516</u>	<u>\$ 103,324</u>	<u>\$ 329,855</u>	<u>\$ 471,513</u>	<u>\$ 2,941,485</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 occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

***Interfund Transfers***

	<u>Transfers In</u>
	<u>General</u>
	<u>Fund</u>
Transfers out:	
Causeway Fund	\$ 1,055,000
Sewer Fund	472,950
Water Fund	130,000
Stormwater Fund	15,000
	<u>\$ 1,672,950</u>

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

#### *Interfund Transfers* (Continued)

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

### NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,806,254	\$ -	\$ -	\$ 3,806,254
Construction in progress	<u>227,878</u>	<u>375,428</u>	<u>(179,741)</u>	<u>423,565</u>
Total capital assets, not being depreciated	<u>4,034,132</u>	<u>375,428</u>	<u>(179,741)</u>	<u>4,229,819</u>
Capital assets, being depreciated:				
Buildings	2,001,490	-	-	2,001,490
Improvements other than buildings	19,123,657	11,840	-	19,135,497
Furniture, fixtures and equipment	<u>1,663,966</u>	<u>309,463</u>	<u>(110,482)</u>	<u>1,862,947</u>
Total capital assets, being depreciated	<u>22,789,113</u>	<u>321,303</u>	<u>(110,482)</u>	<u>22,999,934</u>
Less accumulated depreciation for:				
Buildings	(1,493,891)	(65,028)	-	(1,558,919)
Improvements other than buildings	(3,424,616)	(432,498)	-	(3,857,114)
Furniture, fixtures and equipment	<u>(1,572,840)</u>	<u>(45,028)</u>	<u>110,482</u>	<u>(1,507,386)</u>
Total accumulated depreciation	<u>(6,491,347)</u>	<u>(542,554)</u>	<u>110,482</u>	<u>(6,923,419)</u>
Total capital assets, being depreciated, net	<u>16,297,766</u>	<u>(221,251)</u>	<u>-</u>	<u>16,076,515</u>
Governmental activities capital assets, net	<u>\$ 20,331,898</u>	<u>\$ 154,177</u>	<u>\$ (179,741)</u>	<u>\$ 20,306,334</u>

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 7. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 671,273	\$ -	\$ -	\$ 671,273
Construction in progress	<u>829,503</u>	<u>2,171,747</u>	<u>(695,878)</u>	<u>2,305,372</u>
Total capital assets, not being depreciated	<u>1,500,776</u>	<u>2,171,747</u>	<u>(695,878)</u>	<u>2,976,645</u>
Capital assets, being depreciated:				
Causeway system	2,670,731	-	(121,403)	2,549,328
Toll collection system	2,351,601	1,932,374	(2,351,551)	1,932,424
Sewer system	5,148,321	115,523	-	5,263,844
Water system	2,247,104	-	-	2,247,104
Parking garage	10,141,279	-	-	10,141,279
Improvements other than buildings	15,464,384	751,114	-	16,215,498
Equipment	<u>1,429,826</u>	<u>63,462</u>	<u>(191,373)</u>	<u>1,301,915</u>
Total capital assets, being depreciated	<u>39,453,246</u>	<u>2,862,473</u>	<u>(2,664,327)</u>	<u>39,651,392</u>
Less accumulated depreciation for:				
Causeway system	(2,625,317)	(4,530)	80,519	(2,549,328)
Toll collection system	(2,143,501)	(52,024)	2,195,525	-
Sewer system	(2,078,098)	(116,841)	-	(2,194,939)
Water system	(1,228,867)	(45,500)	-	(1,274,367)
Parking garage	(805,834)	(202,825)	-	(1,008,659)
Improvements other than buildings	(7,069,233)	(755,836)	-	(7,825,069)
Equipment	<u>(961,326)</u>	<u>(84,515)</u>	<u>191,373</u>	<u>(854,468)</u>
Total accumulated depreciation	<u>(16,912,176)</u>	<u>(1,262,071)</u>	<u>2,467,417</u>	<u>(15,706,830)</u>
Total capital assets, being depreciated, net	<u>22,541,070</u>	<u>1,600,402</u>	<u>(196,910)</u>	<u>23,944,562</u>
Business-type activities capital assets, net	<u>\$ 24,041,846</u>	<u>\$ 3,772,149</u>	<u>\$ (892,788)</u>	<u>\$ 26,921,207</u>

Depreciation expense was charged as functions/programs as follows:

Governmental activities:	
General government	\$ 86,389
Public safety	28,235
Transportation	353,873
Culture and recreation	<u>74,057</u>
Total depreciation expense - governmental activities	<u>\$ 542,554</u>

Business-type activities:	
Causeway	\$ 805,946
Sewer	133,906
Water	75,922
Parking	232,860
Stormwater	<u>13,437</u>
Total depreciation expense - business-type activities	<u>\$ 1,262,071</u>

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### 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, 2014:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
Revenue bonds, Series 2003B	\$ 3,265,000	\$ -	\$ (210,000)	\$ 3,055,000	\$ -
Refunding Note, Series 2012	4,709,000	-	(68,000)	4,641,000	291,000
Add deferred amounts:					
Issuance premium	<u>162,175</u>	<u>-</u>	<u>(7,722)</u>	<u>154,453</u>	<u>-</u>
Total bonds payable	8,136,175	-	(285,722)	7,850,453	291,000
Compensated absences	163,235	339,809	(283,818)	219,226	21,922
Net OPEB obligation	<u>53,450</u>	<u>-</u>	<u>(465)</u>	<u>52,985</u>	<u>-</u>
Governmental activities					
Long-term liabilities	<u>\$ 8,352,860</u>	<u>\$ 339,809</u>	<u>\$ (570,005)</u>	<u>\$ 8,122,664</u>	<u>\$ 312,922</u>

All long-term obligations of governmental activities are generally liquidated through the general fund.

#### ***Revenue Bonds – Series 2003B***

On December 17, 2003, the Town issued \$9,360,000 of bonds to finance various capital expenditures that comprise a portion of a program of community enhancements to include roads, drainage, lighting, landscaping and improvements to the Town's business district and causeway corridor. The bonds are collateralized by a pledge of the Town's half-cent sales tax, franchise fees, and utility taxes. On December 3, 2012, the Town advance refunded \$4,445,000 of the bonds with proceeds of the Promissory Refunding Note, Series 2012 (Sales Tax), as described below. The total principal and interest remaining on the Series 2003B bonds is \$5,673,625. For the current year, debt service and pledged revenues were \$440,253 and \$1,248,302, respectively. The interest rates on the remaining bonds range from 5% to 5.25% and the final maturity date is December 1, 2033.

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2015	\$ -	152,750	\$ 152,750
2016	-	152,750	152,750
2017	-	152,750	152,750
2018	-	152,750	152,750
2019	-	152,750	152,750
2020-2024	-	763,750	763,750
2025-2029	450,000	752,500	1,202,500
2030-2034	<u>2,605,000</u>	<u>338,625</u>	<u>2,943,625</u>
	<u>\$ 3,055,000</u>	<u>\$ 2,618,625</u>	<u>\$ 5,673,625</u>

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 8. LONG-TERM DEBT (Continued)

#### *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 and used the proceeds to refund a portion (\$4,445,000) of its Revenue Bonds, Series 2003B. 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 \$5,351,422. For the current year, pledged revenues were \$1,248,302 and debt service on the note was \$97,708. The note bears interest at 2.09%, with annual principal payments and semi-annual interest payments due through December 1, 2027.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2015	\$ 291,000	93,956	\$ 384,956
2016	295,000	87,832	382,832
2017	304,000	81,573	385,573
2018	307,000	75,188	382,188
2019	314,000	68,698	382,698
2020-2024	1,667,000	241,217	1,908,217
2025-2028	<u>1,463,000</u>	<u>61,958</u>	<u>1,524,958</u>
	<u>\$ 4,641,000</u>	<u>\$ 710,422</u>	<u>\$ 5,351,422</u>

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, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Notes and loan payable:					
Broad Causeway Promissory Note, Series 2012	\$ 13,847,000	\$ -	\$ (771,000)	\$ 13,076,000	\$ -
State Revolving Fund Loan	530,589	-	(59,461)	471,128	61,303
Parking Refunding Note, Series 2012	<u>4,746,000</u>	<u>-</u>	<u>(179,000)</u>	<u>4,567,000</u>	<u>-</u>
Total notes and loan payable	19,123,589	-	(1,009,461)	18,114,128	61,303
Compensated absences	166,932	308,137	(276,276)	198,793	19,879
Net OPEB obligation	<u>54,550</u>	<u>-</u>	<u>(537)</u>	<u>54,013</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 19,345,071</u>	<u>\$ 308,137</u>	<u>\$ (1,286,274)</u>	<u>\$ 18,366,934</u>	<u>\$ 81,182</u>

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 8. LONG-TERM DEBT (Continued)

#### *Broad Causeway Promissory Note, Series 2012*

On November 14, 2012 the Town issued the Broad Causeway Promissory Note, Series 2012 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.

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 \$15,691,133. For the current year, pledged revenues were \$5,941,008 and debt service on the note was \$1,121,329. The note bears interest at 2.53%, with annual principal payments and semi-annual interest payments due through December 1, 2028.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2015	\$ -	\$ 165,411	\$ 165,411
2016	790,000	320,829	1,110,829
2017	810,000	300,589	1,110,589
2018	831,000	279,831	1,110,831
2019	851,000	258,553	1,109,553
2020-2024	4,592,000	954,316	5,546,316
2025-2029	5,202,000	335,604	5,537,604
	<u>\$ 13,076,000</u>	<u>\$ 2,615,133</u>	<u>\$ 15,691,133</u>

#### *State Revolving Fund Loan*

In April 1998, the Town entered into a revolving loan agreement with the State of Florida Department of Environmental Protection. Through September 30, 2014, the Town has borrowed \$1,105,855 under the agreement to finance the planning and design of a sewer rehabilitation and replacement project. Debt service payments pursuant to the agreement are collateralized by net revenues of the sewer system. The total principal and interest remaining on the note is \$527,239. For the current year, pledged revenues were \$872,554 and debt service on the note was \$75,320. The combined interest and grant allocation rate (interest) ranges from 3.07% to 3.08%, depending upon the date the funds were approved. Principal and interest payments of \$37,660 are due semi-annually for a period of 20 years. The semi-annual payment is calculated based upon the full amount of principal approved, which is \$1,155,900. Utilization of any additional revolving loan funding beyond the presently approved amount will be at the then current interest and grant allocation rate as determined by the Department of Environmental Protection.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

**NOTE 8. LONG-TERM DEBT (Continued)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2015	\$ 61,303	\$ 14,017	\$ 75,320
2016	63,202	12,118	75,320
2017	65,160	10,160	75,320
2018	67,179	8,141	75,320
2019	69,260	6,060	75,320
2020-2021	<u>145,024</u>	<u>5,616</u>	<u>150,640</u>
	<u>\$ 471,128</u>	<u>\$ 56,111</u>	<u>\$ 527,239</u>

***Parking Promissory Refunding Note, Series 2012***

On November 14, 2012, the Town issued the Parking Promissory Refunding Note, Series 2012 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 \$5,325,242. The note bears interest at 2.17%, with annual principal payments and semi-annual interest payments due through December 1, 2027.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2015	\$ -	\$ 49,552	\$ 49,552
2016	249,000	96,402	345,402
2017	262,000	90,858	352,858
2018	270,000	85,086	355,086
2019	278,000	79,140	357,140
2020-2024	1,832,000	283,489	2,115,489
2025-2028	<u>1,676,000</u>	<u>73,715</u>	<u>1,749,715</u>
	<u>\$ 4,567,000</u>	<u>\$ 758,242</u>	<u>\$ 5,325,242</u>

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

***Litigation***

At times during the year, the Town is 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

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### 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 Town 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.

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, 2013 (beginning year of valuation date). Benefit and contribution provisions are established by Chapter 16 of the Town Code and may be amended only by the Board of Trustees, subject to approval of the Town Council. Administrative costs of the Plan are funded through investment earnings.

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

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

Membership in the Plan as of October 1, 2013, was as follows:

Inactive plan members and beneficiaries currently receiving benefits	33
Inactive plan members entitled but not yet receiving benefits	3
Active plan members	<u>65</u>
Total members	<u>101</u>



# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

#### *Pension Benefits*

General employees become fully vested after 5 years of credited service. Police officers become partially vested (50%) after 5 years of credited service, increasing 10% annually, with full vesting after 10 years.

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 a lump sum at retirement for an amount which is the actuarial equivalent of the benefits otherwise payable under the Plan.

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.

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

#### *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, 2014 and 2013 were 26.1% and 29.14%, respectively, of covered payroll. The contribution requirements of the Town for the fiscal year ended September 30, 2014 were determined by the October 1, 2012 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 also distributes money to local governments meeting certain eligibility requirements which is intended to purchase supplemental pension benefits for police officers.

In the fiscal year 2014, \$42,572 was received by the Town from the State and recorded in the general fund as revenue and as a contribution (expenditure) to the Plan. Of that amount received from the State, \$16,746 goes towards funding the actuarially determined annual required contribution for the plan and \$25,826 goes towards the purchased supplemental benefits.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

#### *Contributions and Funding Policy (Continued)*

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 aggregate actuarial cost method. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial accrued liabilities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 25, when the aggregate actuarial cost method is used, a schedule of funding progress is not required, however, in accordance with GASB Statement No. 50 a schedule of funding progress is prepared utilizing the entry age normal cost method.

#### *Share Plan / Supplemental Benefits*

The Town participates in the State of Florida Chapter 185 program. As a participant in the program, the Town is eligible to receive annual distributions of state premium tax collections on property and casualty insurance policies written within the Town limits. Chapter 185 levies a 0.85 percent 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. A portion of the amounts received as noted above (\$25,826) goes towards the supplemental benefits. The aggregate investment balance of these funds at September 30, 2014 is \$198,656, which is accounted for in the pension trust fund.

#### *Basis of Accounting*

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

#### *Method Used to Value Investments*

Investments are reported at fair value. Fair value is 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. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Net appreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recorded as earned on the accrual basis.

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

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

#### *Annual Pension Cost and Net Pension Obligation*

The Town's annual pension cost and net pension obligation (asset) for the current year were as follows:

Annual required contribution	\$ 686,359
Interest on net pension obligation (asset)	(24,253)
Adjustment to annual required contribution	<u>51,812</u>
Annual pension cost	713,918
Contributions made	<u>922,599</u>
Decrease in net pension obligation (asset)	(208,681)
Net pension obligation (asset), beginning of year	<u>(404,221)</u>
Net pension obligation (asset), end of year	<u><u>\$ (612,902)</u></u>

Fiscal Year <u>Ended</u>	Trend Information		Net Pension Obligation <u>(Asset)</u>
	<u>Annual Pension Cost (APC)</u>	Percentage of APC <u>Contributed</u>	
9/30/2012	\$1,161,194	95.5%	\$ (202,088)
9/30/2013	943,616	121.4%	(404,221)
9/30/2014	713,918	129.2%	(612,902)

#### *Funded Status and Funding Progress*

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL)* <u>(b)</u>	Unfunded AAL (UAAL) <u>(b) - (a)</u>	Funded Ratio <u>(a) ÷ (b)</u>	Covered Payroll <u>(c)</u>	UAAL as a % of Covered Payroll <u>((b - a) ÷ c)</u>
10/1/2013*	\$13,251,133	\$13,991,095	\$ 739,962	94.7%	\$3,633,983	20.4%

\*Actuarial accrued liability is calculated using the entry age normal cost method/or this purpose.

Additional information as of the date indicated is as follows:

Valuation date	October 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	10 years
Asset valuation method	Market Value
Actuarial assumptions:	
Discount rate (includes 3% inflation rate)	6.0%
Salary increase rate	4.0%

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

#### *Net Pension Liability of the Town*

The components of the net pension liability at September 30, 2014:

Total pension liability	\$ 15,254,583
Plan fiduciary net position	<u>(15,219,129) *</u>
Net pension liability	<u>\$ 35,454</u>
Plan fiduciary net position as a percentage of the total pension liability	99.76%

\*Excludes \$198,656 of Share Plan net position.

#### *Significant Actuarial Assumptions*

The total pension liability was determined using the following actuarial assumptions:

Discount Rate	5.84%
Inflation	3.00%
Salary increases	4.00% per annum
Measurement Date	September 30, 2014, based on a valuation date of October 1, 2013
Ad-hoc Cost of Living Increases	None
Mortality Rates	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2007 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430: future generational improvements in mortality have not been reflected.

#### *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 pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

#### *Long-Term Expected Rate of Return* (Continued)

Investment Category	Expected Long-Term Real Return
Large cap equity	8.1%
Mid cap equity	10.2%
Small cap equity	8.1%
International equity	5.2%
Diversified assets	6.5%
Fixed income	2.9%

#### *Discount Rate*

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

#### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

	1% Decrease (4.84%)	Current Discount Rate (5.84%)	1% Increase (6.84%)
Net pension liability	\$ 539,121	\$ 35,454	\$ (416,990)

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 11. OTHER POST EMPLOYMENT BENEFITS

#### *Plan Description*

The Town provides an optional single employer defined-benefit post-employment healthcare plan to all regular employees of the Town who retire from active service and receive retirement benefits under the Town's pension plan. There are currently 77 active members who may become eligible for benefits upon retirement, and two retirees currently benefiting from the 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.

#### *Funding Policy and Annual OPEB Cost*

The Town does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Town for active employees by its healthcare provider. However, the Town's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The annual OPEB cost for the Town for the current year and the related information is as follows (all amounts rounded):

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	N/A
Normal cost	\$ 8,000
Interest on net OPEB obligation	4,000
Adjustment to ARC	(13,000)
Amortization	<u>23,000</u>
Annual OPEB cost	22,000
Contributions made	<u>(23,000)</u>
Increase in net OPEB obligation	(1,000)
Net OPEB obligation, beginning of year	<u>108,000</u>
Net OPEB obligation, end of year	<u>\$ 107,000</u>

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

#### *Three-Year Trend Information*

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

	Fiscal Year Ended		
	9/30/2014	9/30/2013	9/30/2012
Annual OPEB cost	\$ 22,000	\$ 30,000	\$ 33,000
Percentage of OPEB cost contributed	105%	60%	45%
Net OPEB obligation	107,000	108,000	96,000

#### *Funded Status and Funding Progress*

The funded status of the plan as of October 1, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial Valuation	Actuarial Value of Assets	Actuarial Liability (AAL)*	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b) - (a)</u>	<u>(a) ÷ (b)</u>	<u>(c)</u>	<u>((b - a) ÷ c)</u>
10/1/2013	\$ -	\$182,000	\$182,000	0.0%	\$3,470,000	5.2%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the Town has not contributed assets to the plan at this time.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

### NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

#### *Actuarial Methods and Assumptions*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date	October 1, 2013
Actuarial cost method	Project unit credit
Amortization method	10-year open period; level-dollar payment
Actuarial assumptions:	
Investment rate of return*	4.0% compounded annually
*Includes inflation at	2.75% per year
Healthcare cost trend rate(s):	Insurance Premiums
Select rates	7.0% for 2013/14 graded to 5.50% for 2016/17
Ultimate rate	5% per annum



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REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MD&A)

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# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget-Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 3,003,288	\$ 3,003,288	\$ 3,054,392	\$ 51,104
Utility taxes	382,000	382,000	461,350	79,350
Communications services tax	300,000	300,000	270,719	(29,281)
Franchise fees	348,000	348,000	373,096	25,096
Licenses and permits	192,000	192,000	826,335	634,335
Intergovernmental	753,000	753,000	913,702	160,702
Transfer development right fees	-	-	637,500	637,500
Charges for services	8,970	8,970	119,252	110,282
Fines and forfeitures	145,500	145,500	118,455	(27,045)
Investment earnings	50,000	50,000	12,555	(37,445)
Grants	-	-	2,163	2,163
Miscellaneous	50,000	50,000	82,891	32,891
Total revenues	<u>5,232,758</u>	<u>5,232,758</u>	<u>6,872,410</u>	<u>1,639,652</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Legislative	73,280	91,599	101,020	(9,421)
Executive	306,071	306,071	304,242	1,829
Clerk	177,116	177,116	147,997	29,119
Finance and administration	159,273	159,273	146,875	12,398
Information technology	98,142	98,142	81,911	16,231
Legal	113,200	113,200	143,028	(29,828)
Total general government	<u>927,082</u>	<u>945,401</u>	<u>925,073</u>	<u>20,328</u>
Public buildings	<u>116,634</u>	<u>116,634</u>	<u>99,537</u>	<u>17,097</u>
<b>Public safety:</b>				
Law enforcement	3,794,765	3,867,947	3,659,988	207,959
Protective inspections	420,532	448,601	462,874	(14,273)
Code enforcement	174,420	164,420	146,189	18,231
Other public safety	51,403	44,403	39,405	4,998
Total public safety	<u>4,441,120</u>	<u>4,525,371</u>	<u>4,308,456</u>	<u>216,915</u>
<b>Transportation:</b>				
Streets and parkways	656,197	643,197	580,988	62,209
Public transit	93,500	97,500	96,451	1,049
Total transportation	<u>749,697</u>	<u>740,697</u>	<u>677,439</u>	<u>63,258</u>
<b>Culture and recreation:</b>				
Public library	20,000	39,900	31,000	8,900
Parks and recreation	180,550	1,048,435	585,744	462,691
Total culture and recreation	<u>200,550</u>	<u>1,088,335</u>	<u>616,744</u>	<u>471,591</u>
<b>Debt service:</b>				
Principal, interest and fiscal charges	542,215	542,215	537,950	4,265
Total expenditures	<u>6,977,298</u>	<u>7,958,653</u>	<u>7,165,199</u>	<u>793,454</u>
Deficiency of revenues over expenditures	<u>(1,744,540)</u>	<u>(2,725,895)</u>	<u>(292,789)</u>	<u>2,433,106</u>
<b>Other financing sources (uses):</b>				
Appropriation of prior year fund balance	71,590	1,052,945	-	(1,052,945)
Transfers in	1,672,950	1,672,950	1,672,950	-
Total other financing sources (uses)	<u>1,744,540</u>	<u>2,725,895</u>	<u>1,672,950</u>	<u>(1,052,945)</u>
Net financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,380,161</u>	<u>\$ 1,380,161</u>

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, 2014

#### **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, 2014, there were supplemental appropriations of approximately \$981,335.
- (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 FUNDING PROGRESS\* OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) ÷ c)
October 1, 2009	\$ -	\$260,000	\$260,000	0.0%	\$3,019,000	8.6%
October 1, 2011	-	173,000	173,000	0.0%	4,008,000	4.3%
October 1, 2013	-	182,000	182,000	0.0%	3,470,000	5.2%

\*GASB Statement No. 45, Other Post Employment Benefits, was implemented for the fiscal year ended September 30, 2010. The latest actuarial valuation is dated October 1, 2013.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION PENSION TRUST FUND SCHEDULE OF FUNDING PROGRESS\*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) ÷ c)
October 1, 2008	\$8,399,271	\$12,303,121	\$3,903,850	68.3%	\$2,787,281	140.1%
<u>General Employees</u>						
October 1, 2009	4,616,541	6,683,455	2,066,914	69.1%	1,953,049	105.8%
October 1, 2010	5,454,127	7,075,213	1,621,086	77.1%	2,788,721	58.1%
October 1, 2011	5,329,264	6,676,875	1,347,611	79.8%	2,519,332	53.5%
October 1, 2012	6,654,404	7,165,138	510,734	92.9%	2,523,359	20.2%
October 1, 2013	7,284,068	7,124,780	(159,288)	102.2%	2,437,654	-6.5%
<u>Police Officers</u>						
October 1, 2009	4,467,097	6,581,836	2,114,739	67.9%	1,066,431	198.3%
October 1, 2010	5,491,467	7,841,748	2,350,281	70.0%	1,549,004	151.7%
October 1, 2011	6,066,531	8,568,343	2,501,812	70.8%	1,489,049	168.0%
October 1, 2012	7,863,507	9,245,237	1,381,730	85.1%	1,637,730	84.4%
October 1, 2013	5,967,065	6,866,315	899,250	86.9%	1,196,329	75.2%

\*Actuarial accrued liability is calculated using the entry age normal cost method in accordance with GASB Statement No. 50.

# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY

	<u>2014</u>
<b>Total Pension Liability</b>	
Service cost	\$ 686,893
Interest	851,757
Benefit payments, including refunds of member contributions	<u>(359,028)</u>
<b>Net Change in Total Pension Liability</b>	1,179,622
<b>Total Pension Liability - Beginning</b>	<u>14,074,961</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 15,254,583</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 922,599
Contributions - employee	275,817
Net Investment income	1,185,773
Benefit payments, including refunds of member contributions	(384,382)
Administrative expense	<u>(31,811)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,967,996
<b>Plan Fiduciary Net Position - Beginning</b>	<u>13,251,133</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 15,219,129</u> *
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 35,454</u>

\*Excludes \$198,656 of Share Plan net position.

*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 THE TOWN'S NET PENSION LIABILITY

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 15,254,583	\$ 14,074,961
Fiduciary Net Position*	<u>15,219,129</u>	<u>13,251,133</u>
Net Pension Liability	<u>\$ 35,454</u>	<u>\$ 823,828</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	99.77%	94.15%
Covered Payroll	\$ 3,633,983	\$ 3,633,983
Net Pension Liability as a Percentage of Covered Payroll	0.98%	22.67%

\*Excludes \$198,656 of Share Plan net position.

*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

Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 922,599	\$ 922,599	\$ --	\$ 3,633,983	25.39%
2013	1,145,749	1,145,749	--	3,633,983	31.53%
2012	1,108,878	1,108,878	--	4,161,089	26.65%
2011	1,148,812	1,148,812	--	4,008,381	28.66%
2010	1,039,093	1,039,093	--	4,337,725	23.95%
2009	1,012,913	1,012,913	--	3,019,480	33.55%
2008	806,700	806,700	--	2,787,281	28.94%
2007	875,363	875,363	--	2,778,255	31.51%
2006	639,813	639,813	--	2,625,725	24.37%
2005	550,733	550,733	--	2,455,987	22.42%

### Methods and Assumptions Used to Determine Contribution Rates for Year Ending September 30, 2014:

Valuation Date: October 1, 2012

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	3.50%
Salary Increases	4.00%
Discount Rate of Return	6.00%
Retirement Age	Retirement is assumed to occur at normal retirement age.
Mortality	RP-2000 Combined Healthy Mortality Table for males and females, projected to 2007 by Scale AA.



# TOWN OF BAY HARBOR ISLANDS, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS

	2014	2013
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.75%	10.01%

*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.*

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# STATISTICAL SECTION

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

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Contents	Page(s)
Financial Trends	64-69
These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	70-74
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	75-78
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	79
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	80-82
These schedules contain service and infrastructural data to help the reader understand the information in the Town's financial report relates to the services and activities of the Town.	

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

Town of Bay Harbor Islands, Florida

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 5,089,767	\$ 5,276,276	\$ 9,364,365	\$ 9,298,331	\$ 9,257,952	\$ 9,434,221	\$ 9,064,893	\$ 12,424,702	\$ 12,195,723	\$ 12,455,881
Restricted	999,982	1,496,105	2,057,254	2,406,945	3,139,500	3,225,411	3,191,089	653,821	543,612	511,416
Unrestricted	6,550,385	6,764,378	3,602,328	4,005,296	3,961,738	3,305,290	3,605,326	3,178,473	3,599,739	5,109,768
Total governmental activities net position	<u>\$ 12,640,134</u>	<u>\$ 13,536,759</u>	<u>\$ 15,023,947</u>	<u>\$ 15,710,572</u>	<u>\$ 16,359,190</u>	<u>\$ 15,964,922</u>	<u>\$ 15,861,308</u>	<u>\$ 16,256,996</u>	<u>\$ 16,339,074</u>	<u>\$ 18,077,065</u>
Business-type activities:										
Net investment in capital assets	\$ 5,587,061	\$ 8,389,274	\$ 11,015,959	\$ 12,900,256	\$ 17,151,887	\$ 17,659,866	\$ 17,836,883	\$ 18,112,144	\$ 18,077,105	\$ 18,598,260
Restricted	48,682	52,278	57,923	62,432	65,441	68,391	71,341	74,292	77,242	80,192
Unrestricted	10,503,301	7,905,191	8,503,860	8,117,592	5,155,875	5,590,395	5,992,431	6,887,914	7,463,786	7,287,671
Total business-type activities net position	<u>\$ 16,139,044</u>	<u>\$ 16,346,743</u>	<u>\$ 19,577,742</u>	<u>\$ 21,080,280</u>	<u>\$ 22,373,203</u>	<u>\$ 23,318,652</u>	<u>\$ 23,900,655</u>	<u>\$ 25,074,350</u>	<u>\$ 25,618,133</u>	<u>\$ 25,966,123</u>
Primary government										
Net investment in capital assets	\$ 10,676,828	\$ 13,665,550	\$ 20,380,324	\$ 22,198,587	\$ 26,409,839	\$ 27,094,087	\$ 26,901,776	\$ 30,536,846	\$ 30,272,828	\$ 31,054,141
Restricted	1,048,664	1,548,383	2,115,177	2,469,377	3,204,941	3,293,802	3,262,430	728,113	620,854	591,608
Unrestricted	17,053,686	14,669,569	12,106,188	12,122,888	9,117,613	8,895,685	9,597,757	10,066,387	11,063,525	12,397,439
Total primary government net position	<u>\$ 28,779,178</u>	<u>\$ 29,883,502</u>	<u>\$ 34,601,689</u>	<u>\$ 36,790,852</u>	<u>\$ 38,732,393</u>	<u>\$ 39,283,574</u>	<u>\$ 39,761,963</u>	<u>\$ 41,331,346</u>	<u>\$ 41,957,207</u>	<u>\$ 44,043,188</u>

Town of Bay Harbor Islands, Florida

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 1,384,696	\$ 1,262,388	\$ 1,329,838	\$ 1,258,955	\$ 1,231,103	\$ 1,388,924	\$ 1,221,722	\$ 1,172,787	\$ 1,069,286	\$ 969,146
Public safety	3,430,252	3,764,913	4,063,764	4,132,307	4,278,231	4,197,284	4,261,046	4,419,612	4,741,403	4,247,292
Transportation	940,737	1,075,628	955,569	986,410	891,109	935,471	1,011,529	1,087,658	1,198,230	1,031,567
Culture and recreation	130,253	219,037	77,593	135,373	113,496	92,717	124,264	124,506	162,244	303,531
Interest on long-term debt	438,831	437,175	431,951	427,641	424,764	419,819	412,328	407,945	552,546	255,835
Total governmental activities expenses	<u>6,324,769</u>	<u>6,759,141</u>	<u>6,858,715</u>	<u>6,940,686</u>	<u>6,938,703</u>	<u>7,034,215</u>	<u>7,030,889</u>	<u>7,212,508</u>	<u>7,723,709</u>	<u>6,807,371</u>
Business-type activities:										
Causeway	3,000,413	3,022,314	3,135,780	3,339,312	3,647,587	3,787,489	4,011,938	3,878,069	4,157,983	5,041,852
Sewer	1,258,159	1,330,245	1,313,851	1,125,393	1,067,918	1,210,764	1,245,975	1,284,691	1,334,271	1,220,829
Water	679,793	837,798	822,979	848,993	938,061	1,067,501	933,301	953,007	913,966	963,031
Parking	151,650	142,734	146,790	231,733	183,760	576,340	679,315	642,801	817,428	578,007
Solid waste	649,034	683,264	677,231	652,640	625,189	655,092	670,688	668,603	690,765	754,366
Stormwater	61,345	88,528	156,347	92,196	112,155	114,784	113,974	94,893	120,114	118,290
Total business-type activities expenses	<u>5,800,394</u>	<u>6,104,883</u>	<u>6,252,978</u>	<u>6,290,267</u>	<u>6,574,670</u>	<u>7,411,970</u>	<u>7,655,191</u>	<u>7,522,064</u>	<u>8,034,527</u>	<u>8,676,375</u>
Total primary government expenses	<u><u>12,125,163</u></u>	<u><u>12,864,024</u></u>	<u><u>13,111,693</u></u>	<u><u>13,230,953</u></u>	<u><u>13,513,373</u></u>	<u><u>14,446,185</u></u>	<u><u>14,686,080</u></u>	<u><u>14,734,572</u></u>	<u><u>15,758,236</u></u>	<u><u>15,483,746</u></u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	320,003	399,245	345,182	275,841	205,480	179,880	153,406	191,668	509,994	826,365
Public safety	301,669	191,220	196,192	187,961	203,641	162,720	144,116	148,623	188,158	119,749
Culture and recreation	308	-	498	711	730	1,713	2,019	2,488	10,726	117,927
Operating grants and contributions	54,273	-	357,166	380,915	32,083	33,156	36,584	37,187	75,071	44,615
Capital grants and contributions	600,000	226,624	199,661	194,029	760,679	653,639	291,057	846,776	226,878	240,798
Total governmental activities program revenues	<u>1,276,253</u>	<u>817,089</u>	<u>1,098,699</u>	<u>1,039,457</u>	<u>1,202,613</u>	<u>1,031,108</u>	<u>627,182</u>	<u>1,226,742</u>	<u>1,010,827</u>	<u>1,349,454</u>
Business-type activities:										
Charges for services:										
Causeway	3,693,755	3,598,426	5,842,942	5,417,919	5,045,818	4,933,778	5,234,106	5,474,246	5,582,204	5,832,200
Sewer	1,387,349	1,366,147	1,275,797	1,418,561	1,527,512	1,724,939	1,747,443	2,001,681	1,934,067	1,857,548
Water	795,866	862,689	789,223	769,374	927,333	1,082,672	1,092,097	1,254,114	1,214,093	1,097,840
Parking	320,843	302,921	281,962	290,891	297,852	335,354	389,756	379,778	476,723	691,395
Solid waste	716,614	706,952	678,635	684,793	681,769	696,642	694,928	715,326	715,130	725,714
Stormwater	212,050	208,770	211,151	211,306	213,624	209,865	208,815	213,156	209,667	209,457
Capital grants and contributions	-	-	1,200,000	-	-	-	316,249	-	-	-
Total business-type activities program revenues	<u>7,126,477</u>	<u>7,045,905</u>	<u>10,279,710</u>	<u>8,792,844</u>	<u>8,693,908</u>	<u>8,983,250</u>	<u>9,683,394</u>	<u>10,038,301</u>	<u>10,131,884</u>	<u>10,414,154</u>
Total primary government program revenues	<u><u>\$ 8,402,730</u></u>	<u><u>\$ 7,862,994</u></u>	<u><u>\$ 11,378,409</u></u>	<u><u>\$ 9,832,301</u></u>	<u><u>\$ 9,896,521</u></u>	<u><u>\$ 10,014,358</u></u>	<u><u>\$ 10,310,576</u></u>	<u><u>\$ 11,265,043</u></u>	<u><u>\$ 11,142,711</u></u>	<u><u>\$ 11,763,608</u></u>

Continued

Town of Bay Harbor Islands, Florida

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) revenue:										
Governmental activities	\$ (5,048,516)	\$ (5,942,052)	\$ (5,760,016)	\$ (5,901,229)	\$ (5,736,090)	\$ (6,003,107)	\$ (6,403,706)	\$ (5,985,765)	\$ (6,712,882)	\$ (5,457,917)
Business-type activities	1,326,083	941,022	4,026,732	2,502,577	2,119,238	1,571,280	2,028,203	2,516,237	2,097,357	1,737,779
	<u>\$ (3,722,433)</u>	<u>\$ (5,001,030)</u>	<u>\$ (1,733,284)</u>	<u>\$ (3,398,652)</u>	<u>\$ (3,616,852)</u>	<u>\$ (4,431,827)</u>	<u>\$ (4,375,503)</u>	<u>\$ (3,469,528)</u>	<u>\$ (4,615,525)</u>	<u>\$ (3,720,138)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 2,466,523	\$ 2,912,485	\$ 3,416,045	\$ 3,048,334	\$ 3,150,090	\$ 3,004,968	\$ 3,040,733	\$ 2,992,245	\$ 3,001,002	\$ 3,054,392
Franchise fees based on gross receipts	313,832	353,728	379,221	379,264	367,179	339,581	359,930	347,019	350,569	373,096
Utility taxes	354,371	355,245	344,613	359,065	351,358	387,399	390,796	399,923	422,974	461,351
Communications services tax	295,960	315,741	321,843	453,261	348,882	348,436	307,006	298,092	281,603	270,719
Transfer development right fees	-	-	-	-	-	-	-	-	310,000	637,500
Unrestricted intergovernmental revenue	754,439	784,853	547,324	521,120	467,565	480,068	495,586	549,523	618,159	630,453
Unrestricted investment earnings	321,776	708,405	823,131	450,029	388,574	185,113	61,145	87,275	(57,892)	12,555
Miscellaneous	46,727	100,320	90,914	50,578	53,850	9,922	18,144	64,179	103,964	82,892
Transfers	1,335,129	1,307,900	1,324,113	1,326,203	1,257,210	853,352	1,626,752	1,643,197	1,764,581	1,672,950
Total governmental activities	<u>5,888,757</u>	<u>6,838,677</u>	<u>7,247,204</u>	<u>6,587,854</u>	<u>6,384,708</u>	<u>5,608,839</u>	<u>6,300,092</u>	<u>6,381,453</u>	<u>6,794,960</u>	<u>7,195,908</u>
Business-type activities:										
Unrestricted interest earnings	191,642	354,760	423,611	237,420	343,424	144,682	53,696	96,954	(67,674)	13,737
Miscellaneous	115,223	219,817	104,769	88,744	87,470	82,840	126,856	203,701	278,681	466,329
Loss on disposal of capitol assets	-	-	-	-	-	-	-	-	-	(196,905)
Transfers	(3,135,129)	(1,307,900)	(1,324,113)	(1,326,203)	(1,257,210)	(853,352)	(1,626,752)	(1,643,197)	(1,764,581)	(1,672,950)
Total business-type activities	<u>(2,828,264)</u>	<u>(733,323)</u>	<u>(795,733)</u>	<u>(1,000,039)</u>	<u>(826,316)</u>	<u>(625,830)</u>	<u>(1,446,200)</u>	<u>(1,342,542)</u>	<u>(1,553,574)</u>	<u>(1,389,789)</u>
Change in net position:										
Governmental activities	840,241	896,625	1,487,188	686,625	648,618	(394,268)	(103,614)	395,688	82,078	1,737,991
Business-type activities	(1,502,181)	207,699	3,230,999	1,502,538	1,292,922	945,450	582,003	1,173,695	543,783	347,990
	<u>\$ (661,940)</u>	<u>\$ 1,104,324</u>	<u>\$ 4,718,187</u>	<u>\$ 2,189,163</u>	<u>\$ 1,941,540</u>	<u>\$ 551,182</u>	<u>\$ 478,389</u>	<u>\$ 1,569,383</u>	<u>\$ 625,861</u>	<u>\$ 2,085,981</u>

Town of Bay Harbor Islands, Florida

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 247,127	\$ 277,316	\$ 252,661	\$ 270,964	\$ 261,652	\$ 273,821	\$ -	\$ -	\$ -	\$ -
Unreserved	6,598,020	6,855,275	3,498,414	3,834,721	3,852,654	3,262,489	-	-	-	-
Non-spendable	-	-	-	-	-	-	121,095	56,482	38,630	30,104
Restricted	-	-	-	-	-	-	132,992	94,198	23,654	26
Unassigned	-	-	-	-	-	-	3,343,554	3,245,657	3,638,393	5,050,708
Total General Fund	<u>\$ 6,845,147</u>	<u>\$ 7,132,591</u>	<u>\$ 3,751,075</u>	<u>\$ 4,105,685</u>	<u>\$ 4,114,306</u>	<u>\$ 3,536,310</u>	<u>\$ 3,597,641</u>	<u>\$ 3,396,337</u>	<u>\$ 3,700,677</u>	<u>\$ 5,080,838</u>
All other governmental funds:										
Unreserved, reported in:										
Capital Projects Fund	\$ 9,661,184	\$ 9,780,477	\$ 10,312,731	\$ 10,392,904	\$ 10,175,931	\$ 7,095,695	\$ -	\$ -	\$ -	\$ -
Assigned to:										
Capital Projects Fund	-	-	-	-	-	-	3,956,049	559,623	519,958	511,390
Total Capital Projects Fund	<u>\$ 9,661,184</u>	<u>\$ 9,780,477</u>	<u>\$ 10,312,731</u>	<u>\$ 10,392,904</u>	<u>\$ 10,175,931</u>	<u>\$ 7,095,695</u>	<u>\$ 3,956,049</u>	<u>\$ 559,623</u>	<u>\$ 519,958</u>	<u>\$ 511,390</u>

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

Town of Bay Harbor Islands, Florida

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Taxes	\$ 3,116,854	\$ 3,583,471	\$ 4,082,501	\$ 3,753,545	\$ 3,916,659	\$ 3,757,681	\$ 3,755,413	\$ 3,697,292	\$ 3,705,579	\$ 3,786,462
Franchise fees	313,832	353,728	379,221	379,264	367,179	339,581	359,930	347,019	350,569	373,096
Licenses and permits	318,733	398,535	344,317	274,351	204,190	179,860	153,386	191,628	509,964	826,335
Intergovernmental	754,439	784,853	779,574	747,738	676,760	689,430	716,848	804,970	876,689	913,702
Transfer development right fees	-	-	-	-	-	-	-	-	310,000	637,500
Charges for services	3,196	2,406	2,986	8,484	4,905	2,422	2,783	2,893	11,435	119,252
Fines and forfeitures	300,051	189,527	194,570	181,678	200,756	162,031	143,529	148,308	187,480	118,454
Investment earnings	321,776	708,405	823,131	450,029	388,574	185,113	61,145	87,275	(57,892)	12,555
Grants	654,273	226,624	324,576	348,326	583,567	477,433	106,221	628,358	43,418	2,163
Miscellaneous	46,727	100,320	90,915	50,578	53,850	9,922	18,144	64,179	103,964	82,891
Total revenues	<u>5,829,881</u>	<u>6,347,869</u>	<u>7,021,791</u>	<u>6,193,993</u>	<u>6,396,440</u>	<u>5,803,473</u>	<u>5,317,399</u>	<u>5,971,922</u>	<u>6,041,206</u>	<u>6,872,410</u>
<b>Expenditures:</b>										
General government	1,182,645	1,109,025	1,298,557	1,103,603	1,136,123	1,095,584	1,074,286	1,021,155	1,059,846	992,855
Public safety	3,356,330	3,679,144	3,967,712	4,033,961	4,178,157	4,108,595	4,196,518	4,373,684	4,718,586	4,219,057
Transportation	838,274	973,868	858,482	890,112	795,044	826,078	817,526	891,186	847,193	677,439
Culture and recreation	125,299	174,884	60,679	101,482	79,245	45,010	56,122	51,440	88,961	229,475
Capital outlay	194,722	703,803	4,400,441	347,305	1,062,140	3,633,259	3,272,090	4,265,481	288,069	516,991
Debt service:										
Principal payments	160,000	170,000	175,000	180,000	185,000	185,000	190,000	200,000	205,000	278,000
Interest and fiscal charges	439,898	438,308	434,295	428,950	426,293	421,531	415,924	409,903	379,135	259,950
Total expenditures	<u>6,297,168</u>	<u>7,249,032</u>	<u>11,195,166</u>	<u>7,085,413</u>	<u>7,862,002</u>	<u>10,315,057</u>	<u>10,022,466</u>	<u>11,212,849</u>	<u>7,586,790</u>	<u>7,173,767</u>
Excess of revenues over (under) expenditures	<u>(467,287)</u>	<u>(901,163)</u>	<u>(4,173,375)</u>	<u>(891,420)</u>	<u>(1,465,562)</u>	<u>(4,511,584)</u>	<u>(4,705,067)</u>	<u>(5,240,927)</u>	<u>(1,545,584)</u>	<u>(301,357)</u>
<b>Other financing sources (uses):</b>										
Transfers in	1,335,129	1,307,900	1,324,113	1,326,203	1,257,210	1,453,352	1,626,752	1,643,197	1,764,581	1,672,950
Bonds and notes issued	-	-	-	-	-	-	-	-	4,709,000	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	(4,663,322)	-
Total other financing sources	<u>1,335,129</u>	<u>1,307,900</u>	<u>1,324,113</u>	<u>1,326,203</u>	<u>1,257,210</u>	<u>1,453,352</u>	<u>1,626,752</u>	<u>1,643,197</u>	<u>1,810,259</u>	<u>1,672,950</u>
Net change in fund balances	<u>\$ 867,842</u>	<u>\$ 406,737</u>	<u>\$ (2,849,262)</u>	<u>\$ 434,783</u>	<u>\$ (208,352)</u>	<u>\$ (3,058,232)</u>	<u>\$ (3,078,315)</u>	<u>\$ (3,597,730)</u>	<u>\$ 264,675</u>	<u>\$ 1,371,593</u>
Debt service as a percentage of noncapital expenditures	9.8%	9.3%	9.0%	9.0%	9.0%	9.0%	9.0%	8.8%	8.0%	8.1%

Town of Bay Harbor Islands, Florida

PROGRAM REVENUES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
General government	\$ 965,563	\$ 596,922	\$ 370,108	\$ 288,556	\$ 205,480	\$ 179,880	\$ 153,406	\$ 220,026	\$ 513,145	\$ 826,365
Public safety	310,382	207,167	236,432	220,550	235,724	372,082	368,757	404,229	486,956	405,162
Transportation	-	-	199,661	194,029	760,679	77,433	-	600,000	-	-
Culture and recreation	308	13,000	292,498	336,322	730	401,713	105,019	2,488	10,726	117,927
<b>Total governmental activities</b>	<u>1,276,253</u>	<u>817,089</u>	<u>1,098,699</u>	<u>1,039,457</u>	<u>1,202,613</u>	<u>1,031,108</u>	<u>627,182</u>	<u>1,226,743</u>	<u>1,010,827</u>	<u>1,349,454</u>
<b>Business-type activities:</b>										
Causeway (1)	3,693,755	3,598,426	7,042,942	5,417,919	5,045,818	4,933,778	5,350,355	5,474,246	5,582,204	5,832,200
Sewer	1,387,349	1,366,147	1,275,797	1,418,561	1,527,512	1,724,939	1,747,443	2,001,681	1,934,067	1,857,548
Water	795,866	862,689	789,223	769,374	927,333	1,082,672	1,292,097	1,254,114	1,214,093	1,097,840
Parking	320,843	302,921	281,962	290,891	297,853	335,354	389,756	379,778	476,723	691,395
Solid waste	716,614	706,952	678,635	684,793	681,769	696,642	694,928	715,326	715,130	725,714
Stormwater	212,050	208,770	211,151	211,306	213,624	209,865	208,815	213,156	209,667	209,457
<b>Total business-type activities</b>	<u>7,126,477</u>	<u>7,045,905</u>	<u>10,279,710</u>	<u>8,792,844</u>	<u>8,693,909</u>	<u>8,983,250</u>	<u>9,683,394</u>	<u>10,038,301</u>	<u>10,131,884</u>	<u>10,414,154</u>
<b>Total primary government</b>	<u>\$ 8,402,730</u>	<u>\$ 7,862,994</u>	<u>\$ 11,378,409</u>	<u>\$ 9,832,301</u>	<u>\$ 9,896,522</u>	<u>\$ #####</u>	<u>\$ 10,310,576</u>	<u>\$ 11,265,044</u>	<u>\$ 11,142,711</u>	<u>\$ 11,763,608</u>

(1) In fiscal 2007, a grant in the amount of \$1,200,000 was received in connection with the replacement of the West Relief Bridge.



## Town of Bay Harbor Islands, Florida

### ASSESSED VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Year*	Real Property	Personal Property	Exemptions		Net Taxable Value	Direct Millage	Total Direct & Overlapping Millage
			Real	Personal			
2005	\$ 684,776,607	\$ 14,994,979	\$ 188,685,972	\$ 391,775	\$ 510,693,839	5.0000	23.7477
2006	826,689,570	12,869,688	231,020,158	352,981	608,186,119	4.9000	23.2833
2007	1,070,971,539	13,992,732	339,303,966	318,441	745,341,864	4.7500	22.5638
2008	1,231,775,774	13,752,659	404,261,939	192,952	841,073,542	3.6565	19.7986
2009	1,235,947,508	14,727,388	387,574,044	2,811,084	860,289,768	3.9750	20.2017
2010	1,037,375,579	15,588,658	286,640,237	2,524,662	763,799,338	4.4120	20.9155
2011	786,125,345	15,066,967	193,998,319	2,548,463	604,645,530	5.2971	23.1724
2012	774,573,967	15,719,441	195,261,493	2,212,422	592,819,493	5.2971	21.8256
2013	749,459,838	15,472,810	182,892,469	2,174,864	579,865,315	5.2971	21.7097
2014	845,128,356	15,304,530	255,862,099	2,407,807	602,162,980	5.2500	21.7603

\*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

### 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**	<u>State Special Districts</u>		
					Florida Inland Navigation	South Florida Water Management	
2005	5.0000	6.2200	8.6870	3.1052	0.0385	0.6970	23.7477
2006	4.9000	6.1200	8.4380	3.0898	0.0385	0.6970	23.2833
2007	4.7500	5.9000	8.1050	3.0733	0.0385	0.6970	22.5638
2008	3.6565	4.8646	7.9480	2.6710	0.0345	0.6240	19.7986
2009	3.9750	5.1229	7.7970	2.6483	0.0345	0.6240	20.2017
2010	4.4120	5.1229	7.9950	2.7271	0.0345	0.6240	20.9155
2011	5.2971	5.8725	8.2490	3.0953	0.0345	0.6240	23.1724
2012	5.2971	5.0900	8.0050	2.9627	0.0345	0.4363	21.8256
2013	5.2971	4.9885	7.9980	2.9627	0.0345	0.4289	21.7097
2014	5.2500	5.1255	7.9770	2.9623	0.0345	0.4110	21.7603

SOURCE: Miami-Dade County Property Appraiser's Office

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

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

## Town of Bay Harbor Islands, Florida

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

**Year: 2014**

<u>Parcel Owner</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation*</u>
1170 LLC	\$ 5,582,972	0.95%
Alfonso and Mariana Karam	4,248,977	0.72%
Spencer Merinoff	4,222,820	0.72%
Isle of Wight Limited	3,928,619	0.67%
Jose Cojab	3,840,637	0.65%
1108 Concourse LC	3,827,548	0.65%
Alberto Gross	3,752,698	0.64%
Mark Tabacinic	3,553,093	0.60%
Ocean Cadillac Inc.	3,439,443	0.58%
Annette Samson Eichen Trust	3,397,692	0.58%
	<u>\$ 39,794,499</u>	<u>6.75%</u>

\*Based on Appraisers 2013 Municipal Tax Roll

**Year: 2005**

<u>Parcel Owner</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation**</u>
Jean C. Pettetier	\$ 3,269,017	0.63%
1108 Concourse LLC	2,758,521	0.53%
Mark and Janice Revitz	2,621,404	0.50%
Baytown Corporation	2,534,936	0.49%
Vendome Advisors Corporation	2,433,192	0.47%
Kingsley Arms Apartments Inc.	2,250,000	0.43%
Spencer Merinoff	2,154,546	0.41%
Elisabeth C. Haas TR	2,113,973	0.41%
Peter J. Chaban and W. Olga	2,075,128	0.40%
Bay Harbor Professional Center	2,040,833	0.39%
	<u>\$ 24,251,550</u>	<u>4.66%</u>

\*\*Based on January 1, 2004 Appraiser's certification of taxable value.

SOURCE: Miami-Dade County Property Appraiser's Office

## Town of Bay Harbor Islands, Florida

### 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		
2005	\$ 2,597,458	\$ 2,466,523	95.0%		\$ 2,466,523
2006	3,038,353	2,817,893	92.7%	\$ 94,592	2,912,485
2007	3,723,914	3,250,427	87.3%	165,618	3,416,045
2008	3,220,214	2,831,311	87.9%	217,023	3,048,334
2009	3,413,429	3,074,594	90.1%	75,496	3,150,090
2010	3,365,035	2,895,470	86.0%	109,498	3,004,968
2011	3,213,462	2,835,472	88.2%	205,261	3,040,733
2012	3,056,957	2,886,789	94.4%	105,456	2,992,245
2013	3,071,604	2,805,412	91.3%	195,590	3,001,002
2014	3,161,356	2,954,498	93.5%	99,894	3,054,392

Note: The data necessary to segregate collections of delinquent taxes for years prior to 2006 is not available. Delinquent taxes are remitted to the Town by Miami-Dade County and their year of levy is not identified so total collections to date for each year cannot be computed.

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

Town of Bay Harbor Islands, Florida

CAUSEWAY TOLL REVENUE  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total traffic	<u>7,610,014</u>	<u>7,473,895</u>	<u>6,686,886</u>	<u>6,221,429</u>	<u>5,950,509</u>	<u>5,853,952</u>	<u>6,204,622</u>	<u>6,484,193</u>	<u>6,611,424</u>	<u>6,729,408</u>
Toll revenues:										
Cash tolls	\$ 3,075,798	\$ 2,960,564	\$ 4,574,780	\$ 4,118,577	\$ 3,752,773	\$ 3,661,057	\$ 3,849,802	\$ 4,087,159	\$ 4,110,787	\$ 4,400,704
Commuter/annual pass	<u>603,985</u>	<u>609,782</u>	<u>1,227,816</u>	<u>1,299,342</u>	<u>1,293,045</u>	<u>1,272,721</u>	<u>1,384,304</u>	<u>1,387,087</u>	<u>1,471,417</u>	<u>1,431,496</u>
Total toll revenue	<u>\$ 3,679,783</u>	<u>\$ 3,570,346</u>	<u>\$ 5,802,596</u>	<u>\$ 5,417,919</u>	<u>\$ 5,045,818</u>	<u>\$ 4,933,778</u>	<u>\$ 5,234,106</u>	<u>\$ 5,474,246</u>	<u>\$ 5,582,204</u>	<u>\$ 5,832,200</u>
Average yield per vehicle	\$ 0.484	\$ 0.478	\$ 0.868	\$ 0.871	\$ 0.848	\$ 0.843	\$ 0.844	\$ 0.844	\$ 0.844	\$ 0.867
Toll rates:										
Cash toll (Class 1)	\$ 0.50	\$ 0.50	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Commuter pass, per trip	\$ 0.40	\$ 0.40	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Annual pass	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00

## Town of Bay Harbor Islands, Florida

### 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	Capital Lease	Revenue Bonds Series 2003B	Refunding Note Series 2012			
2005	\$ 3,480,987	\$ 947,712	\$ 656,650	\$ 9,200,000		\$ 14,285,349	2.80%	\$ 2,741
2006	3,126,855	899,681	398,840	9,030,000		13,455,376	2.21%	2,584
2007	2,772,723	851,655	134,590	8,855,000		12,613,968	1.69%	2,422
2008	7,353,591	802,141		8,675,000		16,830,732	2.00%	3,232
2009	6,974,460	751,093		8,490,000		16,215,553	1.88%	3,158
2010	6,605,329	698,464		8,305,000		14,940,401	1.96%	2,932
2011	6,181,197	644,204		8,115,000		14,250,328	2.36%	2,532
2012	5,747,065	588,263		7,915,000		22,388,589	3.78%	3,886
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

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

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT SEPTEMBER 30, 2014

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Town of Bay Harbor Islands (1)</u>	<u>Estimated Share of Direct &amp; Overlapping Debt</u>
Direct:			
Bay Harbor Islands	\$ 7,696,000	100.00%	\$ 7,696,000
Overlapping:			
Miami-Dade Board of County Commissioners (2)	16,649,835,000	1.67%	-
Miami-Dade County School Board (2)	<u>443,784,000</u>	1.54%	<u>-</u>
Total direct and overlapping	<u>\$ 17,101,315,000</u>		<u>\$ 7,696,000</u>

Notes:

- (1) Based on ratio of assessed taxable value obtained from Miami-Dade County Property Appraiser.
- (2) Source: Miami-Dade County, Florida, Finance Department.

Town of Bay Harbor Islands, Florida

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed values (1):										
Taxable value of real property	\$ 496,090,635	\$ 595,669,412	\$ 731,667,573	\$ 827,513,835	\$ 848,373,464	\$ 750,735,342	\$ 592,127,026	\$ 579,312,474	\$ 566,567,369	\$ 589,266,257
Add: Exempt real property	188,685,972	231,020,158	339,303,966	404,261,939	387,574,044	286,640,237	193,998,319	195,261,493	182,892,469	255,862,099
Total assessed value of real property	<u>\$ 684,776,607</u>	<u>\$ 826,689,570</u>	<u>\$ 1,070,971,539</u>	<u>\$ 1,231,775,774</u>	<u>\$ 1,235,947,508</u>	<u>\$ 1,037,375,579</u>	<u>\$ 786,125,345</u>	<u>\$ 774,573,967</u>	<u>\$ 749,459,838</u>	<u>\$ 845,128,356</u>
Legal debt margin:										
Debt limitation (25% of assessed real property)	\$ 171,194,152	\$ 206,672,393	\$ 267,742,885	\$ 307,943,944	\$ 308,986,877	\$ 259,343,895	\$ 196,531,336	\$ 193,643,492	\$ 187,364,960	\$ 211,282,089
Total bonded debt	9,200,000	9,030,000	8,855,000	8,675,000	8,490,000	8,305,000	8,115,000	7,915,000	7,974,000	7,696,000
Legal debt margin	<u>\$ 161,994,152</u>	<u>\$ 197,642,393</u>	<u>\$ 258,887,885</u>	<u>\$ 299,268,944</u>	<u>\$ 300,496,877</u>	<u>\$ 251,038,895</u>	<u>\$ 188,416,336</u>	<u>\$ 185,728,492</u>	<u>\$ 179,390,960</u>	<u>\$ 203,586,089</u>
Total net debt applicable to the limit as a percentage of debt limit	5.37%	4.37%	3.31%	2.82%	2.75%	3.20%	4.13%	4.09%	4.26%	3.64%

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

## PLEGGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Broad Causeway Revenue Bonds and Notes					
Fiscal Year	Gross Revenues	Operating Expenses	Net Available Revenue	Debt Service Amount	Coverage
2005	\$ 3,896,289	\$ 2,379,404	\$ 1,516,885	\$ 430,795	3.52
2006	3,887,365	2,408,770	1,478,595	430,795	3.43
2007	6,020,754	2,458,490	3,562,264	430,795	8.27
2008	5,551,909	2,569,856	2,982,053	430,795	6.92
2009	5,249,367	2,630,811	2,618,556	430,795	6.08
2010	5,076,927	2,764,852	2,312,075	430,795	5.37
2011	5,337,434	3,033,597	2,303,837	430,795	5.35
2012	5,595,731	3,019,397	2,576,334	430,795	5.98
2013	5,625,617	2,909,660	2,715,957	1,125,563	2.41
2014	5,941,008	3,885,577	2,055,431	1,121,329	1.83

Sewer Fund State Revolving Loan					
Fiscal Year	Gross Revenues	Operating Expenses	Net Available Revenue	Debt Service Amount	Coverage
2005	\$ 1,402,444	\$ 1,112,324	\$ 290,120	\$ 78,270	3.71
2006	1,461,835	1,191,588	270,247	76,795	3.52
2007	1,359,036	1,176,777	182,259	75,320	2.42
2008	1,455,384	988,822	466,562	75,320	6.19
2009	1,528,157	932,829	595,328	75,320	7.90
2010	1,725,139	1,065,022	660,117	75,320	8.76
2011	1,747,443	1,103,346	644,097	75,320	8.55
2012	2,001,681	1,144,369	857,312	75,320	11.38
2013	1,972,067	1,179,264	792,803	75,320	10.53
2014	1,943,998	1,071,444	872,554	75,320	11.58

Revenue Bonds and Refunding Note						
Fiscal Year	Sales Tax	Franchise Fees	Utility Tax	Total Revenues	Debt Service Amount	Coverage
2005	\$ 321,318	\$ 313,833	\$ 354,371	\$ 989,522	\$ 599,898	1.65
2006	348,212	353,728	355,245	1,057,185	608,308	1.74
2007	345,574	379,221	344,613	1,069,408	609,295	1.76
2008	330,552	343,972	359,065	1,033,589	608,950	1.70
2009	292,861	367,179	351,358	1,011,398	611,293	1.65
2010	305,951	339,581	387,399	1,032,931	606,531	1.70
2011	319,564	359,930	390,796	1,070,290	605,924	1.77
2012	336,947	347,020	399,923	1,083,890	609,903	1.78
2013	388,606	350,569	422,974	1,162,149	540,971	2.15
2014	413,855	373,096	461,351	1,248,302	537,960	2.32

# Town of Bay Harbor Islands, Florida

## 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
2005	5,212	\$ 75,464,029	\$ 32,025	4.3%	1,113,560	37
2006	5,208	80,112,340	33,712	3.8%	1,158,801	37
2007	5,148	85,978,571	35,791	3.6%	1,192,231	38
2008	5,135	88,954,732	37,264	5.3%	1,205,913	39
2009	5,095	90,915,774	37,909	8.9%	1,218,871	39
2010	5,628	92,227,399	36,846	12.0%	1,257,324	38
2011	5,762	96,657,710	37,834	12.7%	1,300,030	38
2012	5,821	100,688,604	39,466	9.7%	1,290,751	39
2013	5,854	N/A	N/A	8.9%	1,296,680	N/A
2014	N/A	N/A	N/A	N/A	1,297,161	N/A

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

\* Source for 2005 to 2009: University of Florida, Bureau of Economic and Business Research (BEBR)  
Source for 2010 to 2013: 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 Planning and Zoning, Research Section.  
University of Florida Bureau of Economic and Business Research

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

Town of Bay Harbor Islands, Florida

FULL TIME TOWN EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:									
General government	14	14	14	14	14	15	15	16	18
Public safety	35	36	35	35	35	39	39	35	36
Transportation	12	12	11	11	12	12	10	8	7
Culture and recreation									6
Total governmental activities	<u>61</u>	<u>62</u>	<u>60</u>	<u>60</u>	<u>61</u>	<u>66</u>	<u>64</u>	<u>59</u>	<u>67</u>
Business-type activities:									
Causeway	31	32	31	29	30	28	27	32	25
Sewer	3	3	2	3	3	2	2	1	1
Water	2	2	2	2	2	2	2	2	2
Parking	1	1	1	1	1	1	1	1	1
Solid waste									
Stormwater									
Total business-type activities	<u>37</u>	<u>38</u>	<u>36</u>	<u>35</u>	<u>36</u>	<u>33</u>	<u>32</u>	<u>36</u>	<u>29</u>
Total primary government	<u>98</u>	<u>100</u>	<u>96</u>	<u>95</u>	<u>97</u>	<u>99</u>	<u>96</u>	<u>95</u>	<u>96</u>

Note: Data not available prior to 2006.

Source: Town Finance Department

## Town of Bay Harbor Islands, Florida

### OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities:</b>									
<b>General government</b>									
Elections Held	1	1	2	1	1	-	2	1	1
Newsletters Issued	12	12	12	12	12	12	12	12	12
Town Council Meetings	12	12	12	12	12	12	11	11	10
Planning & Zoning Board Meetings	23	23	19	14	13	12	10	17	13
<b>Public safety</b>									
Case numbers issued	2,671	2,579	1,006	943	688	647	870	584	626
Arrests	126	141	86	164	189	192	171	121	84
Calls for service	-	-	7,024	13,884	13,396	13,798	17,782	14,366	17,900
<b>Business-type activities:</b>									
<b>Causeway</b>									
Traffic Count (vehicles)	7,473,895	6,686,886	6,221,429	5,950,509	5,853,952	6,204,622	6,484,193	6,611,424	6,729,408
<b>Sewer</b>									
Average Monthly Sewage Volume (thousands of gallons)	27,747	27,680	19,725	22,514	19,356	19,200	24,066	21,397	20,242
<b>Water</b>									
Average Monthly Gallons Purchased (thousands)	32,832	30,466	29,829	27,387	26,387	25,130	25,863	25,763	26,534
Average Monthly Gallons Sold (thousands)	28,641	23,859	22,200	22,621	21,263	21,761	23,974	23,617	23,534
<b>Parking</b>									
Parking Citations	3,628	2,179	3,752	4,425	3,322	2,031	1,635	2,431	1,465

Source: Town Finance Department

Note: Indicators are not available for the Transportation, Culture & recreation, Solid waste, and Stormwater functions, or prior to 2006.

## Town of Bay Harbor Islands, Florida

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities:</b>									
Public safety									
Patrol Cars/SUV	8	8	18	18	18	18	18	18	18
Police Boat	1	1	1	1	1	1	1	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
Culture and recreation									
Parks	1	1	1	1	2	2	2	2	3
<b>Business-type activities:</b>									
Causeway									
Bascule Bridges	1	1	1	1	1	1	1	1	1
Fixed Span Bridges	3	3	3	3	3	3	3	3	3
Sewer									
Pump Stations	1	1	1	1	1	1	1	1	1
Lift Stations	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
Water									
Water Mains (feet)	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
Outfalls	53	53	53	53	53	53	53	53	53

Note: Capital asset indicators not available for general government, parking, solid waste, or prior to 2006.

Source: Town Finance Department

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## REPORTING SECTION

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

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, 2014, 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 13, 2015.

***Internal Control Over Financial Reporting***

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

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

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

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

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

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

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

*Marcum LLP*

Miami, FL  
April 13, 2015



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

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, 2014, and have issued our report thereon dated April 13, 2015.

***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 Reports***

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 13, 2015, should be considered in conjunction with this management letter.

***Prior Audit Findings***

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

***Official Title and Legal Authority***

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

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report 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 identification of 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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 the review of financial information provided by same. This assessment was done as of the fiscal year end.

### ***Annual Financial Report***

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

### ***Other Matters***

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

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

### ***Purpose of this Letter***

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

*Marcum LLP*

Miami, FL  
April 13, 2015

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

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 for the fiscal year ended September 30, 2014. Management is responsible for Town's compliance with those requirements. Our responsibility is to express an opinion on 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 and, accordingly, included examining, on a test basis, evidence about Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town's compliance with specified requirements.

In our opinion, the Town of Bay Harbor Islands, Florida complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

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

*Marcum LLP*

Miami, FL  
April 13, 2015