

VILLAGE OF BISCAYNE PARK, FLORIDA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

PREPARED BY
FINANCE DEPARTMENT

VILLAGE OF BISCAYNE PARK, FLORIDA

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Village Commission, and Village Manager
Village of Biscayne Park, 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 Village of Biscayne Park, Florida (the "Village") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2018, 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 1D and Note 15 to the basic financial statements, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of October 1, 2017. 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 on pages 3 through 11 and the, Budgetary Comparison Schedules, Schedule of the Village's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan, Schedule of the Village's Contributions - Florida Retirement System Pension Plan, Schedule of the Village's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan, Schedule of the Village's Contributions - Health Insurance Subsidy Pension Plan and the Schedule of Changes in Total OPEB Liability and Related Ratios – Other Post-Employment Benefits on pages 43 through 51 be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Village's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

As management of the Village of Biscayne Park (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the auditors' reports, the basic financial statements, the notes to the financial statements, and the supplementary information.

Financial Highlights

- At September 30, 2018, the Governmental Activities of the Village presented total assets and deferred outflows of resources of the Village which exceeded its liabilities and deferred inflows of resources by \$2,745,650 (*net position*). Of this amount, \$3,148,899 was invested in capital assets, net of related debt. Additionally, \$753,202 was restricted by law, agreements, or for capital projects. The Village had a negative unrestricted net position of \$1,156,451 in its unrestricted net position.
- During the fiscal year 2018, net position decreased by a net of \$287,453. The decrease is attributable to current year results of operations as well as the implementation of GASB Statement No.75.
- At September 30, 2018, the Village's general fund reported an ending fund balance of \$661,297, an increase of \$393,618 as compared with the prior year. Of the total fund balance, \$591,918 or 90% of this total amount is available for spending at the government's discretion (*unassigned fund balance*). The unassigned fund balance represents 18% of total general fund operating expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

- The *Statement of Net Position* presents information on all of the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the Village, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- The *Statement of Activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, parks and recreation, code enforcement, and building, planning, and zoning. The business-type activities of the Village include sanitation.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements

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

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Overview of the Financial Statements (Continued)

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 cash flow and 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 government's near-term financing decisions and the impact on short term cash flow requirements to meet basic on-going operations. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, the Citizens Independent Transportation Trust (CITT) fund and the Roads fund which are considered major funds. Data from the other four (4) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 to 17 of this report. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements on pages 52 to 53 of this report.

Proprietary funds

The Village maintains one proprietary or enterprise fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses an enterprise fund to account for its sanitation operations. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 18 to 20 of this report.

Notes to the 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 may be found on pages 21 to 42 of this report.

Government-wide Financial Analysis

Summary of net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

- Net results of activities will impact (increase/decrease) current assets and unrestricted net position.
- Borrowing for capital will increase current assets and long-term debt.
- Spending borrowed proceeds on new capital will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the net investment in capital assets.
- Spending of non-borrowed current assets on new capital will reduce current assets and increase capital assets and will reduce unrestricted net position and increase net investments in capital assets.

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-wide Financial Analysis (Continued)

- Principal payment on debt will reduce current assets, reduce long-term debt, and reduce unrestricted net position and increase net investments in capital assets.
- Reduction of capital assets through depreciation will reduce capital assets and reduce net investments in capital assets.

At September 30, 2018, the Village governmental activities' assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,745,650. The Village's net position of \$2,731,352 reflects its investment in capital assets (e.g., land and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. An additional portion of the Village's net position, \$753,202 represents resources that are subject to restrictions on how they may be used. There is a negative unrestricted net position of \$1,170,749 stemming from statutory pension financial representation and storm recovery expenses pending reimbursement.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,727,596	\$ 2,338,221	\$ 53,914	\$ 63,244	\$ 1,781,510	\$ 2,401,465
Capital assets, net	3,463,734	3,308,296	-	-	3,463,734	3,308,296
Total assets	<u>5,191,330</u>	<u>5,646,517</u>	<u>53,914</u>	<u>63,244</u>	<u>5,245,244</u>	<u>5,709,761</u>
Deferred outflows of resources	<u>884,712</u>	<u>767,774</u>	<u>-</u>	<u>-</u>	<u>884,712</u>	<u>767,774</u>
Current and other liabilities	2,380,876	2,392,402	68,212	67,392	2,449,088	2,459,794
Long-term debt	589,145	679,119	-	-	589,145	679,119
Total liabilities	<u>2,970,021</u>	<u>3,071,521</u>	<u>68,212</u>	<u>67,392</u>	<u>3,038,233</u>	<u>3,138,913</u>
Deferred inflow of resources	<u>360,371</u>	<u>309,667</u>	<u>-</u>	<u>-</u>	<u>360,371</u>	<u>309,667</u>
Net investment in capital assets	3,148,899	3,150,607	-	-	3,148,899	3,150,607
Restricted	753,202	644,389	-	-	753,202	644,389
Unrestricted	(1,156,451)	(761,893)	(14,298)	(4,148)	(1,170,749)	(766,041)
Total net position	<u>\$ 2,745,650</u>	<u>\$ 3,033,103</u>	<u>\$ (14,298)</u>	<u>\$ (4,148)</u>	<u>\$ 2,731,352</u>	<u>\$ 3,028,955</u>

Net investment in capital assets decreased by \$1,708 as compared with prior fiscal year. This decrease relates to minimal variance in lease vehicle program.

Restricted net position increased to \$753,202 in fiscal year 2018 from \$644,389 in fiscal year 2017 due to funds received for transportation and transit projects.

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-wide Financial Analysis (Continued)

Governmental activities

Financial activities for the fiscal year are reported below. Key indicators, including revenues and expenditures by category are presented below:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 368,230	\$ 347,260	\$ 482,725	\$ 486,196	\$ 850,955	\$ 833,456
General revenues:						
Property taxes	1,843,149	1,658,770	-	-	1,843,149	1,658,770
Utility taxes	377,892	369,370	-	-	377,892	369,370
Franchise fees	184,213	183,182	-	-	184,213	183,182
Intergovernmental (unrestricted)	586,401	659,671	-	-	586,401	659,671
Miscellaneous	107,111	101,945	-	-	107,111	101,945
Total revenues	<u>3,466,996</u>	<u>3,320,198</u>	<u>482,725</u>	<u>486,196</u>	<u>3,949,721</u>	<u>3,806,394</u>
Expenses:						
General government	843,162	905,907	-	-	843,162	905,907
Public safety	1,639,305	1,467,327	-	-	1,639,305	1,467,327
Physical environment	1,361,543	690,982	-	-	1,361,543	690,982
Culture and recreation	151,870	101,802	-	-	151,870	101,802
Sanitation	-	-	409,353	404,731	409,353	404,731
Interest on long-term debt	32,049	24,904	-	-	32,049	24,904
Total expenses	<u>4,027,929</u>	<u>3,190,922</u>	<u>409,353</u>	<u>404,731</u>	<u>4,437,282</u>	<u>3,595,653</u>
Excess (deficiency) in net position before transfers	(560,933)	129,276	73,372	81,465	(487,561)	210,741
Transfers	<u>83,522</u>	<u>86,368</u>	<u>(83,522)</u>	<u>(86,368)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(477,411)</u>	<u>215,644</u>	<u>(10,150)</u>	<u>(4,903)</u>	<u>(487,561)</u>	<u>210,741</u>
Net position, beginning	3,033,103	2,817,459	(4,148)	755	3,028,955	2,818,214
Prior period adjustment	189,958	-	-	-	189,958	-
Net position, as restated	<u>3,223,061</u>	<u>2,817,459</u>	<u>(4,148)</u>	<u>755</u>	<u>3,218,913</u>	<u>2,818,214</u>
Net position, ending	<u>\$ 2,745,650</u>	<u>\$ 3,033,103</u>	<u>\$ (14,298)</u>	<u>\$ (4,148)</u>	<u>\$ 2,731,352</u>	<u>\$ 3,028,955</u>

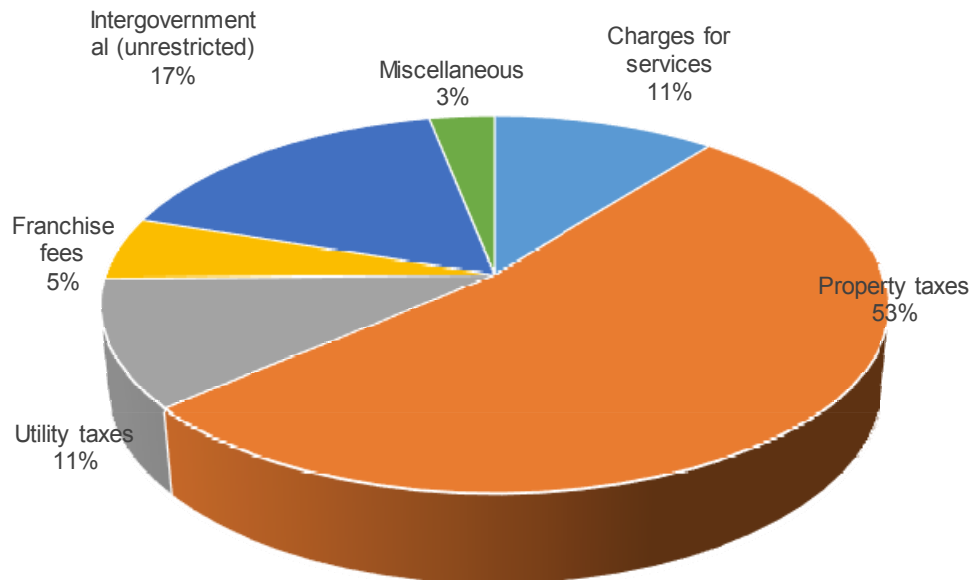
For fiscal year 2018, total revenues increased by \$146,798 or 4% as compared to prior year. The increase in revenues was mainly due to growth in nearly all General Revenues categories, primarily growth in the tax roll.

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-wide Financial Analysis (Continued)

Total expenses increased \$837,007 or 26%. The significant increase in total expenses was attributable to predominantly Hurricane Irma and recovery activities.

Hurricane Irma Generated \$843,908.52 in expenditures in fiscal year 2018. The impact on Village end of year balances should be considered and understood as unusual distortion. Future reimbursement is anticipated to offset this expenditure.



Business-type activities

The Village has one business-type activity, Sanitation. This enterprise fund was established to account for the service fees and expenses related to weekly trash pickup, weekly bulk waste pickup and special bulk pick-ups.

Financial Analysis of the Government's Funds

As noted earlier, the Village of Biscayne Park uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Village's *Governmental Funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, the *Unassigned Fund Balance* may serve as a useful measure of the government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the Governmental Funds for the Village reported combined ending fund balances of \$1,463,657. Of this amount, \$571,400 reflects Unassigned Fund Balance, which is available for spending at the government's discretion. The remainder of the fund balance, \$892,257 is Non-spendable, Restricted or Assigned Fund Balances indicating that it is not available for new spending as those dollars have already been committed or are not in spendable form. The Non-spendable Fund Balance of \$70,730 is comprised of inventories and prepayments. The Restricted Fund Balance of \$763,097 pertains to remaining balance of funds received from the collection of Gas Taxes, Transportation Surtax usage, and charitable contributions to the Biscayne Foundation which are restricted for transportation, transit, and foundation related activities and \$58,430 assigned for capital improvements. The total Fund Balances show a net increase of \$298,167 as compared to the prior fiscal year.

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the Government's Funds (Continued)

As a measure of the General Fund's liquidity, it may be useful to compare Unassigned Fund Balance and Total Fund Balance to Total Fund Expenditures. The Unassigned Fund Balance represents 16.3% of total General Fund expenditures, while total fund balance represents 18.2% of that same amount.

A summary of the General Fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance for September 30, 2018 and 2017 is shown below:

Summary of General Fund Balance Sheet
As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>Percent Change</u>
Total assets	\$ 2,568,370	\$ 1,717,789	\$ 850,581	49.52%
Total liabilities and deferred inflows of resources	1,907,073	662,874	1,244,199	187.70%
Nonspendable and restricted	69,379	67,747	1,632	2.41%
Unassigned fund balance	<u>591,918</u>	<u>987,168</u>	<u>(395,250)</u>	-40.04%
Total fund balance	<u>661,297</u>	<u>1,054,915</u>	<u>(393,618)</u>	-37.31%
Total liabilities and fund balance	<u>\$ 2,568,370</u>	<u>\$ 1,717,789</u>	<u>\$ 850,581</u>	49.52%

Summary of General Fund Statement of Revenues,
Expenditures, and Changes in Fund Balance
As of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>Percent Change</u>
Total revenues	\$ 3,194,672	\$ 2,934,726	\$ 259,946	8.86%
Total expenditures	<u>3,628,116</u>	<u>2,868,291</u>	<u>759,825</u>	26.49%
Excess of revenues over expenditures	(433,504)	66,435	1,019,771	1534.99%
Other financing sources (uses)	<u>39,886</u>	<u>25,042</u>	<u>14,844</u>	59.28%
Change in fund balance	(393,618)	91,477	1,034,615	1131.01%
Fund balance, beginning	<u>1,054,915</u>	<u>963,438</u>	<u>91,477</u>	9.49%
Fund balance, ending	<u>\$ 661,297</u>	<u>\$ 1,054,915</u>	<u>\$ (393,618)</u>	-37.31%

Other major governmental funds

The Village has two other major funds, the CITT Fund and Roads Fund. The fund balance at September 30, 2018 for the CITT Fund increased by approximately \$112,123 from 2017 to 2018. The fund balance at September 30, 2018 for the Roads Fund decreased by approximately \$1,959 from 2017 to 2018.

Proprietary funds

The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Sanitation Fund at the end of 2017 totaled a deficit of \$4,148 compared to \$14,298 in 2018, an increase of \$10,150 compared to the prior year. Revenues decreased by \$3,444 from \$486,196 in 2017 to \$482,725 in 2018, representing a decrease of less than 1%. Expenses increased from \$404,731 in 2017 to \$409,353 in 2018, an increase of \$4,622 or 1.1%.

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

General Fund Budgetary Highlights

The final budget expenditures and the actual amounts were over in the building and code enforcement, non-departmental and debt service. The excess expenditure in the departments was largely due to increase in buildings permits issued which increase inspection expenditures, the budgetary comparison schedules and notes to the schedule are presented for the General fund, CITT fund, and the Roads fund on pages 42 to 44 of this report.

Capital assets

The Village of Biscayne Park's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$3,463,734 (net of accumulated depreciation). This investment in capital assets includes Village-owned buildings, land, equipment and other infrastructure (sidewalks and drainage systems). The following table summarizes the components of the Village's investments in capital assets.

Decreases in capital assets during fiscal year 2018 were due primarily to the sale of vehicles during the year. Additional information on the Village's capital assets may be found in Note 6 on page 30 of this report.

Capital Assets as of September 30, 2018 and 2017
(net of depreciation)
Governmental Activities

<u>Classification</u>	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Land	\$ 157,490	\$ 157,490	0.00%
Building	2,287,805	2,352,685	-2.76%
Infrastructure	817,641	846,607	-3.42%
Furniture and equipment	200,798	287,129	-30.07%
Total capital assets	<u>\$ 3,463,734</u>	<u>\$ 3,643,911</u>	-4.94%

Long-term debt

At September 30, 2018, the Village had \$589,146 in long-term debt pertaining to the balance of the loan payable and capital leases. Additional information on the Village's long-term debt may be found in Note 7 on page 31 of this report.

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utility services, etc.) and fees (franchise, building permits, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from the county, state and federal governments.

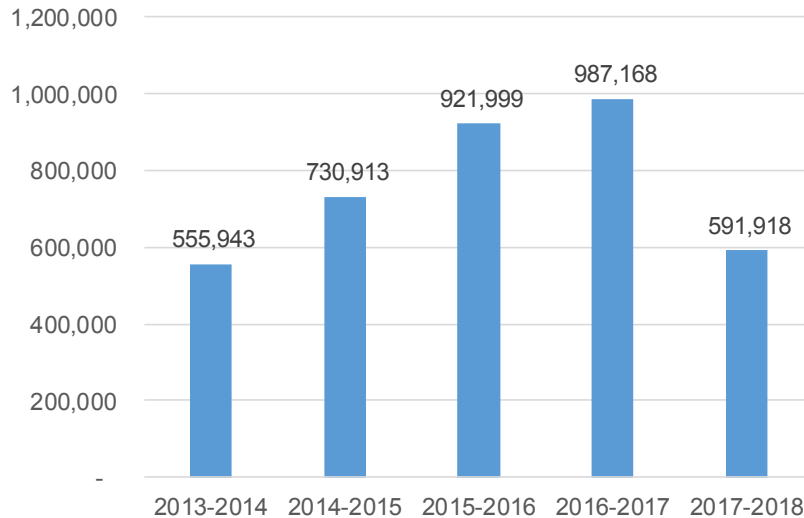
The Village is a residential, single-family community with no commercial component. Property taxes comprise approximately 50% of total general fund revenues. As such, the Village relies heavily on the property values of single-family homes. Property tax revenues increased by \$184,379.

VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Economic Factors and Next Year's Budgets and Rates (Continued)

At September 30, 2018, unassigned fund balance in the General Fund was \$591,918 as compared to unassigned fund balance of \$987,168 in 2017, an increase of \$395,250.

General Fund Unrestricted/Unassigned Surplus
For the Fiscal Years Ended September 30, 2013-2018



Millage rates are limited to 10 mills by state law. The graph below shows the Village of Biscayne Park millage rates from 2012 to 2018. For fiscal year 2017-18, the Village Commission held the millage rate at 9.7 mills, the same rate that was set for the previous fiscal year.

Total Village Millage
For the Fiscal Years Ended September 30, 2013-2018



VILLAGE OF BISCAYNE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Economic Factors and Next Year's Budgets and Rates (Continued)

The Village faces the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect, while at the same time maintaining both its unrestricted surplus and current millage rate. Due to the growth in the property tax roll, the Village was able to maintain the millage rate at the same level as the previous fiscal year at 9.7 mills. The increase in collection of ad valorem revenues was \$184,379 or 11.1% over fiscal year 2017. Expenditures increased from \$2,868,291 in 2017 to \$3,628,116 in 2018, an increase of \$759,825 or 26%.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Department at:

VILLAGE OF BISCAYNE PARK
Finance Department
640 Northeast 114th Street
Biscayne Park, Florida 33161

BASIC FINANCIAL STATEMENTS

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 673,136	\$ -	\$ 673,136
Investments	11,618	-	11,618
Accounts receivable, net	226,206	4,133	230,339
Internal balances	(49,781)	49,781	-
Prepays	70,730	-	70,730
Restricted assets:			
Cash and cash equivalents	795,687	-	795,687
Capital assets:			
Non-depreciable capital assets:			
Land	157,490	-	157,490
Depreciable capital assets:			
Building	2,771,622	-	2,771,622
Furniture and equipment	1,808,760	-	1,808,760
Infrastructure	1,286,184	-	1,286,184
Less: accumulated depreciation	(2,560,322)	-	(2,560,322)
Net depreciable capital assets	3,306,244	-	3,306,244
Total capital assets	3,463,734	-	3,463,734
Total assets	5,191,330	53,914	5,245,244
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	884,712	-	884,712
Total deferred outflows of resources	884,712	-	884,712
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	195,723	68,212	263,935
Accrued payroll and benefits	45,839	-	45,839
Due within one year			
Capital leases	71,373	-	71,373
Note payable	7,537	-	7,537
OPEB Liability	19,358	-	19,358
Compensated absences	31,422	-	31,422
Due in more than one year			
Net pension liability	2,009,624	-	2,009,624
Capital leases	148,031	-	148,031
Note payable	289,463	-	289,463
OPEB Liability	57,383	-	57,383
Compensated absences	94,268	-	94,268
Total liabilities	2,970,021	68,212	3,038,233
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	360,371	-	360,371
Total deferred inflows of resources	360,371	-	360,371
<u>NET POSITION</u>			
Net investment in capital assets	3,148,899	-	3,148,899
Restricted for:			
Transportation	753,202	-	753,202
Unrestricted	(1,156,451)	(14,298)	(1,170,749)
Total net position	\$ 2,745,650	\$ (14,298)	\$ 2,731,352

See notes to basic financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:					
Governmental activities:					
General government	843,162	\$ -	\$ (843,162)	\$ -	\$ (843,162)
Public safety	1,639,305	302,657	(1,336,648)	-	(1,336,648)
Physical environment	1,361,543	-	(1,361,543)	-	(1,361,543)
Culture and recreation	151,870	65,573	(86,297)	-	(86,297)
Interest expense	32,049	-	(32,049)	-	(32,049)
Total governmental activities	<u>4,027,929</u>	<u>368,230</u>	<u>(3,659,699)</u>	<u>-</u>	<u>(3,659,699)</u>
Business-type activity:					
Sanitation	409,353	482,725	-	73,372	73,372
Total primary government	<u>\$ 4,437,282</u>	<u>\$ 850,955</u>	<u>\$ (3,659,699)</u>	<u>\$ 73,372</u>	<u>\$ (3,586,327)</u>
General revenue:					
Property taxes			1,843,149	-	1,843,149
Utility taxes			377,892	-	377,892
Franchise fees			184,213	-	184,213
Intergovernmental (unrestricted)			586,401	-	586,401
Investment and miscellaneous income			107,111	-	107,111
Transfers			83,522	(83,522)	-
Total general revenues and transfers			<u>3,182,288</u>	<u>(83,522)</u>	<u>3,098,766</u>
Change in net position			<u>(477,411)</u>	<u>(10,150)</u>	<u>(487,561)</u>
Net position, beginning, as previously presented			<u>3,033,103</u>	<u>(4,148)</u>	<u>3,028,955</u>
Prior period adjustment (See Note 15)			<u>189,958</u>	<u>-</u>	<u>189,958</u>
Net position, beginning, as restated			<u>3,223,061</u>	<u>(4,148)</u>	<u>3,218,913</u>
Net position, ending			<u>\$ 2,745,650</u>	<u>\$ (14,298)</u>	<u>\$ 2,731,352</u>

See notes to basic financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>Major Funds</u>			<u>Nonmajor</u>	<u>Total</u>
	<u>General Fund</u>	<u>Roads Fund</u>	<u>CITT Fund</u>	<u>Governmental</u>	<u>Governmental</u>
				<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 673,136	\$ -	\$ 752,721	\$ 42,966	\$ 1,468,823
Investments	11,618	-	-	-	11,618
Accounts receivable, net	167,734	13,031	45,441	-	226,206
Due from other funds	1,646,503	579,067	16,025	58,430	2,300,025
Prepays	69,379	1,351	-	-	70,730
Total assets	<u>\$ 2,568,370</u>	<u>\$ 593,449</u>	<u>\$ 814,187</u>	<u>\$ 101,396</u>	<u>\$ 4,077,402</u>
<u>LIABILITIES</u>					
Accounts payable and other current liabilities	\$ 177,194	\$ 1,488	\$ -	\$ -	\$ 178,682
Accrued payroll and benefits	43,277	2,562	-	-	45,839
Other liabilities	17,041	-	-	-	17,041
Due to other funds	1,669,561	386,901	239,755	53,589	2,349,806
Total liabilities	<u>1,907,073</u>	<u>390,951</u>	<u>239,755</u>	<u>53,589</u>	<u>2,591,368</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenues	-	-	22,377	-	22,377
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>22,377</u>	<u>-</u>	<u>22,377</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Prepays	69,379	1,351	-	-	70,730
Restricted for:					
Transportation	-	201,147	552,055	-	753,202
Foundation	-	-	-	9,895	9,895
Assigned for:					
Capital improvements	-	-	-	58,430	58,430
Unassigned	591,918	-	-	(20,518)	571,400
Total fund balances	<u>661,297</u>	<u>202,498</u>	<u>552,055</u>	<u>47,807</u>	<u>1,463,657</u>
Total liabilities and fund balances	<u>\$ 2,568,370</u>	<u>\$ 593,449</u>	<u>\$ 814,187</u>	<u>\$ 101,396</u>	<u>\$ 4,077,402</u>

See notes to basic financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

Fund balances - total governmental funds (page 14) \$ 1,463,657

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 governmental funds.

Governmental capital assets	6,024,056	
Less: accumulated depreciation	<u>(2,560,322)</u>	
		3,463,734

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

Capital Leases	(219,404)	
Loan payable	(297,000)	
Compensated Absences	(125,690)	
OPEB liability	<u>(76,741)</u>	
		(718,835)

Revenue collected outside of the period of availability is not available to pay for current period expenditures and therefore, is a deferred inflow in the funds. 22,377

Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds (2,009,624)

Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting 884,712

Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting (360,371)

(1,485,283)

Net position of governmental activities (Page 13) \$ 2,745,650

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Major Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Roads Fund</u>	<u>CITT Fund</u>		
REVENUES:					
Property taxes	\$ 1,843,149	\$ -	\$ -	\$ -	\$ 1,843,149
Franchise fees	184,213	-	-	-	184,213
Utility taxes	298,662	79,230	-	-	377,892
Charges for services	65,573	-	-	-	65,573
Intergovernmental	401,248	28,961	133,815	-	564,024
Licenses and permits	265,463	-	-	-	265,463
Fines and forfeitures	37,194	-	-	-	37,194
Interest	4,546	-	-	-	4,546
Other	94,624	-	3,092	4,849	102,565
Total revenues	<u>3,194,672</u>	<u>108,191</u>	<u>136,907</u>	<u>4,849</u>	<u>3,444,619</u>
EXPENDITURES:					
General government	708,843	-	-	2,868	711,711
Public safety	1,520,427	-	-	-	1,520,427
Physical environment	1,172,780	128,737	24,784	-	1,326,301
Culture and recreation	138,012	-	-	-	138,012
Capital outlay	2,500	-	-	586	3,086
Debt service:					
Principal	71,617	4,986	-	315,179	391,782
Interest	13,997	188	-	17,864	32,049
Total expenditures	<u>3,628,176</u>	<u>133,911</u>	<u>24,784</u>	<u>336,497</u>	<u>4,123,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(433,504)</u>	<u>(25,720)</u>	<u>112,123</u>	<u>(331,648)</u>	<u>(678,749)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of debt	-	-	-	297,000	297,000
Transfers in	62,261	23,761	-	22,358	108,380
Transfers out	<u>(22,375)</u>	<u>-</u>	<u>-</u>	<u>(2,483)</u>	<u>(24,858)</u>
Total other financing sources (uses)	<u>39,886</u>	<u>23,761</u>	<u>-</u>	<u>316,875</u>	<u>380,522</u>
Net change in fund balances	<u>(393,618)</u>	<u>(1,959)</u>	<u>112,123</u>	<u>(14,773)</u>	<u>(298,227)</u>
Fund Balance, beginning of year	<u>1,054,915</u>	<u>204,457</u>	<u>439,932</u>	<u>62,580</u>	<u>1,761,884</u>
Fund Balance, end of year	<u>\$ 661,297</u>	<u>\$ 202,498</u>	<u>\$ 552,055</u>	<u>\$ 47,807</u>	<u>\$ 1,463,657</u>

See notes to basic financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities (on page 13) are different because:

Net change in fund balances - total governmental funds (page 16)		\$ (298,227)
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Less current year depreciation	<u>(180,176)</u>	(180,176)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase (decrease) net position.		3,191
The issuance of long-term debt (e.g. bonds, leases, notes) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments	391,782	
Issuance of debt	<u>(297,000)</u>	94,782
Revenue collected outside of the period of availability is not available to pay for current period expenditures however it is available to pay long term obligations of the Village.	<u>22,377</u>	22,377
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.		
Change in compensated absences	(25,031)	
Change in OPEB liability	(981)	
Changes in net pension liability and other deferral amounts	<u>(93,346)</u>	(119,358)
Change in net position of governmental activities (page 13)		<u>\$ (477,411)</u>

See notes to basic financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018

	Business-type Activity Enterprise Fund <u>Sanitation</u>
<u>ASSETS</u>	
Current assets:	
Accounts receivable, net	\$ 4,133
Due from other funds	<u>1,170,501</u>
Total current assets	<u>1,174,634</u>
Total assets	<u>1,174,634</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and other current liabilities	68,212
Due to other funds	<u>1,120,720</u>
Total current liabilities	<u>1,188,932</u>
Total liabilities	<u>1,188,932</u>
<u>NET POSITION</u>	
Unrestricted	<u>(14,298)</u>
Total net position	<u>\$ (14,298)</u>

See notes to basic financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activity Enterprise Fund <u>Sanitation</u>
Operating revenues:	
Charges for services	\$ 482,725
Total operating revenues	<u>482,725</u>
Operating expenses:	
Operations and maintenance	<u>409,353</u>
Total operating expenses	<u>409,353</u>
Operating Income	<u>73,372</u>
Contributions and transfers:	
Transfers out	<u>(83,522)</u>
Net contributions and transfers	<u>(83,522)</u>
Change in net position	(10,150)
Net position, beginning of year	<u>(4,148)</u>
Net position, end of year	<u>\$ (14,298)</u>

See notes to basic financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activity Enterprise Fund <u>Sanitation</u>
Cash flows from operating activities:	
Cash received from customers, governments and other funds	\$ (556,394)
Cash paid for interfund services used	1,048,449
Cash paid to suppliers	<u>(408,533)</u>
Net cash provided by operating activities	<u>83,522</u>
Cash flows from non-capital financing activities:	
Transfers out	<u>(83,522)</u>
Net cash (used in) noncapital financing activities	<u>(83,522)</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents, October 1	<u>-</u>
Cash and cash equivalents, September 30	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>73,372</u>
Adjustment to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(110)
Due from other funds	(1,039,009)
Increase (decrease) in:	
Accounts payable	820
Due to other funds	<u>1,048,449</u>
Total adjustments	<u>10,150</u>
Net cash provided by operating activities	<u><u>\$ 83,522</u></u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Village of Biscayne Park, Florida's (the "Village") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Financial Reporting Entity

The Village is a municipal corporation governed by an elected mayor and four-member commission under a Commission-Manager form of government. The Village is located in Miami-Dade County, Florida and was incorporated in 1933. The Village provides the following services to its residents - general government, public safety, building code enforcement, physical environment and culture and recreation.

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39 and 61, 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 primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity to be misleading or incomplete. The Village 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 financial benefits to or impose specific financial burdens on the Village. Based on the application of these criteria, there was one entity evaluated for inclusion in the Village's reporting entity.

Blended Component Unit - Biscayne Park Foundation, Inc. (the "Foundation") is a non-profit foundation created by the Village through passing of Ordinance 2007-08 on April 10, 2007, as its fundraising arm. The Foundation is intended to enhance the Village's opportunities to raise monies through special events, sponsorship, donation and grants exclusively for charitable, educational, and scientific purposes which include raising the educational and social levels of its residents to foster and promote community-wide interest and concern for the history and preservation of the Village. The Foundation is a separate legal entity and is governed by a separate board consisting of three to five members, nominated and appointed by the Village Commission for a term of five (5) years. Currently, the Village Commission serves as the Foundation's governing board. The activity of the Foundation is included as a special revenue fund in the Village's financial statements.

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 activities of the primary government. All interfund activities except interfund services provided and used, have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, utility taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items, such as fines and forfeitures and licenses and permits, are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

General Fund

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

CITT Fund

This fund accounts for the proceeds of revenues from Citizen Independent Transportation Trust (CITT) of Miami Dade that is legally restricted for transportation and transit related activities.

Roads Fund

The Road Fund supplements the work of the Village's Public Works department. The funds are provided by Local Gas Tax revenues. These monies are used in the maintenance and improvement of streets and roads that serve the residents.

The Village reports the following major proprietary fund:

Sanitation Fund

This fund accounts for solid waste fees charged to customers for solid waste services.

Additionally, the Village reports the following nonmajor funds:

Police Forfeiture Fund

Police Forfeiture funds are generated when the Village obtains a final judgement regarding property that was used during the commission of a crime. The police department obtains the value of the property through sale or retention. The use of police forfeiture funds is directed by Florida State Revenues and under the authority of the Police Chief and review by the Village Attorney.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of long-term debt principal and interest.

Capital Improvements Fund

This fund accounts for the capital projects of the Village for designated development areas.

Biscayne Foundation Fund

This fund accounts for the operations of the Biscayne Foundation.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of administrative expense between the General Fund and Sanitation Fund. Elimination of these charges would distort the direct costs and program revenues for various functions concerned.

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

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

D. Pronouncements Implemented in the Current Year

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Deposits and Investments - The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes require all deposits of the Village, including demand deposit accounts, time deposit accounts and money market accounts be held in institutions designated by the Treasurer of the State of Florida as "qualified depositories" and accordingly, are covered by a collateral pool as required by that statute.

Investments for the Village are reported at fair value. The Village's investment in the State Board of Administration Investment Pool is in the Florida Prime. The Florida Prime is considered a SEC 2A-7-like fund, thus reported at its fair value of its position in the pool, which is the same as its value of the pool shares.

2. Receivables and Payables - Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as a "due to/from other funds".

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

All other receivables include amounts due for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred based on the accounting basis required for that fund.

All trade receivables are shown net of an allowance for uncollectible accounts. Allowances for uncollectible receivables are based upon historical trend and the aging of the receivables.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

3. Inventory and Prepaid Items - Inventories of governmental funds, which consist of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased (consumption method). The inventories of supplies, diesel fuel and gasoline are recorded at cost using the moving average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets - Proceeds from police forfeiture funds, transportation tax, local option gas taxes and debt service are classified as restricted in the government wide financial statements and in the Special Revenue Funds, Capital Improvement and Debt Service Fund since these resources are specifically earmarked for law enforcement, transportation, capital projects and debt service purposes only.
5. Property Taxes - Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Village by Miami-Dade County (the County) on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Village.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Village is established by the Village commission and the Miami-Dade County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Village for the fiscal year ended September 30, 2018, was 9.7 mills (\$9.70 per \$1,000 of taxable assessed valuation).

6. Capital Assets - Capital assets, which include land, property, equipment, construction in progress and infrastructure assets (e.g., roads, sidewalks, culverts, light poles, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$750 for equipment 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 market value on the date of donation. 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 they are completed.

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

	<u>Years</u>
Buildings	20-40
Improvements other than buildings	5-10
Infrastructure	5-10
Furniture and equipment	5

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts and a resulting gain or loss is recorded in the government-wide financial statements and proprietary fund financial statements.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

7. 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 represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Village has pension amounts that qualify for reporting in this category on the government-wide statement of net position in the amount of \$884,712.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows of resources (revenue) until that time. The Village has pension amounts that qualify for reporting in this category in the amount of \$360,371.

8. Compensated Absences - It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for these compensated absences is recorded as a long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences that have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement), while the proprietary funds report the liability as it is incurred. For governmental activities, compensated absences are generally liquidated by the General Fund.
9. Long-Term Obligations - In the government-wide financial statements, long-term debt and long-term obligations are reported as liabilities in the statement of net position.
10. Equity Classifications - Equity is classified as net position and displayed in three components:

- Net investment in capital assets
This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position
This classification consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position

This classification consists of all other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

The Village follows GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

- Nonspendable fund balance
Amounts that cannot be spent either because they are not in spendable form (such as inventory) or because they are legally or contractually required to be maintained intact.
- Restricted fund balance
Amounts constrained to specific purposes by their providers (such as granters, Village Code, and higher levels of government), through constitutional provisions, or by enabling legislation.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

- Committed fund balance
Amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Commission) through passing of an ordinance. To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest-level action to remove or change the constraint.
- Assigned fund balance
Amounts the Village intends to use for a specific purpose. Intent can be expressed by the management of the Village.
- Unassigned fund balance
Amounts that are available for any purpose in the general fund, which are not included in any other spendable classifications.

When an expenditure is incurred for the purpose for which both restricted and unrestricted funds are available, the Village considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Commission or Village Manager has provided otherwise in its commitment or assigned actions.

The Village will maintain a minimum unassigned fund balance in the General Fund, at each fiscal year end, ranging from 15% to 20% of the following year's projected budgeted expenditures and outgoing transfers. In any fiscal year where the Village is unable to maintain a 15% minimum level of fund balance as required in this section, the Village manager shall prepare and submit in conjunction with the proposed budget a plan for expenditure reductions and/or revenue increases necessary to restore the minimum requirements. As part of the annual budget process, the Commission will review and if necessary, amend the plan submitted by the Village Manager for restoring the amounts of unassigned fund balance to the required minimum levels. Any deficit in the required minimum amount must be restored no later than the end of the second fiscal year following the occurrence.

11. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, the estimates may ultimately differ from actual results.
12. Pensions - For purposes of measuring Net Pension Liability, deferred outflows of resources, and deferred inflows of resources relating to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Village is subject to various federal, state, and local laws and contractual regulations. Except as reported in the schedule of findings and recommendations, the Village has no material violations of finance-related legal and contractual obligations.

Fund Accounting Requirements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance related requirements, and segregation for management purposes.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Revenue Restrictions - The Village has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas tax	Roads, sidewalks, and streets
Transportation tax	Transportation and roads
Federal forfeitures	Law enforcement

NOTE 3 - DEPOSITS AND INVESTMENTS

Governmental and Proprietary Funds

As of September 30, 2018, the Village's carrying amount of deposits was approximately \$1,458,928. Bank balances before reconciling items were \$1,515,867 at that date, the total of which is collateralized or insured with securities held by the Village or by its agent in the Village's name as discussed below.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All of the Village's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposit Act*. Under this Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level.

The Village's investment policy allows the following investments: U.S. Government obligations, U.S. agency obligation, U.S. instrumentality obligations, Certificate of Deposits, Savings and Loan Association Deposits, Investment-grade obligation of State, provincial and local governments and public authorities, money market mutual funds regulated by Securities and Exchange Commission and whose portfolios consist only of domestic securities, and Local Government Surplus Funds Trust Fund, or any intergovernmental, investment pool authorized through the Florida Interlocal Cooperation Act.

As of September 30, 2018, the Village had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating</u>
State Board of Administration - Florida PRIME	11,618	AAAm
	<u>\$ 11,618</u>	

The State Board of Administration (SBA) administers the Florida PRIME, which is a governmental investment pool governed by Chapter 19-7 of the Florida Administrative Code and Chapter 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village does not have a written policy on interest rate risk since it does not have any investments with long term maturity. The dollar weighted average days to maturity (WAM) of SBA-Florida PRIME at fiscal year-end was 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM. The weighted average life (WAL) a Florida PRIME at September 30, 2018 is 72 days.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Governmental and Proprietary Funds (Continued)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investments in the Florida PRIME (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form. The Florida PRIME is administered by the SBA, who provides regulatory oversight. The Village's investment in the Florida PRIME was rated AAAM by Standard and Poor's as of September 30, 2018.

Concentration of Credit Risk - There are no limits on the amount that may be invested in money market funds or with the SBA.

Custodial Credit Risk - For an investment custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment. The Village's investments in money market funds and the State Board of Administration (SBA) Florida PRIME (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Village's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures our financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements to serve to limit a participant's daily access to 100 percent of their account value.

NOTE 4 - RECEIVABLES/PAYABLES

Receivables

Receivables at September 30, 2018, consisted of franchise fees and other receivables. The Village's receivables at September 30, 2018, were as follows:

	Franchise Fees and Other Taxes	Other	Total
Governmental Funds:			
General Fund	\$ 163,173	\$ 4,561	\$ 167,734
CITT Fund	45,441	-	45,441
Road Fund	-	13,031	13,031
Proprietary Funds:			
Sanitation Fund	4,133	-	4,133
Total Governmental Funds	<u>\$ 212,747</u>	<u>\$ 17,592</u>	<u>\$ 230,339</u>

Payables

Accounts payable and other liabilities at September 30, 2018 were as follows:

	Vendor	Due to Other Governments	Others	Total
Governmental Funds:				
General Fund	\$ 131,451	\$ 2,470	\$ 43,273	\$ 177,194
Roads Fund	-	-	1,488	1,488
Total Governmental Funds	<u>\$ 131,451</u>	<u>\$ 2,470</u>	<u>\$ 44,761</u>	<u>\$ 178,682</u>
Proprietary Funds:				
Sanitation Fund	\$ 68,212	-	-	\$ 68,212
Total Proprietary Funds	<u>\$ 68,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,212</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

Interfund balances as of September 30, 2018, were as follows:

	<u>Payable Fund</u>					
<u>Receivable Fund</u>	<u>General Fund</u>	<u>Road Fund</u>	<u>CITT Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 386,901	\$ 181,325	\$ 1,024,688	\$ 53,589	\$ 1,646,503
Road Fund	483,035	-	-	96,032	-	579,067
CITT Fund	16,025	-	-	-	-	16,025
Sanitation Fund	1,170,501	-	-	-	-	1,170,501
Nonmajor Funds	-	-	58,430	-	-	58,430
	<u>\$ 1,669,561</u>	<u>\$ 386,901</u>	<u>\$ 239,755</u>	<u>\$ 1,120,720</u>	<u>\$ 53,589</u>	<u>\$ 3,470,526</u>

The outstanding balances between funds result mainly from the time lags 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 for fiscal year ended September 30, 2018 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 62,261	\$ 22,375
Roads Fund	23,761	-
Police Forfeiture Fund	-	2,483
Debt Service Fund	22,358	-
Total Governmental Funds	<u>108,380</u>	<u>24,858</u>
Proprietary Funds:		
Sanitation Fund	-	83,522
Total Proprietary Funds	<u>-</u>	<u>83,522</u>
Total Governmental and Proprietary Funds	<u>\$ 108,380</u>	<u>\$ 108,380</u>

Interfund transfers allow for appropriate allocation of resources when one fund is providing resources for another or a project calls for multiple sources of funds. Interfund transfers are used to move unrestricted revenues collected to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 157,490	\$ -	\$ -	\$ 157,490
Total capital assets not being depreciated	<u>157,490</u>	<u>-</u>	<u>-</u>	<u>157,490</u>
Capital assets being depreciated:				
Building	2,771,622	-	-	2,771,622
Infrastructure	1,286,184	-	-	1,286,184
Furniture and equipment	1,808,760	-	-	1,808,760
Total capital assets being depreciated	<u>5,866,566</u>	<u>-</u>	<u>-</u>	<u>5,866,566</u>
Less accumulated depreciation for:				
Building	(418,937)	(64,880)	-	(483,817)
Infrastructure	(439,578)	(28,965)	-	(468,543)
Furniture and equipment	* (1,521,631)	(86,331)	-	(1,607,962)
Total accumulated depreciation	<u>(2,380,146)</u>	<u>(180,176)</u>	<u>-</u>	<u>(2,560,322)</u>
Total capital assets being depreciated, net	<u>3,486,420</u>	<u>(180,176)</u>	<u>-</u>	<u>3,306,244</u>
Governmental activities capital assets, net	<u>\$3,643,910</u>	<u>\$ (180,176)</u>	<u>\$ -</u>	<u>\$ 3,463,734</u>

* The amount presented for accumulated depreciation of furniture and equipment was reduced by \$178,105 due to over depreciation of certain assets.

Depreciation expense for the governmental funds was charged to functions/programs of the Village as follows:

General Government	96,215
Public Safety	63,187
Physical Environment	14,453
Culture and Recreation	6,321
Total Depreciation Expense - Governmental Activities	<u>\$ 180,176</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 - CAPITAL LEASES/LONG-TERM DEBT

Capital leases are those which are determined to have passed substantially all of the risks and benefits of ownership to the lessee. The Village entered into various lease agreements to finance the acquisition of vehicles.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

<u>Fiscal Year End</u>	<u>Governmental Activities</u>
2019	81,601
2020	74,061
2021	55,277
2022	28,885
Total minimum lease payments	239,824
Less: amount representing interest	(20,420)
Present value of minimum lease payments	<u>\$ 219,404</u>

The following schedule shows the leased assets capitalized as of September 30, 2018, by major asset class:

	<u>Capital Assets</u>
Equipment	\$ 431,656
Less: accumulated depreciation for entity-wide	230,231
	<u>\$ 201,425</u>

On May 11, 2015, the Village entered into a bank loan in the amount of \$350,000 for the construction of the Public Safety and Administration Annex and the restoration of the historic Village Hall log cabin. This loan was refinanced on September 21, 2018 with Florida Community Bank. The loan bears interest at a rate of 4.05% and principal and interest payments of \$15,747 are due semi-annually for 12 years. The loan matures on November 1, 2030. The loan is secured by a portion of the Village's Half Cent Sales Tax Revenue from the State of Florida.

The bank loan requires the Village to maintain a Debt Service Fund account to have sufficient funds to pay the semi-annual payments of principal and interest due in connection with the loan.

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 7,537	\$ 8,353	\$ 15,890
2020	20,260	11,520	31,780
2021	21,089	10,691	31,780
2022	21,951	9,829	31,780
2023	22,849	8,931	31,780
2024-2028	129,057	29,843	158,900
2029-2030	74,257	4,546	78,803
	<u>\$ 297,000</u>	<u>\$ 83,713</u>	<u>\$ 380,713</u>

Changes in general long-term debt during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 296,007	\$ -	\$ (76,603)	\$ 219,404	\$ 71,373
Loan payable - City National Bank	315,179	-	(315,179)	-	-
Loan payable - Florida Community Bank	-	297,000	-	297,000	7,537
Compensated absences	100,659	83,746	(58,715)	125,690	31,422
OPEB liability	75,760	9,679	(8,698)	76,741	19,358
Total governmental activities	<u>\$ 787,605</u>	<u>\$ 390,425</u>	<u>\$ (459,195)</u>	<u>\$ 718,835</u>	<u>\$ 129,690</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 8 - RESTRICTED ASSETS

The balances of the restricted cash account in the governmental activities at September 30, 2018 pertain to the following:

<u>Fund</u>	<u>Restricted for</u>	<u>Amount</u>
CITT Fund	Transportation and transit	\$752,721
Police Forfeitures Fund	Public safety	<u>33,071</u>
		<u>\$785,792</u>

NOTE 9 - FLORIDA RETIREMENT SYSTEM

All new hire full-time or part-time employees working in a regularly established position for the Village are automatically enrolled in the statewide Florida Retirement System (FRS), a multiple-employer, cost-sharing defined benefit plan. The FRS is totally administered by the State of Florida. The Village previously made an irrevocable election to participate in the FRS, a state-administered retirement system. All rates, benefits and amendments are established by the State of Florida through its legislative body.

Plan Description

Membership in the FRS is required for all full-time and part-time employees working in regularly established positions for state agencies, county governments, district school boards, state universities, and state community colleges; or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Most Pension Plan members (including renewed members), and State Community College Optional Retirement Program participants may elect to participate in the FRS Investment Plan. Florida Retirement System Pension Plan members who retired and chose to participate in the Deferred Retirement Option Program (DROP) are not eligible to become members of the FRS Investment Plan.

Type of Benefit

The Florida Retirement System Pension Plan (FRS) is a cost-sharing, multiple-employer qualified defined benefit plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by municipalities, special districts, charter schools, and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Average Final Compensation (AFC)

For members initially enrolled in the FRS before July 1, 2011, average final compensation (AFC) is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, AFC is the average of the eight highest fiscal years of salary earned during covered employment.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 - FLORIDA RETIREMENT SYSTEM (CONTINUED)

Average Final Compensation (AFC) (Continued)

The following chart shows the percentage value for each year of service credit earned in relation to the general classes of membership that the Village participates in.

<u>Class, Initial Enrollment, and Retirement Age / Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or with 31 years of service	1.63
Retirement up to age 64 or with 32 years of service	1.65
Retirement up to age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or with 34 years of service	1.63
Retirement up to age 67 or with 35 years of service	1.65
Retirement up to age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
Elected County Officers	
Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge	3.33
Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county official, or elected official of a city or special district that chose EOC membership for its elected officials	3.00
Senior Management Service Class	2.00

Vesting

The system provides for vesting of benefits, regardless of membership class, after six years of creditable service for members who are enrolled on or after July 1, 2001 through June 30, 2011 and eight years of creditable service for members who are enrolled on or after July 1, 2011. Vesting for the FRS Investment Plan occurs when an employee completes one year of service in the FRS Investment Plan.

Service Retirement

Normal retirement age in the regular, senior management service and elected officers' classes is 62 for members enrolled before July 1, 2011 and 65 for members enrolled on or after July 1, 2011. In the special risk service class, normal retirement age is 55 for members enrolled before July 1, 2011 and 60 for members enrolled on or after July 1, 2011. If a member is vested but has not reached normal retirement age, early retirement can be taken. The amount of the retirement benefit will be reduced 5% for each year prior to normal retirement.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 - FLORIDA RETIREMENT SYSTEM (CONTINUED)

Benefits are computed on the basis of age and/or years of service, average final compensation and service credit. The system also provides for death and disability benefits.

State law provides for all eligible FRS members to elect to participate in the Deferred Retirement Option Program (DROP). The DROP allows an employee to retire and defer their monthly retirement benefit to an interest-bearing account, for up to a maximum of sixty months, and to continue employment with the Village. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive payment of the accumulated DROP benefits, and direct receipt, thereafter, of the FRS monthly retirement benefit.

Funding Policy

Contributions to the FRS are made by the Village as a percentage of covered payrolls. Effective July 1, 2012, state law instituted a requirement that employees in all classes make a contribution to the FRS of 3.00% of their covered payroll, in addition to the employer's contribution. The required contribution rates in effect at year end for the Village were 7.92% for regular class employees, 22.71% for senior management service class employees, 23.27% for special risk class employees, and 45.5% for elected officers' class. Additionally, the Village was required to contribute 13.26% for all DROP participants. These rates include the normal cost and unfunded actuarial liability contributions and the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

The contribution requirements of covered payroll and actual contributions made for fiscal year 2018 and the two preceding years were as follows:

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Contribution requirements:			
Employer	\$ 211,036	\$ 146,020	\$ 173,554
Employee	<u>36,702</u>	<u>29,046</u>	<u>33,638</u>
Total contribution requirements	<u>\$ 247,738</u>	<u>\$ 175,066</u>	<u>\$ 207,192</u>
Contributions made (100%)	\$ 247,738	\$ 175,066	\$ 207,192
Total covered payroll	\$ 1,390,050	\$ 1,164,195	\$ 1,226,479
Percent of contributions to total covered payroll	17.8%	15.0%	16.9%

The FRS issues a comprehensive annual financial report including a statement of financial condition, historical and statistical information and an actuarial report. A copy can be obtained from the State of Florida, Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877 -377 -1737
<http://www.dms.myflorida.com>

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 - FLORIDA RETIREMENT SYSTEM (CONTINUED)

Net Pension Liability

The components of the collective net pension liability of all of the participating employers for each defined benefit plan for the measurement date of June 30, 2018, are shown below (in thousands):

	<u>FRS</u>	<u>HIS</u>
Total pension liability (A)	\$ 191,317,399,000	\$ 10,816,575,623
Plan fiduciary net position (B)	<u>(161,196,880,609)</u>	<u>(232,463,369)</u>
Net pension liability (A-B)	<u>\$ 30,120,518,391</u>	<u>\$ 10,584,112,254</u>

Plan fiduciary net position as percentage of total pension liability	84.26%	2.15%
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The total pension liability for each plan was determined by the Plan's actuary and reported in the Plan's valuations dated July 1, 2018. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. Each Plan's fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The Village reported a liability of \$1,621,433 and \$388,191 for HIS for its proportionate share of the net pension liability. The details of the proportionate shares are as follows:

FRS Pension Plan:

Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
\$ 132,282	0.005081407%	\$ 153,415	0.005383150%	\$ 1,503,562	\$ 1,621,433

FRS Retiree Health Insurance Subsidy (HIS) Program:

Employer Contribution for Pension Plan Funding for Prior Period	Proportion at Prior Measurement Date	Employer Contribution for Pension Plan Funding for Current Period	Proportion at Current Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Prior Measurement Date	Employer Proportionate Share of Net Pension Liability/(Asset) at Measurement Date
\$ 17,175	0.003245270%	\$ 19,890	0.003667674%	\$ 346,999	\$ 388,191

Basis of Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions for employers that were members of the FRS and HIS during fiscal years 2016/2017 and 2017/2018. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 - FLORIDA RETIREMENT SYSTEM (CONTINUED)

Basis of Allocation (Continued)

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense. For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported, and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2017, using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2018:

For HIS, the total pension liability is calculated on a single equivalent discount rate as required by GASB Statement No. 67. The discount rate used was updated from 3.58% to 3.87% reflecting the change during the fiscal year in the Bond Buyer General Obligation 20-year Bond municipal bond index. That index was originally approved for use in HIS GASB 67 calculation by the FRS Actuarial Assumption Conference.

In general, the discount rate for calculating the total pension liability under GASB 67 is equivalent to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go-basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rates used at the two dates differ due to changes in the applicable municipal bond rate.

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 - FLORIDA RETIREMENT SYSTEM (CONTINUED)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017, the FRS Actuarial Assumptions' conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which provides consulting for the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u> ¹	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
	<u>100%</u>			

Assumed inflation-Mean 2.6% 1.9%

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

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2018.

FRS Pension Plan:

	FRS		
	1% Decrease	Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Total pension liability	\$ 11,636,653	\$ 10,298,903	\$ 9,187,822
Less: fiduciary net position	<u>8,677,470</u>	<u>8,677,470</u>	<u>8,677,470</u>
Net pension liability	<u>\$ 2,959,183</u>	<u>\$ 1,621,433</u>	<u>\$ 510,352</u>

FRS Retiree Health Insurance Subsidy (HIS) Program:

	HIS		
	1% Decrease	Current	1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total pension liability	\$ 450,653	\$ 396,717	\$ 351,758
Less: fiduciary net position	<u>8,526</u>	<u>8,526</u>	<u>8,526</u>
Net pension liability	<u>\$ 442,127</u>	<u>\$ 388,191</u>	<u>\$ 343,232</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 - FLORIDA RETIREMENT SYSTEM (CONTINUED)

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized as pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments - amortized over five years. Contributions to the pension plans from employers are not included in collective pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2018, was 6.4 years for FRS and 7.2 years for HIS. The pension expense recognized during the year by the Village amounted to \$278,076 and \$28,884 for FRS and HIS respectively.

The components of deferred outflows and inflows of resources schedules for the fiscal year ended September 30, 2018, are presented below for each plan.

FRS Pension Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in:		
Contributions, subsequent to measurement date	\$ 50,161	\$ -
Assumptions/inputs	529,805	-
Projected/actual earnings	-	(125,275)
Experience expected/actual	137,360	(4,986)
Changes in proportion, NPL	72,806	(125,251)
	<u>\$ 790,132</u>	<u>\$(255,512)</u>
HIS Program		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in:		
Contributions, subsequent to measurement date	\$ 6,374	\$ -
Assumptions/inputs	43,172	(41,043)
Projected/actual earnings	234	-
Experience expected/actual	5,943	(660)
Changes in proportion, NPL	38,857	(63,156)
	<u>\$ 94,580</u>	<u>\$(104,859)</u>
Total Deferred outflows and inflows of resources FRS & HIS:	<u>\$ 884,712</u>	<u>\$(360,371)</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 9 - FLORIDA RETIREMENT SYSTEM (CONTINUED)

Pension Expense and Deferred Outflows/(Inflows) of Resources

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<u>Fiscal Year End</u>	<u>FRS Expense</u>	<u>HIS Expense</u>
2019	\$ 192,552	\$ (825)
2020	128,725	(844)
2021	9,309	(3,168)
2022	79,980	(5,349)
2023	61,142	(9,300)
Thereafter	12,751	2,833
Total	<u>\$ 484,459</u>	<u>\$ (16,653)</u>

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Village of Biscayne Park provides health insurance benefits to its retired employees through a single-employer plan administered by the Village. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Village or its major component unit and eligible dependents, may continue to participate in the Village's fully-insured benefit plan for medical and prescription drug insurance coverage. The Village subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a retiree's lifetime (or until such time at which retiree discontinues coverage under the Village sponsored plans, if earlier).

Funding Policy

Currently, the Village's Other Post-Employment Benefits are unfunded. That is, the Village Council has not determined if a separate Trust Fund or equivalent arrangement will be established into which the Village would make contributions to advance-fund the obligation. For the fiscal year ending September 30, 2018, there were no retirees or dependents receiving other postemployment benefits. Consequently, the Village made no actual contributions towards the annual OPEB cost. Current and future retirees are required to pay 100% of the blended premium to continue coverage under the Village's group health insurance program.

Total OPEB Liability

The Village's total OPEB liability of \$76,741 was measured as of September 30, 2017, and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Balance at 9/30/2016	<u>\$ 75,760</u>
Changes for the year:	
Service cost	7,209
Interest on the total OPEB liability	2,470
Changes in assumptions or other inputs	(2,121)
Benefit payments	(6,577)
Net changes	<u>981</u>
Balance at 9/30/2017	<u>\$ 76,741</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of Total OPEB Liability

The following presents the plan's total OPEB liability, calculated using a discount rate of 3.50%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease	Current Discount Rate Assumption	1% Increase
<u>(2.50%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
\$ 81,123	\$ 76,741	\$ 71,358

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
<u>\$ 68,996</u>	<u>\$ 76,741</u>	<u>\$ 85,098</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets. Since the plan is currently unfunded, the net OPEB liability is equal to the total OPEB liability.

The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, not including the impact of employer contributions, adjusted for deferred recognition of the liability.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan provisions (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As authorized by GASB Statement No. 75, the Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring the costs and liabilities.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Methods and Assumptions

The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	
Inflation	2.50%
Discount Rate	3.50%
Salary Increases	5.00%
Retirement Age	Earliest age eligible for normal retirement under the Florida Retirement System for Regular Class Members. If the employees had already attained their normal retirement age as of the time this calculation
Mortality	RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.
Healthcare Cost Trend Rates	7.00% for FY beginning 2018, 6.50% for FY beginning 2019 and then gradually decreasing to an ultimate trend rate of 4.25%.
Other Information:	
Notes	Changes in assumptions and other inputs include the change in the discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability.
	There were no benefit changes during the year.

NOTE 11 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village has joined with other municipalities in the State participating in the Florida League of Cities Municipal Self Insurance Program, (the Program) a public entity risk pool currently operating as a common risk management and insurance program. The inter-local agreement with the Florida League of Cities Municipal Self Insurance Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies. During the past three years, the Village has not incurred any significant claims nor have there been any significant reductions in coverage.

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 12 - CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Village. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

Lawsuits

The Village is a defendant in various suits and claims incidental to its operations, all of which were filed against the Village during the fiscal year 2018 that is covered by these financial statements. As of the date of these financial statements and based on the facts as the Village Attorney presently knows them and without investigation, the ultimate outcome and effect on the Village - including the amount or range of potential loss to the Village if any - cannot be estimated at this time.

NOTE 13 - COMMITMENTS

On June 2, 2014, the Village entered into an agreement with Waste Pro of Florida, Inc. for solid waste and recycling collection services to be provided to the Village. The initial term of the agreement is five years, and the term may be extended for up to two additional five-year terms. The terms of the agreement grant Waste Pro exclusive franchise and the sole obligation to operate and maintain comprehensive garbage, trash and other refuse collection including roll-off and removal system and service as well as recycling collection systems for residential customers in and for the Village. In exchange, Waste Pro agrees to pay the Village an 11 % franchise fee, which was adjusted on October 1, 2016 and each subsequent year based on Consumer Price Index changes and the Fuel Index as specified in the agreement. The total rate increase in a given year shall be capped at 5%. Waste pro will also share 20% of recycling rebates derived from the sale of recyclables with the Village.

NOTE 14 - DEFICITS IN FUND BALANCE

At September 30, 2018 the Police Forfeiture Fund had a deficit fund balance of \$20,518. The Village expects to fund this deficit with transfers from the General Fund in subsequent years.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

During the fiscal year 2018, the Village recorded prior period adjustments to correct revenues recorded in the incorrect period and corrections made to the beginning balances of accounts receivable, prepaid expenses, and accounts payable.

	<u>Governmental</u> <u>Activities</u>
Net position, beginning, as previously reported	\$ 3,033,103
Correction of accumulated depreciation	178,125
Restatement of OPEB opening balance due to implementation of GASB 75	11,833
Net position, beginning, as restated	<u>\$ 3,223,061</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/(Negative)</u>
Revenues:				
Property taxes	\$ 1,798,676	\$ 1,798,676	\$ 1,843,149	\$ 44,473
Franchise fees	153,000	153,000	184,213	31,213
Utility taxes	278,100	278,100	298,662	20,562
Intergovernmental	373,520	373,520	401,248	27,728
Licenses and permits	70,300	70,300	265,463	195,163
Fines and forfeitures	11,500	11,500	37,194	25,694
Charges for services	18,500	18,500	65,573	47,073
Other	40,550	40,550	99,170	58,620
Total revenues	<u>2,744,146</u>	<u>2,744,146</u>	<u>3,194,672</u>	<u>450,526</u>
Expenditures:				
Current				
General government				
Village Commission	23,818	23,818	20,169	(3,649)
Administration	<u>720,082</u>	<u>720,082</u>	<u>688,674</u>	<u>(31,408)</u>
Total general government	<u>743,900</u>	<u>743,900</u>	<u>708,843</u>	<u>(35,057)</u>
Public safety				
Police	1,150,113	1,150,113	1,231,781	81,668
Building and code enforcement	186,367	186,367	288,646	102,279
Physical environment	331,576	331,576	1,172,780	841,204
Culture and recreation	154,418	154,418	138,012	(16,406)
Debt service				
Principal	-	-	71,617	71,617
Interest	-	-	13,997	13,997
Capital Outlay	<u>32,500</u>	<u>32,500</u>	<u>2,500</u>	<u>(30,000)</u>
Total expenditures	<u>2,598,874</u>	<u>2,598,874</u>	<u>3,628,176</u>	<u>1,029,302</u>
Excess (deficiency) of revenues over (under) expenditures	145,272	145,272	(433,504)	(578,776)
Other financing sources (uses):				
Transfers in	59,761	59,761	62,261	2,500
Transfers out	<u>-</u>	<u>-</u>	<u>(22,375)</u>	<u>(22,375)</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>205,033</u>	<u>205,033</u>	<u>(393,618)</u>	<u>(598,651)</u>
Fund balance appropriated	<u>(205,033)</u>	<u>(205,033)</u>	<u>-</u>	<u>205,033</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(393,618)</u>	<u>(393,618)</u>
Fund Balance, beginning of year			<u>1,054,915</u>	
Fund Balance, end of year			<u>\$ 661,297</u>	

See note to budgetary comparison schedules

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CITT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/(Negative)</u>
Revenues:				
Intergovernmental	128,006	128,006	133,815	5,809
Other income	-	-	3,092	3,092
Total revenues	<u>128,006</u>	<u>128,006</u>	<u>136,907</u>	<u>8,901</u>
Expenditures:				
Current:				
Physical environment	<u>128,006</u>	<u>128,006</u>	<u>24,784</u>	<u>(103,222)</u>
Total expenditures	<u>128,006</u>	<u>128,006</u>	<u>24,784</u>	<u>(103,222)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>112,123</u>	<u>112,123</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	<u>-</u>	<u>-</u>	<u>112,123</u>	<u>112,123</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>112,123</u>	<u>112,123</u>
Fund Balance, beginning of year			<u>439,932</u>	
Fund Balance, end of year			<u>\$ 552,055</u>	

See note to budgetary comparison schedules

VILLAGE OF BISCAYNE PARK, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROADS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/(Negative)</u>
Revenues:				
Gas Taxes	\$ 81,495	\$ 81,495	\$ 79,230	\$ (2,265)
Intergovernmental	24,096	24,096	28,961	4,865
Other Income	-	-	-	-
Total revenues	<u>105,591</u>	<u>105,591</u>	<u>108,191</u>	<u>2,600</u>
Expenditures:				
Current:				
Physical environment	129,352	129,352	128,737	(615)
Debt service				
Principal	-	-	4,986	4,986
Interest	-	-	188	188
Total expenditures	<u>129,352</u>	<u>129,352</u>	<u>133,911</u>	<u>4,559</u>
Excess (deficiency) of revenues over (under) expenditures	(23,761)	(23,761)	(25,720)	(1,959)
Other financing sources (uses):				
Transfers in	<u>23,761</u>	<u>23,761</u>	<u>23,761</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	<u>-</u>	<u>-</u>	<u>(1,959)</u>	<u>(1,959)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(1,959)</u>	<u>(1,959)</u>
Fund Balance, beginning of year			<u>204,457</u>	
Fund Balance, end of year			<u>\$ 202,498</u>	

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for all of the Village's governmental funds and the enterprise fund on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year-end.

The Village follows the State of Florida Statutes and its charter in establishing the budgetary data reflected in the financial statements. The budget process is as follows:

- a. The Village Manager prepares a budget showing the cost of each department for each budget year. Prior to the Commission's first public hearing on the proposed budget required by state law, the Village Manager issues a budget summary setting forth the proposed cost of each individual department and reflecting the personnel for each department, the purposes therefore, and the amount of any contingency and carryover funds. The Commission shall by ordinance adopt the annual budget on or before the last day of September.
- b. *Supplemental appropriations.* If, during any fiscal year, revenues in excess of those estimated in the annual budget are available for appropriation, the Commission may by ordinance make supplemental appropriations for the fiscal year up to the amount of such excess.
- c. *Reduction of appropriations.* If, at any time during the fiscal year, it appears probable to the Village Manager that the revenues available will be insufficient to meet the amounts appropriated, she/he shall report to the Commission in writing without delay, indicating the estimated amount of the deficit, and his/her recommendations as to the remedial action to be taken. The Village Commission shall then take such action, as it deems appropriate, to prevent any deficit spending not covered by adequate unappropriated financial resources including reserves.
- d. The Village's department heads recommend transfers of appropriations within a department with approval of the Village Manager and Finance Director.
- e. Transfers of appropriations between departments require the additional approval of the Commission. The legal level of budgetary control (i.e. the level at which expenditures may not exceed appropriations) is the department level for the general fund and the fund level for all other funds.

During the fiscal year, the Village Commission approved by ordinance several budget changes on the department level.

Expenditures exceeded the budget in the General Fund for the fiscal year ended September 30, 2018 for the following department level, which is the legally controlled level of appropriations:

<u>General Fund</u>	<u>Budget</u>	<u>Actual</u>	Amount in Excess <u>of Final Budget</u>
Police Department	\$ 1,150,113	\$ 1,231,781	\$ 81,668
Building and code enforcement	186,367	288,646	102,279
Physical environment	331,576	1,172,780	841,204

The excess expenditure in the departments listed above were funded by available fund balance.

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Village's proportion of the net pension liability	0.005383150%	0.005081407%	0.006162631%	0.005796350%	0.00590023%
The Village's proportionate share of the net pension liability	\$ 1,621,433	\$ 1,503,046	\$ 1,556,069	\$ 748,676	\$ 360,001
The Village's covered payroll	1,390,050	1,034,429	1,226,479	1,232,576	1,287,457
The Village's proportionate share of the net pension liability as a percentage of its covered payroll	116.65%	145.30%	126.87%	60.74%	27.96%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

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

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 153,415	\$ 132,282	\$ 173,554	\$ 170,111	\$ 154,243
Contributions in relation to the contractually required contribution	<u>(153,415)</u>	<u>(132,282)</u>	<u>(173,554)</u>	<u>(170,111)</u>	<u>(154,243)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Village's covered payroll	1,390,050	\$ 1,034,429	\$ 1,226,479	\$ 1,232,576	\$ 1,287,457
Contributions as a percentage of covered payroll	11.04%	12.79%	14.15%	13.80%	11.98%

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

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Village's proportion of the net pension liability	0.003667674%	0.003245270%	0.003945825%	0.004124158%	0.004213250%
The Village's proportionate share of the net pension liability	\$ 388,191	\$ 346,999	\$ 459,870	\$ 748,676	\$ 360,001
The Village's covered payroll	1,390,050	1,034,429	1,226,479	1,232,576	1,287,457
The Village's proportionate share of the net pension liability as a percentage of its covered payroll	27.93%	33.54%	37.50%	60.74%	27.96%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN
SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,890	\$ 17,175	\$ 33,638	\$ 35,805	\$ 35,991
Contributions in relation to the contractually required contribution	<u>(19,890)</u>	<u>(17,175)</u>	<u>(33,638)</u>	<u>(35,805)</u>	<u>(35,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Village's covered payroll	\$ 1,390,050	\$ 1,034,429	\$ 1,226,479	\$ 1,232,576	\$ 1,287,457
Contributions as a percentage of covered payroll	1.43%	1.66%	2.74%	2.90%	2.80%

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

VILLAGE OF BISCAYNE PARK, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SEPTEMBER 30, 2018

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 7,209
Interest	2,470
Changes of assumptions or other inputs	(2,121)
Benefit payments	<u>(6,577)</u>
Net change in total OPEB liability	\$ 981
Total OPEB liability-beginning	<u>75,760</u>
Total OPEB liability-ending	<u>\$ 76,741</u>
Covered-employee payroll	\$ 1,172,631
Total OPEB liability as a percentage of covered-employee payroll	6.54%

Notes to Schedule:

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

SUPPLEMENTARY INFORMATION

VILLAGE OF BISCAYNE PARK, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Police Forfeiture Fund	Debt Service	Capital Improvements Fund	Biscayne Foundation Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 33,071	\$ -	\$ -	\$ 9,895	\$ 42,966
Due from other funds	-	-	58,430	-	58,430
Total assets	<u>\$ 33,071</u>	<u>\$ -</u>	<u>\$ 58,430</u>	<u>\$ 9,895</u>	<u>\$ 101,396</u>
<u>LIABILITIES</u>					
Due to other funds	53,589	-	-	-	53,589
Total liabilities	<u>53,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,589</u>
<u>FUND BALANCES</u>					
Restricted for:					
Foundation	\$ -	\$ -	\$ -	\$ 9,895	\$ 9,895
Assigned for:					
Capital Improvements	-	-	58,430	-	58,430
Unassigned	(20,518)	-	-	-	(20,518)
Total fund balances	<u>(20,518)</u>	<u>-</u>	<u>58,430</u>	<u>9,895</u>	<u>47,807</u>
Total liabilities and fund balances	<u>\$ 33,071</u>	<u>\$ -</u>	<u>\$ 58,430</u>	<u>\$ 9,895</u>	<u>\$ 101,396</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICIT) - NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Police Forfeiture Fund	Debt Service	Capital Improvements Fund	Biscayne Foundation Fund	Total Nonmajor Governmental Funds
Revenues:					
Other	\$ 150	\$ -	\$ -	\$ 4,699	\$ 4,849
Total revenues	<u>150</u>	<u>-</u>	<u>-</u>	<u>4,699</u>	<u>4,849</u>
Expenditures:					
Current:					
General government:	102	604	-	2,162	2,868
Capital Outlay	-	-	-	586	586
Debt service:					-
Principal	-	315,179	-	-	315,179
Interest	-	17,864	-	-	17,864
Total expenditures	<u>102</u>	<u>333,647</u>	<u>-</u>	<u>2,748</u>	<u>336,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48</u>	<u>(333,647)</u>	<u>-</u>	<u>1,951</u>	<u>(331,648)</u>
Other financing sources (uses):					
Proceeds from debt issuance	-	297,000	-	-	297,000
Transfers in	-	22,358	-	-	22,358
Transfers out	(2,483)	-	-	-	(2,483)
Total other financing sources (uses)	<u>(2,483)</u>	<u>319,358</u>	<u>-</u>	<u>-</u>	<u>316,875</u>
Net change in fund balances	<u>(2,435)</u>	<u>(14,289)</u>	<u>-</u>	<u>1,951</u>	<u>(14,773)</u>
Fund balances, beginning	<u>(18,083)</u>	<u>14,289</u>	<u>58,430</u>	<u>7,944</u>	<u>62,580</u>
Fund balances, ending	<u>\$ (20,518)</u>	<u>\$ -</u>	<u>\$ 58,430</u>	<u>\$ 9,895</u>	<u>\$ 47,807</u>

COMPLIANCE SECTION



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

To the Honorable Mayor, Village Commission, and Village Manager
Village of Biscayne Park, 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 Village of Biscayne Park, Florida (the "Village"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 26, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses costs as item 2015-01 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the schedule of findings and responses as items 2017-03 and 2018-01 to be significant deficiencies.

Compliance and Other Matters

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

The Village's Responses to Findings

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2019

VILLAGE OF BISCAYNE PARK, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

PRIOR YEAR FINDINGS AND STATUS

FINANCIAL STATEMENTS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2017 schedule of findings and responses:

Matters that are not repeated in the accompanying schedule of findings and responses:

- 2016-01 Journal Entries
- 2016-02 Bank Reconciliations
- 2017-01 Network Login Passwords
- 2017-02 Offsite Backup
- 2017-04 Florida Retirement System Contributions

Matters that are repeated in the accompanying schedule of findings and responses:

- 2015-01 Financial Accounting and Reporting (modified and repeated)
- 2017-03 Improper Systems Access (modified and repeated)

VILLAGE OF BISCAYNE PARK
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

I. Current Year Financial Statement Findings and Recommendations

Material Weakness

2015-01 Financial Accounting and Reporting

Criteria:

Internal control policies should be in place to ensure the completeness and proper accounting of accounts receivable, capital assets, and debt.

Condition:

Several instances of transactions that were not properly recorded in the general ledger were identified during the 2018 fiscal year audit. There was a lack of preparation of reconciliations of the account balances affected by the improperly recorded transactions, which resulted in misstatements in several account balances. The following errors were detected and corrected during the annual audit:

- 1) The cost and accumulated depreciation balances of capital assets were not properly stated primarily as a result of failure to properly record disposals of capital assets that occurred during the year. Depreciation expense was also recorded incorrectly as a result of the errors in the capital asset balances.
- 2) The accounts receivable balance was not properly stated as a result of failure to record the correct amounts of ad valorem tax revenue, CITT revenue, and Half Cent Tax revenue in addition to amounts to be recorded as deferred inflows of resources.
- 3) A debt issuance that occurred during the year was not properly recorded in the governmental funds for the refinancing of a note. Additionally, principal payments for the year were understated.

Cause:

Improper controls in place to keep track of receivables, capital assets, and debt to ensure timely reporting and accuracy.

Effect:

The possibility of inaccurate account balances for accounts receivable, capital assets, and debt in addition to governmental funds balances being potentially misstated due to improperly recorded capital outlay.

Recommendation:

We recommend that the Village perform an in-depth review of the Village's internal controls over financial reporting and implement the necessary changes to prevent or detect material misstatements in the financial statements in a timely manner. We recommend the Village review capital asset records to provide a more accurate detail of capital assets. We also recommend management to implement proper closing procedures to ensure all supporting schedules agree to the general ledger.

Views of Responsible Officials and Planned Corrective Action:

Management disagrees with the auditor's assessment that the Village perform an in-depth review of the Villages internal controls to prevent material misstatements in the financial statements. This statement overstates the impact to the Governmental Fund financial portion of the annual audit report, mischaracterizes the nature of the transactions and minimizes the tremendous progress the Village has made improving their Finance Department.

VILLAGE OF BISCAYNE PARK
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

2015-01 Financial Accounting and Reporting (Continued)

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

The entire comment is based upon less than 10 financial transactions out of the thousands recorded throughout the typical fiscal year summarized as follows:

- 1.) The capital assets disposed were two trucks sold at auction for less than \$10,000 and no impact to the Governmental Fund financials only Government-Wide financials.
- 2.) Represents four deposits, majority made months after year end that auditor recorded as Deferred Revenue in Fiscal Year 2018 or actual revenue for Fiscal Year 2019.
- 3.) Two days prior to the end of the fiscal year, the Village refinanced their existing note for which no cash was received or paid in order to complete the financial transaction. The net impact to the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances was \$18,179 compared to \$4.5M in total Expenditures and Other Financing Sources (Uses) for the fiscal year.

Management does agree with the auditor that further review of capital asset records is required and will be making recommendations to accomplish this task. Also, not mentioned in this report for the first time in 3 years the Village's Annual Audit Report will be finalized within the statutory deadline.

Significant Deficiencies

2017-03 Improper Systems Access

Criteria:

Access levels should be consistent with employee titles and the access levels of terminated employees should also be terminated.

Condition:

During the performance of Information Technology (IT) walkthrough procedures for employee access levels, CFLG noted several instances where the access levels of several employees were either outdated or not consistent the access needed for their applicable titles. The computer access for past employees were not deleted and employees from one department had access to another department's portal.

Cause:

Improper controls in place in relation to systems access within the Village.

Effect:

There is an increased likelihood of fraud if proper access levels are not maintained because current employees have the ability to sign on to a section of the system for which they are not responsible, and terminated employees present a threat to the operations of the Village in the event they become disgruntled. Additionally, this could pose a threat of material misstatement due to fraud or misuse.

Recommendation:

CFLG recommends having a comprehensive initial review and subsequent periodic reviews of employee access levels to preserve the integrity of the data within the computer system and to minimize the potential for fraudulent activity. This review should be performed by the Village Manager and signed by the responsible parties as appropriate.

View of Responsible Officials and Planned Corrective Actions:

Management has resolved this finding in May 2019. All access granted to former employees has been revoked and processes have been put in place to ensure this happens immediately upon termination going forward.

VILLAGE OF BISCAYNE PARK
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

2018-01 Procurement

Criteria:

The Village should follow its procurement policy for purchases and obtain the required quotes/bids as required.

Condition:

During the performance of planning procedures for cash disbursements, we noted instances where the Village was not following its procurement policies.

- 1) Per Village policy, 3 quotes must be obtained for purchases over \$2,500. We noted one purchase that did not have any evidence of 3 quotes being obtained prior to making the purchase.
- 2) Per Village policy a formal bidding process is to be followed for purchases exceeding \$10,000. We noted an instance where no evidence of an RFP process.

Cause:

Improper controls in place to ensure the Village adheres to their procurement policy that review of purchases and those requiring bidding has been appropriately performed.

Effect:

There is an increased likelihood of fraud or misuse of funds due to improper review of purchases.

Recommendation:

CFLG recommends the implementation of controls to ensure that appropriate review and approval occurs with all purchases including those requiring a formal bidding process to ensure compliance with the Village's procurement policy.

View of Responsible Officials and Planned Corrective Action:

Management notes these findings were isolated incidents.

- 1) This finding was purchases for the annual Winterfest event. A portion was offset with a donation.
- 2) In May 2017, the Building Official went on a month's vacation. To fill in for him temporarily, the Village contracted another Building Official who was certified as the temporary Building Official for the Village. In late June 2017, the former Building Official formally resigned and the temporary Building Official was kept as Interim Building Official until an RFP could be issued and a new company was hired as the permanent Building Official. Hurricane Irma hit in September 2017, resulting in a delay issuing the RFP, but this was an isolated incident.

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

To the Honorable Mayor, Village Commission, and Village Manager
Village of Biscayne Park, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Village of Biscayne Park, Florida (the "Village"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 26, 2019.

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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Summary Schedule of Prior Audit Findings, Schedule of Findings and Responses; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated June 26, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address the recommendations made in the preceding annual financial audit report and therefore the findings are repeated as items 2015-01 and 2017-03. See summary schedule of prior audit findings for additional details.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 and other granting agencies, the Village Commission and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2019



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

To the Honorable Mayor, Village Commission, and Village Manager
Village of Biscayne Park, Florida

We have examined the Village of Biscayne Park's (the "Village") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018. Management of the Village is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Village's compliance with specified requirements. In our opinion, the Village complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2019