

VILLAGE OF KEY BISCAYNE, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2021



VILLAGE OF KEY BISCAYNE, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Prepared by:

THE FINANCE DEPARTMENT

VILLAGE OF KEY BISCAYNE, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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INTRODUCTORY SECTION



VILLAGE OF KEY BISCAIYNE

Village Council

Michael W. Davey, *Mayor*

Brett Moss, *Vice Mayor*

Frank Caplan

Luis Lauredo

Edward London

Allison McCormick

Ignacio J. Segurola

Village Manager

Steven C. Williamson

March 31, 2022

To the Honorable Mayor, Members of the Village
Council and Citizens of the Village of Key Biscayne:

Florida Statutes require that all units of local government publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States and audited in accordance with auditing standards generally accepted in the United States and in accordance with Government Auditing Standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby present the Annual Comprehensive Financial Report (ACFR) of the Village of Key Biscayne for the fiscal year ended September 30, 2021.

This report consists of management's representation concerning the finances of the Village of Key Biscayne. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this Report. To provide a reasonable basis for making these representations, management of the Village of Key Biscayne has established a comprehensive internal framework that is designed both to protect the Village's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Key Biscayne's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village of Key Biscayne's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The firm of Marcum LLP, licensed certified public accountants has audited the Village of Key Biscayne's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Village of Key Biscayne for the fiscal year ended September 30, 2021 are free of material misstatements.



VILLAGE OF KEY BISCAIYNE

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Village of Key Biscayne's financial statements for the fiscal year ended September 30, 2021 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village of Key Biscayne's MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The Village of Key Biscayne, incorporated in 1991, is located on the southernmost barrier island of the United States, Miami-Dade County, Florida approximately 7.5 miles off the coast of Miami, Florida. The Village of Key Biscayne occupies a land area of 1.25 square miles situated between Crandon Park and Bill Baggs State Recreation Area. The Village serves a population of approximately 14,800. The Village of Key Biscayne receives tax levies on real and personal property located inside its boundaries.

The Village of Key Biscayne operates under the council-manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the mayor and six other council members. The Council is responsible for, among other things, passing ordinances and resolutions, adopting the annual budget, appointing the Village Manager, the Village Clerk, and the Village Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the daily operations of the government, and for appointing the heads of various departments.

The Village of Key Biscayne offers a wide range of services, including police; fire and emergency medical service; public works; a full-service building, planning and zoning department; parks and recreation activities; solid waste collection; and a comprehensive storm water management system. Certain other services are provided through the Miami Dade County Public Schools and through Miami-Dade County. The County provides library, water and sewer, and public transportation, among other services.



VILLAGE OF KEY BISCAIYNE

The annual budget serves as a foundation for the Village of Key Biscayne’s financial planning and control. All departments of the Village are required to submit requests for appropriations to the Village Manager and these requests are the initiation of developing the proposed budget. The Village Manager then presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Village’s fiscal year. The appropriated budget is prepared by fund and department. No department may legally expend in excess of the amount appropriated for that department within an individual fund. The Village Manager may make transfers of appropriations within a department. Transfers of appropriations between departments or funds require the approval of the Village Council. The Village Council approves supplemental appropriations. Budget to actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted. The general fund, budget to actual report, is presented in the required supplementary information section of this report.

Local Economy

The Village of Key Biscayne enjoys a favorable economic environment and local indicators point to continued future stability. This exclusive community is comprised of well-educated and involved citizens who take a genuine interest in the social, business, cultural and governing aspects of their Village. The Village is comprised of affluent exclusive residential housing stock and shopping centers. There is no industrial area in the community.

Expenditures / Long-Term Financial Planning

The Village utilizes a comprehensive living projection five years into the future to assess revenue trends and expenditure needs to assure a balanced stable financial program avoiding millage rate increases while addressing the various goals and objectives of the community. Additionally, the Village has modified its 5-Year Capital Plan by prioritizing needs based on its expected available resources determined by its 5-Year financial forecast. This effort is also identifying capital purchases that will be needed to continue its critical core public safety services, as well as other departmental needs.

The Village has been able to withstand the economic and operational impacts of the outbreak of coronavirus known as COVID-19. The duration and full impacts of the business and social disruptions of COVID-19 are yet unknown and could result in a downturn on the local, state, and global economies. Through the prior economic downturn, The Village maintained its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs and maintain its committed emergency fund balance.



VILLAGE OF KEY BISCAIYNE

Financial Policies

The Village of Key Biscayne has policies on Debt Limitation, Emergency Reserve Funds and Commitments and Assignments of surplus funds. The allocation of surplus funds between Committed and Assigned fund balance is made at the discretion of the Village Council. Other externally restricted funds are noted as Restricted.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Key Biscayne for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. This was the twenty-eighth consecutive year that the Village received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of all departments of the Village of Key Biscayne. We would like to express our appreciation to all members of all of the departments who assisted and contributed to the preparation of this report. We would also like to express our appreciation to Marcum LLP, our independent auditors, for their assistance and efforts in helping the Village prepare the Annual Comprehensive Financial Report. Appreciation is also extended to the Mayor and the Village Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Key Biscayne's finances.

Respectfully submitted,

Steven C. Williamson
Village Manager

Benjamin L. Nussbaum, CPA
Chief Financial Officer

VILLAGE OF KEY BISCAYNE, FLORIDA

VILLAGE OFFICIALS

AS OF SEPTEMBER 30, 2021

VILLAGE COUNCIL

Michael W. Davey, Mayor
Edward London, Vice Mayor

Brett G. Moss, Councilmember
Ignacio J. Segurola, Councilmember
Allison McCormick, Councilmember
Franklin H. Caplan, Councilmember
Luis Lauredo, Councilmember

VILLAGE MANAGER

Steven C. Williamson

VILLAGE CLERK

Jocelyn Brewster Koch

VILLAGE ATTORNEY

Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.

CHIEF FINANCIAL OFFICER

Benjamin L. Nussbaum, CPA, CGMA, CPPT

INDEPENDENT AUDITORS

Marcum LLP



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Key Biscayne
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

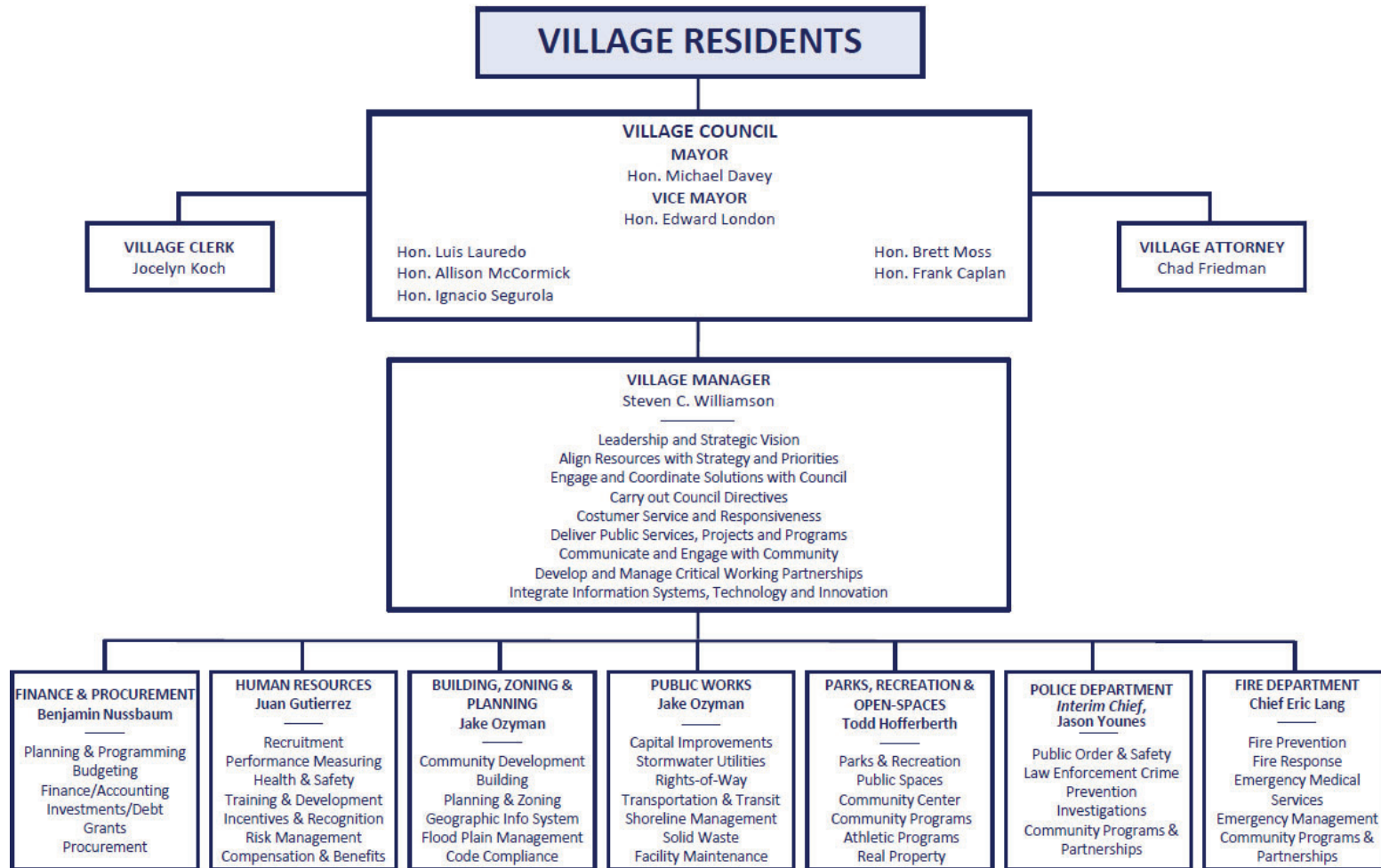
Christopher P. Morill

Executive Director/CEO



Organizational Chart as of September 30, 2021

Village of Key Biscayne Functional Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Village Council and Village Manager
Village of Key Biscayne, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Key Biscayne, Florida (the "Village"), as of and for the fiscal year ended September 30, 2021, 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 and each major fund of the Village, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison schedules and related notes on pages 67 through 70, and the required supplementary information for the pension trust fund and Other Post-Employment Benefits on pages 71 to 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other 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 budgetary comparison schedule for the capital improvements fund, the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule for the capital improvements fund and the schedule of expenditures of federal awards 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 budgetary comparison schedule for the capital improvements fund and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

Management's Discussion and Analysis

As management of the Village of Key Biscayne, Florida (the "Village") we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Key Biscayne for the fiscal year ended September 30, 2021. We encourage readers to consider information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages i-iv of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Village of Key Biscayne exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year, resulting in a net position balance of \$105,918,805, an increase of \$6,296,916.
- At the close of the current fiscal year, the Village's governmental activities reported an ending net position of \$101,414,363, an increase of \$5,899,100 in comparison with the prior year.
- In the General Fund, revenues and other financing sources exceeded expenditures by \$4,014,160.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Key Biscayne's basic financial statements. The Village of Key Biscayne's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary and other 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 of Key Biscayne's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Village of Key Biscayne's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Village of Key Biscayne 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 of Key Biscayne include general government, public works, police, fire, parks and recreation and building, zoning and planning.

The government-wide financial statements include only the Village of Key Biscayne itself (known as the *primary government*).

The government-wide financial statements can be found on pages 14 and 15 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 of Key Biscayne, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village of Key Biscayne has three fund categories: governmental funds, proprietary funds and a fiduciary fund.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Key Biscayne maintains four governmental funds: the general fund; two special revenue funds (one for Transportation and one for Parks, Recreation, and Open Space (PROS)); and a Capital Improvement Projects Fund.

The Village of Key Biscayne adopts an annual appropriated budget for all four governmental funds. Budgetary comparison schedules have been provided for the general fund, Transportation fund, and PROS fund in the required supplementary information ("RSI") of this document to demonstrate compliance with this budget. The RSI section starts on page 67. The budgetary comparison schedule for the Capital Improvement Project Fund can be found in the supplementary information section. Please refer to page 75.

The basic governmental fund financial statements can be found on pages 16 to 18 of this report.

Proprietary Funds. The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Stormwater and Solid Waste Collection operations. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village has one Fiduciary fund, its Pension Trust Fund for police officers and firefighters. Other Village employees participate in a defined contribution plan, which is not part of the Village's financial statements.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the basic financial statements. The notes provide additional information that is *essential* to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-66. The notes should always be read in conjunction with the financial statements themselves because they contain relevant, useful, and expanded information that cannot always be communicated on the face of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparisons and the Village's progress in funding its obligations to provide pension benefits and other post-employment benefits to its employees.

Required supplementary information can be found on pages 67-74 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Key Biscayne, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105,918,805 at the close of the most recent fiscal year.

The portion of the Village's net position that reflects its net investment in capital assets (e.g., land and equipment) is \$84,272,408. The Village of Key Biscayne uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Our analysis of the financial statements of the Village begins below. The Statement of Net Position and the Statement of Activities report information about the Village's activities that will help answer questions about the financial position of the Village. A comparative analysis is provided with prior year information.

Net Position

A Summary of the Village's Net Position is presented in Table A-1 and a Summary of the Changes in Net Position is presented in Table A-2.

Table A - 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 29,962,051	\$ 28,039,292	\$ 1,725,067	\$ 1,244,946	\$ 31,687,118	\$ 29,284,238
Capital assets, net	92,622,765	92,058,414	6,764,144	6,784,445	99,386,909	98,842,859
Total Assets	<u>122,584,816</u>	<u>120,097,706</u>	<u>8,489,211</u>	<u>8,029,391</u>	<u>131,074,027</u>	<u>128,127,097</u>
Deferred Outflows of Resources	2,057,176	3,286,372	--	--	2,057,176	3,286,372
Current liabilities	3,413,174	3,204,808	157,680	274,462	3,570,854	3,479,270
Noncurrent liabilities	18,830,853	23,680,062	3,827,089	4,207,301	22,657,942	27,887,363
Total Liabilities	<u>22,244,027</u>	<u>26,884,870</u>	<u>3,984,769</u>	<u>4,481,763</u>	<u>26,228,796</u>	<u>31,366,633</u>
Deferred Inflows of Resources	983,602	983,945	--	--	983,602	983,945
Net investment in capital assets	81,335,353	77,859,231	2,937,055	2,577,144	84,272,408	80,436,375
Restricted	4,464,863	3,529,727	--	--	4,464,863	3,529,727
Unrestricted	15,614,147	14,126,305	1,567,387	1,529,482	17,181,534	15,655,787
Total Net Position	<u>\$ 101,414,363</u>	<u>\$ 95,515,263</u>	<u>\$ 4,504,442</u>	<u>\$ 4,106,626</u>	<u>\$ 105,918,805</u>	<u>\$ 99,621,889</u>

Net Position (continued)

As demonstrated in Table A-1, Summary of Net Position, the Village's Net Position increased by \$6,296,916. This resulted from reductions in long-term liabilities provided for with resources from the current year. Capital Assets increased by approximately \$3.5 million in the Governmental Activities, and increased by approximately \$673 thousand, in the Business-type Activities. The increase in the Governmental and Business-type attributed to new capital improvement projects being capitalized.

Table A - 2
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 3,671,502	\$ 4,347,034	\$ 2,919,061	\$ 2,625,450	\$ 6,590,563	\$ 6,972,484
Operating grants and contributions	534,166	323,185	--	--	534,166	323,185
Capital grants and contributions	1,972,818	1,516,214	--	--	1,972,818	1,516,214
General revenues:						
Property taxes	25,242,898	25,532,172	--	--	25,242,898	25,532,172
Utility taxes	2,384,819	2,224,417	--	--	2,384,819	2,224,417
Communications services tax	650,817	651,615	--	--	650,817	651,615
Franchise fees	1,216,940	837,835	--	--	1,216,940	837,835
Unrestricted intergovernmental revenue	2,760,356	2,419,835	--	--	2,760,356	2,419,835
Investment income and miscellaneous	256,849	337,591	--	9,540	256,849	347,131
Total Revenues	<u>38,691,165</u>	<u>38,189,898</u>	<u>2,919,061</u>	<u>2,634,990</u>	<u>41,610,226</u>	<u>40,824,888</u>
Transfers	<u>300,000</u>	<u>--</u>	<u>(300,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total General Revenues, Contributions, and Transfers	<u>38,991,165</u>	<u>38,189,898</u>	<u>2,619,061</u>	<u>2,634,990</u>	<u>41,610,226</u>	<u>40,824,888</u>
Expenses						
General government	4,519,281	6,427,517	--	--	4,519,281	6,427,517
Public Safety	16,729,784	17,456,432	--	--	16,729,784	17,456,432
Parks and Recreation	4,722,127	4,867,328	--	--	4,722,127	4,867,328
Public Works	5,106,615	3,449,872	--	--	5,106,615	3,449,872
Building, Zoning and Planning	1,748,906	2,346,614	--	--	1,748,906	2,346,614
Interest on long-term debt	265,352	456,932	--	--	265,352	456,932
Stormwater	--	--	1,233,970	1,108,192	1,233,970	1,108,192
Solid waste collection	--	--	987,275	756,508	987,275	756,508
Total Expenses	<u>33,092,065</u>	<u>35,004,695</u>	<u>2,221,245</u>	<u>1,864,700</u>	<u>35,313,310</u>	<u>36,869,395</u>
Changes in Net Position	<u>5,899,100</u>	<u>3,185,203</u>	<u>397,816</u>	<u>770,290</u>	<u>6,296,916</u>	<u>3,955,493</u>
Net Position, Beginning	<u>95,515,263</u>	<u>92,330,060</u>	<u>4,106,626</u>	<u>3,336,336</u>	<u>99,621,889</u>	<u>95,666,396</u>
Net Position - Ending	<u>\$ 101,414,363</u>	<u>\$ 95,515,263</u>	<u>\$ 4,504,442</u>	<u>\$ 4,106,626</u>	<u>\$ 105,918,805</u>	<u>\$ 99,621,889</u>

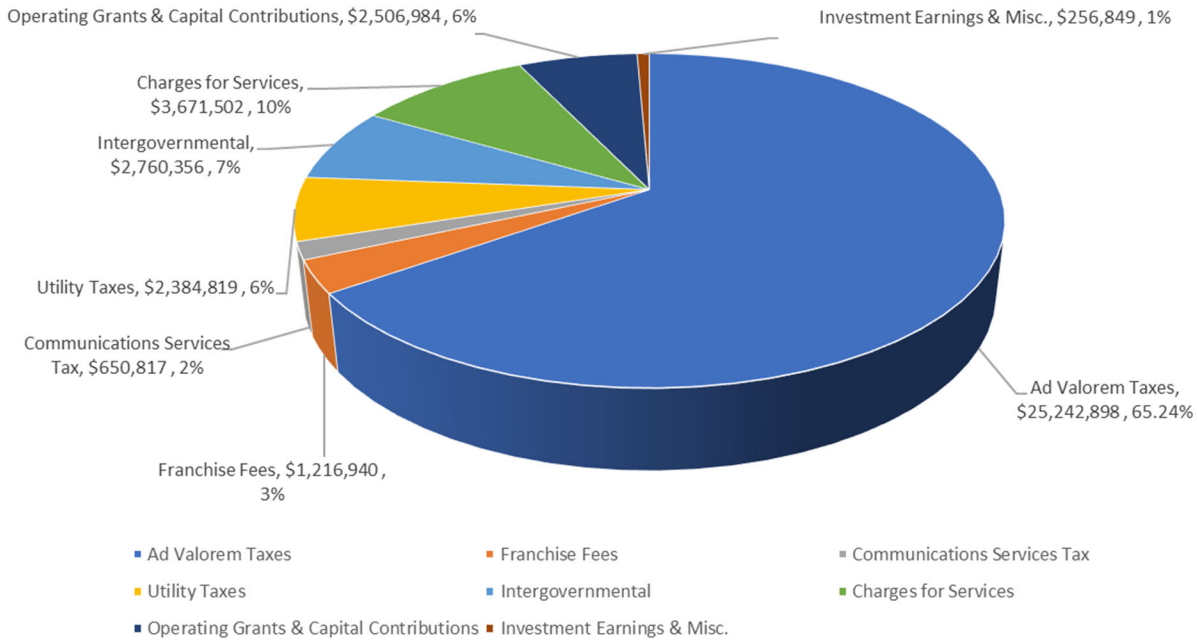
Capital grants and contributions increased by \$456,604 as a result of grant revenue from FEMA for disaster relief funding as a result of Hurricane Irma. The Franchise Fee increase of \$379,105 is attributed to the first full year of a new franchise fee agreement directly with Florida Power & Light effective May 2020.

The Village was able to reduce certain payroll expense in Public Safety as a result of the net recognized pension expense in 2021 as compared to 2020. Pension related Deferred Outflows/Inflow of Resources are recognized (amortized) in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68.

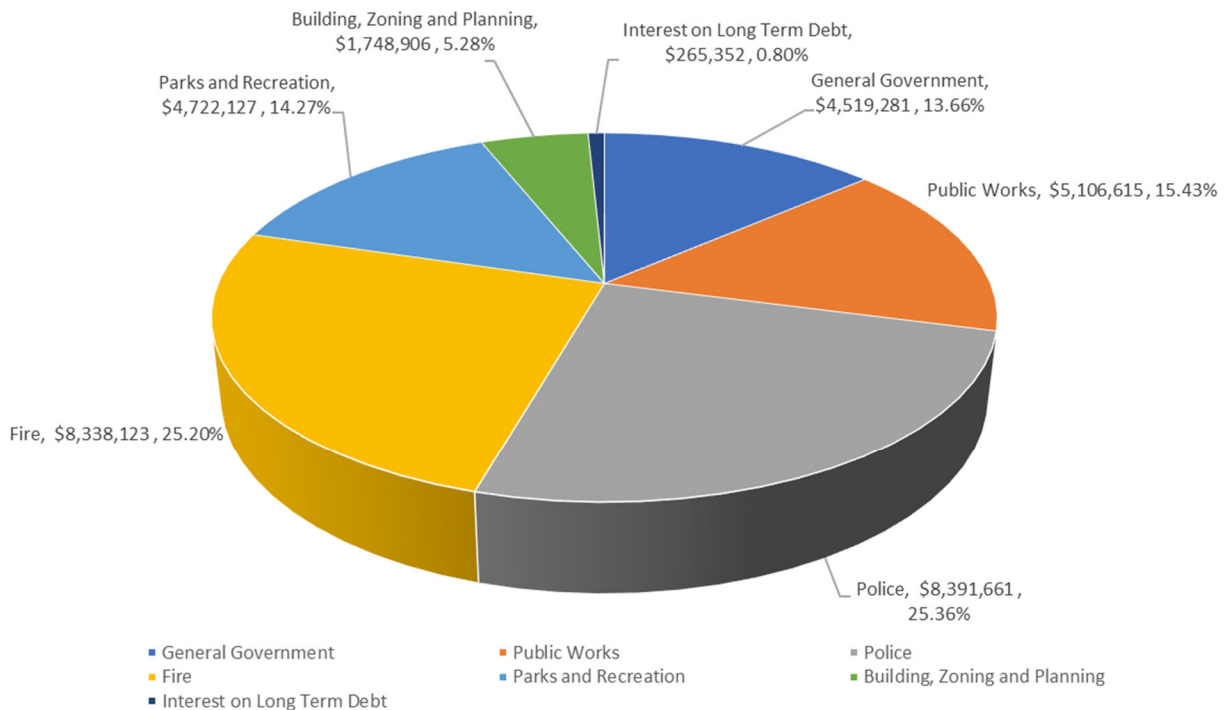
Net Position (continued)

As such, current year pension expense include certain components which are being recognized over a closed period that is determined by the average remaining service period of the plan members (both current and former employees, including retirees) or over a closed five-year period. Public Work expenditures increased during 2021 as a result of enhanced sargassum hauling to keep the beaches pristine.

Revenues by Source - Governmental Activities



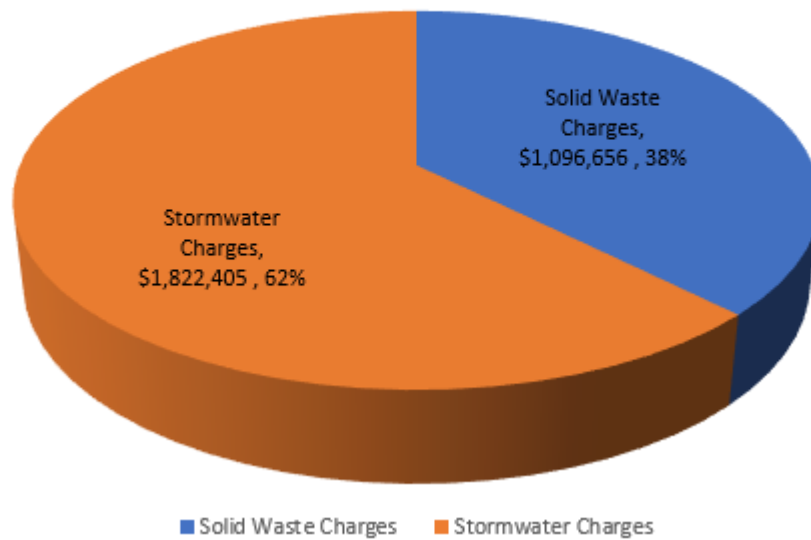
Expenses - Governmental Activities



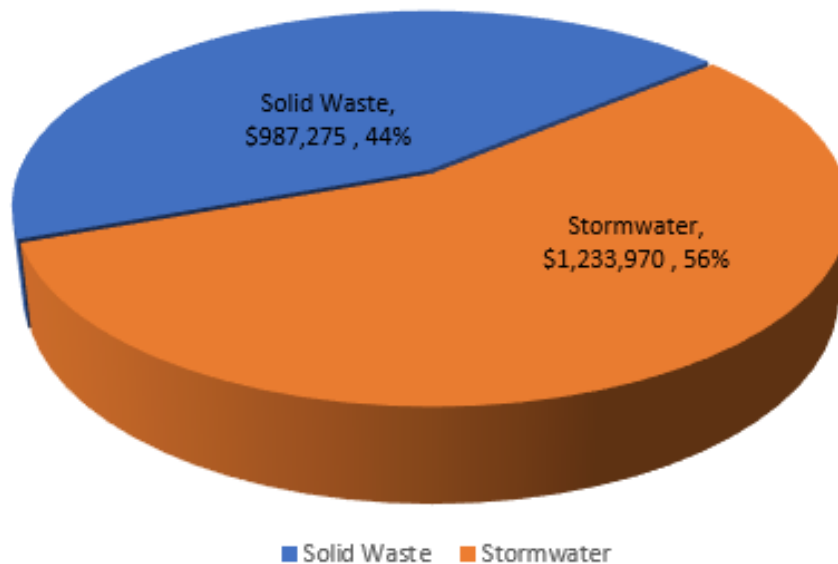
Business-type Activities

Business-type activities increased the Village's net position by \$397,816. Stormwater Utility System Fund Net Position increased by \$288,435, as a result of the implementation of an increased Equivalent Residential Unit (ERU) user fee. In December 2019, the ERU fee increased from \$8.90 to \$16.90. The increased user fee will fund the future debt service on capital improvements to the stormwater system. The Fund transferred \$300,000 into the Capital Improvement Fund to subsidize a portion of the Village-Wide surveying project. The Solid Waste fund increased its Net Position by \$109,381, due to the billing of interest and penalties on delinquent accounts. The pie charts below illustrate the various sources of revenues and expenditures of the business-type activities:

Revenues by Source - Business-Type Activities



Expenses - Business-Type Activities



Governmental funds. The focus of the Village of Key Biscayne’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

At the end of the current fiscal year, fund balance of the General Fund was \$20,814,065. The change in fund balance in the General Fund increased approximately \$4.0 million when compared to prior year. The increase in the change in fund balance is primarily due to the significant reduction in general fund expenditures and the refunding of \$11.2 million in outstanding debt at a lower interest rate.

The Village’s Assigned and Committed General Fund balances, together with the balance of the 1% ad-valorem transfers into the PROS Land Trust can be used by the Village in case of an emergency. Together, these fund balances amount to \$19.8 million, or roughly 47% of the fiscal year 2021 General Fund expenditures. This represents approximately 6 months of General Fund operating expenditures.

A summary of the general fund’s balance sheet and statement of revenues, expenditures and changes in fund balance is presented in Table B-1 and B-2 for September 30, 2021 and 2020, is as follows:

**Table B-1
Summary of General Fund Balance Sheet**

	2021	2020
Total Assets	\$ 23,674,038	\$ 19,932,639
Total Liabilities	\$ 2,859,973	\$ 3,132,734
Fund Balance		
Nonspendable	2,002,158	588,364
Restricted	209,257	214,093
Committed	3,753,411	3,378,792
Assigned	14,849,239	12,618,656
Total Fund Balance	20,814,065	16,799,905
Total Liabilities and Fund Balance	\$ 23,674,038	\$ 19,932,639

**Table B-2
Summary of General Fund Statement of
Revenues, Expenditures and Changes in Fund Balances**

	2021	2020
Total Revenues	\$ 35,797,232	\$ 35,822,594
Total Expenditures	41,896,072	33,921,222
Excess (Deficiency) of Revenues over Expenditures	(6,098,840)	1,901,372
Total Other Financing Sources (Uses)	10,113,000	(208,971)
Change in Fund Balance	\$ 4,014,160	\$ 1,692,401

Overall, total General Fund revenues in fiscal year 2021 were \$35,797,232, a decrease of \$25,362, compared to fiscal year 2020 amount of \$35,822,594, or 0.1%. Expenditures totaled \$41,896,072 for fiscal year 2021, an increase of \$7,974,850 compared to fiscal year 2020 amount of \$33,921,222, or 23.5%. The large increase was related to \$11.2 million of debt refunding.

The Transportation Special Revenue Fund was established to account for the construction and future maintenance of the Village's roadways. County bridge toll revenues are the source of funding for construction of roadways, while the local option gas tax funds maintenance and debt service. The transportation surtax revenues funds transit services and transportation projects. In fiscal year 2021, the Transportation Fund shows a fund balance of \$1,759,093, an increase of \$63,281 as a result of larger than anticipated transportation surtax revenue as economic activity accelerated after the pandemic.

The Parks, Recreation, and Open Space (PROS) Land Trust Fund was established for use in acquiring parks and recreational lands for parks and open space purposes. The fund receives 1% of all ad-valorem revenue. At the end of fiscal year 2021, the PROS Land Trust Fund shows a fund balance of \$3,744,682.

The Capital Improvement Fund historically receives an annual budgeted transfer of surplus funds from the General Fund to pay for capital improvements. Fiscal year 2021 had reflected a positive committed balance of \$1,912,360, which was made up of various projects detailed in the annually adopted Capital Improvement Plan, and non-spendable fund balance in the amount of \$85,000. This is a \$1,187,237 decrease from the fund balance in fiscal year 2020 as the Village completed many projects that were delayed in fiscal year 2020 as a result of the pandemic. The fund received transfers in from both the General and Stormwater Funds. Most projects customarily span a five-year period while others are revolving. Additional detail regarding these projects is described in the Capital Asset section below.

General Fund Budgetary Highlights

The General Fund had a favorable \$6,011,852 to actual performance, representing additional revenues over expenditures, but before operating transfers out to other funds and recognition of bond proceeds. Notable highlights were:

Revenues

Ad-valorem revenues were \$286,797 higher than budgeted, as collections were in excess of the legal requirement to budget at 95% of taxes levied. License and permit revenues were \$647,115 higher than budgeted as the building permit fee revenue exceeded expectations due to increased building renovation activity and prices of products and labor as a result of the pandemic. The building permit fee is calculated, for some jobs, as a percentage of the total cost.

Expenditures

General Fund total governmental expenditures were \$7.18 million higher than expected. The increase was caused by the refunding of \$11.2 million in outstanding debt at a lower interest rate. At the Village Council's direction, this fluctuation was expected.

Capital Assets

As of September 30, 2021, the Village's capital assets, net of accumulated depreciation, amounted to \$99,386,909 compared to \$98,842,859 for the prior year. Major capital asset events during the fiscal year included the following:

- Fleet vehicles
- Fire engine

Additional information on the Village's capital assets can be found in Note 7 on pages 43-44 of this report.

Debt Administration

At September 30, 2021, the Village had bonded debt outstanding of \$15,115,488 (composed of \$11,288,399 in governmental activities and \$3,827,089 of business-type activities) compared to \$18,187,421 as of September 30, 2020.

Additional information on the Village's long-term debt can be found in Note 8 on pages 45-53 of this report.

Economic Factors and Risks

The businesses that exist on the island are generally supportive retail operations or those related to tourism. The Village is not dependent upon tourism for its financial health. The Village's millage rate for fiscal year 2021 and fiscal year 2022 is 3.2022 and 3.1999, respectively.

The Village of Key Biscayne is located on the island of Key Biscayne and is just east of the City of Miami. Because of its low elevation, it is a greater risk of storm surge from hurricanes and also for rising ocean levels.

The Village's median age is 44.9 years. The median household income is \$141,416 and the median home value is \$1,381,281. The median net worth is \$399,876. The average renter's expense is \$7,066 monthly and the average homeowner's monthly expense is \$35,222 (inclusive of mortgage principal and interest). Nearly three-fourths of the households have college degrees and 91% of all households have some college. Seventy-seven percent (compared to 9% nationally) of the households typically have established wealth, are well-educated and well-traveled, almost always own their own home, are married with children ranging from grade school to college. They expect quality and invest in time-saving services. They actively participate in the community and are active in sports. They tend to be enthusiastic travelers. The remaining twenty-three percent of households is characterized as prosperous married couples that are ambitious and hard-working, with 70% of them owning their own homes. They tend to be more diverse and are financially responsible. They appreciate both quality and bargains and are active in fitness pursuits.

The Village has 5,832 workers, with about 78% of them driving alone to work. The typical travel time to work ranging from 20-35 minutes. Most workers who live in the Village work elsewhere. Ninety-one percent of the workers are white collar and the unemployment rate was 5.1%. Ninety-six percent of the population is white and nearly 70% is of Hispanic origin.

The demographics of the Village will not likely change over the next five years.

Undiversified Tax Base and limits on Homestead Property Growth; The Village's tax base is roughly 95% residential and 5% commercial. This makes the Village exposed to movements in the residential property markets. Further, Florida's Constitution restricts residential homestead assessment growth to 3% per year, or less, on each home that has a homestead exemption. Commercial properties are limited to a maximum 10% annual increase on their assessment and they are not generally provided any exemptions from assessment. The Village is overwhelmingly residential in nature, but is fortunate to have a number of residential units that are not subject to this annual limitation. Further, the value of the homes that are subject to the annual assessment cap is substantial. However, the Village may be exposed to changes in the manner with which annual assessments are valued or the limit to which they may be taxed, or additional homestead exemptions granted by the Legislature.

Labor Agreements; The Village's bargaining groups continue to request improvements to pay, benefits, and working conditions. Given the increasing cost of personnel, inflation, paired with moderately increasing revenues, the Village will continue to face a structural budget issue whereas the pace of expenses exceeds revenues.

Reliance upon Intergovernmental Revenue; The Village received \$3.2 million in revenue from other governments during fiscal year 2021, or about 8.4% of governmental funds total revenues. Since the Village does not directly control the assessment or collection of these revenues, it is exposed to the risk that those revenues will not grow or even be available in future years. The loss of these revenues would likely require the Village to raise more money through higher local taxing efforts. The Village has the capacity to raise its tax rates to more than offset the loss of these other governmental revenues.

Environmental Risks; The Village is located on an island between Biscayne Bay and the Atlantic Ocean and is exposed to significant risks caused by weather, particularly hurricanes. In addition to the potential damage to structures and infrastructure, substantial loss of beach can occur during hurricanes, hurting tourism and reducing property values. The Village is concerned with rising sea levels. Sea levels are increasing, and we are concerned about the impact to our island. Mitigating the impact to sea level rise could have a considerable financial impact on the Village and its property owners. Additionally, demand for property that would be adversely affected by rising sea levels may be reduced, affecting the Village's tax base. The Village is evaluating various resiliency efforts, including undergrounding of utilities, nourishment of its beaches, and roadway and stormwater system improvements. The cost of these improvements will be tens of millions of dollars, however the Village believes they will be affordable to the property owners over time. Village voters approved a referendum in November 2020 to issue General Obligation (GO) Debt as a funding source for these large resiliency infrastructure improvements.

Requests for Information

This financial report is designed to provide a general overview of the Village of Key Biscayne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Village Manager, 88 West McIntyre Street, Key Biscayne, Florida, 33149.

BASIC FINANCIAL STATEMENTS

VILLAGE OF KEY BISCAYNE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Governmental Activities	Business- type Activities	Total
Assets			
Cash	\$ 25,343,689	\$ 975,051	\$ 26,318,740
Receivables, net	2,212,468	1,025,135	3,237,603
Prepaid items	381,159	--	381,159
Internal balances	275,119	(275,119)	--
Restricted assets:			
Cash	1,561,194	--	1,561,194
Investments	188,422	--	188,422
Capital assets not being depreciated	38,379,114	313,383	38,692,497
Capital assets being depreciated, net	54,243,651	6,450,761	60,694,412
Total Assets	<u>122,584,816</u>	<u>8,489,211</u>	<u>131,074,027</u>
Deferred Outflows of Resources			
Pension	2,057,176	--	2,057,176
Liabilities			
Accounts payable and accrued liabilities	2,419,105	157,680	2,576,785
Accrued interest payable	5,936	--	5,936
Unearned revenue	358,573	--	358,573
Due to pension fund	629,560	--	629,560
Noncurrent liabilities:			
Due within one year	1,164,639	--	1,164,639
Due in more than one year	13,591,207	3,827,089	17,418,296
Net pension liability	3,541,743	--	3,541,743
Total OPEB liability	533,264	--	533,264
Total Liabilities	<u>22,244,027</u>	<u>3,984,769</u>	<u>26,228,796</u>
Deferred Inflows of Resources			
Pension	330,607	--	330,607
OPEB	652,995	--	652,995
Total Deferred Inflows of Resources	<u>983,602</u>	<u>--</u>	<u>983,602</u>
Net Position			
Net investment in capital assets	81,335,353	2,937,055	84,272,408
Restricted:			
Building and zoning	13,492	--	13,492
Transportation	1,711,777	--	1,711,777
Law enforcement	188,423	--	188,423
Open space land trust	2,551,171	--	2,551,171
Unrestricted	15,614,147	1,567,387	17,181,534
Total Net Position	<u>\$ 101,414,363</u>	<u>\$ 4,504,442</u>	<u>\$ 105,918,805</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 4,519,281	\$ 174,424	\$ --	\$ 1,490,502	\$ (2,854,355)	\$ --	\$ (2,854,355)
Police	8,391,661	11,444	--	--	(8,380,217)	--	(8,380,217)
Fire	8,338,123	165,001	--	--	(8,173,122)	--	(8,173,122)
Public works	5,106,615	--	--	482,316	(4,624,299)	--	(4,624,299)
Building, zoning and planning	1,748,906	2,040,375	--	--	291,469	--	291,469
Parks and recreation	4,722,127	1,280,258	534,166	--	(2,907,703)	--	(2,907,703)
Interest on long-term debt	265,352	--	--	--	(265,352)	--	(265,352)
Total Governmental Activities	33,092,065	3,671,502	534,166	1,972,818	(26,913,579)	--	(26,913,579)
Business-type Activities							
Stormwater	1,233,970	1,822,405	--	--	--	588,435	588,435
Solid waste	987,275	1,096,656	--	--	--	109,381	109,381
Total Business-type Activities	2,221,245	2,919,061	--	--	--	697,816	697,816
Total	\$ 35,313,310	\$ 6,590,563	\$ 534,166	\$ 1,972,818	(26,913,579)	697,816	(26,215,763)
General Revenues							
Property taxes					25,242,898	--	25,242,898
Franchise fees based on gross receipts					1,216,940	--	1,216,940
Utility taxes					2,384,819	--	2,384,819
Communications services tax					650,817	--	650,817
Unrestricted intergovernmental revenue					2,760,356	--	2,760,356
Unrestricted investment earnings					42,446	--	42,446
Miscellaneous					214,403	--	214,403
Transfers					300,000	(300,000)	--
Total General Revenues and Transfers					32,812,679	(300,000)	32,512,679
Change in Net Position					5,899,100	397,816	6,296,916
Net Position - Beginning					95,515,263	4,106,626	99,621,889
Net Position - Ending					\$ 101,414,363	\$ 4,504,442	\$ 105,918,805

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2021

	General	Transportation Special Revenue	PROS Land Trust Special Revenue	Capital Improvements	Total Governmental Funds
Assets					
Cash	\$ 19,174,779	\$ --	\$ 3,744,682	\$ 2,424,228	\$ 25,343,689
Receivables, net	2,023,764	188,704	--	--	2,212,468
Due from other funds	275,119	--	--	--	275,119
Prepaid items	2,002,158	54,658	--	85,000	2,141,816
Restricted cash	9,796	1,550,411	--	987	1,561,194
Restricted investments	188,422	--	--	--	188,422
Total Assets	<u>\$ 23,674,038</u>	<u>\$ 1,793,773</u>	<u>\$ 3,744,682</u>	<u>\$ 2,510,215</u>	<u>\$ 31,722,708</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 1,871,840	\$ 34,680	\$ --	\$ 512,585	\$ 2,419,105
Due to pension fund	629,560	--	--	--	629,560
Unearned revenue	358,573	--	--	--	358,573
Total Liabilities	<u>2,859,973</u>	<u>34,680</u>	<u>--</u>	<u>512,585</u>	<u>3,407,238</u>
Fund Balances (Note 9)					
Non-spendable	2,002,158	54,658	--	85,000	2,141,816
Restricted	209,257	1,704,435	2,551,171	--	4,464,863
Committed	3,753,411	--	1,193,511	1,912,630	6,859,552
Assigned	14,849,239	--	--	--	14,849,239
Total Fund Balances	<u>20,814,065</u>	<u>1,759,093</u>	<u>3,744,682</u>	<u>1,997,630</u>	<u>28,315,470</u>
Total Liabilities and Fund Balances	<u>\$ 23,674,038</u>	<u>\$ 1,793,773</u>	<u>\$ 3,744,682</u>	<u>\$ 2,510,215</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	92,622,765
Prepaid debt service in general fund not considered a prepaid asset for governmental activities	(1,760,657)
Deferred outflows of resources related to pensions are recorded in the statement of net position	2,057,176
Deferred inflows of resources related to pensions are recorded in the statement of net position	(330,607)
Deferred inflows of resources related to other post-employment benefits (OPEB)	(652,995)
Long-term liabilities, including bonds and notes payable and accrued interest payable are not due and payable in the current period and therefore not reported in the funds (Note 2)	(14,761,782)
The total other post-employment benefits liability not due and payable in the current period and therefore not reported in the funds	(533,264)
The net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds	<u>(3,541,743)</u>

Net Position of Governmental Activities \$ 101,414,363

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	General	Transportation Special Revenue	PROS Land Trust Special Revenue	Capital Improvements	Total Governmental Funds
Revenues					
Property taxes	\$ 24,990,469	\$ --	\$ 252,429	\$ --	\$25,242,898
Utility taxes	2,384,819	--	--	--	2,384,819
Communications services tax	650,817	--	--	--	650,817
Franchise fees	1,216,940	--	--	--	1,216,940
Licenses and permits	2,160,920	--	--	--	2,160,920
Intergovernmental	2,093,545	1,145,476	--	--	3,239,021
Charges for services	1,510,582	--	--	--	1,510,582
Interest	36,920	--	5,526	--	42,446
Grants	534,166	--	--	1,490,502	2,024,668
Contributions	3,651	--	--	--	3,651
Miscellaneous revenue and other	214,403	--	--	--	214,403
Total Revenues	<u>35,797,232</u>	<u>1,145,476</u>	<u>257,955</u>	<u>1,490,502</u>	<u>38,691,165</u>
Expenditures					
Current:					
General government	3,526,873	485,588	--	--	4,012,461
Fire	8,289,169	--	--	--	8,289,169
Police	8,081,652	--	--	--	8,081,652
Public works	2,850,923	--	--	--	2,850,923
Building, zoning and planning	1,739,882	--	--	--	1,739,882
Parks and recreation	3,720,647	--	--	--	3,720,647
Capital outlay	233,624	--	69,127	4,846,557	5,149,308
Debt service:					
Principal	13,183,797	556,777	--	--	13,740,574
Interest and fiscal charges	269,505	39,830	--	5,182	314,517
Total Expenditures	<u>41,896,072</u>	<u>1,082,195</u>	<u>69,127</u>	<u>4,851,739</u>	<u>47,899,133</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,098,840)</u>	<u>63,281</u>	<u>188,828</u>	<u>(3,361,237)</u>	<u>(9,207,968)</u>
Other Financing Sources (Uses)					
Issuance of refunding bond	11,238,000	--	--	750,000	11,988,000
Transfers in	--	--	--	1,425,000	1,425,000
Transfers out	(1,125,000)	--	--	--	(1,125,000)
Total Other Financing Sources	<u>10,113,000</u>	<u>--</u>	<u>--</u>	<u>2,175,000</u>	<u>12,288,000</u>
Change in Fund Balances	4,014,160	63,281	188,828	(1,186,237)	3,080,032
Fund Balances - Beginning	<u>16,799,905</u>	<u>1,695,812</u>	<u>3,555,854</u>	<u>3,183,867</u>	<u>25,235,438</u>
Fund Balances - Ending	<u>\$ 20,814,065</u>	<u>\$ 1,759,093</u>	<u>\$3,744,682</u>	<u>\$ 1,997,630</u>	<u>\$28,315,470</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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

Change in fund balances - total governmental funds	\$	3,080,032
--	----	-----------

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

The details of the difference are as follows:

Cost of assets	\$ 4,857,242	
Depreciation expense	<u>(4,292,891)</u>	564,351

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

The detail of the differences are as follows:

Issuance of refunding bonds	(11,988,000)	
Debt payments and related items	13,264,917	
Capital lease payments	<u>475,657</u>	1,752,574

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

The details of the difference is:

Compensated absences	367,509	
Accrued interest	49,165	
Total OPEB liability	(98,156)	
Net pension liability	<u>1,412,478</u>	1,730,996

Changes in the Village's pension deferred outflows and pension deferred inflows for the current year are not reported in the governmental funds but are reported in the statement of activities	(924,373)
---	-----------

Changes in the Village's OPEB deferred outflows and OPEB deferred inflows for the current year are not reported in the governmental funds but are reported in the statement of activities	<u>(304,480)</u>
---	------------------

Change in net position of governmental activities	<u>\$ 5,899,100</u>
---	---------------------

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2021

	<u>Business-type Activities -</u>		
	<u>Enterprise Funds</u>		
	<u>Stormwater Utility System</u>	<u>Solid Waste</u>	<u>Totals</u>
Assets			
Current Assets			
Cash	\$ 671,099	\$303,952	\$ 975,051
Accounts receivables, net	<u>338,470</u>	<u>686,665</u>	<u>1,025,135</u>
Total Current Assets	<u>1,009,569</u>	<u>990,617</u>	<u>2,000,186</u>
Noncurrent Assets			
Capital assets being depreciated, net	6,450,761	--	6,450,761
Construction in progress	<u>313,383</u>	<u>--</u>	<u>313,383</u>
Total Noncurrent Assets	<u>6,764,144</u>	<u>--</u>	<u>6,764,144</u>
Total Assets	<u>7,773,713</u>	<u>990,617</u>	<u>8,764,330</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	85,040	72,640	157,680
Due to other funds	<u>--</u>	<u>275,119</u>	<u>275,119</u>
Total Current Liabilities	<u>85,040</u>	<u>347,759</u>	<u>432,799</u>
Noncurrent Liabilities			
Revenue bonds payable	<u>3,827,089</u>	<u>--</u>	<u>3,827,089</u>
Total Noncurrent Liabilities	<u>3,827,089</u>	<u>--</u>	<u>3,827,089</u>
Total Liabilities	<u>3,912,129</u>	<u>347,759</u>	<u>4,259,888</u>
Net Position			
Net investment in capital assets	2,937,055	--	2,937,055
Unrestricted	<u>924,529</u>	<u>642,858</u>	<u>1,567,387</u>
Total Net Position	<u>\$ 3,861,584</u>	<u>\$ 642,858</u>	<u>\$ 4,504,442</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>		
	Stormwater Utility System	Solid Waste	Totals
Operating Revenues			
Charges for services	<u>\$ 1,822,405</u>	<u>\$ 1,096,656</u>	<u>\$ 2,919,061</u>
Operating Expenses			
General and administrative	706,503	987,275	1,693,778
Depreciation	<u>428,051</u>	<u>--</u>	<u>428,051</u>
Total Operating Expenses	<u>1,134,554</u>	<u>987,275</u>	<u>2,121,829</u>
Operating Income	<u>687,851</u>	<u>109,381</u>	<u>797,232</u>
Non-Operating Expenses			
Interest expense	<u>99,416</u>	<u>--</u>	<u>99,416</u>
Total Non-Operating Expenses	<u>99,416</u>	<u>--</u>	<u>99,416</u>
Gains before Contributions and Transfers	<u>588,435</u>	<u>109,381</u>	<u>697,816</u>
Transfers out	<u>300,000</u>	<u>--</u>	<u>300,000</u>
Change in Net Position	288,435	109,381	397,816
Net Position- Beginning	<u>3,573,149</u>	<u>533,477</u>	<u>4,106,626</u>
Net Position - Ending	<u>\$ 3,861,584</u>	<u>\$ 642,858</u>	<u>\$ 4,504,442</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>		
	Stormwater Utility System	Solid Waste	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,934,070	\$ 1,205,610	\$ 3,139,680
Payments for interfund services	(15,128)	--	(15,128)
Payments to suppliers	(895,426)	(915,135)	(1,810,561)
Net Cash Provided (Used) by Operating Activities	<u>1,023,516</u>	<u>290,475</u>	<u>1,313,991</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers out	(300,000)	--	(300,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(300,000)</u>	<u>--</u>	<u>(300,000)</u>
Cash Flows from Capital and Related Financing Activities			
Payments for construction of capital assets	(407,749)	--	(407,749)
Interest and fees paid on long term debt	(99,416)	--	(99,416)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(887,377)</u>	<u>--</u>	<u>(887,377)</u>
Net Increase (Decrease) in Cash	(163,861)	290,475	126,614
Cash - Beginning	<u>834,960</u>	<u>13,477</u>	<u>848,437</u>
Cash - Ending	<u>\$ 671,099</u>	<u>\$ 303,952</u>	<u>\$ 975,051</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities			
Operating income	\$ 687,851	\$ 109,381	\$ 797,232
Adjustments to reconcile operating income to net cash used by operating activities:			
Depreciation	428,051	--	428,051
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable, net	111,665	39,758	151,423
Due from other funds	--	645	645
Increase (decrease) in:			
Accounts payable and accrued liabilities	(188,923)	72,140	(116,783)
Due to other funds	(15,128)	68,551	53,423
Total adjustments	<u>335,665</u>	<u>181,094</u>	<u>516,759</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,023,516</u>	<u>\$ 290,475</u>	<u>\$ 1,313,991</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND**

SEPTEMBER 30, 2021

Assets

Cash \$ 128,035

Prepaid and Other Assets 3,117

Investments

Money market funds 3,230,554

Mutual funds 46,539,175

Real Estate Open-End Fund 2,121,001

Mutual funds held in the Share Plan 1,243,485

Mutual funds held in the DROP 3,857,391

Guaranteed interest fund held in the DROP 1,026,052

Guaranteed interest fund held in the Share Plan 65,267

Total Investments 58,082,925

Receivables

State supplemental appropriation 600,173

Total Assets 58,814,250

Liabilities

Accounts payable and accrued liabilities 23,716

Net Position Restricted for Pension Benefits \$ 58,790,534

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Additions

Contributions

Plan members	\$ 508,926
Village (including State)	<u>1,360,024</u>

Total Contributions

1,868,950

Investment Income

Net appreciation in the fair value of investments	9,832,954
Net appreciation in the fair value of investments (Share and DROP)	1,026,475
Interest and dividends	<u>607,420</u>
	11,466,849
Less: investment expenses	<u>(64,009)</u>

Net Investment Income

11,402,840

Total Additions

13,271,790

Deductions

Benefits paid	1,418,667
DROP distributions	1,342,846
Share Plan distributions	123,272
Refund of participant contributions	1,520
Administrative expenses	<u>116,755</u>

Total Deductions

3,003,060

Change in Net Position

10,268,730

Net Position Restricted for Pension Benefits

Beginning of year	<u>48,521,804</u>
End of year	<u>\$ 58,790,534</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Key Biscayne, Florida (the “Village”), located in Miami-Dade County, is a political subdivision of the State of Florida. The Village, which was incorporated in 1991, operates under a Council-Manager form of government. In addition to the general government function, the Village provides its residents with public works, public safety (police and fire), parks and recreation, building, zoning and planning functions, sanitation and stormwater management. The Village does not provide educational or hospital facilities; those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

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

A. FINANCIAL REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Village reports the following major governmental funds:

The *General Fund* is 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.

The *Transportation Special Revenue Fund* accounts for the restricted revenues received from the transportation surtax and expenditures restricted for related transportation costs.

The *Parks and Recreational Open Space (“PROS”) Land Trust Special Revenue Fund* accounts for the restricted resources received for the acquisition of parks and recreational lands.

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

The Village reports the following major proprietary funds in the basic financial statements:

The *Stormwater Utility System Fund* accounts for the construction and maintenance of the Village’s stormwater system.

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the Village reports the following fiduciary fund types:

The *Pension Trust Fund* is used to account for the Village's single-employer defined benefit pension plan covering substantially all of its police officers and firefighters.

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

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

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

D. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION

1. Deposits and Investments

The Village's cash includes cash on hand; the certificates of deposit are included in investments. Substantially all other investments, including pension investments, are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Money market funds are reported at amortized cost.

The Village's and pension plan's investments are governed by their respective investment policies.

2. Interfund 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 "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Receivables

Receivables include amounts due from other governments and others for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances, if any, for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

4. Prepaids

Prepaids represent goods and services which are paid for in one period, but benefit a future period. Prepaids are recorded as an expenditure/expense in the fund level and government-wide financial statements in the period benefited. Prepaids for governmental fund types are reported as an asset of the fund with a corresponding amount recorded as non-spendable fund balance.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

5. Capital Assets

Capital assets, which include property, plant and equipment, intangible and infrastructure assets (e.g., utility plant, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Tangible and intangible capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. All infrastructure assets have been capitalized since inception of the Village.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Intangible assets consist of computer software, which was capitalized as an asset in prior years, and right of ways. The Village elected not to retroactively report all intangible assets.

The Village records impairment losses on long-lived assets used in operations when events and circumstances indicate the assets might be impaired. No impairment losses have been recorded.

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

Assets	Years
Buildings	25-50
Improvements other than buildings	10-50
Furniture, fixtures and equipment	10
Stormwater utility system	50
Sanitary sewer system	19

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

6. Unearned/Unavailable Revenue

Unavailable revenue is recorded for governmental fund revenues that are not both measurable and available. The Village does not have any unavailable revenue at fiscal year end. In addition, inflows that do not yet meet the criteria for revenue recognition, such as community center membership dues collected in advance, are recorded as unearned revenue in the government-wide and the fund financial statements. Business tax receipts collected in advance are classified as an unearned revenue in the government-wide and fund level financial statements.

7. Compensated Absences

It is the Village's policy to permit employees to accumulate within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from Village service. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, a liability is recorded only for vacation and sick leave payouts for employee separations that occurred prior to fiscal year end and were subsequently paid with current available financial resources. The general fund typically is used to liquidate the liability for compensated absences.

8. Long-Term Obligations

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

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports within its government-wide statement of net position, deferred outflows related to the Village of Key Biscayne Police Officers and Firefighters Retirement Plan as a result of the net pension liability associated with the Plan measured as of September 30, 2020.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statement of net position the Village reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of the Village of Key Biscayne Police Officers and Firefighters Retirement Plan and the Village's Other Post-Employment Benefits ("OPEB"). The amounts will be amortized over a five year closed period beginning in the year in which the difference occurred or over the remaining service lives of all employees, as applicable.

10. Fund Balance

The Village follows accounting standards for fund balance reporting and governmental fund type definitions which establish criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Village's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned. The Village reports the following classifications:

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

10. Fund Balance (continued)

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

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

Assigned fund balance. Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the Village Manager to which the Council has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. There is no formal policy which has been established by Council delegating this authority. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Village itself.

Unassigned fund balance. The Village, based on its charter, is not permitted to have unassigned/unreserved fund balance in the general fund. See Note 9 for the detail of the amounts included in the various fund balance classifications.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

11. Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets, is that portion of net position that relates to the Village's capital assets reduced by accumulated depreciation and by any outstanding debt and deferred inflows/outflows incurred to acquire, construct or improve those assets, and also reduced by unexpended proceeds. Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows/outflows and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Flow Assumptions

Fund Balance Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed and assigned fund balance). In order to calculate the amounts to report as restricted, committed and assigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION (CONTINUED)

13. Flow Assumptions (continued)

Net Position Flow Assumption

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds. The detail of this \$14,761,782 difference, excluding the net pension liability and total OPEB liability which are separately disclosed, is as follows:

Bonds and loans payable	\$ 11,288,399
Compensated absences	3,467,447
Accrued interest payable	<u>5,936</u>
	<u>\$ 14,761,782</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

DEPOSITS

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

INVESTMENTS - VILLAGE

The Village's investment policy follows the requirements of Florida Statutes Chapter 218.415, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. The Village's investment policy authorizes investments in direct obligations of the U.S. Government, its agencies or instrumentalities. The Village is also authorized to invest in SEC registered money market mutual funds, insured or fully collateralized deposits, repurchase agreements secured by direct obligations of the U.S. Government, and authorized intergovernmental investment pools. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed. The Village maintains a separate investment policy for its pension plan.

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Village's investment policy limits the maturities on fixed income holdings in the general and special revenue funds to two years and capital projects funds shall not exceed the lesser of the anticipated expenditures schedule for five years.

Credit Risk

State law and the Village's investment policy limits investments in bonds, U.S. treasuries and agency obligations, or other evidences of indebtedness to the top ratings issued by nationally recognized statistical rating organizations of the United States. The Village is currently not invested in any of these types of investments.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – VILLAGE (CONTINUED)

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 investments or collateral securities that are in the possession of an outside party.

INVESTMENTS – PENSION PLAN

For the Village of Key Biscayne Police Officers and Firefighters Retirement Plan, Florida statutes and the Plan’s investment policy authorize the Trustees to invest funds in various investments. A Master Custodian Agreement is maintained whereby the investment securities are held in the Plan’s name by a financial institution acting as the Plan’s agent. The current target allocation of these investments are as follows:

Authorized Investments	Effective December 20, 2020		Prior to December 20, 2020	
	Target %	Allowable Range	Target %	Allowable Range
Large-cap	60.0%	50% - 65%	45.0%	35% - 55%
Mid-cap	0.0%	0% - 15%	10.0%	5% - 15%
Small-cap	0.0%	0% - 10%	5.0%	0% - 10%
International equity	15.0%	5% - 20%	15.0%	5% - 25%
Private real estate	0.0%	0%	5.0%	2% - 8%
Fixed income bonds	15.0%	7% - 30%	10.0%	7% - 15%
Cash and cash equivalents	<u>10.0%</u>	7% - 20%	<u>10.0%</u>	7% - 15%
Total	<u>100.0%</u>		<u>100.0%</u>	

As of September 30, 2021, the Village’s Pension Plan had the following fixed income investments with the corresponding maturities in its portfolio:

Investments	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	10+
Bond Mutual Funds	<u>\$ 8,154,748</u>	<u>\$ --</u>	<u>\$ 8,154,748</u>	<u>\$ --</u>	<u>\$ --</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION PLAN (CONTINUED)

Interest Rate Risk

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

Credit Risk

State law and the Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's investment policy limits fixed income securities to a rating no lower than Standard & Poor's BBB or Moody's BAA (high yield and foreign bonds are exempt).

The Plan's fixed income securities which are subject to a rating, were all rated "BBB" or better under Standard & Poor's ratings.

Concentration of Credit Risk

The Plan's investment policy prohibits equity and fixed income securities concentrations greater than 5% and 10%, respectively, in any one issuer with the exception of U.S. government or agency issues. As of September 30, 2021, the value of each position held in the Plan's portfolio comprised less than 5% of fiduciary net position.

RISKS AND UNCERTAINTIES

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

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

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

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

The following is a description of the fair value techniques for the Plan's investments.

Level 1 and Level 2 prices are obtained from various pricing sources by the Plan's custodian bank.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes common stock, foreign stock, and mutual funds.

The Plan invests in a core real estate fund, which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value (“NAV”) based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies, which include pricing models, discounted cash flow models, market appraisals, and similar techniques.

At present the Plan does not value any of its investments using Level 2 or Level 3 inputs.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

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

	Fair Value Measurements Using			
	September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
International mutual fund	\$ 7,326,217	\$ 7,326,217	\$ --	\$ --
Fixed income mutual funds	8,154,748	8,154,748	--	--
Mutual fund equities	31,058,210	31,058,210	--	--
Mutual funds (DROP)	3,857,391	3,857,391	--	--
Mutual funds (Share)	<u>1,243,485</u>	<u>1,243,485</u>	--	--
Total Investments at Fair Value	<u>51,640,051</u>	<u>\$ 51,640,051</u>	<u>\$ --</u>	<u>\$ --</u>
Investment Measured at Net Asset Value ("NAV")				
Real estate open-end fund	<u>2,121,001</u>			
Total investments measured at NAV	<u>2,121,001</u>			
Money market funds (exempt)	3,230,554			
Guaranteed interest fund (exempt)	<u>1,091,319</u>			
Total Investments	<u>\$ 58,082,925</u>			

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

Investment Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate open-end fund ⁽¹⁾	<u>\$ 2,121,001</u>	<u>\$ --</u>	Quarterly	1 day

⁽¹⁾ *Real Estate Open-End Fund. The Fund is an open-end, commingled real estate fund established as a means for the collective investment in real estate properties and loans by funds of retirement, pension, profit sharing, and other organizations that are exempt from federal income taxes.*

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

GUARANTEED INTEREST FUND

The Village's Deferred Retirement Option Program (See Note 11) and the Village of Key Biscayne Firefighters' Share Plan elected to offer a Guaranteed Interest Fund ("GIF") to each respective Plan's participants managed by Great-West Life & Annuity Insurance Company (Great-West). The contract value of each respective Plan's assets in the GIF in respect of the participant accounts is determined as the value of the sum of contributions and deposits by and on behalf of participants allocated to the GIF plus interest credited to the Plan's assets less the sum of any amounts distributed and transferred from the GIF, as well as charges and fees and applicable taxes, if any. The value of the GIF in the Deferred Retirement Option Program and the Village of Key Biscayne Firefighters' Share Plan as of September 30, 2021 was \$1,026,052 and \$65,267, respectively.

The GIF is a general account product. The methodology for calculating the interest crediting rate is based on the earnings of the underlying assets in the entire medium-long term new portfolio compared to the minimum interest crediting rate, as stated in the contract, and prevailing market conditions. Interest crediting rate is reset quarterly. The average yield earned by the plan for the benefit responsive fund can be derived by averaging the quarterly gross interest rates for the fund over the year. The average for 2021 was 1.16%. The actual average yield earned by the plan for this benefit responsive fund for 2021 was 1.16%.

Certain events limit the fund's ability to transact at contract value, including premature termination of the contracts by the plan, plant closings, layoffs, plan termination, bankruptcy, mergers, and early retirement incentives. No such events existed during the year. The contracts allows each respective Plan to terminate the contract if the Plan Sponsor notifies Great-West in writing of its contract termination option at least 60 calendar days before the contract termination date.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2021 for the Village’s individual major funds, non-major funds and fiduciary fund in the aggregate, including the allowances for uncollectible accounts, are as follows:

	General	Transportation Special Revenue	Storm- water	Solid Waste	Pension Trust Fund	Total
Customers billed	\$ --	\$ --	\$ --	\$ 739,428	\$ --	\$ 739,428
Contributions	--	--	--	--	600,173	600,173
Intergovernmental	<u>2,023,764</u>	<u>188,704</u>	<u>338,470</u>	<u>--</u>	<u>--</u>	<u>2,550,938</u>
Gross receivables	2,023,764	188,704	338,470	739,428	600,173	3,890,539
Less: Allowance for uncollectibles	<u>--</u>	<u>--</u>	<u>--</u>	<u>(52,763)</u>	<u>--</u>	<u>(52,763)</u>
Net Total Receivables	<u>\$2,023,764</u>	<u>\$ 188,704</u>	<u>\$338,470</u>	<u>\$ 686,665</u>	<u>\$ 600,173</u>	<u>\$3,837,776</u>

NOTE 5 – PROPERTY TAXES

Property values are assessed on a county-wide basis by the Miami-Dade County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1. Taxable value of property within the Village is certified by the Property Appraiser and the Village levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1. The millage rate assessed by the Village for the fiscal year ended September 30, 2021 was 3.2022.

Property taxes levied each November 1, by the Village and all other taxing authorities within the County, are centrally billed and collected by Miami-Dade County, with remittances to the Village of their proportionate share of collected taxes. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent taxes with interest and penalties are sold by Miami-Dade County, with remittance to the Village for its share of those receipts. At September 30, 2021, there were no material delinquent taxes.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	
	Solid Waste	Total
General	<u>\$ 275,119</u>	<u>\$ 275,119</u>

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

Interfund transfers:

<u>Transfers Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Capital Improvements	\$ 1,125,000
Stormwater	Capital Improvements	<u>300,000</u>
		<u>\$ 1,425,000</u>

The transfer out from the general fund was made to move unrestricted general fund revenues to finance various capital projects in accordance with budgetary authorizations. The transfer out from the stormwater fund was made to support the Village-wide survey that will provide data for utility undergrounding, stormwater infrastructure improvements, and complete streets.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 28,057,390	\$ 69,128	\$ --	\$ 28,126,518
Construction in progress	<u>11,837,019</u>	<u>3,757,261</u>	<u>(5,341,684)</u>	<u>10,252,596</u>
Total Capital Assets, Not Being Depreciated	<u>39,894,409</u>	<u>3,826,389</u>	<u>(5,341,684)</u>	<u>38,379,114</u>
Capital Assets, Being Depreciated				
Buildings	26,064,612	--	--	26,064,612
Improvements other than buildings	39,307,149	5,356,244	--	44,663,393
Furniture, fixtures and equipment	14,047,706	1,016,293	--	15,063,999
Sanitary Sewer system	<u>18,808,259</u>	<u>--</u>	<u>--</u>	<u>18,808,259</u>
Total Capital Assets, Being Depreciated	<u>98,227,726</u>	<u>6,372,537</u>	<u>--</u>	<u>104,600,263</u>
Less: Accumulated Depreciation for				
Buildings	(9,039,401)	(526,440)	--	(9,565,841)
Improvements other than buildings	(16,740,873)	(1,970,606)	--	(18,711,479)
Furniture, fixtures and equipment	(11,374,272)	(805,938)	--	(12,180,210)
Sanitary Sewer system	<u>(8,909,175)</u>	<u>(989,907)</u>	<u>--</u>	<u>(9,899,082)</u>
Total Accumulated Depreciation	<u>(46,063,721)</u>	<u>(4,292,891)</u>	<u>--</u>	<u>(50,356,612)</u>
Total Capital Assets, Being Depreciated, Net	<u>52,164,005</u>	<u>2,079,646</u>	<u>--</u>	<u>54,243,651</u>
Governmental Activities Capital Assets, Net	<u>\$ 92,058,414</u>	<u>\$ 5,906,035</u>	<u>\$ (5,341,684)</u>	<u>\$ 92,622,765</u>
<u>Business-type Activities</u>				
Capital Assets, Not Being Depreciated				
Construction in progress	<u>\$ 172,455</u>	<u>\$ 356,436</u>	<u>\$ (215,508)</u>	<u>\$ 313,383</u>
Total Capital Assets, Not Being Depreciated	<u>172,455</u>	<u>356,436</u>	<u>(215,508)</u>	<u>313,383</u>
Capital Assets, Being Depreciated				
Stormwater utility system	<u>13,513,969</u>	<u>266,822</u>	<u>--</u>	<u>13,780,791</u>
Total Capital Assets, Being Depreciated	<u>13,513,969</u>	<u>266,822</u>	<u>--</u>	<u>13,780,791</u>
Less: Accumulated Depreciation for				
Stormwater utility system	<u>(6,901,979)</u>	<u>(428,051)</u>	<u>--</u>	<u>(7,330,030)</u>
Total Accumulated Depreciation	<u>(6,901,979)</u>	<u>(428,051)</u>	<u>--</u>	<u>(7,330,030)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,611,990</u>	<u>(161,229)</u>	<u>--</u>	<u>6,450,761</u>
Business-type Activities Capital Assets, Net	<u>\$ 6,784,445</u>	<u>\$ 195,207</u>	<u>\$ (215,508)</u>	<u>\$ 6,764,144</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 179,627
Police	516,578
Fire	330,490
Public works	2,255,692
Building, zoning and planning	9,024
Parks and recreation	<u>1,001,480</u>

Total Depreciation Expense - Governmental Activities \$ 4,292,891

Business-type Activities

Stormwater	<u>\$ 428,051</u>
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Total Depreciation Expense - Business-Type Activities \$ 428,051

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT

The following is a summary of changes in long-term liabilities of the Village for governmental activities for the fiscal year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and Loans Payable					
Capital improvement revenue refunding bonds, Series 2011A	\$ 770,000	\$ --	\$ (770,000)	\$ --	\$ --
Capital improvement revenue refunding bonds, Series 2011B	1,593,236	--	(1,593,236)	--	--
Capital improvement and land acquisition revenue refunding bonds, Series 2011	425,000	--	(425,000)	--	--
Transportation tax revenue refunding bonds, Series 2011	1,077,370	--	(216,669)	860,701	165,967
Road improvement revenue bonds, Series 2006	446,707	--	(342,151)	104,556	104,556
School improvement revenue bonds, Series 2012	4,158,242	--	(4,158,242)	--	--
School improvement revenue bonds, Series 2014	2,965,000	--	(2,965,000)	--	--
Sewer improvement revenue bonds, Series 2016	2,476,853	--	(2,476,853)	--	--
Capital improvement revenue refunding, Series 2021	--	11,238,000	(1,631,000)	9,607,000	--
Fire Equipment revenue bond, Series 2021	--	750,000	(75,000)	675,000	--
Revolving loan, 1996**	67,712	--	(26,570)	41,142	27,254
Total Bonds and Loans Payable	<u>13,980,120</u>	<u>11,988,000</u>	<u>(14,679,721)</u>	<u>11,288,399</u>	<u>297,777</u>
Other Liabilities					
Capital leases**	475,657	--	(475,657)	--	--
Compensated absences	3,834,956	1,167,187	(1,534,696)	3,467,447	866,862
Total Other Liabilities	<u>4,310,613</u>	<u>1,167,187</u>	<u>(2,010,353)</u>	<u>3,467,447</u>	<u>866,862</u>
Governmental Activities Long-Term Liabilities	<u>\$ 18,290,733</u>	<u>\$ 13,155,187</u>	<u>\$ (16,690,074)</u>	<u>\$ 14,755,846</u>	<u>\$ 1,164,639</u>

**Direct Borrowings

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Long-term obligations related to governmental activities, including pension and OPEB, are generally liquidated from the general fund.

CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2011A

On June 13, 2011, the Village issued \$6,890,000 of Capital Improvement Revenue Refunding Bonds, Series 2011A for the purpose of refunding the Village's Capital Improvement Revenue Bonds, Series 2000. The bonds matured on December 1, 2020.

CAPITAL IMPROVEMENTS REVENUE REFUNDING BONDS, SERIES 2011B

On August 1, 2011, the Village issued \$7,130,000 of Capital Improvement Revenue Refunding Bonds, Series 2011B for the purpose of refunding the Village's Capital Improvement Revenue Bonds, Series 2002. The bonds were paid off during fiscal year ended September 30, 2021 through the issuance of the Capital Improvement Revenue Refunding Bond, Series 2021.

CAPITAL IMPROVEMENT AND LAND ACQUISITION REVENUE REFUNDING BONDS, SERIES 2011

On August 1, 2011, the Village issued the \$1,865,000 Capital Improvement and Land Acquisition Revenue Refunding Bonds, Series 2011 for the purpose of refunding the Capital Improvement and Land Acquisition Revenue Bonds, Series 2004. The Village has pledged non-ad valorem revenues to secure payment of the principal and interest on the bonds. The bonds were paid off during fiscal year ended September 30, 2021 through the issuance of the Capital Improvement Revenue Refunding Bond, Series 2021.

TRANSPORTATION TAX REVENUE REFUNDING BONDS, SERIES 2011

On September 30, 2011, the Village issued \$2,808,952 of Transportation Tax Revenue Refunding Bonds, Series 2011 for the purpose of refunding the Transportation Tax Revenue Bonds, Series 2005. The Village has pledged Transportation Surtax Revenues and Local Option Gas Tax revenues in the amounts of \$586,580 and \$193,896, respectively, to secure payment of the principal and interest on the bonds. The bonds mature on July 1, 2025. The bonds bear interest on the outstanding principal balance from its date of issuance payable quarterly on each January 1, April 1, July 1 and October 1 commencing January 1, 2012, at an interest rate equal to 2.42% per annum.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2022*	\$ 165,967	\$ 20,160	\$ 186,127
2023	226,013	14,772	240,785
2024	231,533	9,252	240,785
2025	237,188	3,598	240,786
	<u>\$ 860,701</u>	<u>\$ 47,782</u>	<u>\$ 908,483</u>

* Debt service payment due on October 1, 2021 of approximately \$54,000 in principal was paid prior to fiscal year ended September 30, 2021.

ROAD IMPROVEMENT REVENUE BONDS, SERIES 2006

On December 14, 2006, the Village issued \$4,000,000 Road Improvement Revenue Bonds, Series 2006, for the purpose of financing a portion of the costs of road improvements within the Village (Crandon Boulevard Improvements – Phase III), financing architectural, engineering, environmental, legal, and other planning costs. The bonds mature on December 1, 2021. The Village has pledged toll revenues to secure payment of the principal and interest on the bonds. For the current year, debt service and pledged revenues were \$357,125 and \$365,000, respectively. The bonds are due in quarterly principal installments. Interest accrues at 4.05% per annum.

On January 22, 2018, the Tax Cuts and Jobs Act amended the interest rate of this bond, increasing the interest rate by a factor of 1.215 to 4.92% per annum. As a result of this amended rate and the Village’s historical principal payments on the bond, the bond’s final debt service payment is expected to be March 1, 2022.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

ROAD IMPROVEMENT REVENUE BONDS, SERIES 2006 (CONTINUED)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending September 30			
2022	\$ 104,556	\$ 1,283	\$ 105,839
	<u>\$ 104,556</u>	<u>\$ 1,283</u>	<u>\$ 105,839</u>

SCHOOL IMPROVEMENT REVENUE BONDS, SERIES 2012

On October 24, 2012, the Village issued \$5,575,000 of School Improvement Revenue Bonds, Series 2012 for the purpose of providing a portion of the financing of a permanent secondary educational facility and recreational fields owned and operated by the School Board of Miami-Dade County for Village residents located at the Mast Academy campus as well as necessary renovations of the Key Biscayne K-8 Center, financing architectural, engineering, environmental, legal, and other planning costs related thereto, and paying cost of issuance of the bonds. The bonds were paid off during fiscal year ended September 30, 2021 through the issuance of the Capital Improvement Revenue Refunding Bond, Series 2021.

SCHOOL IMPROVEMENT REVENUE BONDS, SERIES 2014

On July 1, 2014, the Village issued \$4,575,000 of School Improvement Revenue Bonds, Series 2014 for the purpose of providing an additional portion of the financing of a permanent secondary educational facility and recreational fields owned and operated by the School Board of Miami-Dade County for Village residents located at the Mast Academy campus as well as necessary renovations of the Key Biscayne K-8 Center, financing architectural, engineering, environmental, legal, and other planning costs related thereto, and paying cost of issuance of the bonds. The bonds were paid off during fiscal year ended September 30, 2021 through the issuance of the Capital Improvement Revenue Refunding Bond, Series 2021.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

SEWER IMPROVEMENT REVENUE BONDS, SERIES 2016

On June 29, 2016, the Village issued \$3,490,000 of Sewer Improvement Revenue Bonds, Series 2016 for the purpose of refinancing the State Revolving Fund Loan, 2009. The bonds require the Village to appropriate in its annual budget, from non-ad valorem revenue amounts sufficient to cover debt service. The bonds were paid off during fiscal year ended September 30, 2021 through the issuance of the Capital Improvement Revenue Refunding Bond, Series 2021.

CAPITAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2021

In January 2021, the Village issued \$11,238,000 of Capital Improvement Revenue Refunding Bond, Series 2021 for the purpose of refinancing the (a) Capital Improvement and Land Acquisition Revenue Refunding Bonds, Series 2011; (b) Capital Improvement Revenue Bonds, Series 2011B; (c) School Improvement Revenue Bonds, (d) Series 2012; School Improvement Revenue Bonds, Series 2014; (e) Sewer Improvement Revenue Bonds, Series 2016. The bonds require the Village to appropriate in its annual budget, by amendment, if necessary, from non-ad valorem revenues lawfully available in each fiscal year of the Village, amounts sufficient to pay the principal and interest due on the Bond in accordance with its terms. The refunding reduced total debt service payments by \$786,809. This resulted in an economic gain of \$758,147. The bond is payable in semi-annual payments over years beginning on October 1, 2021 at an interest rate of 1.235% per annum. The loan matures on October 1, 2032.

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2022*	\$ --	\$ 118,646	\$ 118,646
2023	1,819,000	96,182	1,915,182
2024	1,145,000	82,041	1,227,041
2025	918,000	70,704	988,704
2026	926,000	59,268	985,268
2027-2031	4,183,000	129,576	4,312,576
2032-2033	616,000	3,779	619,779
	<u>\$ 9,607,000</u>	<u>\$ 560,196</u>	<u>\$ 10,167,196</u>

* Debt service payment due on October 1, 2021 approximating \$1,631,000 in principal was paid during fiscal year ended September 30, 2021.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

FIRE EQUIPMENT REVENUE BOND, SERIES 2021

In May 2021, the Village entered into a bond agreement in the amount of \$750,000 for financing the fire equipment and paying costs of issuance of the bond. The bond is secured by a covenant to budget and appropriate Non-Ad Valorem revenues of the Village, all as further specified by subsequent resolution of the Village Council. The loan is payable in semi-annual payments over eleven years beginning on October 1, 2021 at an interest rate of 1.764% per annum. The loan matures on October 1, 2030.

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2022*	\$ --	\$ 11,907	\$ 11,907
2023	75,000	10,584	85,584
2024	75,000	9,261	84,261
2025	75,000	7,938	82,938
2026	75,000	6,615	81,615
2027-2031	<u>375,000</u>	<u>13,230</u>	<u>388,230</u>
	<u>\$ 675,000</u>	<u>\$ 59,535</u>	<u>\$ 734,535</u>

* Debt service payment due on October 1, 2021 approximating \$75,000 in principal was paid during fiscal year ended September 30, 2021.

STATE REVOLVING FUND LOAN, 1996

In June 1996, the Village entered into a loan agreement in the amount of \$887,983 for the financing of the planning and engineering of the proposed sanitary sewer construction project under a State Revolving Fund Loan. The loan is secured by the state revenue sharing funds. Debt service for fiscal year 2021 was \$28,135 and state revenue sharing was \$368,675. The loan is payable in semi-annual payments over 20 years beginning on April 15, 2003 at an interest rate of 2.56% per annum. The loan matures on October 15, 2022.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

STATE REVOLVING FUND LOAN, 1996 (CONTINUED)

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 27,254	\$ 880	\$ 28,134
2023	<u>13,888</u>	<u>178</u>	<u>14,066</u>
	<u>\$ 41,142</u>	<u>\$ 1,058</u>	<u>\$ 42,200</u>

CAPITAL LEASES

The Village has entered into lease purchase agreements for financing the acquisition of vehicles and equipment in the General Fund and Capital Improvement Fund. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases matured between March 2021 and July 2021.

Assets

Machinery and equipment	\$ 2,302,024
Accumulated depreciation	<u>(1,540,249)</u>

Carrying Value

\$ 761,775

The following is a summary of changes in long-term liabilities of the Village for business-type activities for the fiscal year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities					
Bonds Payable					
Stormwater utility refunding and improvement revenue bonds, Series 2016	\$ 4,207,301	\$ --	\$ (380,212)	\$ 3,827,089	\$ --
Long-Term Liabilities	<u>\$ 4,207,301</u>	<u>\$ --</u>	<u>\$ (380,212)</u>	<u>\$ 3,827,089</u>	<u>\$ --</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

STORMWATER UTILITY REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2016

On October 7, 2016, the Village issued \$5,668,152 of Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2016 for the purpose of refunding the Village’s Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2013, which provided the financing of improvements and replacements of drainage wells and outfalls for the Village’s Stormwater Utility System. The Village has pledged stormwater utility fees. Stormwater utility fees totaled \$1,804,765 for the fiscal year ended September 30, 2021. The bonds bear interest on the outstanding balance from their date of issuance payable semi-annually every October 1st and April 1st, commencing April 1, 2017, at an interest rate equal to 2.35% per annum. The bond matures on October 1, 2030. Principal is paid annually on each October 1, commencing on October 1, 2014.

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2022*	\$ --	\$ 90,481	\$ 90,481
2023	389,147	81,336	470,483
2024	398,292	71,976	470,268
2025	407,231	62,396	469,627
2026	417,231	52,591	469,822
2027-2031	<u>2,215,188</u>	<u>107,625</u>	<u>2,322,813</u>
	<u>\$ 3,827,089</u>	<u>\$ 466,405</u>	<u>\$ 4,293,494</u>

* Debt service payment due on October 1, 2021 approximating \$380,000 in principal was paid during fiscal year ended September 30, 2021.

REVENUE BONDS– DEFAULT TERMS

In the event of default of payment of principal or interest with respect to the insured bonds when all or a portion becomes due, any registered owner of the insured bonds may pursue any available remedy by suit, at law or in equity, to enforce the payment of the principal of and interest on the bonds then outstanding. Certain bond obligations also provide that registered owners of the insured bonds may declare all payments of principal and accrued interest to be immediately due and payable, whereupon the same shall become immediately due and payable.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

STATE REVOLVING LOAN – DEFAULT TERMS

In the event of default, the State of Florida Department of Environmental Protection (the Department) may accelerate the Village’s repayment schedule or increase the interest rate by as much as 3% per annum on the unpaid principal of the loan. The Department may also notify the Village’s financial market credit rating agencies and terminate future commitments to provide additional loans. The Department may pursue any available remedy by suit for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

NOTE 9 – FUND BALANCE CLASSIFICATIONS

As of September 30, 2021, fund balances in the governmental funds have been set aside for the following purposes. The Village, by its charter, cannot have any unassigned fund balance, therefore, many of the committed and assigned balances are established to fund current operations, such as working capital.

General Fund

Nonspendable

Prepaid items \$ 2,002,158

Restricted

Parking fines 7,342
Building inspections 13,493
Law enforcement seizures 188,422
209,257

Committed

Emergencies 3,753,411

Assigned

Compensated absences 1,796,146
Working capital (surplus) 13,053,093
14,849,239

Total Fund Balance - General Fund \$ 20,814,065

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – FUND BALANCE CLASSIFICATIONS (CONTINUED)

Transportation Special Revenue

Nonspendable

Prepaid items \$ 54,658

Restricted

Transportation surtax 1,704,435

Total Fund Balance - Transportation Special Revenue \$ 1,759,093

PROS Land Trust Special Revenue

Restricted

Open space land trust \$ 2,551,171

Committed

Open space land trust 1,193,511

Total Fund Balance - PROS Land Trust \$ 3,744,682

Capital Improvements

Nonspendable

Prepaid items \$ 85,000

Committed

Capital improvements 1,912,630

Total Fund Balance - Capital Improvements \$ 1,997,630

NOTE 10 – DEFINED CONTRIBUTION PLANS

The Village, as a single-employer, contributes to the Village of Key Biscayne Money Purchase Plans, which are defined contribution plans created in accordance with Internal Revenue Code Section 401(a). The Plans are administered by a third party administrator. Under the first Plan, which is available to general employees, the Village contributes 12% and the employees contribute 6%. Under the second Plan, which is available only to the Village Manager, the Village contributes 12% and Village Manager contributions are not required. Under the third plan, which is available only to sworn or certified police officers and firefighters, there are currently no employee or employer contributions. Original participants still have vested funds deposited in the third Plan. Total employer contributions into the general employees and the Village Manager’s plans were approximately \$463,000 and \$15,000 for the year ended September 30, 2021, respectively. Amendments to the Plans must be authorized by the Village Council.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

Effective October 1, 1997, the Village established the Village of Key Biscayne Police Officers and Firefighters Retirement Plan (a single-employer Public Employee Retirement System – “PERS”) to provide pension benefits for its police officers and firefighters. The PERS is considered to be part of the Village’s financial reporting entity and is included in the Village’s financial reports as a pension trust fund. The Plan was created under Village Ordinance 97-21. The PERS is administered by a five member Board of Trustees, comprised of two members appointed by Village Council, one member elected by/from the police officer members, one member elected by/from the firefighter members and the fifth member is chosen by the majority of the four Trustees and formally appointed by the Village Council. The latest available actuarial valuation is as of October 1, 2019. The PERS does not issue a publicly available stand-alone financial report for the Plan. The Plan received a favorable IRS determination letter dated September 12, 2014. Amendments to the Plan must be authorized by the Village Council.

Under this Plan, all full-time firefighters and police officers employed by the Village are eligible to participate. Prior to March 11, 2014 for firefighters and August 26, 2014 for police officers, the monthly retirement benefit was equal to 3% of the average final compensation for each year of service.

As of March 11, 2014, the monthly retirement benefit for firefighters is equal to 3% of average final compensation for the first fifteen years of credited service; 4% of average final compensation for each year of credit service in excess of fifteen years; and 2.75% of average final compensation earned after March 10, 2014, and before October 1, 2017. After October 1, 2017, the monthly retirement benefit is equal to 3% of average final compensation for the remaining years of credited service.

As of August 26, 2014, the monthly retirement benefit for police officers is equal to 3% of average final compensation for each year of credited service earned before August 26, 2014 and 2.75% of average final compensation for each year of credit service earned after August 26, 2014. After October 1, 2017, the monthly retirement benefit is equal to 3% of average final compensation for each year of credited service. The calculation for the average final compensation is computed as one-twelfth of the average salary of the five highest years within the last ten years of credited service. Credited service is determined by the total number of years employed by the Village since August 1, 1993.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Prior to March 11, 2014 for firefighters and August 26, 2014 for police officers, vested employees could retire at the earlier of age 55 and the completion of five years of credited service or the age of 52 and the completion of 25 years of credited service, or at age 50 with 5 years of service with the benefit discounted 3% for each year under age 55. As of March 11, 2014 for firefighters and August 26, 2014 for police officers, vested employees may retire at the earlier of age 55 and the completion of ten years of credited service or the age of 52 and the completion of 25 years of credited service or when their age (computed in full months) plus credited service (computed in full months) equals 900 months (i.e. 75 years).

Administrative costs of the Plan are financed through investment earnings. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Benefits and refunds are recorded when paid.

Based on the October 1, 2020 (date of the latest actuarial valuation), Plan membership consisted of the following:

Inactive plan members and beneficiaries currently receiving benefits	55
Inactive plan members entitled but not yet receiving benefits	2
Active plan members	<u>56</u>
Total Members	<u><u>113</u></u>

FUNDING POLICY

The participant contribution rate is fixed by Ordinance at 10.5%.

The Village's contribution rate is adjusted each year to an amount equal to the total pension cost for the year, as determined by the most recent actuarial valuation, less the amount of revenue received from the State of Florida pursuant to Chapters 175 and 185 of the Florida Statutes. Effective March 11, 2014 for firefighter participants and August 26, 2014 for police officer participants, the Village's annual contribution into the Plan shall not exceed 20% of the Plan's covered payroll. As such, any required excess as determined by the actuarial valuation is covered by additional participant contributions. This funding policy is designed to limit the Village's exposure to contribute to the Plan. State contributions are recognized as a revenue and expenditure in the General Fund. The actuarial valuation dated October 1, 2018 provided the actuarially determined contribution for the fiscal year ended September 30, 2021.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

FUNDING POLICY (CONTINUED)

The Village's (including the State) contribution rate was 25.95% of covered payroll for the fiscal year ended September 30, 2021 which was determined by the October 1, 2019 actuarial valuation.

SHARE PLAN

In fiscal year 2009, the Village created the Village of Key Biscayne Firefighters' Share Plan (the "Share Plan"). Prior to March 11, 2014, the Share Plan was funded by premium tax revenues from the State of Florida in excess of the amounts used to satisfy funding requirements of the defined benefit plan of the firefighters. Effective March 11, 2014, the Share Plan was closed, and as such, all premium tax revenues received pursuant to Chapter 175 are transferred into the PERS to reduce the Village's contribution and no subsequent allocations were paid into the Share Plan. The Village has contracted Empower Retirement Advisory Services to provide certain administrative plan services. Benefits are paid to vested participants in a single lump sum or in equal installments. The investment balance of the Share Plan at September 30, 2021 is \$1,308,752, which is accounted for in the pension trust fund.

DROP PROGRAM

In fiscal year 2009, the Village created a deferred retirement option program (DROP) for the benefit of the firefighters that have reached their normal retirement date. Election in the DROP is voluntary. The maximum period of participation is five years. The DROP is funded by the participants' retirement benefit that would be received if the participant had retired on the election date plus earnings thereon.

Retirement benefits from the DROP can be paid in a single lump sum payment; equal monthly installments or an annuity. The Village has contracted Empower Retirement Advisory Services to provide certain administrative plan services. As of September 30, 2021 there were nineteen (19) participants in the DROP. The balance in the DROP at September 30, 2021 is \$4,883,443, which is accounted for in the pension trust fund.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 –NET PENSION LIABILITY (ASSET) OF THE VILLAGE

At September 30, 2021, the Village reported a net pension liability (“NPL”) of \$3,531,743, which was measured as of September 30, 2020 (GASB 68 measurement date). In accordance with GASB 67, information related to the net pension liability (asset) as of September 30, 2021 has also been disclosed.

	2021	2020
Total pension liability	\$ 54,340,334	\$ 52,053,547
Plan fiduciary net position	(58,790,534)	(48,521,804)
Net pension liability (asset)	\$ (4,450,200)	\$ 3,531,743
Plan fiduciary net position as a percentage of total pension liability	108.19%	93.22%

Changes in the Village’s net pension liability for the fiscal year ended September 30, 2021 (measured as of September 30, 2020) is as follows:

	Police Officers and Firefighters		
	Total Pension Liability	Plan Fiduciary Position	Net Pension Liability
Beginning Balances - September 30, 2019	\$ 48,166,187	\$ 43,211,966	\$ 4,954,221
Changes for the Year:			
Service cost	1,102,891	--	1,102,891
Interest	3,717,180	--	3,717,180
Differences between actual and expected experience	182,052	--	182,052
Assumption changes	242,220	--	242,220
Benefit payments	(1,343,040)	(1,343,040)	--
Refunds	(13,943)	(13,943)	--
Contributions - employer (from Village)	--	1,268,147	(1,268,147)
Contributions - employer (from State)	--	559,089	(559,089)
Contributions - employee (including buyback contributions)	--	677,201	(677,201)
Net investment income	--	4,270,408	(4,270,408)
Administrative expense	--	(108,024)	108,024
Net Change	3,887,360	5,309,838	(1,422,478)
Ending Balances - September 30, 2020	\$ 52,053,547	\$ 48,521,804	\$ 3,531,743

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 –NET PENSION LIABILITY (ASSET) OF THE VILLAGE (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

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

Measurement Date:	September 30, 2021	September 30, 2020
Actuarial Valuation:	October 1, 2020	October 1, 2019
Interest rates:		
Single discount rate	7.55%	7.60%
Inflation rate	2.75%	2.75%
Salary Increases	3.50% to 9.25% depending on age, including inflation	3.50% to 9.25% depending on age, including inflation
Mortality table	PUB-2010 Headcount Weighted Safety Below Median Employee Mortality Table for males (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Mortality Table for females (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Mortality Table for males (post-retirement), and the PUB-2010 Safety Healthy Retiree Mortality Table for Females, and with mortality improvements projected to all future years after 2010 using scale MP-2018.	RP-2000 Combined Healthy Participant Mortality Table for pre-retirement mortality and the RP-2000 Mortality Table for Annuitants for post-retirement mortality, with mortality improvements projected to all future years after 2000 using Scale BB.

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rates of return on pension plan investments were determined based upon the historical average (means returns) which best-estimate ranges of expected future real rates of return. In order to determine the real rates of return, it is necessary to subtract the expected inflation rate from the nominal investment return and investment expenses.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 –NET PENSION LIABILITY (ASSET) OF THE VILLAGE (CONTINUED)

LONG-TERM EXPECTED RATE OF RETURN (CONTINUED)

The long-term expected rate of return for the Plan was calculated by weighting the expected future rates of return of each asset class by the corresponding target allocation percentages. Best estimates of real rates of return for each major asset class included in the Plan’s target asset allocation as of September 30, 2021 and 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	<u>2020</u>
Domestic equity	8.20%	8.30%
International equity	4.10%	4.10%
Fixed income	0.60%	0.90%
Real estate	0.00%	0.00%
Cash	0.20%	0.50%

RATE OF RETURN

For the fiscal years ended September 30, 2021 and 2020, the annual money-weighted rate of return on Plan investments, net of investment expense, was 24.51% and 9.84%, respectively. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

DISCOUNT RATE

For the fiscal years ended September 30, 2021 and 2020, a single discount rate of 7.55% and 7.60%, respectively were used to measure the total pension liability. This single discount rate was based on the expected rate of return on Plan investments. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 –NET PENSION LIABILITY (ASSET) OF THE VILLAGE (CONTINUED)

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

Below is a table providing the sensitivity of the net pension liability (asset) to changes in the discount rate. In particular, the table presents the Village’s net pension liability (asset), if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

As of September 30,	1% Decrease	Current Single Discount Rate Assumption	1% Increase
2021	6.55%	7.55%	8.55%
	\$ 857,171	\$ (4,450,200)	\$ (8,924,582)
2020	6.60%	7.60%	8.60%
	\$ 8,859,167	\$ 3,531,743	\$ (936,057)

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

For the fiscal year ended September 30, 2021, based on a September 30, 2020 measurement date, the Village recognized pension expense of approximately \$759,851 related to the Plan. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Village contribution subsequent to year end	\$ 1,360,024	\$ --
Differences between expected and actual experience	142,027	(330,607)
Change of assumptions	467,493	--
Net difference between projected and actual earnings on pension plan investments	87,632	--
Total	\$ 2,057,176	\$ (330,607)

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 –NET PENSION LIABILITY (ASSET) OF THE VILLAGE (CONTINUED)

The deferred outflow of resources, resulting from the Village’s contributions to the Plan subsequent to the measurement date of September 30, 2019 in the amount of \$1,360,024 will be recognized as a reduction of the Village’s net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2022	\$ (58,872)
2023	199,434
2024	389,993
2025	(164,010)
	<u>\$ 366,545</u>

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Village provides an optional single employer defined benefit post-employment healthcare plan (the “OPEB Plan”) to eligible individuals. The OPEB Plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the OPEB Plan conform to Florida Statutes, which are the legal authority for the plan. The OPEB Plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the OPEB Plan. The OPEB Plan has no assets and does not issue a separate financial report. As of the September 30, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive members and beneficiaries currently receiving benefits	--
Inactive members entitled but not yet receiving benefits	--
Active members	<u>93</u>
Total	<u><u>93</u></u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

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

Valuation date	September 30, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation	2.25%
Discount rate	2.41%
Projected salary increases	3.50% - 9.25%
Healthcare cost trend rate:	6.70%, initial Per Capital Cost trend rate.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2019 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.

The Village does not provide funding for any portion of the premiums after retirement; however, the Village recognizes that there is an “implicit subsidy” arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs.

Changes in assumptions and other inputs include the change in the discount rate from 2.75% as of the beginning of the measurement period to 2.41% as of September 30, 2020. This change is reflected in the scheduled of changes in total OPEB liability.

TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

At September 30, 2021, the Village reported a total OPEB liability of \$533,264 using a measurement date of September 30, 2020.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY (CONTINUED)

The detail of the changes in total OPEB liability for fiscal year 2021 is presented below:

	Total OPEB Liability
Beginning Balance - September 30, 2019	\$ 435,108
Changes for the Year:	
Service cost	85,778
Interest on the total OPEB liability	14,324
Changes in assumptions and other inputs	(1,946)
Net Change	98,156
Ending Balance - September 30, 2020	\$ 533,264

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE OR HEALTHCARE COST TREND RATE

The chart below presents the total OPEB liability of the Village, calculated using the discount rate of 2.41%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate Assumption	1% Increase
	1.41%	2.41%	3.41%
Total OPEB Liability	\$ 581,740	\$ 533,264	\$ 488,151

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE OR HEALTHCARE COST TREND RATE (CONTINUED)

The chart below presents the total OPEB liability of the Village, calculated using the healthcare cost trend rate of 6.70%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	5.70%	6.70%	7.70%
Total OPEB Liability	<u>\$ 455,593</u>	<u>\$ 533,264</u>	<u>\$ 628,712</u>

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

For the fiscal year ended September 30, 2021, the Village recognized an OPEB expense of \$54,121. At September 30, 2021, the Village reported deferred outflows and inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 46,549
Change of assumptions and other inputs	--	<u>257,931</u>
Total	<u>\$ --</u>	<u>\$ 304,480</u>

Deferred inflows of resources will be recognized as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2022	\$ (45,981)
2023	(45,981)
2024	(45,981)
2025	(45,981)
2026	(45,981)
Thereafter	<u>(74,575)</u>
	<u>\$ (304,480)</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 14 – 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 and natural disasters for which the Village carries commercial insurance. There was no reduction in insurance coverage from coverages in the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

LITIGATION

The Village is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, would not have a material adverse effect on the financial condition of the Village.

GRANTS CONTINGENCY

Federal and State programs in which the Village participates are subject to audit by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In the opinion of management, future disallowances of grant expenditures, if any, would not have a material adverse effect on the financial condition of the Village.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF KEY BISCAYNE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 24,703,672	\$ 24,703,672	\$ 24,990,469	\$ 286,797
Utility taxes/communications services tax	2,727,596	2,727,596	3,035,636	308,040
Franchise fees	1,189,629	1,189,629	1,216,940	27,311
Licenses and permits	1,516,911	1,516,911	2,160,920	644,009
Intergovernmental	1,835,229	1,835,229	2,093,545	258,316
Charges for services	1,825,588	1,825,588	1,510,582	(315,006)
Interest	22,518	22,518	36,920	14,402
Grants	--	--	534,166	534,166
Miscellaneous income	75,686	75,686	218,054	142,368
Total Revenues	33,896,829	33,896,829	35,797,232	1,900,403
Expenditures				
Current:				
General government:				
Elected officials	78,984	78,984	43,448	35,536
Village clerk	386,957	386,957	355,605	31,352
Administration	3,057,431	3,057,431	2,627,056	430,375
Village attorney	590,000	590,000	505,763	84,237
Total general government	<u>4,113,372</u>	<u>4,113,372</u>	<u>3,531,872</u>	<u>581,500</u>
Public safety:				
Police	8,240,862	8,240,862	8,125,951	114,911
Fire	8,691,335	8,691,335	8,337,994	353,341
Total public safety	<u>16,932,197</u>	<u>16,932,197</u>	<u>16,463,945</u>	<u>468,252</u>
Public works	3,027,500	3,027,500	2,912,245	115,255
Building, zoning and planning	2,002,923	2,002,923	1,752,957	249,966
Parks and recreation:				
Parks	1,882,918	1,882,918	1,475,503	407,415
Community center	2,952,421	2,952,421	1,884,815	1,067,606
Athletic division	544,865	544,865	421,433	123,432
Total parks and recreation	<u>5,380,204</u>	<u>5,380,204</u>	<u>3,781,751</u>	<u>1,598,453</u>
Debt service:				
Principal	2,979,362	2,979,362	13,183,797	(10,204,435)
Interest and fiscal charges	333,963	333,963	269,505	64,458
Total Expenditures	34,769,521	34,769,521	41,896,072	(7,126,551)
Excess of Revenues over Expenditures	(872,692)	(872,692)	(6,098,840)	(5,226,148)
Other Financing Uses				
Bond proceeds	--	--	11,238,000	11,238,000
Transfers out	(1,125,000)	(1,125,000)	(1,125,000)	--
Total Other Financing Uses	(1,125,000)	(1,125,000)	10,113,000	11,238,000
Net Change in Fund Balance	\$ (1,997,692)	\$ (1,997,692)	\$ 4,014,160	\$ 6,011,852

See notes to budgetary comparison schedule.

VILLAGE OF KEY BISCAYNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,052,794	\$ 1,052,794	\$ 1,145,476	\$ 92,682
Interest	<u>200</u>	<u>200</u>	<u>--</u>	<u>(200)</u>
Total Revenues	<u>1,052,994</u>	<u>1,052,994</u>	<u>1,145,476</u>	<u>92,482</u>
Expenditures				
Current:				
General government:				
Transit	<u>511,536</u>	<u>511,536</u>	<u>485,588</u>	<u>25,948</u>
Total general government	<u>511,536</u>	<u>511,536</u>	<u>485,588</u>	<u>25,948</u>
Debt service:				
Principal	561,178	561,178	556,777	4,401
Interest and fiscal charges	<u>25,419</u>	<u>25,419</u>	<u>39,830</u>	<u>(14,411)</u>
Total Expenditures	<u>1,098,133</u>	<u>1,098,133</u>	<u>1,082,195</u>	<u>15,938</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(45,139)</u>	<u>(45,139)</u>	<u>63,281</u>	<u>108,420</u>
Net Change in Fund Balance	<u>\$ (45,139)</u>	<u>\$ (45,139)</u>	<u>\$ 63,281</u>	<u>\$ (108,420)</u>

See notes to budgetary comparison schedule.

VILLAGE OF KEY BISCAYNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROS LAND TRUST SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 248,971	\$ 248,971	\$ 252,429	\$ 3,458
Interest	--	--	5,526	5,526
Total Revenues	248,971	248,971	257,955	3,458
Expenditures				
Current:				
Parks and recreation	--	--	69,127	(69,127)
Total parks and recreation	--	--	69,127	(69,127)
Total Expenditures	--	--	69,127	(69,127)
Net Change in Fund Balance	\$ 248,971	\$ 248,971	\$ 188,828	\$ 60,143

See notes to budgetary comparison schedule.

VILLAGE OF KEY BISCAYNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is prepared for the General Fund, the Transportation Special Revenue Fund, the PROS Land Trust Special Revenue Fund, and the Capital Improvements Fund. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The Village Manager submits to Council a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature. Public hearings are conducted to obtain taxpayer comments.
- (b) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (c) The Village Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During fiscal year ended September 30, 2021, there were no supplemental appropriations.
- (d) Formal budgetary integration is employed as a management control device for the General Fund.
- (e) The budgets for the general fund and the transportation special revenue fund are adopted on a basis consistent with generally accepted accounting principles (“GAAP”), except for certain unbudgeted expenditures of prior year reserves.
- (f) The Village Manager is authorized to transfer part or all of an encumbered appropriation balance within departments within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the Village Council. The classification detail at which expenditures may not legally exceed appropriations is at the department level.

VILLAGE OF KEY BISCAYNE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUND

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

PENSION TRUST FUND

	September 30,							
	2021	2020	2019**	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 1,014,585	\$ 1,102,891	\$ 1,218,739	\$ 1,019,667	\$ 982,149	\$ 892,483	\$ 905,151	\$ 1,325,960
Interest	3,923,498	3,717,180	3,485,951	3,044,406	2,815,914	2,655,690	2,423,657	2,505,808
Benefit changes	--	--	--	3,561,208	--	--	--	(4,253,914)
Difference between actual and expected experience	987,658	182,052	(159,538)	(636,655)	17,729	(678,816)	413,544	(40,185)
Assumption changes	(752,649)	242,220	228,644	194,414	608,244	368,874	351,602	(96,578)
Benefit payments	(2,884,785)	(1,343,040)	(1,224,821)	(1,456,886)	(1,060,547)	(570,278)	(653,498)	(447,084)
Refunds	(1,520)	(13,943)	(97,109)	(6,523)	(36,765)	(32,769)	(8,759)	(99,486)
Other (release of excess state reserves)	--	--	--	--	--	(206,710)	(297,383)	--
Net Change in Total Pension Liability	2,286,787	3,887,360	3,451,866	5,719,631	3,326,724	2,428,474	3,134,314	(1,105,479)
Total Pension Liability - Beginning	52,053,547	48,166,187	44,714,321	38,994,690	35,667,966	33,239,492	30,105,178	31,210,657
Total Pension Liability - Ending (a)	<u>\$ 54,340,334</u>	<u>\$ 52,053,547</u>	<u>\$ 48,166,187</u>	<u>\$ 44,714,321</u>	<u>\$ 38,994,690</u>	<u>\$ 35,667,966</u>	<u>\$ 33,239,492</u>	<u>\$ 30,105,178</u>
Plan Fiduciary Net Position								
Contributions - employer (from Village)	\$ 759,851	\$ 1,268,147	\$ 972,014	\$ 814,693	\$ 937,715	\$ 322,848	\$ 383,181	\$ 844,637
Contributions - employer (from State)	600,173	559,089	536,767	870,899	--	397,294	456,253	475,709
Contributions - employee (including buyback contributions)	508,926	677,201	621,376	650,201	599,086	606,697	579,425	639,478
Net investment income (loss)	11,402,840	4,270,408	803,476	3,576,144	4,090,514	2,574,564	(103,179)	2,632,785
Benefit payments	(2,884,785)	(1,343,040)	(1,224,821)	(1,456,886)	(1,060,547)	(570,278)	(653,498)	(447,084)
Refunds	(1,520)	(13,943)	(97,109)	(6,523)	(36,765)	(32,769)	(8,759)	(99,486)
Administrative expense	(116,755)	(108,024)	(102,921)	(87,099)	(60,179)	(69,369)	(85,607)	(86,629)
Net Change in Plan Fiduciary Net Position	10,268,730	5,309,838	1,508,782	4,361,429	4,469,824	3,228,987	567,816	3,959,410
Plan Fiduciary Net Position - Beginning	48,521,804	43,211,966	41,703,184	37,341,755	32,871,931	29,642,944	29,075,128	25,115,718
Plan Fiduciary Net Position - Ending (b)	<u>\$ 58,790,534</u>	<u>\$ 48,521,804</u>	<u>\$ 43,211,966</u>	<u>\$ 41,703,184</u>	<u>\$ 37,341,755</u>	<u>\$ 32,871,931</u>	<u>\$ 29,642,944</u>	<u>\$ 29,075,128</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (4,450,200)</u>	<u>\$ 3,531,743</u>	<u>\$ 4,954,221</u>	<u>\$ 3,011,137</u>	<u>\$ 1,652,935</u>	<u>\$ 2,796,035</u>	<u>\$ 3,596,548</u>	<u>\$ 1,030,050</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.19%	93.22%	89.71%	93.27%	95.76%	92.16%	89.18%	96.58%
Covered Payroll	\$ 4,847,870	\$ 5,556,330	\$ 5,917,871	\$ 6,192,393	\$ 5,671,587	\$ 5,778,063	\$ 5,518,334	\$ 6,053,762
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-91.80%	63.56%	83.72%	48.63%	29.14%	48.39%	65.17%	17.02%

* The Plan's fiduciary net position disclosed above does not agree to the pension trust statement of fiduciary net position due to the timing of recognition of the deferred inflow of resources reported in each year for actuarial purposes.

** Certain amounts related to the total pension liability and plan fiduciary net position for 2019 have been updated in the 2020 Comprehensive Annual Financial Report to consider timing and recognition of employer contributions for actuarial purposes.

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUND**

SCHEDULE OF VILLAGE CONTRIBUTIONS

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,106,628	\$ 1,320,346	\$ (213,718)	\$ 6,053,762	21.81%
2015	934,532	839,434	* 95,098	5,518,334	15.21%
2016	926,852	720,142	* 206,710	5,778,063	12.46%
2017	937,715	937,715	--	5,671,587	16.53%
2018	1,032,174	1,685,592	** (653,418)	6,192,393	27.22%
2019	1,340,518	1,508,781	** (168,263)	5,917,871	25.50%
2020	1,186,442	1,827,236	** (640,794)	5,556,330	32.89%
2021	1,249,957	1,360,024	(110,067)	4,847,870	28.05%

* The contribution deficiencies for the fiscal years ending September 30, 2015 and September 30, 2016 were made up by the release of excess state contribution reserve funds and the use of prepaid employer contributions.

** A portion of this over-contribution resulted from recognizing previous years' prepaid (advance) employer contributions in the amount of \$289,001 during fiscal year 2018, \$520,921 during fiscal year 2019 and \$520,921 during fiscal year 2020.

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

Valuation Date	October 1, 2019
Notes	Actuarially determined contributions are calculated as of October 1, which is 24 months prior to the end of the year in which contributions are reported.
Actuarial Cost Method	Entry Age Cost Method
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	9 years (single equivalent period); 28 years (longest period)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	3.50% to 9.25% depending on age, including inflation
Investment Rate of Return	7.60%
Experience studies	The most recent experience study was completed June 10, 2014. This experience study examined actual demographic and economic experience during the eight-year period ending September 30, 2013. Based on the results of this experience study, salary scale, withdrawal and retirement assumption changes were implemented effective September 30, 2014.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar and 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUND**

SCHEDULE OF INVESTMENT RETURNS

	2021	2020	2019	September 30,		2016	2015	2014
				2018	2017			
Annual Money-Weighted Rate of Return, Net of Investment Expense	24.51%	9.84%	3.15%	9.98%	13.02%	9.03%	0.10%	10.70%

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

VILLAGE OF KEY BISCAYNE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

Measurement Date: September 30,	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 85,778	\$ 71,395	\$ 73,044	\$ 75,574
Interest on the total OPEB liability	14,324	28,785	23,814	19,205
Changes in benefit terms	--	6,868	--	--
Difference between expected and actual experience	--	(60,445)	--	--
Changes in assumptions and other inputs	(1,946)	(291,665)	(24,054)	(26,144)
Benefit payments	--	--	--	(10,412)
Net change in total OPEB liability	98,156	(245,062)	72,804	58,223
Total OPEB Liability - Beginning	<u>435,108</u>	<u>680,170</u>	<u>607,366</u>	<u>549,143</u>
Total OPEB Liability - Ending	<u>\$ 533,264</u>	<u>\$ 435,108</u>	<u>\$ 680,170</u>	<u>\$ 607,366</u>
Covered employee payroll	\$8,819,774	\$ 8,562,887	\$ 11,015,562	\$ 7,011,729
Total OPEB Liability as a percentage of covered employee payroll	6.05%	5.08%	6.17%	8.66%

Note: The OPEB Plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the OPEB Plan. The OPEB has no assets.

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

SUPPLEMENTARY INFORMATION

VILLAGE OF KEY BISCAYNE, FLORIDA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 3,203,931	\$ 3,203,931	\$ 1,490,502	\$ (1,713,429)
Total Revenues	<u>3,203,931</u>	<u>3,203,931</u>	<u>1,490,502</u>	<u>(1,713,429)</u>
Expenditures				
Current:				
General government:				
General	\$ 300,000	\$ 300,000	\$ 285	\$ 299,715
Total general government	<u>300,000</u>	<u>300,000</u>	<u>285</u>	<u>299,715</u>
Public safety:				
Police	300,000	300,000	25,480	274,520
Fire rescue	<u>750,000</u>	<u>750,000</u>	<u>679,451</u>	<u>70,549</u>
Total public safety	<u>1,050,000</u>	<u>1,050,000</u>	<u>704,931</u>	<u>345,069</u>
Public works	5,100,736	5,100,736	3,936,961	1,163,775
Parks and recreation:				
Parks	1,935,139	1,935,139	171,655	1,763,484
Community center	<u>1,200,000</u>	<u>1,200,000</u>	<u>32,725</u>	<u>1,167,275</u>
Total parks and recreation	<u>3,135,139</u>	<u>3,135,139</u>	<u>204,380</u>	<u>2,930,759</u>
Debt service:				
Interest and fiscal charges	--	--	5,182	(5,182)
Total Expenditures	<u>9,585,875</u>	<u>9,585,875</u>	<u>4,851,739</u>	<u>4,739,318</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>(6,381,944)</u>	<u>(6,381,944)</u>	<u>(3,361,237)</u>	<u>3,020,707</u>
Other Financing Sources				
Loan proceeds	1,773,076	1,773,076	750,000	(1,023,076)
Transfers in	<u>1,425,000</u>	<u>1,425,000</u>	<u>1,425,000</u>	<u>--</u>
Total Other Financing Sources	<u>3,198,076</u>	<u>3,198,076</u>	<u>2,175,000</u>	<u>(1,023,076)</u>
Net Change in Fund Balance	<u>\$ (3,183,868)</u>	<u>\$ (3,183,868)</u>	<u>\$ (1,186,237)</u>	<u>\$ 1,997,631</u>

See notes to budgetary comparison schedule.

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. These schedules include:</i>	77-81
Revenue Capacity <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	82-86
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	87-90
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	91-93
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	94-95

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

VILLAGE OF KEY BISCAIYNE, FLORIDA

NET POSITION BY COMPONENT

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 44,373,229	\$ 43,714,666	\$ 51,426,773	\$ 54,854,783	\$ 51,961,356	\$ 62,100,873	\$ 70,944,473	\$ 72,480,963	\$ 77,859,231	\$ 81,335,353
Restricted	500,137	3,138,445	3,455,654	2,405,158	3,425,433	2,665,724	2,078,112	8,639,324	3,529,727	4,464,863
Unrestricted	<u>19,598,291</u>	<u>16,968,354</u>	<u>6,195,833</u>	<u>14,490,922</u>	<u>19,326,602</u>	<u>14,340,755</u>	<u>19,707,367</u>	<u>11,209,773</u>	<u>14,126,305</u>	<u>15,614,147</u>
Total governmental activities net position	<u>64,471,657</u>	<u>63,821,465</u>	<u>61,078,260</u>	<u>71,750,863</u>	<u>74,713,391</u>	<u>79,107,352</u>	<u>92,729,952</u>	<u>92,330,060</u>	<u>95,515,263</u>	<u>101,414,363</u>
Business-type activities										
Net investment in capital assets	16,462,270	15,884,955	13,788,293	12,995,027	13,260,222	13,463,710	4,080,025	4,509,507	2,577,144	2,937,055
Unrestricted	<u>706,195</u>	<u>439,166</u>	<u>1,477,416</u>	<u>719,861</u>	<u>651,997</u>	<u>(599,305)</u>	<u>(888,228)</u>	<u>(1,173,171)</u>	<u>1,529,482</u>	<u>1,567,387</u>
Total business-type activities net position	<u>17,168,465</u>	<u>16,324,121</u>	<u>15,265,709</u>	<u>13,714,888</u>	<u>13,912,219</u>	<u>12,864,405</u>	<u>3,191,797</u>	<u>3,336,336</u>	<u>4,106,626</u>	<u>4,504,442</u>
Total government										
Net investment in capital assets	60,835,499	59,599,621	65,215,066	67,849,810	65,221,578	75,564,583	75,024,498	76,990,470	80,436,375	84,272,408
Restricted	500,137	3,138,445	3,455,654	2,405,158	3,425,433	2,665,724	2,078,112	8,639,324	3,529,727	4,464,863
Unrestricted	<u>20,304,486</u>	<u>17,407,520</u>	<u>7,673,249</u>	<u>15,210,783</u>	<u>19,978,599</u>	<u>13,741,450</u>	<u>18,819,139</u>	<u>10,036,602</u>	<u>15,655,787</u>	<u>17,181,534</u>
Total Government Net Position	<u>\$ 81,640,122</u>	<u>\$ 80,145,586</u>	<u>\$ 76,343,969</u>	<u>\$ 85,465,751</u>	<u>\$ 88,625,610</u>	<u>\$ 91,971,757</u>	<u>\$ 95,921,749</u>	<u>\$ 95,666,396</u>	<u>\$ 99,621,889</u>	<u>\$ 105,918,805</u>

VILLAGE OF KEY BISCAWAYNE, FLORIDA

CHANGES IN NET POSITION

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 3,379,954	\$ 9,344,606	\$ 8,526,705	\$ 4,100,859	\$ 7,579,355	\$ 4,536,855	\$ 6,211,564	\$ 5,343,922	\$ 6,427,517	\$ 4,519,281
Police	5,818,890	6,065,025	6,362,729	4,103,543	6,240,840	6,881,360	7,681,000	9,273,109	8,635,877	8,391,661
Fire	7,299,320	7,024,661	7,823,159	5,345,543	7,149,458	7,106,286	7,628,618	9,922,713	8,820,555	8,338,123
Public works	1,736,803	2,221,905	1,798,163	1,823,897	2,078,721	2,901,870	4,188,854	3,358,261	3,449,872	5,106,615
Building, zoning and planning	1,808,574	2,306,446	2,153,954	2,075,416	2,165,717	2,550,733	2,366,496	2,467,478	2,346,614	1,748,906
Parks and recreation	4,201,578	4,175,408	4,623,868	4,850,623	5,388,588	5,839,083	5,954,340	6,202,034	4,867,328	4,722,127
Interest on long-term debt	843,965	935,242	962,167	816,313	796,152	894,934	701,558	658,587	456,932	265,352
Total governmental activities	<u>25,089,084</u>	<u>32,073,293</u>	<u>32,250,745</u>	<u>23,116,194</u>	<u>31,398,831</u>	<u>30,711,121</u>	<u>34,732,430</u>	<u>37,226,104</u>	<u>35,004,695</u>	<u>33,092,065</u>
Business-type activities:										
Stormwater	689,287	715,836	1,109,510	1,783,865	934,223	1,060,705	1,234,916	856,653	1,108,192	1,233,970
Sanitary sewer	1,234,279	1,133,209	1,126,907	1,120,166	1,137,592	994,042	9,545,452	--	--	--
Solid waste	563,995	574,686	583,083	582,943	840,730	792,044	698,321	779,508	756,508	987,275
Total business-type activities	<u>2,487,561</u>	<u>2,423,731</u>	<u>2,819,500</u>	<u>3,486,974</u>	<u>2,912,545</u>	<u>2,846,791</u>	<u>11,478,689</u>	<u>1,636,161</u>	<u>1,864,700</u>	<u>2,221,245</u>
Total government expenses	<u>\$ 27,576,645</u>	<u>\$ 34,497,024</u>	<u>\$ 35,070,245</u>	<u>\$ 26,603,168</u>	<u>\$ 34,311,376</u>	<u>\$ 33,557,912</u>	<u>\$ 46,211,119</u>	<u>\$ 38,862,265</u>	<u>\$ 36,869,395</u>	<u>\$ 35,313,310</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 177,574	\$ 140,587	\$ 160,800	\$ 157,868	\$ 147,693	\$ 183,901	\$ 161,527	\$ 224,750	\$ 185,995	\$ 174,424
Police	375	1,455	4,700	20,011	--	3,571	68,809	21,559	--	11,444
Fire	145,544	188,169	210,678	193,442	165,106	162,683	191,529	161,450	158,932	165,001
Building, zoning and planning	2,347,092	2,744,711	2,256,151	3,136,916	2,714,085	1,338,485	1,216,539	1,639,820	1,151,242	2,040,375
Parks and recreation	2,614,034	2,622,554	2,805,925	2,710,396	3,033,636	3,142,475	3,377,137	2,766,189	2,850,865	1,280,258
Operating grants and contributions	6,629	426,917	97,970	85,315	54,331	59,412	53,210	62,174	323,185	534,166
Capital grants and contributions	783,886	803,620	826,282	7,854,679	867,197	873,734	1,733,691	475,058	1,516,214	1,972,818
Total governmental activities program revenues	<u>6,075,134</u>	<u>6,928,013</u>	<u>6,362,506</u>	<u>14,158,627</u>	<u>6,982,048</u>	<u>5,764,261</u>	<u>6,802,442</u>	<u>5,351,000</u>	<u>6,186,433</u>	<u>6,178,486</u>
Business-type activities:										
Charges for services:										
Stormwater	935,352	958,114	907,324	939,798	908,269	933,683	941,302	934,959	1,563,529	1,822,405
Solid waste	588,449	592,480	591,079	600,688	652,455	651,344	841,501	823,157	1,061,921	1,096,656
Capital grants and contributions:										
Stormwater	--	--	--	47,872	--	--	--	--	--	--
Operating grants and contributions:										
Stormwater	--	--	--	--	164,176	--	--	--	--	--
Total business-type activities program revenues	<u>1,523,801</u>	<u>1,550,594</u>	<u>1,498,403</u>	<u>1,588,358</u>	<u>1,724,900</u>	<u>1,585,027</u>	<u>1,782,803</u>	<u>1,758,116</u>	<u>2,625,450</u>	<u>2,919,061</u>
Total program revenues	<u>\$ 7,598,935</u>	<u>\$ 8,478,607</u>	<u>\$ 7,860,909</u>	<u>\$ 15,746,985</u>	<u>\$ 8,706,948</u>	<u>\$ 7,349,288</u>	<u>\$ 8,585,245</u>	<u>\$ 7,109,116</u>	<u>\$ 8,811,883</u>	<u>\$ 9,097,547</u>

(Continued)

VILLAGE OF KEY BISCAIYNE, FLORIDA

CHANGES IN NET POSITION

(Continued)

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense) revenue										
Governmental activities	\$ (19,013,950)	\$ (25,145,280)	\$ (25,888,239)	\$ (8,957,567)	\$ (24,416,783)	\$ (24,946,860)	\$ (27,929,988)	\$ (31,875,104)	\$ (28,818,262)	\$ (26,913,579)
Business-type activities	(963,760)	(873,137)	(1,321,097)	(1,898,616)	(1,187,645)	(1,261,764)	(9,695,886)	121,955	760,750	697,816
Total net expense	<u>\$ (19,977,710)</u>	<u>\$ (26,018,417)</u>	<u>\$ (27,209,336)</u>	<u>\$ (10,856,183)</u>	<u>\$ (25,604,428)</u>	<u>\$ (26,208,624)</u>	<u>\$ (37,625,874)</u>	<u>\$ (31,753,149)</u>	<u>\$ (28,057,512)</u>	<u>\$ (26,215,763)</u>
General revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 16,985,109	\$ 17,499,835	\$ 17,857,711	\$ 19,353,288	\$ 22,249,642	\$ 24,202,255	\$ 24,992,663	\$ 25,400,645	\$ 25,532,172	\$ 25,242,898
Utility taxes	1,727,651	1,789,909	1,967,061	1,979,733	2,007,095	2,110,494	2,136,221	2,128,389	2,224,417	2,384,819
Franchise fees	846,252	780,245	574,639	595,196	603,889	479,194	655,599	192,753	837,835	1,216,940
Communications services tax	946,399	1,010,931	917,449	862,165	753,385	698,927	734,422	681,648	651,615	650,817
Intergovernmental	1,667,597	1,772,208	1,902,177	1,901,774	1,955,183	1,555,215	2,595,087	2,667,562	2,419,835	2,760,356
Investment earnings	37,985	16,722	34,991	47,004	111,484	78,443	37,503	146,404	193,943	42,446
Miscellaneous	212,697	1,627,479	148,140	139,196	81,516	184,489	244,650	257,811	143,648	214,403
Transfers	(28,134)	(28,134)	(257,134)	(343,884)	(382,883)	31,804	9,545,452	--	--	300,000
Total governmental activities	<u>22,395,556</u>	<u>24,469,195</u>	<u>23,145,034</u>	<u>24,534,472</u>	<u>27,379,311</u>	<u>29,340,821</u>	<u>40,941,597</u>	<u>31,475,212</u>	<u>32,003,465</u>	<u>32,812,679</u>
Business-type activities:										
Investment earnings	587	659	5,551	3,911	5,986	24,282	23,278	22,584	9,540	--
Capital Contributions from General Fund	--	--	--	--	--	221,472	--	--	--	--
Transfers	28,134	28,134	257,134	343,884	382,883	(31,804)	--	--	--	(300,000)
Total business-type activities	<u>28,721</u>	<u>28,793</u>	<u>262,685</u>	<u>347,795</u>	<u>388,869</u>	<u>213,950</u>	<u>23,278</u>	<u>22,584</u>	<u>9,540</u>	<u>(300,000)</u>
Total general revenues	<u>\$ 22,424,277</u>	<u>\$ 24,497,988</u>	<u>\$ 23,407,719</u>	<u>\$ 24,882,267</u>	<u>\$ 27,768,180</u>	<u>\$ 29,554,771</u>	<u>\$ 40,964,875</u>	<u>\$ 31,497,796</u>	<u>\$ 32,013,005</u>	<u>\$ 32,512,679</u>
Change in Net Position										
Governmental activities	\$ 3,381,606	\$ (676,085)	\$ (2,743,205)	\$ 15,576,905	\$ 2,962,528	\$ 4,393,961	\$ 13,011,609	\$ (399,892)	\$ 3,185,203	\$ 5,899,100
Business-type activities	(935,039)	(844,344)	(1,058,412)	(1,550,821)	(798,776)	(1,047,814)	(9,672,608)	144,539	770,290	397,816
Total change in Net Position	<u>\$ 2,446,567</u>	<u>\$ (1,520,429)</u>	<u>\$ (3,801,617)</u>	<u>\$ 14,026,084</u>	<u>\$ 2,163,752</u>	<u>\$ 3,346,147</u>	<u>\$ 3,339,001</u>	<u>\$ (255,353)</u>	<u>\$ 3,955,493</u>	<u>\$ 6,296,916</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

**LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Non-spendable	\$ 303,918	\$ 272,330	\$ 353,823	\$ 268,176	\$ 443,084	\$ 598,249	\$ 914,616	\$ 1,289,448	\$ 588,364	\$ 2,002,158
Restricted	1,054,070	1,466,704	1,574,817	1,875,857	2,795,695	1,950,591	1,254,841	1,125,496	214,093	209,257
Committed	4,858,269	5,065,439	5,214,654	13,538,053	11,606,197	12,034,340	4,090,000	4,000,000	3,378,792	3,753,411
Assigned	8,178,544	10,852,640	11,756,540	11,870,006	13,104,992	16,263,205	10,962,611	8,692,560	12,618,656	14,849,239
Total General Fund	<u>14,394,801</u>	<u>17,657,113</u>	<u>18,899,834</u>	<u>27,552,092</u>	<u>27,949,968</u>	<u>30,846,385</u>	<u>17,222,068</u>	<u>15,107,504</u>	<u>16,799,905</u>	<u>20,814,065</u>
All other governmental funds										
Non-spendable	--	--	--	--	--	--	--	--	--	139,658
Restricted	573,701	1,671,741	470,334	529,301	--	715,133	823,271	2,036,456	3,315,634	4,255,606
Committed	6,060,286	4,240,104	4,371,204	3,188,871	629,740	--	7,214,656	7,465,162	4,188,550	3,106,141
Assigned	--	--	--	59,404	414,264	--	1,008,170	--	931,349	--
Unassigned	(690,343)	(278,254)	(314,462)	--	--	--	--	--	--	--
Unreserved, reported in:										
Special revenue fund	--	--	--	--	--	825,896	--	--	--	--
Capital projects funds	--	--	--	--	(2,114,581)	(6,305,354)	--	2,291,441	--	--
Total Other Governmental Funds	<u>5,943,644</u>	<u>5,633,591</u>	<u>4,527,076</u>	<u>3,777,576</u>	<u>(1,070,577)</u>	<u>(4,764,325)</u>	<u>9,046,097</u>	<u>11,793,059</u>	<u>8,435,533</u>	<u>7,501,405</u>
Total Governmental Funds	<u>\$ 20,338,445</u>	<u>\$ 23,290,704</u>	<u>\$ 23,426,911</u>	<u>\$ 31,329,668</u>	<u>\$ 26,879,391</u>	<u>\$ 26,082,060</u>	<u>\$ 26,268,165</u>	<u>\$ 26,900,563</u>	<u>\$ 25,235,438</u>	<u>\$ 28,315,470</u>

VILLAGE OF KEY BISCAYNE, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Ad valorem taxes	\$ 16,985,109	\$ 17,499,835	\$ 17,857,711	\$ 19,353,288	\$ 22,249,642	\$ 24,202,255	\$ 24,992,663	\$ 25,400,645	\$ 25,532,172	\$ 25,242,898
Franchise fees	846,252	780,245	574,639	595,196	603,889	479,194	655,599	192,753	837,835	1,216,940
Utility taxes/communication services tax	2,709,498	2,800,840	2,884,510	2,841,898	2,760,480	2,809,421	2,870,643	2,810,037	2,876,032	3,035,636
Licenses and permits	2,383,500	2,542,103	2,090,916	3,076,414	2,484,872	1,239,116	1,211,159	1,658,676	1,251,238	2,160,920
Intergovernmental revenue	2,451,483	2,575,828	2,728,459	2,756,453	2,822,380	2,428,949	3,462,454	3,137,920	2,880,064	3,239,021
Charges for services	2,901,119	3,155,373	3,347,338	3,142,219	3,548,985	3,591,999	3,804,382	3,155,092	3,095,796	1,510,582
Grants	6,629	426,917	97,970	85,315	54,331	59,412	881,210	62,174	1,378,020	2,024,668
Investment income	37,985	16,722	34,991	47,004	111,484	78,443	37,503	146,404	193,943	42,446
Contributions	--	--	--	7,000,000	--	--	38,325	4,700	1,150	3,651
Miscellaneous	212,697	1,627,479	148,140	139,196	81,516	184,489	244,650	257,811	143,648	214,403
Total revenues	28,534,272	31,425,342	29,764,674	39,036,983	34,717,579	35,073,278	38,198,588	36,826,212	38,189,898	38,691,165
Expenditures										
Current:										
General government	2,066,501	2,255,188	2,468,672	2,884,740	3,783,031	3,265,030	3,755,605	3,789,714	4,188,227	4,012,461
Fire	7,056,020	7,014,382	7,574,576	6,726,873	6,895,590	6,882,673	7,499,587	8,203,230	8,773,421	8,289,169
Police	5,453,853	5,750,069	6,018,581	6,077,940	5,957,079	6,621,521	7,603,393	7,656,656	8,371,181	8,081,652
Public works	1,727,203	1,826,782	1,732,554	1,752,803	1,873,594	2,683,504	3,968,495	2,093,899	2,185,127	2,850,923
Building, planning and zoning	1,777,349	1,842,175	2,064,687	1,982,159	2,074,777	2,476,950	2,336,937	2,446,847	2,336,759	1,739,882
Parks and recreation	3,764,570	4,092,835	4,170,205	4,258,750	4,754,626	5,073,774	5,071,372	5,074,847	3,990,395	3,720,647
Capital outlay	3,793,179	2,294,068	1,769,634	3,334,821	6,938,850	6,567,150	3,278,569	2,063,481	5,261,062	5,149,308
Intergovernmental:										
Payment under interlocal agreement	--	--	4,574,703	8,545	2,390,330	--	--	--	--	--
Debt service:										
Principal	2,436,139	2,531,116	2,716,772	2,920,699	3,294,521	3,459,733	3,771,867	4,183,733	4,264,048	13,740,574
Interest and other fiscal charges	828,393	913,409	875,949	973,012	822,575	777,099	726,658	681,407	484,803	314,517
Total expenditures	28,903,207	28,520,024	33,966,333	30,920,342	38,784,973	37,807,434	38,012,483	36,193,814	39,855,023	47,899,133
Excess (deficiency) of revenues over expenditures	(368,935)	2,905,318	(4,201,659)	8,116,641	(4,067,394)	(2,734,156)	186,105	632,398	(1,665,125)	(9,207,968)
Other financing sources (uses)										
Transfers in	5,816,222	--	904,093	1,855,623	4,260,203	2,327,481	15,604,398	4,292,381	608,971	1,425,000
Transfers out	(5,844,356)	(28,134)	(1,161,227)	(2,199,507)	(4,643,086)	(2,295,677)	(15,604,398)	(4,292,381)	(608,971)	(1,125,000)
Bond proceeds	--	5,575,075	4,575,000	--	--	--	--	--	--	11,988,000
Payment for interlocal agreement	--	(5,500,000)	--	--	--	--	--	--	--	--
Capital lease proceeds	604,000	--	20,000	130,000	--	1,905,021	--	--	--	--
Total other financing sources (uses)	575,866	46,941	4,337,866	(213,884)	(382,883)	1,936,825	--	--	--	12,288,000
Net Change in Fund Balances	\$ 206,931	\$ 2,952,259	\$ 136,207	\$ 7,902,757	\$ (4,450,277)	\$ (797,331)	\$ 186,105	\$ 632,398	\$ (1,665,125)	\$ 3,080,032
Debt service as a percentage of non-capital expenditures	13%	13%	11%	14%	14%	14%	13%	14%	14%	5%

VILLAGE OF KEY BISCAYNE, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

**LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Ad Valorem Taxes	Franchise Taxes	Utility Taxes	Inter- governmental	Communications Services Tax	Total
2012	\$ 16,985,109	\$ 846,252	\$ 1,727,651	\$ 2,451,483	\$ 981,847	\$ 22,992,342
2013	17,499,835	780,245	1,789,909	2,575,828	1,010,931	23,656,748
2014	17,857,711	574,639	1,967,061	2,728,459	917,449	24,045,319
2015	19,353,288	595,196	1,979,733	2,756,453	862,165	25,546,835
2016	22,249,642	603,889	2,007,095	2,822,380	753,385	28,436,391
2017	24,202,255	479,194	2,110,494	2,428,949	698,927	29,919,819
2018	24,992,663	655,599	2,136,221	3,462,454	734,422	31,981,359
2019	25,400,645	192,753	2,128,389	3,137,920	681,648	31,541,355
2020	25,276,850	837,835	2,224,417	2,880,064	651,615	31,870,781
2021	24,990,469	1,216,940	2,384,819	2,093,545	650,817	31,336,590

Source: Village of Key Biscayne Finance Department.

VILLAGE OF KEY BISCAYNE, FLORIDA

NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Tax Roll Year	Real Property			Total Net Assessed Value	Total Direct Tax Rate
		Residential Property	Commercial Property	Personal Property		
2012	2011	\$ 5,458,639,449	\$ 281,666,505	\$ 41,574,020	\$ 5,781,879,974	3.200
2013	2012	5,445,595,704	294,710,250	38,326,390	5,778,632,344	3.200
2014	2013	5,800,745,002	313,747,054	37,410,973	6,151,903,029	3.000
2015	2014	6,306,477,954	353,222,413	37,956,862	6,697,657,229	3.000
2016	2015	7,291,699,676	393,809,175	36,239,673	7,721,748,524	3.000
2017	2016	7,875,742,931	425,303,529	38,238,417	8,339,284,877	3.000
2018	2017	8,148,976,226	445,692,829	39,913,640	8,634,582,695	3.000
2019	2018	7,913,504,848	481,397,840	47,424,912	8,442,327,600	3.100
2020	2019	7,686,491,975	519,580,466	41,003,427	8,247,075,868	3.195
2021	2020	7,551,094,068	536,460,935	40,443,272	8,127,998,275	3.202

Note: Property in the Village is reassessed each year. Property is assessed at actual value, therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Miami-Dade County Property Appraiser's Office.

VILLAGE OF KEY BISCAYNE, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Village of Key Biscayne			Overlapping Rates (1)										
		General Operations	Debt Service	Total Village	Miami-Dade County			Miami-Dade Schools			Florida Inland Navigation District	South Florida Water Management	Other	Total Direct and Overlapping Rates	
					Operating Millage	Service Millage	District Millage	Total County Millage	Debt Millage	Total School Millage					
2012	2011	3.200	-	3.200	4.805	0.285	0.180	5.270	7.765	0.240	8.005	0.035	0.374	0.562	17.445
2013	2012	3.200	-	3.200	4.704	0.285	0.173	5.161	7.765	0.233	7.998	0.035	0.368	0.561	17.322
2014	2013	3.000	-	3.000	4.704	0.422	0.173	5.298	7.644	0.333	7.977	0.035	0.352	0.559	17.221
2015	2014	3.000	-	3.000	4.667	0.450	0.284	5.401	7.775	0.199	7.974	0.035	0.158	0.727	17.294
2016	2015	3.000	-	3.000	4.667	0.450	0.284	5.401	7.413	0.199	7.612	0.032	0.146	0.709	16.900
2017	2016	3.000	-	3.000	4.667	0.400	0.284	5.351	7.138	0.184	7.322	0.032	0.136	0.695	16.536
2018	2017	3.000	-	3.000	4.667	0.400	0.284	5.351	6.774	0.220	6.994	0.032	0.128	0.650	16.154
2019	2018	3.100	-	3.100	4.667	0.464	0.284	5.415	6.504	0.229	6.733	0.032	0.121	0.614	16.014
2020	2019	3.195	-	3.195	4.667	0.478	0.284	5.429	7.025	0.123	7.148	0.032	0.115	0.632	16.551
2021	2020	3.200	-	3.202	4.667	0.478	0.284	5.429	6.936	0.193	7.129	0.032	0.110	0.608	16.510

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: Village of Key Biscayne Finance Department and Miami-Dade County Property Appraiser's Office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the Village of Key Biscayne. Not all overlapping rates apply to all Village of Key Biscayne property owners (i.e., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

VILLAGE OF KEY BISCAIYNE, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

2021				2012			
Taxpayer	Net Taxable Value	Rank	Percent of Total Village Net Assessed Value	Taxpayer	Net Taxable Value	Rank	Percent of Total Village Net Assessed Value
GB JT Hotel Partners LP	\$ 88,500,000	1	1.07%	Consultatio Key Biscayne LLC	\$ 57,288,920	1	1.06%
Red Dragon's Sands LTD	45,721,768	2	0.55%	GB JT Hotel Partners LP	49,300,000	2	0.91%
Galleria of Key Biscayne Inc	29,500,000	3	0.36%	EDW A McCarthy-Archbishop	23,341,773	3	0.43%
Edgardo Defortuna	21,433,401	4	0.26%	Red Dragon's Sands LTD	17,627,724	4	0.33%
Timothy Bryan	20,467,868	5	0.25%	Galleria of Key Biscayne Inc	17,500,000	5	0.32%
United Real Estate Ventures Inc	20,146,684	6	0.24%	Key Biscayne Properties LLC	15,616,530	6	0.29%
240 Crandon Investments LLC	16,500,000	7	0.20%	Key Biscayne Presbyterian Church	12,606,491	7	0.23%
28 Harbor Point LLC	15,782,090	8	0.19%	Ocean Club Community Assoc.	12,500,000	8	0.23%
CSM Key Biscayne Equities LLC	14,633,606	9	0.18%	260 Cape FLA LLC	11,383,593	9	0.21%
OceanaKB LLC	14,300,000	10	0.17%	United Real Est. Ventures Inc	11,117,654	10	0.21%
	<u>\$ 286,985,417</u>		<u>3.48%</u>		<u>\$ 228,282,685</u>		<u>4.21%</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		*Collections in Subsequent Year's	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	\$ 17,673,192	\$ 16,915,884	95.71%	\$ 69,225	\$ 16,985,109	96.11%
2013	18,491,624	17,418,348	94.20%	81,487	17,499,835	94.64%
2014	19,686,090	17,857,711	90.71%	--	17,857,711	90.71%
2015	20,092,972	19,353,288	96.32%	--	19,353,288	96.32%
2016	23,165,246	22,249,642	96.05%	--	22,249,642	96.05%
2017	25,017,855	24,202,255	96.74%	--	24,202,255	96.74%
2018	25,940,310	24,992,663	96.35%	--	24,992,663	96.35%
2019	26,436,080	25,400,645	96.08%	--	25,400,645	96.08%
2020	26,552,548	25,276,850	95.20%	--	25,276,850	95.20%
2021	26,266,531	25,097,436	95.55%	--	25,097,436	95.55%

Source: Village of Key Biscayne Finance Department and Miami-Dade County Tax Collector's Office

* Management decision to record all delinquent property tax collections in year received

VILLAGE OF KEY BISCAYNE, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities			Business-type Activities			Total	Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Loans Payable	Revenue Bonds	Loans Payable			
2012	\$ --	\$ 25,543,132	\$ --	\$ 3,655,000	\$ 4,254,706	\$ 33,452,838	\$ 2,710	
2013	--	28,759,034	--	3,170,000	4,148,944	36,077,978	2,923	
2014	--	30,897,605	--	6,255,000	3,946,308	41,098,913	3,329	
2015	--	28,101,157	--	5,955,000	3,736,933	37,793,090	2,961	
2016	--	24,969,498	--	9,135,000	167,484	34,271,982	2,659	
2017	--	21,731,237	--	8,464,278	143,485	30,339,000	2,347	
2018	--	21,532,747	--	5,296,354	--	26,829,101	2,082	
2019	--	17,833,939	944,242	4,578,783	--	23,356,964	1,818	
2020	--	13,980,120	475,657	4,207,301	--	18,663,078	1,453	
2021	--	11,288,399	--	3,827,089	--	15,115,488	1,021	

VILLAGE OF KEY BISCAYNE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

The Village does not have general obligation debt.

VILLAGE OF KEY BISCAYNE, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Government Unit	2021		
	Net Debt Outstanding	Percentage Applicable to the Village of Key Biscayne (1)	Amount Applicable to the Village of Key Biscayne
Direct:			
Village of Key Biscayne	\$ 14,455,777	100.00%	\$ 14,455,777
Overlapping debt:			
Miami-Dade County	2,274,420,000	2.53%	57,516,655
Miami-Dade County School Board	885,856,000	2.32%	20,573,920
Subtotal, Overlapping Debt			<u>78,090,575</u>
Total Direct and Overlapping Debt			<u>\$ 92,546,352</u>

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Key Biscayne. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Value that is within the Village's boundaries and dividing it by the County's and School Board's total taxable assessed value. This approach was also used for the other debt.

VILLAGE OF KEY BISCAYNE, FLORIDA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Revenues	Less: Ad Valorem Revenues	Less: Restricted Revenues	Net Available Revenues	Debt Service		Coverage
					Principal	Interest	
2012	\$ 28,534,272	\$ (16,985,109)	\$ (2,669,771)	\$ 8,879,392	\$ 2,531,116	\$ 913,409	2.58
2013	31,425,342	(17,499,835)	(3,258,285)	10,667,222	2,716,772	875,949	2.97
2014	28,534,272	(16,985,109)	(2,405,825)	9,143,338	2,920,699	973,012	2.35
2015	39,036,983	(19,353,288)	(10,432,983)	9,250,712	2,677,444	973,012	2.53
2016	34,717,579	(22,249,642)	(2,870,760)	9,597,177	3,290,810	822,575	2.33
2017	35,073,278	(24,202,255)	(1,175,772)	9,695,251	3,309,969	777,099	2.37
2018	38,198,588	(24,742,737)	(2,176,209)	11,279,642	3,480,363	726,658	2.68
2019	36,826,212	(25,146,639)	(2,105,221)	9,574,352	3,871,893	681,407	2.10
2020	38,198,898	(25,276,850)	(2,668,172)	10,253,876	4,264,048	484,803	2.16
2021	38,545,703	(24,990,469)	(2,489,792)	11,065,442	1,752,574	314,517	5.35

Source: Village of Key Biscayne Finance Department.

VILLAGE OF KEY BISCAYNE, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Year	Population (1)	Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (2)
2011	12,344	\$ 105,874	\$ 43,456	9.4%
2012	12,344	109,050	44,759	8.5%
2013	12,344	112,321	46,102	6.8%
2014	12,344	115,691	47,485	6.1%
2015	12,762	119,241	48,910	6.0%
2016	12,888	145,723	50,377	5.2%
2017	12,924	129,321	83,093	4.7%
2018	12,887	119,920	63,614	3.6%
2019	12,846	134,626	78,678	3.3%
2020	12,846	162,579	83,607	7.4%
2021	14,809 *	151,310 **	79,292 **	8.2%

Sources:

(1) City-data.com; *Bureau of Economic & Business Research, University of Florida.

** ESRI estimates for 2020

(2) United States Bureau of Labor Statistics

VILLAGE OF KEY BISCAYNE, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2021			2012		
	Employees (1)	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Ritz Carlton Key Biscayne	475	1	not known	1,500	1	not known
Village of Key Biscayne	130	2	not known	117	3	not known
Winn Dixie Stores, Inc.	<u>92</u>	3	not known	<u>250</u>	2	not known
All remaining employers are of an extremely small number						
Total	<u><u>697</u></u>			<u><u>1,867</u></u>		

Notes: (1) All amounts are estimated for timely inclusion in report. Requests for information received no response.
 Source: Village of Key Biscayne Finance Department.

VILLAGE OF KEY BISCAYNE, FLORIDA

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Employees										
General government	7	7	7	9	10	10	10	12	13	13
Public safety	69	74	74	77	84	87	87	87	88	88
Building, planning and zoning	15	17	17	14	14	16	16	14	12	12
Public works	4	4	4	5	4	5	5	6	6	6
Parks and recreation	<u>10</u>	<u>12</u>	<u>10</u>	<u>9</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>
Total Number of Employees	<u>105</u>	<u>114</u>	<u>112</u>	<u>114</u>	<u>123</u>	<u>129</u>	<u>130</u>	<u>130</u>	<u>130</u>	<u>130</u>

Source: Village of Key Biscayne Finance

VILLAGE OF KEY BISCAYNE, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Police:										
Police personnel	41	43	43	45	45	47	47	47	47	47
Police calls for service	31,214	26,836	24,556	30,475	29,427	32,031	30,927	23,608	16,991	20,590
Parking violations	638	676	440	506	552	2,287	400	374	167	283
Traffic violations	1,542	1,875	846	939	956	1,531	986	1,468	701	688
Fire:										
Fire personnel	39	41	40	41	39	39	40	40	40	41
Fire incidents	1,369	1,896	1,763	1,490	1,908	1,529	1,884	1,650	1,651	1,928
Fire inspections performed	323	469	739	667	770	995	991	1,150	836	1,497
Planning and development:										
Building permits issued	3,402	3,885	3,876	3,684	3,501	3,746	2,935	2,658	1,688	2,630
Business tax receipts issued	1,187	937	987	1,097	1,219	1,088	1,896	1,356	872	729
Inspections conducted (1)	--	--	--	--	13,726	11,740	12,225	10,890	6,960	8,188
Lien searches issued (1)	--	--	--	--	422	352	458	425	465	1,094
Culture and recreation:										
Number of building users	4,338	4,251	4,041	4,110	4,179	4,274	4,693	3,728	371	3,247
Solid waste:										
Residential accounts	1,264	1,254	1,250	1,272	1,260	1,251	1,341	1,280	1,284	1,285

Sources: Various Village

Notes: (1) Data not available prior to FY 2016

VILLAGE OF KEY BISCAYNE, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units/divisions	3	3	3	3	3	3	3	3	3	3
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Transportation:										
Miles of streets	22	22	22	22	22	22	24.8	24.8	24.8	24.8
Number of street lights	300	300	300	300	300	300	300	300	300	300
Number of traffic signals	4	4	4	4	4	4	6	6	6	6
Culture and recreation:										
Parks	3	3	3	3	4	4	4	4	6	6
Parks acreage	9	9	9	9	10	10	14.5	14.5	15.15	15.15
Community center	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1

Sources: Various Village Departments.

REPORTING SECTION

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

To the Honorable Mayor, Village Council and Village Manager
Village of Key Biscayne, 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 accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Key Biscayne, Florida (the "Village"), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 31, 2022.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

Marcum LLP

Miami, FL
March 31, 2022

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

To the Honorable Mayor, Village Council and Village Manager
Village of Key Biscayne, Florida

Report on Compliance for Each Major Federal Program

We have audited the Village of Key Biscayne, Florida's (the "Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Village's major federal programs for the fiscal year ended September 30, 2021. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Programs

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the fiscal year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Marcum LLP

Miami, FL
March 31, 2022

VILLAGE OF KEY BISCAYNE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

<u>Federal/ Pass-through Entity, Federal Program</u>	<u>Assistance Listing Number</u>	<u>Contract/ Grant No.</u>	<u>Pass Through to Subrecipients</u>	<u>Funds Expended</u>
FEDERAL				
United States Department of Homeland Security				
Indirect Program:				
Passed through Florida Division of Emergency Management				
Disaster Relief Funding, Hurricane Irma				
	97.036	Z1132	\$ --	\$2,396,265
Total United States Department of Homeland Security			<u>--</u>	<u>2,396,265</u>
United States Department of Treasury				
Indirect Program:				
Passed through Florida Housing Finance Corporation				
Coronavirus Relief Fund				
	21.019	N/A	--	337,453
Total United States Department of Treasury			<u>--</u>	<u>337,453</u>
United States Department of Transportation				
Indirect Program:				
Passed through Florida Department of Transportation				
Highway Planning and Construction Cluster -				
Safe Routes to School				
	20.205	GOG74	--	821,347
Total Highway Planning and Construction Cluster				
			--	821,347
Total United States Department of Transportation			<u>--</u>	<u>821,347</u>
Total Expenditures of Federal Awards			<u>\$ --</u>	<u>\$3,555,065</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Village of Key Biscayne, Florida (the “Village”) under programs of the federal government for the fiscal year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the Village.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

VILLAGE OF KEY BISCAYNE, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditors’ report issued on compliance for major programs: *Unmodified Opinion*

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

Identification of major programs:

<u>Federal Program or Cluster</u>	<u>AL No.</u>	
United States Department of Homeland Security Passed through Florida Division of Emergency Management – Disaster Relief Funding, Hurricane Irma and Dorian	97.036	
U.S. Department of Transportation Cluster Passed through Florida Department of Transportation Highway Planning and Construction Safe Routes to School	20.205	
Dollar threshold used to distinguish between Type A and Type B programs – Federal		\$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

VILLAGE OF KEY BISCAYNE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

MW2019-001 – Inadequate Controls Over Financial Closing And Reporting - Pension Trust Fund finding was not repeated in the current year.

SIGNIFICANT DEFICIENCIES

SD2019-002 – Evidence of Review of Bank Reconciliations finding was not repeated in the current year.

SD2020-001 – Internal controls over the preparation of the Schedule of Federal Awards and State Financial Assistance finding was not repeated in the current year.

SD2020-002 – Automation of recordkeeping of compensated absences finding was not repeated in the current year.

II. PRIOR YEAR FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

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

To the Honorable Mayor, Village Council and Village Manager
Village of Key Biscayne, Florida

We have audited the financial statements of the Village of Key Biscayne, Florida (the “Village”), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 31, 2022.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance).

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*; Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated March 31, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of audit findings and recommendations made in the preceding annual financial audit report have been addressed in the summary schedule of prior audit findings and in Appendix A to this report.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to 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 identification of 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. Our 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 have two recommendations identified as MLC 2021-001 and MLC 2020-001.

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 such findings.

Purpose of this Letter

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

Marcum LLP

Miami, FL
March 31, 2022

VILLAGE OF KEY BISCAYNE, FLORIDA

**CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS
TO IMPROVE FINANCIAL MANAGEMENT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

No.	Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
<u>Current Year</u>			
MLC 2021-001	Service Organization Controls Report Review – Pension Trust Fund	Relevant	
<u>Prior Year</u>			
MLC 2020-001	Solid Waste Accounts Receivable	Repeated	
MLC 2019-001 (reported as SD2020-002 in fiscal year 2020)	Automation of Recordkeeping of Compensated Absences		Not Repeated

VILLAGE OF KEY BISCAYNE, FLORIDA

CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

MLC 2021-001 – SERVICE ORGANIZATION CONTROLS REPORT REVIEW – PENSION TRUST FUND

Criteria

Plan management is responsible for establishing controls to ensure that Plan transactions are timely and accurately processed and reported in its financial statements.

Condition and Cause

Currently, Truist Financial Corporation, Wealth Division ("Truist"), a third-party service organization performs a significant amount of the processing of the Plan's transactions. As such, many of the Plan's transactions – from the way in which such transactions are initiated, recorded in accounting records, processed, and reported in the Plan's financial statements – are affected not only by the plan's own internal controls, but by the controls of the service organization that processes them. As part of our audit procedures, the auditor received a copy of the Report on Truist Wealth Division transactions Processing System and on the Suitability of the Design and Operating Effectiveness of Controls ("SOC 1") for the period covering October 1, 2020 to April 30, 2021. This report included a "qualified opinion" by the SOC 1 Auditor. The SOC 1 Auditor noted the basis for a qualified opinion was a result of controls not suitably designed or operating effectively to achieve the following control objective; "Controls provide reasonable assurance that trust account statements are complete, accurate, and provided in a timely manner". As a result of our audit procedures, we noted Plan management does not document its review of the SOC 1 reports.

Effect

Failure in controls at the service organization can result in incomplete or inaccurate data. This may result in misstatements or delays in the Plan's periodic and annual reporting requirements.

Recommendation

We believe Plan management should obtain and review the SOC 1 report related to the Plan's service organizations. Based on that review, Plan management is able to determine whether Plan management has effective controls to ensure the (a) proper and complete transmission of data to the service organization, (b) proper processing of data and complete receipt of data from the service organization, and (c) timely reconciliation of data received by the service organization.

Management's Response

Management concurs with the auditor's recommendation. Plan management is currently in the process of implementing a process which will provide for timely review of SOC 1 reports for all significant service organizations to the Plan.

VILLAGE OF KEY BISCAYNE, FLORIDA

CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

MLC 2020-001 – SOLID WASTE ACCOUNTS RECEIVABLE

Criteria

It is best practice for management to continuously adjust the allowance for doubtful accounts after reviewing the analysis of uncollectible accounts and making appropriate collection efforts, in order to collect as much as possible and to ensure that the estimated loss from uncollectible accounts receivable is reflected on the Village's financial records.

Condition and Cause

The Village has not been consistent in the placement of liens on properties with past due solid waste bills. Solid waste accounts receivable (gross outstanding billings) increased approximately 50% in fiscal year 2020 due to the Village's assessment of interest in accordance with Article IV, Division 1, Section 2-62(b) of the Village of Code of Ordinances and decreased 5% in fiscal year 2021. As a result of not imposing liens, the Village risks that collections for such assessments may not be enforceable pursuant to Chapter 173, Florida Statutes.

Effect

Future collections of delinquent solid waste accounts receivable may be jeopardized as a result of not imposing liens on properties. This may result in the Village having to increase their allowance for uncollectible accounts or incurring write-offs of solid waste accounts receivables in future years.

Recommendation

We recommend that the Village apply a consistent process to the placement of liens on delinquent solid waste accounts to ensure collection of past due amounts.

Management's Response

Management concurs with the auditor's recommendation. The Village's Finance Department is currently in the process of implementing a process which will provide for timely placement of liens on properties with delinquent solid waste accounts receivable.

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

To the Honorable Mayor, Village Council and Village Manager
Village of Key Biscayne, Florida

We have examined the Village of Key Biscayne, Florida's (the "Village") compliance with Section 218.415 Florida Statutes, Local Government Investment Policies, for the fiscal year ended September 30, 2021. 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 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 the 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 Section 218.415 Florida Statutes for the fiscal year ended September 30, 2021.

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

Marcum LLP

Miami, FL
March 31, 2022