

VILLAGE OF KEY BISCAYNE, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022



**VILLAGE OF KEY BISCAYNE, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**Prepared By
The Finance Department**

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INTRODUCTORY SECTION



VILLAGE OF KEY BISCAIYNE

Village Council

Joe I. Rasco, Mayor

Franklin H. Caplan, Vice Mayor

Edward London

Allison McCormick

Brett G. Moss

Oscar Sardiñas

Fernando A. Vazquez

Village Manager

Steven C. Williamson

June 5, 2023

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, 2022.

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.



VILLAGE OF KEY BISCAIYNE

The firm of Caballero, Fierman, Llerena, & Garcia, 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, 2022 are free of material misstatements.

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, 2022 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.



VILLAGE OF KEY BISCAIYNE

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.

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.



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, 2021. This was the twenty-ninth 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. 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, 2022

VILLAGE COUNCIL

Michael W. Davey, Mayor
Brett Moss, Vice Mayor

Franklin H. Caplan, Councilmember
Edward London, Councilmember
Allison McCormick, Councilmember
Ignacio J. Segurola, Councilmember
Luis Lauredo, Councilmember

VILLAGE MANAGER

Steven C. Williamson

VILLAGE CLERK

Jocelyn Koch

VILLAGE ATTORNEY

Weiss Serota Helfman Cole & Bierman

CHIEF FINANCIAL OFFICER

Benjamin L. Nussbaum, CPA, CGMA, CPPT

INDEPENDENT AUDITORS

Caballero Fierman Llerena & Garcia, 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, 2021

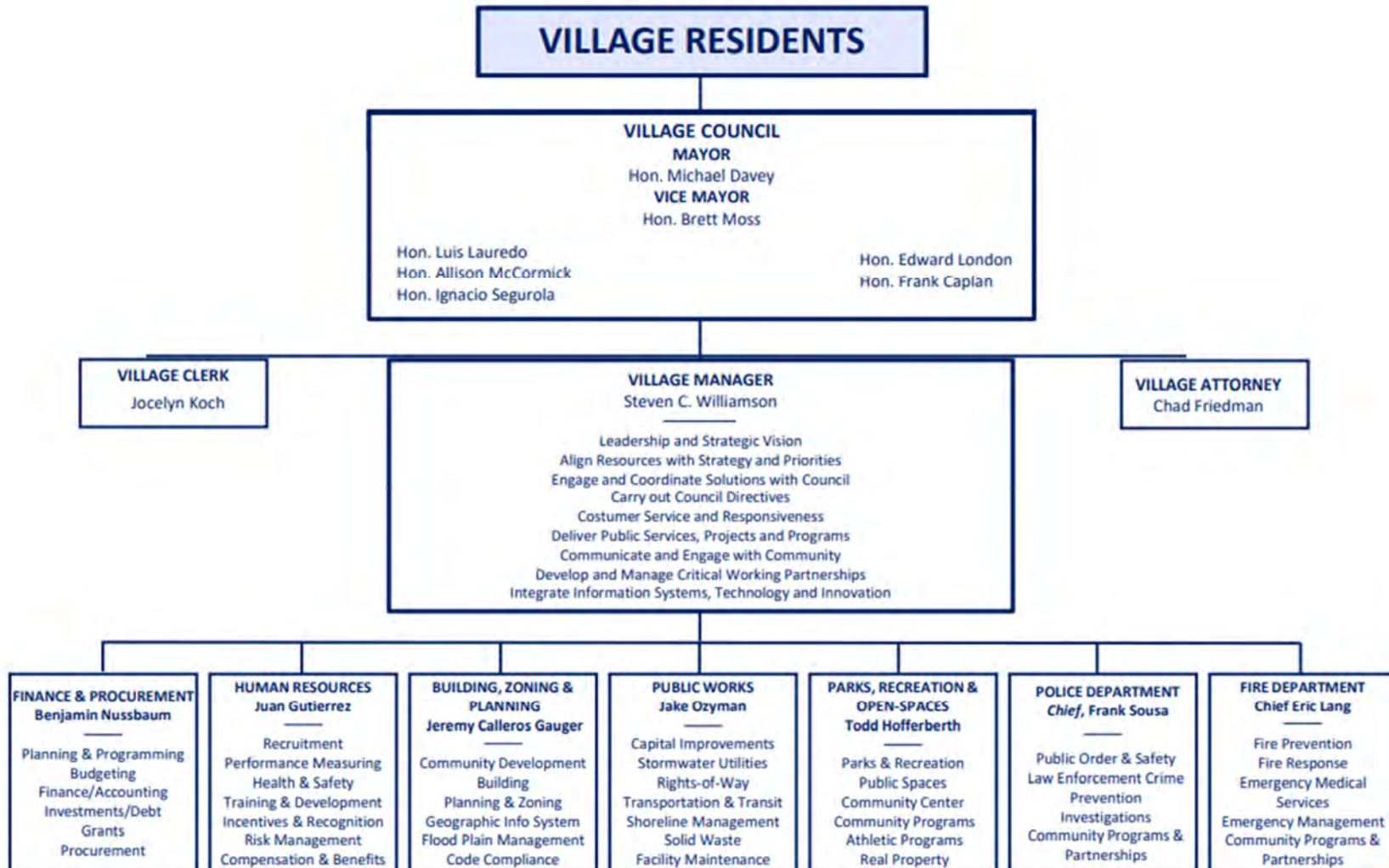
Christopher P. Morrill

Executive Director/CEO

Organizational Chart as of September 30, 2022



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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Key Biscayne, Florida (the Village), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material

if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–14, the budgetary comparison information on pages 52–55, and the required supplementary information for the pension trust fund and Other Post-Employment Benefits on pages 56–59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying budgetary comparison schedule for the capital improvements fund and 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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, 2022. 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 \$118,928,162, an increase of \$13,009,357.
- At the close of the current fiscal year, the Village's governmental activities reported an ending net position of \$114,172,934, an increase of \$12,758,571 in comparison with the prior year.
- In the General Fund, revenues and other financing sources exceeded expenditures by \$11,585,610.

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 15 and 16 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 Open Space (PROS) Land Trust; 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 52. The budgetary comparison schedule for the Capital Improvement Project Fund can be found in the supplementary information section. Please refer to page 60.

The basic governmental fund financial statements can be found on pages 17-20 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 21-23 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 24-25 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 26-51. 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 52-59 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 \$118,928,162 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 \$84,829,316. 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	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 44,301,043	\$ 29,962,051	\$ 2,331,270	\$ 1,725,067	\$ 46,632,313	\$ 31,687,118
Capital assets, net	91,278,000	92,622,765	6,029,888	6,764,144	97,307,888	99,386,909
Total Assets	<u>135,579,043</u>	<u>122,584,816</u>	<u>8,361,158</u>	<u>8,489,211</u>	<u>143,940,201</u>	<u>131,074,027</u>
Deferred Outflows of Resources	3,438,518	2,057,176	--	--	3,438,518	2,057,176
Current liabilities	3,380,302	3,413,174	167,987	157,680	3,548,289	3,570,854
Noncurrent liabilities	13,458,941	18,830,853	3,437,943	3,827,089	16,896,884	22,657,942
Total Liabilities	<u>16,839,243</u>	<u>22,244,027</u>	<u>3,605,930</u>	<u>3,984,769</u>	<u>20,445,173</u>	<u>26,228,796</u>
Deferred Inflows of Resources	8,005,384	983,602	--	--	8,005,384	983,602
Net investment in						
capital assets	82,237,371	81,335,353	2,591,945	2,937,055	84,829,316	84,272,408
Restricted	3,558,888	4,464,863	--	--	3,558,888	4,464,863
Unrestricted	28,376,675	15,614,147	2,163,283	1,567,387	30,539,958	17,181,534
Total Net Position	<u>\$ 114,172,934</u>	<u>\$ 101,414,363</u>	<u>\$ 4,755,228</u>	<u>\$ 4,504,442</u>	<u>\$ 118,928,162</u>	<u>\$ 105,918,805</u>

As demonstrated in Table A-1, Summary of Net Position, the Village's Net Position increased by \$13,009,357. This resulted from reductions in long-term liabilities provided for with resources from the current year. Capital Assets decreased by approximately \$1,345,000 in the Governmental Activities. The decrease is attributed to the beach nourishment being written off.

Net Position (continued)

Table A - 2
Summary of Changes in Net Position

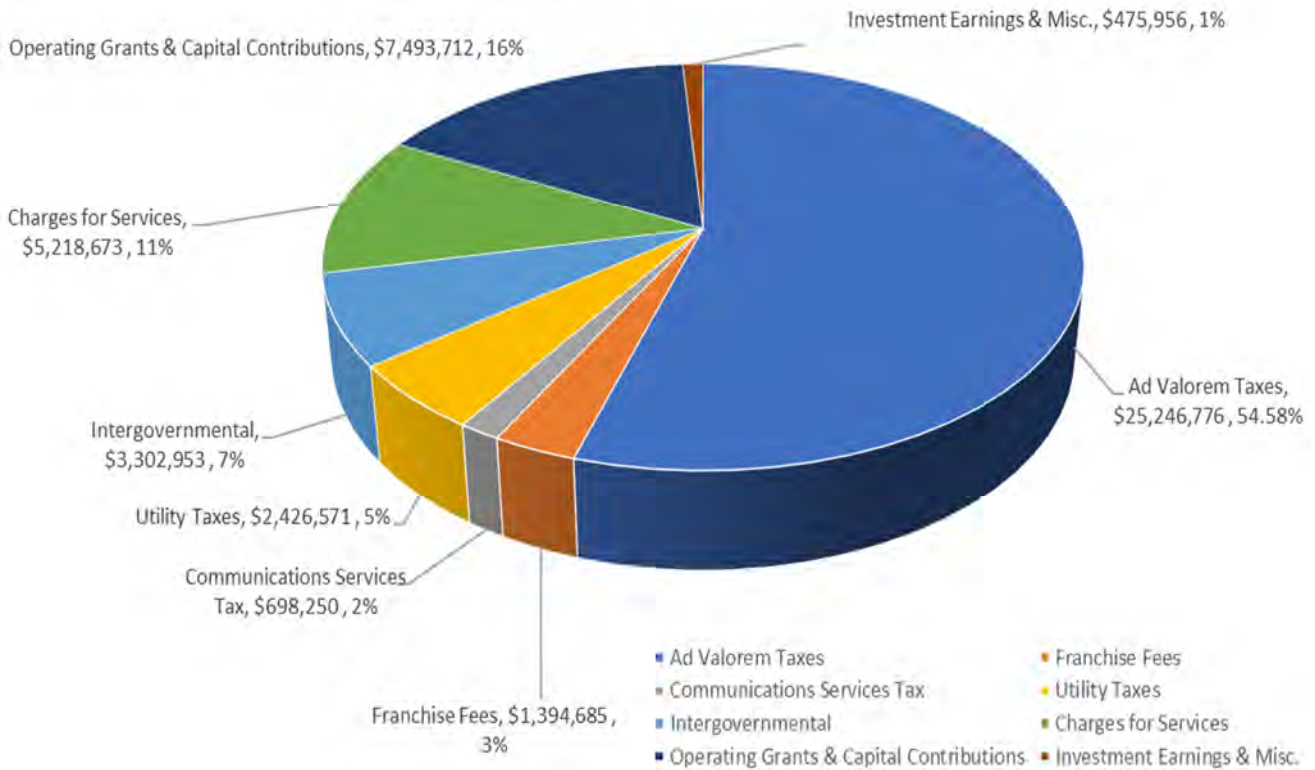
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 5,218,673	\$ 3,671,502	\$ 2,989,111	\$ 2,919,061	\$ 8,207,784	\$ 6,590,563
Operating grants and contributions	6,696,786	534,166	--	--	6,696,786	534,166
Capital grants and contributions	796,926	1,972,818	--	--	796,926	1,972,818
General revenues:						
Property taxes	25,246,776	25,242,898	--	--	25,246,776	25,242,898
Utility taxes	2,426,571	2,384,819	--	--	2,426,571	2,384,819
Communications services tax	698,250	650,817	--	--	698,250	650,817
Franchise fees	1,394,685	1,216,940	--	--	1,394,685	1,216,940
Unrestricted intergovernmental revenue	3,302,953	2,760,356	--	--	3,302,953	2,760,356
Investment income and miscellaneous	475,956	256,849	13,225	--	489,181	256,849
Total Revenues	46,257,576	38,691,165	3,002,336	2,919,061	49,259,912	41,610,226
Expenses						
General government	3,764,142	4,519,281	--	--	3,764,142	4,519,281
Public Safety	16,203,875	16,729,784	--	--	16,203,875	16,729,784
Parks and Recreation	5,952,096	4,722,127	--	--	5,952,096	4,722,127
Public Works	5,758,532	5,106,615	--	--	5,758,532	5,106,615
Building, Zoning and Planning	1,921,072	1,748,906	--	--	1,921,072	1,748,906
Interest on long-term debt	145,858	265,352	--	--	145,858	265,352
Stormwater	--	--	1,583,772	1,233,970	1,583,772	1,233,970
Solid waste collection	--	--	921,208	987,275	921,208	987,275
Total Expenses	33,745,575	33,092,065	2,504,980	2,221,245	36,250,555	35,313,310
Change in Net Position before transfers	12,512,001	5,599,100	497,356	697,816	13,009,357	6,296,916
Transfers	246,570	300,000	(246,570)	(300,000)	--	--
Changes in Net Position	12,758,571	5,899,100	250,786	397,816	13,009,357	6,296,916
Net Position, Beginning	101,414,363	95,515,263	4,504,442	4,106,626	105,918,805	99,621,889
Net Position - Ending	\$ 114,172,934	\$ 101,414,363	\$ 4,755,228	\$ 4,504,442	\$ 118,928,162	\$ 105,918,805

Operating grants increased by \$6.2 million as a result of the American Rescue Plan Act in response to the COVID-19 pandemic. Unrestricted intergovernmental revenue increased \$542,597 as a result of strong economic conditions mostly related to an increase in sales tax revenue.

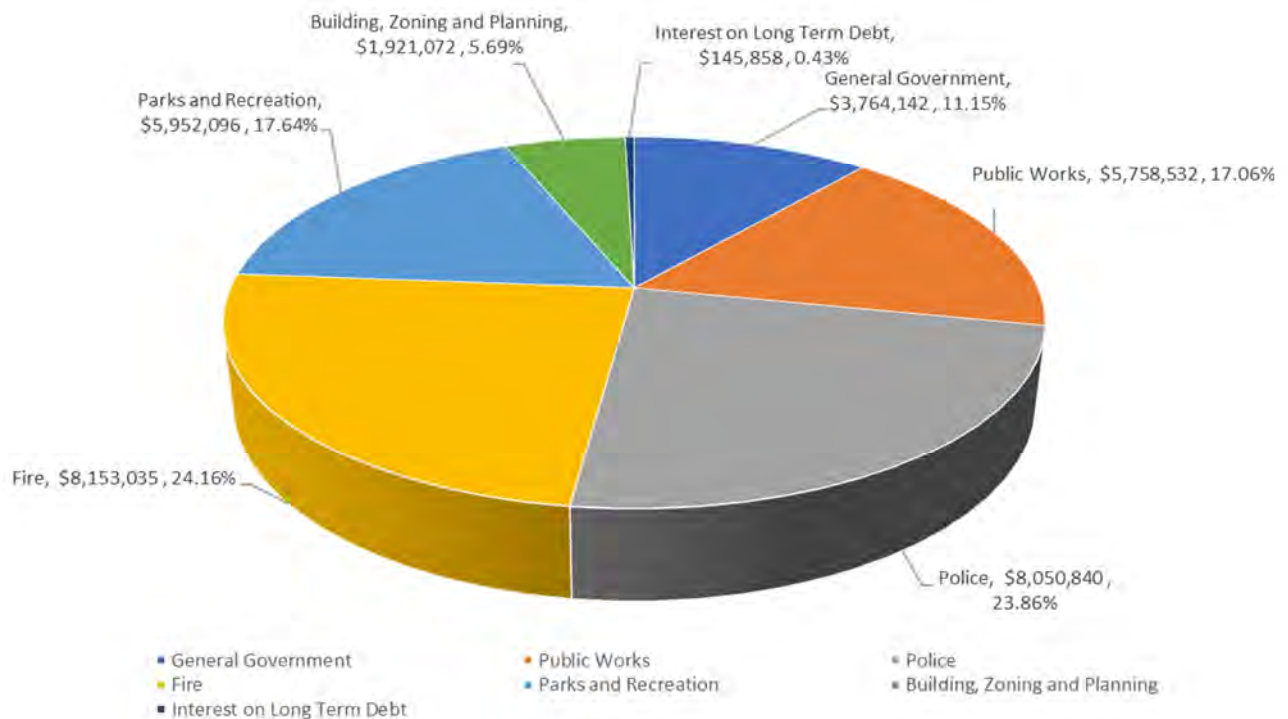
The Village was able to reduce certain payroll expenses in Public Safety as a result of the net recognized pension expense in 2022 as compared to 2021. Pension related Deferred Outflows/Inflow of Resources are recognized (amortized) in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68. 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 2022 as a result of enhanced sargassum hauling to keep the beaches pristine and an enhanced focus on right of way maintenance.

Net Position (continued)

Revenues by Source - Governmental Activities



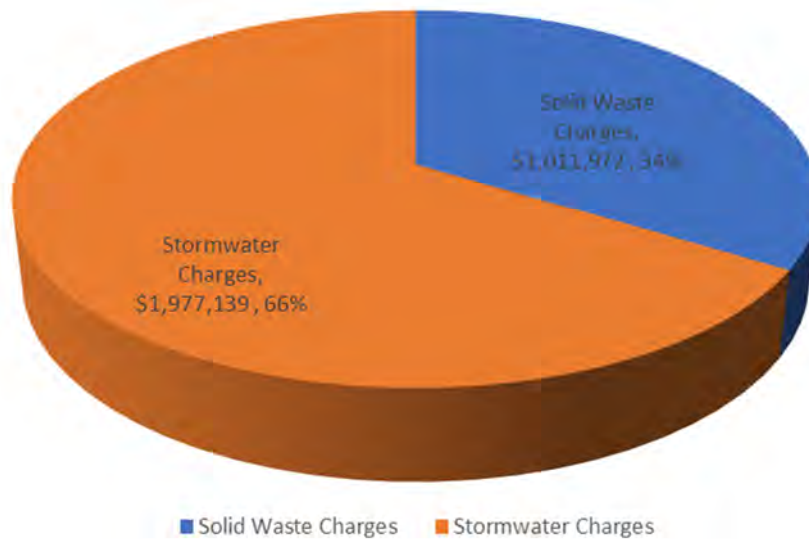
Expenses - Governmental Activities



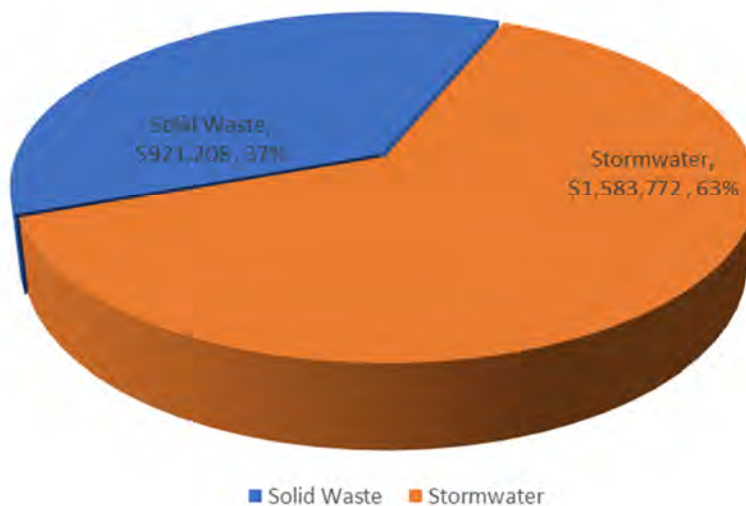
Business-type Activities

Business-type activities increased the Village's net position by \$250,786. Stormwater Utility System Fund Net Position increased by \$157,154, as a result of the change to utilize the Uniform Method of Collections for the ERU fee. The Fund transferred \$246,570 into the Capital Improvement Fund to subsidize a portion of the Resilient Infrastructure, Integration Strategy & Implementation Plan. The Solid Waste fund increased its Net Position by \$93,632, 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 \$22,172,079. The change in fund balance in the General Fund increased approximately \$1.4 million when compared to prior year. The increase in the change in fund balance is primarily due to the significant reduction in general fund, general government, expenditures and the increase in both intergovernmental and investment income.

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 \$20.4 million, or roughly 62% of the fiscal year 2022 General Fund expenditures. This represents approximately 7 ½ 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, 2022 and 2021, is as follows:

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

	2022	2021
Total Assets	<u>\$ 24,716,674</u>	<u>\$ 23,674,038</u>
Total Liabilities	\$ 2,544,595	\$ 2,859,973
Fund Balance		
Nonspendable	2,272,341	2,002,158
Restricted	1,007,717	209,257
Committed	4,000,000	3,753,411
Assigned	14,892,021	14,849,239
Total Fund Balance	22,172,079	20,814,065
Total Liabilities and Fund Balance	<u>\$ 24,716,674</u>	<u>\$ 23,674,038</u>

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

	2022	2021
Total Revenues	\$ 44,307,239	\$ 35,797,232
Total Expenditures	32,721,629	41,896,072
Excess of Revenues over Expenditures	11,585,610	(6,098,840)
Total Other Financing Sources (Uses)	(10,227,596)	10,113,000
Change in Fund Balance	<u>\$ 1,358,014</u>	<u>\$ 4,014,160</u>

Overall, total General Fund revenues in fiscal year 2022 were \$44,307,239, an increase of \$8,510,007, compared to fiscal year 2021 amount of \$35,797,232, or 23.8%. Expenditures totaled \$32,721,629 for fiscal year 2022, a decrease of \$9,174,443 compared to fiscal year 2021 amount of \$41,896,072 or -21.9%. The large decrease was related to \$11.2 million of debt refunding in Fiscal Year 2021.

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 2022, the Transportation Fund shows a fund balance of \$1,882,770, an increase of \$123,677 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 2022, the PROS Land Trust Fund shows a fund balance of \$4,034,794.

The Capital Improvement Fund historically receives an annual budgeted transfer of surplus funds from the General Fund to pay for capital improvements. Fiscal year 2022 received net transfers in of \$10.8 million including all \$6.4m of the American Rescue Plan Act funds. The Fund reflected a fund balance of \$10,275,058, which was made up of various projects detailed in the annually adopted Capital Improvement Plan. 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 \$6,124,728 to actual performance, representing additional revenues over expenditures, but before operating transfers out to other funds. Notable highlights were:

Revenues

Grants were \$3,429,803 higher than budgeted, as the Village received the second tranche for the American Rescue Plan Act funds ahead of schedule. The original Treasury rules had municipal government receiving the 1st and 2nd tranches a year apart however the Village received both in FY 22.

Intergovernmental revenues were \$634,010 higher than budgeted as economic activity improved faster than anticipated after the COVID-19 pandemic.

Expenditures

General Fund total governmental expenditures were \$2,877,803 lower than expected. The decrease was caused by vacancies in both Police & Fire Public Safety services.

Capital Assets

As of September 30, 2022, the Village's capital assets, net of accumulated depreciation, amounted to \$97,307,888 compared to \$99,386,909 for the prior year. Major capital asset events during the fiscal year included the following:

- Paradise Park
- Crandon Blvd Bike & Pedestrian Improvements

Additional information on the Village's capital assets can be found in Note 6 on pages 37-38 of this report.

Debt Administration

At September 30, 2022, the Village had bonded debt outstanding of \$12,478,572 (composed of \$9,040,629 in governmental activities and \$3,437,943 of business-type activities) compared to \$15,115,488 as of September 30, 2021.

Additional information on the Village's long-term debt can be found in Note 7 on pages 38-41 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 2022 and fiscal year 2021 is 3.1990 and 3.2022, 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 41.3 years. The median household income is \$166,667 and the median home value is \$1,246,700. The median rent expense is \$2,697 monthly. 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 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 69% 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 6,261 workers, with about 78% of them driving alone to work. The typical travel time to work ranges 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 2.3%. Seventy eight percent of the population is white and nearly 53% 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 \$2.5 million in revenue from other governments during fiscal year 2022, or about 7.7% of General Fund 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. Village voters approved a referendum in Nov 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, 2022

	Governmental Activities	Business- type Activities	Total
<u>ASSETS</u>			
Cash	\$ 36,080,861	\$ 1,933,546	\$ 38,014,407
Receivables, net	1,415,201	397,724	1,812,925
Prepaid items	505,387	-	505,387
Net pension asset	4,450,204	-	4,450,204
Restricted assets:			
Cash	1,689,982	-	1,689,982
Investments	159,408	-	159,408
Capital assets not being depreciated	30,996,564	-	30,996,564
Capital assets being depreciated, net	60,281,436	6,029,888	66,311,324
Total assets	<u>135,579,043</u>	<u>8,361,158</u>	<u>143,940,201</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	3,421,295	-	3,421,295
Other post employment benefits (OPEB)	17,223	-	17,223
Total deferred outflows of resources	<u>3,438,518</u>	<u>-</u>	<u>3,438,518</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	3,021,027	167,987	3,189,014
Accrued interest payable	164	-	164
Unearned revenue	359,111	-	359,111
Noncurrent liabilities:			
Due within one year	2,809,036	-	2,809,036
Due in more than one year	10,089,721	3,437,943	13,527,664
Total OPEB liability	560,184	-	560,184
Total liabilities	<u>16,839,243</u>	<u>3,605,930</u>	<u>20,445,173</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	7,677,904	-	7,677,904
Other post employment benefits (OPEB)	327,480	-	327,480
	<u>8,005,384</u>	<u>-</u>	<u>8,005,384</u>
<u>NET ASSETS</u>			
Net investment in capital assets	82,237,371	2,591,945	84,829,316
Restricted for:			
Building and zoning	810,905	-	810,905
Transportation	-	-	-
Law enforcement	196,812	-	196,812
Open space land trust	2,551,171	-	2,551,171
Unrestricted	28,376,675	2,163,283	30,539,958
Total net position	<u>\$ 114,172,934</u>	<u>\$ 4,755,228</u>	<u>\$ 118,928,162</u>

See notes to basic financial statements.

VILLAGE OF KEY BISCAYNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,764,142	\$ 113,021	\$ -	\$ 651,338	\$ (2,999,783)	\$ -	\$ (2,999,783)
Police	8,050,840	19,668	-	-	(8,031,172)	-	(8,031,172)
Fire	8,153,035	158,263	-	-	(7,994,772)	-	(7,994,772)
Public works	5,758,532	-	-	145,588	(5,612,944)	-	(5,612,944)
Building, zoning and planning	1,921,072	2,433,676	-	-	512,604	-	512,604
Parks and recreation	5,952,096	2,494,045	6,696,786	-	3,238,735	-	3,238,735
Interest on long-term debt	145,858	-	-	-	(145,858)	-	(145,858)
Total governmental activities	<u>33,745,575</u>	<u>5,218,673</u>	<u>6,696,786</u>	<u>796,926</u>	<u>(21,033,190)</u>	<u>-</u>	<u>(21,033,190)</u>
Business-type activities:							
Stormwater	1,583,772	1,977,139	-	-	-	393,367	393,367
Solid waste	921,208	1,011,972	-	-	-	90,764	90,764
Total business-type activities	<u>2,504,980</u>	<u>2,989,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,131</u>	<u>484,131</u>
	<u>\$ 36,250,555</u>	<u>\$ 8,207,784</u>	<u>\$ 6,696,786</u>	<u>\$ 796,926</u>	<u>\$ (21,033,190)</u>	<u>\$ 484,131</u>	<u>\$ (20,549,059)</u>
General revenues:							
Property taxes					\$ 25,246,776	\$ -	\$ 25,246,776
Franchise fees based on gross receipts					1,394,685	-	1,394,685
Utility taxes					2,426,571	-	2,426,571
Communications services tax					698,250	-	698,250
Unrestricted intergovernmental revenue					3,302,953	-	3,302,953
Unrestricted investment earnings					344,819	13,225	358,044
Miscellaneous					131,137	-	131,137
Transfers					246,570	(246,570)	-
Total general revenues and transfers					<u>33,791,761</u>	<u>(233,345)</u>	<u>33,558,416</u>
Change in net position					12,758,571	250,786	13,009,357
Net position, beginning of year					101,414,363	4,504,442	105,918,805
Net position, end of year					<u>\$ 114,172,934</u>	<u>\$ 4,755,228</u>	<u>\$ 118,928,162</u>

See notes to basic financial statements.

VILLAGE OF KEY BISCAYNE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General	Transportation Special Revenue	PROS Land Trust Special Revenue	Capital Improvements	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 21,009,587	\$ -	\$ 4,034,794	\$ 11,036,480	\$ 36,080,861
Receivables, net	1,254,283	160,918	-	-	1,415,201
Prepaid items	2,272,341	55,993	-	71,053	2,399,387
Restricted cash	21,055	1,667,940	-	987	1,689,982
Restricted investments	159,408	-	-	-	159,408
Total assets	<u>\$ 24,716,674</u>	<u>\$ 1,884,851</u>	<u>\$ 4,034,794</u>	<u>\$ 11,108,520</u>	<u>\$ 41,744,839</u>
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ 2,185,484	\$ 2,081	\$ -	\$ 833,462	\$ 3,021,027
Unearned revenue	359,111	-	-	-	359,111
Total liabilities	<u>2,544,595</u>	<u>2,081</u>	<u>-</u>	<u>833,462</u>	<u>3,380,138</u>
<u>FUND BALANCES</u>					
Non-spendable	2,272,341	55,993	-	71,053	2,399,387
Restricted	1,007,717	-	2,551,171	-	3,558,888
Committed	4,000,000	-	1,483,623	-	5,483,623
Assigned	14,892,021	1,826,777	-	10,204,005	26,922,803
Total fund balances	<u>22,172,079</u>	<u>1,882,770</u>	<u>4,034,794</u>	<u>10,275,058</u>	<u>38,364,701</u>
Total liabilities and fund balances	<u>\$ 24,716,674</u>	<u>\$ 1,884,851</u>	<u>\$ 4,034,794</u>	<u>\$ 11,108,520</u>	<u>\$ 41,744,839</u>

See notes to basic financial statements.

VILLAGE OF KEY BISCAYNE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

Fund balances - total governmental funds (Page 17)		\$ 38,364,701
Amounts reported for governmental activities in the Statement of Net Position are different as a result of:		
Capital assets used in governmental activities are financial resources and therefore are not reported in the governmental funds.		91,278,000
Prepaid debt service in general fund not considered a prepaid asset for governmental activities.		(1,894,000)
Long-term liabilities, including accrued interest payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Long term debt	(9,229,964)	
Accrued interest payable	(164)	
Compensated absences	(3,668,793)	
Other post-employment benefit (OPEB)	(560,184)	
Pension	<u>4,450,204</u>	
		(9,008,901)
Deferred inflows/outflows of resources reported in the statement of net position: period and therefore are not reported in the governmental funds.		
Other post-employment benefit (OPEB)	(310,257)	
Pension	<u>(4,256,609)</u>	
		(4,566,866)
Net position of governmental activities (Page 15)		<u>\$ 114,172,934</u>

See notes to basic 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, 2022

	General	Transportation Special Revenue	PROS Land Trust Special Revenue	Capital Improvements	Total Governmental Funds
REVENUES:					
Property taxes	\$ 24,994,309	\$ -	\$ 252,467	\$ -	\$ 25,246,776
Utility taxes	2,426,571	-	-	-	2,426,571
Communications services tax	698,250	-	-	-	698,250
Franchise fees	1,394,685	-	-	-	1,394,685
Licenses and permits	2,456,645	-	-	-	2,456,645
Intergovernmental	2,513,099	935,442	-	-	3,448,541
Charges for services	2,762,028	-	-	-	2,762,028
Interest	244,154	8,283	37,645	54,738	344,820
Grants	6,696,786	-	-	651,338	7,348,124
Miscellaneous income	120,712	-	-	10,424	131,136
Total revenues	<u>44,307,239</u>	<u>943,725</u>	<u>290,112</u>	<u>716,500</u>	<u>46,257,576</u>
EXPENDITURES:					
Current:					
General government	3,232,624	474,670	-	-	3,707,294
Fire	8,545,023	-	-	-	8,545,023
Police	8,250,924	-	-	-	8,250,924
Public works	3,501,360	-	-	-	3,501,360
Zoning and planning	2,020,492	-	-	-	2,020,492
Parks and recreation	5,200,801	-	-	-	5,200,801
Capital outlay	105,718	-	-	2,913,238	3,018,956
Debt Service:					
Principal	1,733,254	325,181	-	-	2,058,435
Interest and fiscal charges	131,433	20,197	-	-	151,630
Total expenditures	<u>32,721,629</u>	<u>820,048</u>	<u>-</u>	<u>2,913,238</u>	<u>36,454,915</u>
Excess (Deficiency) of revenues over expenditures	<u>11,585,610</u>	<u>123,677</u>	<u>290,112</u>	<u>(2,196,738)</u>	<u>9,802,661</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	10,474,166	10,474,166
Transfers out	(10,227,596)	-	-	-	(10,227,596)
Total other financing sources and uses	<u>(10,227,596)</u>	<u>-</u>	<u>-</u>	<u>10,474,166</u>	<u>246,570</u>
Net change in fund balances	1,358,014	123,677	290,112	8,277,428	10,049,231
Fund balances, beginning of the year	<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>
Fund balances, end of year	<u>\$ 22,172,079</u>	<u>\$ 1,882,770</u>	<u>\$ 4,034,794</u>	<u>\$ 10,275,058</u>	<u>\$ 38,364,701</u>

See notes to basic 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, 2022

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - total governmental funds (Page 19) \$ 10,049,231

Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlays	3,018,956	
Less current year depreciation	(4,313,746)	
Amounts reported as capital outlay not included in capital assets (not capitalized)	(49,975)	
Net adjustment	(1,344,765)	(1,344,765)

The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt payments and related items	1,930,864
---------------------------------	-----------

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

Compensated absences	(201,346)	
Other post-employment benefit (OPEB)	315,818	
Pension	2,008,769	
	2,123,241	2,123,241

Change in net position of governmental activities (Page 16)	\$ 12,758,571
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VILLAGE OF KEY BISCAYNE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Stormwater Utility System	Solid Waste	Totals
<u>ASSETS</u>			
Current assets:			
Cash	\$ 1,523,280	\$ 410,266	\$ 1,933,546
Accounts receivable, net	-	397,724	397,724
Total current assets	1,523,280	807,990	2,331,270
Noncurrent assets:			
Capital assets being depreciated, net	6,029,888	-	6,029,888
Total noncurrent assets	6,029,888	-	6,029,888
Total assets	7,553,168	807,990	8,361,158
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued liabilities	96,487	71,500	167,987
Total current liabilities	96,487	71,500	167,987
Noncurrent liabilities:			
Revenue bonds payable	3,437,943	-	3,437,943
Total noncurrent liabilities	3,437,943	-	3,437,943
Total liabilities	3,534,430	71,500	3,605,930
<u>NET POSITION</u>			
Net investment in capital assets	2,591,945	-	2,591,945
Unrestricted	1,426,793	736,490	2,163,283
Total net position	\$ 4,018,738	\$ 736,490	\$ 4,755,228

See notes to basic 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, 2022

	Business-type Activities - Enterprise Funds		
	Stormwater Utility System	Solid Waste	Totals
Operating revenues:			
Charges for services	\$ 1,977,139	\$ 1,011,972	\$ 2,989,111
Total operating revenues	<u>1,977,139</u>	<u>1,011,972</u>	<u>2,989,111</u>
Operating expenses:			
General and administrative	1,072,418	921,208	1,993,626
Depreciation	420,873	-	420,873
Total operating expenses	<u>1,493,291</u>	<u>921,208</u>	<u>2,414,499</u>
Operating income	<u>483,848</u>	<u>90,764</u>	<u>574,612</u>
Non-operating revenues (expenses):			
Interest income	10,357	2,868	13,225
Interest expense	(90,481)	-	(90,481)
Total non-operating revenues (expenses)	<u>(80,124)</u>	<u>2,868</u>	<u>(77,256)</u>
Gains before contributions and transfers	<u>403,724</u>	<u>93,632</u>	<u>497,356</u>
Transfers out	<u>246,570</u>	<u>-</u>	<u>246,570</u>
Change in net position	157,154	93,632	250,786
Net position, beginning of year	<u>3,861,584</u>	<u>642,858</u>	<u>4,504,442</u>
Net position, end of year	<u>\$ 4,018,738</u>	<u>\$ 736,490</u>	<u>\$ 4,755,228</u>

See notes to basic financial statements.

VILLAGE OF KEY BISCAYNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Stormwater Utility System	Solid Waste	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 2,315,609	\$ 1,300,913	\$ 3,616,522
Payments for interfund services	-	(275,119)	(275,119)
Payments to suppliers	(1,060,971)	(922,348)	(1,983,319)
Net cash provided by operating activities	1,254,638	103,446	1,358,084
Cash flows from non-capital financing activities			
Transfers out	(246,570)	-	(246,570)
Net cash used by non-capital financing activities	(246,570)	-	(246,570)
Cash flows from capital and related financing activities			
Payments for construction of capital assets	(389,146)	-	(389,146)
Loss on disposal of construction in progress	313,383	-	313,383
Interest and fees paid on long term debt	(90,481)	-	(90,481)
Interest and other income	10,357	2,868	13,225
Net cash provided (used) by capital and related financing activities	(155,887)	2,868	(153,019)
Net increase in cash	852,181	106,314	958,495
Cash, beginning of year	671,099	303,952	975,051
Cash, end of year	\$ 1,523,280	\$ 410,266	\$ 1,933,546
Reconciliation of operating income/loss to net cash provided by operating activities:			
Operating income	\$ 483,848	\$ 90,764	\$ 574,612
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	420,873	-	420,873
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable, net	338,470	288,941	627,411
Increase (decrease) in:			
Accounts payable and accrued liabilities	11,447	(1,140)	10,307
Due to other funds	-	(275,119)	(275,119)
Total adjustments	770,790	12,682	783,472
Net cash provided by operating activities	\$ 1,254,638	\$ 103,446	\$ 1,358,084

See notes to basic financial statements.

VILLAGE OF KEY BISCAYNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2022

ASSETS

Cash	\$	130,152
Prepaid and other assets		2,013
Investments		
Money market funds		2,799,219
Mutual funds		40,913,525
Mutual funds held in the Share Plan		948,045
Mutual funds held in the DROP		3,971,194
Guaranteed interest fund held in the DROP		795,921
Guaranteed interest fund held in the Share Plan		106,267
Total investments		49,534,171
Receivables		
Due from Village		3,207
Total assets		49,669,543

LIABILITIES

Accounts payable and accrued liabilities		31,121
Total liabilities		31,121

NET POSITION

Net position restricted for pensions	\$	49,638,422
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See notes to basic financial statements.

VILLAGE OF KEY BISCAYNE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

ADDITIONS

Contributions:

Plan members	\$ 587,512
Village (including State)	<u>1,382,850</u>
Total contributions	<u>1,970,362</u>

Investment income:

Net appreciation (depreciation) in fair value of investments	(8,038,810)
Net appreciation (depreciation) in fair value of investments (Share and DROP)	(1,184,362)
Interest and dividends	<u>971,768</u>
	(8,251,404)
Less: investment expenses	<u>(53,037)</u>

Net investment income	<u>(8,304,441)</u>
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Total additions	<u>(6,334,079)</u>
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DEDUCTIONS

Benefits paid	1,766,507
DROP distributions	841,787
Share Plan distributions	62,797
Refund of participant contributions	59,312
Administrative expense	<u>87,630</u>
Total deductions	<u>2,818,033</u>

Change in net position	(9,152,112)
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Net position restricted for pensions, beginning of year	<u>58,790,534</u>
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Net position restricted for pensions, end of year	<u><u>\$ 49,638,422</u></u>
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See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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.

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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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.

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:

General Fund – 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.

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

Parks and Recreational Open Space ("PROS") Land Trust Special Revenue Fund - 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.

Capital Improvement Fund – 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:

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

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

Additionally, the Village reports the following fiduciary fund types:

Pension Trust Fund – 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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the governmentwide 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. 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
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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:

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

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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Balance/Net Position (continued)

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.

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 assets 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 and deferred inflows related to the Village of Key Biscayne Police Officers and Firefighters Retirement Plan as a result of the net pension asset associated with the Plan measured as of September 30, 2021.

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 assets 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.

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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Balance/Net Position (continued)

10. Fund Balance (continued)

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 8 for the detail of the amounts included in the various fund balance classifications.

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
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 – 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.

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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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	10.0%	7% - 20%	10.0%	7% - 15%
Total	100.0%		100.0%	

As of September 30, 2022, 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	\$ 7,560,258	\$ -	\$ 7,560,258	\$ -	\$ -

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, 2022, the value of each position held in the Plan's portfolio comprised less than 5% of fiduciary net position.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

The following is a summary of the fair value hierarchy of the Plan investments as of September 30, 2022:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
International mutual funds	\$ 4,070,349	\$ 4,070,349	\$ -	\$ -
Fixed income mutual funds	7,552,139	7,552,139	-	-
Mutual fund equities	29,291,037	29,291,037	-	-
Mutual funds (DROP)	3,971,193	3,971,193	-	-
Mutual funds (Share)	948,046	948,046	-	-
Total Investments at Fair Value	\$ 45,832,764	\$ 45,832,764	\$ -	\$ -

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

Investment Measured at Net Asset Value ("NAV")

Money market funds (exempt)	2,799,219
Guaranteed interest fund (exempt)	<u>902,188</u>
Total investments	<u>\$ 49,534,171</u>

GUARANTEED INTEREST FUND

The Village's Deferred Retirement Option Program (See Note 10) 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, 2022 was \$795,921 and \$106,267, 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 2022 was 1.14%. The actual average yield earned by the plan for this benefit responsive fund for 2022 was 1.14%.

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.

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2022 for the Village's individual major funds, including the allowances for uncollectible accounts, are as follows:

	General	Transportation Special Revenue	Solid Waste	Total
Customers billed	\$ -	\$ -	\$ 450,487	\$ 450,487
Building permits	-	-	-	-
Intergovernmental	1,254,283	160,918	-	1,415,201
Gross receivables	<u>1,254,283</u>	<u>160,918</u>	<u>450,487</u>	<u>1,865,688</u>
Less: Allowance for uncollectibles	-	-	(52,763)	(52,763)
Net Total Receivables	\$ 1,254,283	\$ 160,918	\$ 397,724	\$ 1,812,925

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4 – 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, 2022 was 3.1990.

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, 2022, there were no material delinquent taxes.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2022 is as follows:

Interfund transfers:

Transfers Out	Transfers In	Amount
General Fund	Capital Improvements	\$ 10,227,596
Stormwater	Capital Improvements	246,570
		<u>\$ 10,474,166</u>

The transfer out from the General Fund moved \$6.4 million of unrestricted general fund revenues, the same amount received by the American Rescue Plan Act (ARPA) to finance various capital projects in accordance with budgetary authorizations. The remaining \$3.8 million was transferred to fund additional capital projects from prior year Working Capital fund balance. The transfer out from the Stormwater Fund was made to support a professional services agreement for the implementation of a Village-wide resiliency program.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 28,126,518	\$ -	\$ -	\$ 28,126,518
Construction in progress	10,252,596	2,033,582	(9,416,132)	2,870,046
Total capital assets, not being depreciated	<u>38,379,114</u>	<u>2,033,582</u>	<u>(9,416,132)</u>	<u>30,996,564</u>
Capitals assets, being depreciated:				
Buildings	26,064,612	-	-	26,064,612
Improvements other than buildings	44,663,393	9,854,205	-	54,517,598
Furniture, fixtures and equipment	15,063,999	497,326	(52,564)	15,508,761
Sanitary sewer system	18,808,259	-	-	18,808,259
Total capital assets, being depreciated	<u>104,600,263</u>	<u>10,351,531</u>	<u>(52,564)</u>	<u>114,899,230</u>
Less accumulated depreciation for:				
Buildings	(9,565,841)	(528,683)	-	(10,094,524)
Improvements other than buildings	(18,711,479)	(2,044,149)	-	(20,755,628)
Furniture, fixtures and equipment	(12,180,210)	(751,006)	52,564	(12,878,652)
Sanitary sewer system	(9,899,082)	(989,908)	-	(10,888,990)
Total accumulated depreciation	<u>(50,356,612)</u>	<u>(4,313,746)</u>	<u>52,564</u>	<u>(54,617,794)</u>
Total capital assets, being depreciated, net	<u>54,243,651</u>	<u>14,665,277</u>	<u>(105,128)</u>	<u>60,281,436</u>
Governmental Activities, capital assets, net	<u>\$ 92,622,765</u>	<u>\$ 16,698,859</u>	<u>\$ (9,521,260)</u>	<u>\$ 91,278,000</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 313,383	\$ -	\$ (313,383)	\$ -
Total capital assets, not being depreciated	<u>313,383</u>	<u>-</u>	<u>(313,383)</u>	<u>-</u>
Capitals assets, being depreciated:				
Stormwater utility system	13,780,791	-	-	13,780,791
Total capital assets, being depreciated	<u>13,780,791</u>	<u>-</u>	<u>-</u>	<u>13,780,791</u>
Less accumulated depreciation for:				
Stormwater utility system	(7,330,030)	(420,873)	-	(7,750,903)
Total accumulated depreciation	<u>(7,330,030)</u>	<u>(420,873)</u>	<u>-</u>	<u>(7,750,903)</u>
Total capital assets, being depreciated, net	<u>6,450,761</u>	<u>(420,873)</u>	<u>-</u>	<u>6,029,888</u>
Business-type Activities, capital assets, net	<u>\$ 6,764,144</u>	<u>\$ (420,873)</u>	<u>\$ (313,383)</u>	<u>\$ 6,029,888</u>

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities		
General Government	\$	157,815
Police		467,583
Fire		366,312
Public Works		2,343,172
Building, Zoning and planning		10,586
Parks and recreation		968,278
Total depreciation expense - governmental activities	\$	4,313,746
Business-type Activities		
Stormwater	\$	420,873
Total depreciation expense - business-type activities	\$	420,873

NOTE 7 – 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, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds and Loans Payable					
Transportation tax revenue refunding bonds, Series 2011	\$ 860,701	-	\$ (221,960)	\$ 638,741	\$ 227,381
Road improvement revenue bonds, Series 2006	104,556	-	(104,556)	-	-
Capital improvement revenue refunding, Series 2021	9,607,000	-	(1,819,000)	7,788,000	1,819,000
Fire Equipment revenue bond, Series 2021	675,000	-	(75,000)	600,000	75,000
Revolving loan, 1996**	41,142	-	(27,254)	13,888	13,888
Total Bonds and Loans Payable	11,288,399	0	(2,247,770)	9,040,629	2,135,269
Other Liabilities					
Compensated absences	3,467,447	1,769,957	(1,568,611)	3,668,793	673,766
Total Other Liabilities	3,467,447	1,769,957	(1,568,611)	3,668,793	673,766
Governmental Activities Long-Term Liabilities	\$14,755,846	\$ 1,769,957	\$(3,816,381)	\$12,709,422	\$ 2,809,035

**Direct Borrowings

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

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM DEBT (CONTINUED)

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.

Debt service requirements to maturity are as follows:

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023*	\$ 170,020	\$ 14,772	\$ 184,792
2024	231,533	9,252	240,785
2025	237,188	3,598	240,786
	<u>\$ 638,741</u>	<u>\$ 27,622</u>	<u>\$ 666,363</u>

* Debt service payment due on October 1, 2022 of approximately \$56,000 in principal was paid prior to fiscal year ended September 30, 2022.

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 bond's final debt service payment occurred during the fiscal year ended September 30, 2022.

Capital Improvement Revenue Bonds, 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:

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023*	\$ -	\$ 96,182	\$ 96,182
2024	1,145,000	82,041	1,227,041
2025	918,000	70,704	988,704
2026	926,000	59,268	985,268
2027	931,000	47,770	978,770
2028-2032	3,562,000	85,586	3,647,586
2033	306,000	-	306,000
	<u>\$ 7,788,000</u>	<u>\$ 441,551</u>	<u>\$ 8,229,551</u>

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Capital Improvement Revenue Bonds, Series 2021 (continued)

* Debt service payment due on October 1, 2022 approximating \$1,819,000 in principal was paid during fiscal year ended September 30, 2022.

Fire Equipment Revenue Bonds, 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			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023*	\$ -	\$ 10,584	\$ 10,584
2024	75,000	9,261	84,261
2025	75,000	7,938	82,938
2026	75,000	6,615	81,615
2027	75,000	5,292	80,292
2028-2031	300,000	7,938	307,938
	<u>\$ 600,000</u>	<u>\$ 47,628</u>	<u>\$ 647,628</u>

* Debt service payment due on October 1, 2022 approximating \$75,000 in principal was paid during fiscal year ended September 30, 2022.

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.

Debt service requirements to maturity are as follows:

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,888	\$ 178	\$ 14,066
	<u>\$ 13,888</u>	<u>\$ 178</u>	<u>\$ 14,066</u>

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, 2022:

	<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	\$ 3,827,089	\$ -	\$ (389,146)	\$ 3,437,943	\$ -
Long-Term Liabilities	<u>\$ 3,827,089</u>	<u>\$ -</u>	<u>\$ (389,146)</u>	<u>\$ 3,437,943</u>	<u>\$ -</u>

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – 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, 2022. 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:

Fiscal Year	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023*	\$ -	-	\$ 81,336	\$ 81,336
2024		398,292	71,976	470,268
2025		407,651	62,396	470,047
2026		417,231	52,591	469,822
2027		427,036	42,556	469,592
2028-2031		1,787,733	65,069	1,852,802
		<u>\$ 3,437,943</u>	<u>\$ 375,924</u>	<u>\$ 3,813,867</u>

* Debt service payment due on October 1, 2022 approximating \$389,000 in principal was paid during fiscal year ended September 30, 2022.

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.

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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – FUND BALANCE CLASSIFICATIONS

As of September 30, 2022, 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	\$ 2,272,341
	<hr/>

Restricted

Building permits	810,905
Parking fines	16,349
Red light cameras	21,055
Law enforcement seizures	159,408
	<hr/>
	1,007,717

Committed

Emergencies	4,000,000
	<hr/>

Assigned

Compensated absences	1,834,397
Working capital (surplus)	13,057,624
	<hr/>
	14,892,021

Total Fund Balance - General Fund	\$ 22,172,079
	<hr/> <hr/>

Transportation Special Revenue

Nonspendable

Prepaid items	\$ 55,993
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Assigned

Transportation surtax	1,826,777
	<hr/>

Total Fund Balance - Transportation Special Revenue	\$ 1,882,770
	<hr/> <hr/>

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – FUND BALANCE CLASSIFICATIONS (CONTINUED)

<u>PROS Land Trust Special Revenue</u>	
Restricted	
Open space land trust	\$ 2,551,171
Committed	
Open space land trust	1,483,623
Total Fund Balance - PROS Land Trust	<u>\$ 4,034,794</u>
<u>Capital Improvements</u>	
Nonspendable	
Prepaid items	\$ 71,053
Assigned	
Capital improvements	10,204,005
Total Fund Balance - Capital Improvements	<u>\$ 10,275,058</u>

NOTE 9 – 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 \$516,000 and \$24,000 for the year ended September 30, 2022, respectively. Amendments to the Plans must be authorized by the Village Council.

NOTE 10 – 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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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, 2021 (date of the latest actuarial valuation), Plan membership consisted of the following:

Inactive plan members and beneficiaries currently receiving benefits	59
Inactive plan members entitled but not yet receiving benefits	2
Active plan members	51
Total Members	112

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, 2020 provided the actuarially determined contribution for the fiscal year ended September 30, 2022.

The Village’s (including the State) contribution rate was 25.16% of covered payroll for the fiscal year ended September 30, 2022 which was determined by the October 1, 2020 actuarial valuation.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2022 is \$1,054,312, 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, 2022 there were fifteen (15) participants in the DROP. The balance in the DROP at September 30, 2022 is \$4,767,115, which is accounted for in the pension trust fund.

NOTE 11 – NET PENSION LIABILITY (ASSET) OF THE VILLAGE

At September 30, 2022, the Village reported a net pension asset ("NPA") of \$4,450,204, which was measured as of September 30, 2021 (GASB 68 measurement date). In accordance with GASB 67, information related to the net pension liability (asset) as of September 30, 2022 has also been disclosed.

	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 57,749,391	\$ 54,340,334
Plan fiduciary net position	(49,638,422)	(58,790,538)
Net pension liability (asset)	<u>\$ 8,110,969</u>	<u>\$ (4,450,204)</u>
 Plan fiduciary net position as a percentage of total pension liability	 85.95%	 108.19%

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – NET PENSION LIABILITY (ASSET) OF THE VILLAGE (CONTINUED)

Changes in the Village's net pension asset for the fiscal year ended September 30, 2022 (measured as of September 30, 2021) is as follows:

	Police Officers and Firefighters		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balances - September 30, 2020	\$ 52,053,547	\$ 48,521,804	\$ 3,531,743
Changes for the Year:			
Service cost	1,014,585	-	1,014,585
Interest	3,923,498	-	3,923,498
Differences between actual and expected experience	987,658	-	987,658
Assumption changes	(752,649)	-	(752,649)
Benefit payments	(2,884,786)	(2,884,786)	-
Refunds	(1,519)	(1,519)	-
Contributions - employer (from Village)	-	759,851	(759,851)
Contributions - employer (from State)	-	600,173	(600,173)
Contributions - employee (including buyback contributions)	-	508,926	(508,926)
Net investment income	-	11,402,840	(11,402,840)
Administrative expense	-	(116,751)	116,751
Net Change	<u>2,286,787</u>	<u>10,268,734</u>	<u>(7,981,947)</u>
Ending Balances - September 30, 2021	<u>\$ 54,340,334</u>	<u>\$ 58,790,538</u>	<u>\$(4,450,204)</u>

Significant Actuarial Assumptions

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

Measurement Date:	September 30, 2022	September 30, 2021
Actuarial Valuation:	October 1, 2021	October 1, 2020
Interest rates:		
Single discount rate	7.45%	7.55%
Inflation rate	2.75%	2.75%
Salary Increases	3.50% to 9.25% depending on group and service, 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 (post-retirement), with ages set forward one year for males and females, and with mortality improvements projected to all future years after 2010 using Scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2020 actuarial valuation of the Florida Retirement System (FRS) Pension Plan (based on the 2019 FRS experience study report), in accordance with Florida Statutes Chapter 112.63.	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.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – NET PENSION LIABILITY (ASSET) OF THE VILLAGE (CONTINUED)

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.

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, 2022 and 2021 are summarized in the following table:

Asset Class	2022	2021
Domestic equity	9.60%	8.20%
International equity	5.60%	4.10%
Fixed income	3.70%	0.60%
Cash	2.40%	0.20%

Rate of Return

For the fiscal years ended September 30, 2022 and 2021, the annual money-weighted rate of return on Plan investments, net of investment expense, was -14.13% and 24.51%, 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, 2022 and 2021, a single discount rate of 7.45% and 7.55%, 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.

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
2022	6.45% \$13,588,780	7.45% \$ 8,110,969	8.45% \$ 3,492,071
2021	6.55% \$ 857,171	7.55% \$ (4,450,200)	8.55% \$(8,924,582)

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – NET PENSION LIABILITY (ASSET) OF THE VILLAGE (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2022, based on a September 30, 2021 measurement date, the Village recognized pension expense of approximately \$791,800 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	\$ 1,382,850	\$ -
Differences between expected and actual experience	849,877	145,580
Change of assumptions	231,263	573,447
Net difference between projected and actual earnings on pension plan investments	<u>957,305</u>	<u>6,958,877</u>
Total	<u>\$ 3,421,295</u>	<u>\$ 7,677,904</u>

The deferred outflow of resources, resulting from the Village's contributions to the Plan subsequent to the measurement date of September 30, 2021 in the amount of \$1,382,850 will be recognized as an addition to the Village's net pension asset 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:

Fiscal Year Ending September 30	Amount
2023	\$ (1,305,594)
2024	(1,115,035)
2025	(1,669,038)
2026	<u>(1,549,792)</u>
	<u>\$ (5,639,459)</u>

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 12 – OTHER POSTEMPLOYMENT 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, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	2
Inactive plan members entitled but not yet receiving benefits	0
Active plan members	84
Total Members	86

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, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation	2.25%
Discount rate	2.19%
Projected salary increases	3.50% - 9.25%
Healthcare cost trend rate	Based on the Getzen Model, with trend starting at 3.9% (to reflect actual premium increases), followed by 5.75%, and gradually decreasing to an ultimate trend rate of 3.75%.
Mortality	Mortality rates are the same as used in the July 1, 2021 actuarial valuation of the Florida Retirement System. These rates were taken from adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables 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 2.41% as of the beginning of the measurement period to 2.19% as of September 30, 2021. This change is reflected in the schedule of changes in total OPEB liability.

Total OPEB Liability and Changes in Total Liability

At September 30, 2022, the Village reported a total OPEB liability of \$560,184 using a measurement date of September 30, 2021.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability and Changes in Total Liability (continued)

The detail of the changes in total OPEB liability for fiscal year 2022 is presented below:

	Total OPEB Liability
Beginning Balance - September 30, 2020	\$ 533,264
Changes for the Year:	
Service cost	91,539
Interest on the total OPEB liability	15,040
Difference between expected and actual experience	(61,119)
Changes in assumptions and other inputs	(17,059)
Benefit payments	(1,481)
Net Change	26,920
Ending Balance - September 30, 2021	\$ 560,184

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 2.19%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 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
	1.19%	2.19%	3.19%
Total OPEB Liability	\$598,829	\$ 560,184	\$521,700

The chart below presents the total OPEB liability of the Village, calculated using the healthcare cost trend rate, 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
Total OPEB Liability	\$495,139	\$ 560,184	\$637,970

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the fiscal year ended September 30, 2022, the Village recognized an OPEB expense of \$51,401. At September 30, 2022, 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	\$ -	\$ 93,530
Change of assumptions and other inputs	-	233,950
Benefits Paid After the Measurement Date	17,223	-
	\$ 17,223	\$ 327,480

Deferred inflows of resources will be recognized as follows:

Fiscal Year Ending September 30	Amount
2023	\$ (55,178)
2024	(55,178)
2025	(55,178)
2026	(55,178)
2027	(53,802)
Thereafter	(52,966)
	\$ (327,480)

NOTE 13 – 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 14 – 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 24,878,943	\$ 24,878,943	\$ 24,994,309	\$ 115,366
Utility taxes/communications services tax	3,002,768	3,002,768	3,124,821	122,053
Franchise fees	1,224,000	1,224,000	1,394,685	170,685
Licenses and permits	1,780,800	1,780,800	2,456,645	675,845
Intergovernmental	1,879,089	1,879,089	2,513,099	634,010
Charges for services	2,369,200	2,369,200	2,762,028	392,828
Interest	20,000	20,000	244,154	224,154
Grants	-	3,266,983	6,696,786	3,429,803
Miscellaneous income	99,908	99,908	120,712	20,804
Total revenues	<u>35,254,708</u>	<u>38,521,691</u>	<u>44,307,239</u>	<u>5,785,548</u>
EXPENDITURES:				
General government				
Elected officials	22,984	22,984	15,582	7,402
Village clerk	407,309	407,309	341,148	66,161
Administration	2,850,436	2,948,436	2,510,480	437,956
Village attorney	590,000	590,000	365,414	224,586
Total general government	<u>3,870,729</u>	<u>3,968,729</u>	<u>3,232,624</u>	<u>736,105</u>
Public safety				
Police	8,842,062	9,005,964	8,250,924	755,040
Fire	8,822,378	8,822,378	8,545,023	277,355
Total public safety	<u>17,664,440</u>	<u>17,828,342</u>	<u>16,795,947</u>	<u>1,032,395</u>
Public works				
Zoning and planning	3,455,151	3,580,151	3,501,360	78,791
	<u>2,283,598</u>	<u>2,274,598</u>	<u>2,020,492</u>	<u>254,106</u>
Parks and recreation				
Parks	2,019,320	2,019,320	1,865,040	154,280
Community center	2,981,013	2,981,013	2,776,086	204,927
Athletic division	577,709	577,709	559,675	18,034
Total parks and recreation	<u>5,578,042</u>	<u>5,578,042</u>	<u>5,200,801</u>	<u>377,241</u>
Debt service				
Principal	1,921,254	1,921,254	1,733,254	188,000
Interest and fiscal charges	130,663	130,663	131,433	(770)
Total debt service	<u>2,051,917</u>	<u>2,051,917</u>	<u>1,864,687</u>	<u>187,230</u>
Capital outlay				
	<u>350,831</u>	<u>317,653</u>	<u>105,718</u>	<u>211,935</u>
Total expenditures	<u>35,254,708</u>	<u>35,599,432</u>	<u>32,721,629</u>	<u>2,877,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,922,259</u>	<u>11,585,610</u>	<u>2,907,745</u>
Other financing sources (uses)				
Transfers out	-	(7,010,613)	(10,227,596)	3,216,983
Total other financing sources (uses)	<u>-</u>	<u>(7,010,613)</u>	<u>(10,227,596)</u>	<u>3,216,983</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,088,354)</u>	<u>\$ 1,358,014</u>	<u>\$ 6,124,728</u>

See notes to budgetary comparison schedules.

VILLAGE OF KEY BISCAYNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 753,000	\$ 753,000	\$ 935,442	\$ 182,442
Interest	150	150	8,283	8,133
Total revenues	<u>753,150</u>	<u>753,150</u>	<u>943,725</u>	<u>190,575</u>
EXPENDITURES:				
General government				
Transit	<u>504,161</u>	<u>504,161</u>	<u>474,670</u>	<u>29,491</u>
Total general government	<u>504,161</u>	<u>504,161</u>	<u>474,670</u>	<u>29,491</u>
Debt service				
Principal	309,754	309,754	325,181	(15,427)
Interest and fiscal charges	<u>21,257</u>	<u>21,257</u>	<u>20,197</u>	<u>1,060</u>
Total debt service	<u>331,011</u>	<u>331,011</u>	<u>345,378</u>	<u>(14,367)</u>
Total expenditures	<u>835,172</u>	<u>835,172</u>	<u>820,048</u>	<u>15,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(82,022)</u>	<u>(82,022)</u>	<u>123,677</u>	<u>175,451</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Net change in fund balance	<u>\$ (382,022)</u>	<u>\$ (382,022)</u>	<u>\$ 123,677</u>	<u>\$ (124,549)</u>

See notes to budgetary comparison schedules.

VILLAGE OF KEY BISCAYNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROS LAND TRUST SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Property taxes	\$ 251,554	\$ 251,554	\$ 252,467	\$ 913
Interest	500	500	37,645	37,145
Total revenues	<u>252,054</u>	<u>252,054</u>	<u>290,112</u>	<u>38,058</u>
EXPENDITURES:				
Parks and recreation	<u>252,054</u>	<u>252,054</u>	-	<u>252,054</u>
Total parks and recreation	<u>252,054</u>	<u>252,054</u>	-	<u>252,054</u>
Total expenditures	<u>252,054</u>	<u>252,054</u>	-	<u>252,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>290,112</u>	<u>(213,996)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,112</u>	<u>\$ (213,996)</u>

See notes to budgetary comparison schedules.

VILLAGE OF KEY BICAYNE, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2022

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, 2022, 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

	September 30,									
	2022	2021	2020	2019**	2018	2017	2016	2015	2014	
Total Pension Liability:										
Service cost	\$ 938,205	\$ 1,014,585	\$ 1,102,891	\$ 1,218,739	\$ 1,019,667	\$ 982,149	\$ 892,483	\$ 905,151	\$ 1,325,960	
Interest	4,070,457	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	633,154	987,658	182,052	(159,538)	(636,655)	17,729	(678,816)	413,544	(40,185)	
Assumption changes	497,644	(752,649)	242,220	228,644	194,414	608,244	368,874	351,602	(96,578)	
Benefit payments	(2,671,091)	(2,884,785)	(1,343,040)	(1,224,821)	(1,456,886)	(1,060,547)	(570,278)	(653,498)	(447,084)	
Refunds	(59,312)	(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	3,409,057	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	54,340,334	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)	\$ 57,749,391	\$ 54,340,334	\$ 52,053,547	\$ 48,166,187	\$ 44,714,321	\$ 38,994,690	\$ 35,667,966	\$ 33,239,492	\$ 30,105,178	
Plan Fiduciary Net Position										
Contributions - employer (from Village)	\$ 791,832	\$ 759,851	\$ 1,268,147	\$ 972,014	\$ 814,693	\$ 937,715	\$ 322,848	\$ 383,181	\$ 844,637	
Contributions - employer (from State)	591,018	600,173	559,089	536,767	870,899	-	397,294	456,253	475,709	
Contributions - employee (including buyback contributions)	587,512	508,926	677,201	621,376	650,201	599,086	606,697	579,425	639,478	
Net investment income (loss)	(8,304,445)	11,402,840	4,270,408	803,476	3,576,144	4,090,514	2,574,564	(103,179)	2,632,785	
Benefit payments	(2,671,091)	(2,884,785)	(1,343,040)	(1,224,821)	(1,456,886)	(1,060,547)	(570,278)	(653,498)	(447,084)	
Refunds	(59,312)	(1,520)	(13,943)	(97,109)	(6,523)	(36,765)	(32,769)	(8,759)	(99,486)	
Administrative expense	(87,630)	(116,755)	(108,024)	(102,921)	(87,099)	(60,179)	(69,369)	(85,607)	(86,629)	
Net Change in Plan Fiduciary Net Position	(9,152,116)	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	58,790,538	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)	\$ 49,638,422	\$ 58,790,534	\$ 48,521,804	\$ 43,211,966	\$ 41,703,184	\$ 37,341,755	\$ 32,871,931	\$ 29,642,944	\$ 29,075,128	
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 8,110,969	\$ (4,450,200)	\$ 3,531,743	\$ 4,954,221	\$ 3,011,137	\$ 1,652,935	\$ 2,796,035	\$ 3,596,548	\$ 1,030,050	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.95%	108.19%	93.22%	89.71%	93.27%	95.76%	92.16%	89.18%	96.58%	
Covered Payroll	\$ 5,493,472	\$ 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	147.65%	-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%
2022	1,365,644	1,382,850	(17,206)	5,493,472	25.17%

* 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, 2022:

Valuation Date	October 1, 2020
Notes	Actuarially determined contributions are calculated as of October 1, which is 2 years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	8 years (single equivalent period); 27 years (longest period)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	3.50% to 9.25% depending on group and service, including inflation
Investment Rate of Return	7.55%
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	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 (post-retirement), with ages set forward one year for males and females, and with mortality improvements projected to all future years after 2010 using Scale MP 2018. These are the same rates used for Special Risk Class members in the July 1, 2019 actuarial valuation of the Florida Retirement System (FRS) Pension Plan (based on the 2019 FRS experience study report), in accordance with Florida Statutes Chapter 112.63.

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 INVESTMENTS RETURNS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	-14.13%	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 OTHER POST EMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS

Measurement Date: September 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service cost	\$ 91,539	\$ 85,778	\$ 71,395	\$ 73,044	\$ 75,574
Interest on the total OPEB liability	15,040	14,324	28,785	23,814	19,205
Changes in benefit terms	-	-	6,868	-	-
Difference between expected and actual experience	(61,119)	-	(60,445)	-	-
Changes in assumptions and other inputs	(17,059)	(1,946)	(291,665)	(24,054)	(26,144)
Benefit payments	(1,481)	-	-	-	(10,412)
Net change in Total OPEB Liability	26,920	98,156	(245,062)	72,804	58,223
Total OPEB liability-beginning	533,264	435,108	680,170	607,366	549,143
Total OPEB liability-ending	<u>\$ 560,184</u>	<u>\$ 533,264</u>	<u>\$ 435,108</u>	<u>\$ 680,170</u>	<u>\$ 607,366</u>
Covered payroll	\$ 8,231,136	\$ 8,819,774	\$ 8,562,887	\$ 11,015,562	\$ 7,011,729
Total OPEB liability as a percentage of covered payroll	6.81%	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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES:				
Grants	\$ 500,000	\$ 500,000	\$ 651,338	\$ 151,338
Interest	-	-	54,738	54,738
Miscellaneous income	-	-	10,424	10,424
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>716,500</u>	<u>216,500</u>
EXPENDITURES:				
General government				
General	450,000	175,000	68,307	106,693
Total general government	<u>450,000</u>	<u>175,000</u>	<u>68,307</u>	<u>106,693</u>
Public safety				
Police	48,500	497,572	308,725	188,847
Fire rescue	-	101,398	89,868	11,530
Total public safety	<u>48,500</u>	<u>598,970</u>	<u>398,593</u>	<u>200,377</u>
Public works	2,886,130	4,161,208	891,169	3,270,039
Parks and recreation				
Parks	1,779,000	3,171,065	1,478,024	1,693,041
Community center	565,000	810,000	77,145	732,855
Total parks and recreation	<u>2,344,000</u>	<u>3,981,065</u>	<u>1,555,169</u>	<u>2,425,896</u>
Total expenditures	<u>2,842,500</u>	<u>4,755,035</u>	<u>2,913,238</u>	<u>2,732,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,342,500)</u>	<u>(4,255,035)</u>	<u>(2,196,738)</u>	<u>(2,516,466)</u>
Other financing sources				
Transfers in	3,853,983	7,547,613	10,474,166	2,926,553
Total other financing sources	<u>3,853,983</u>	<u>7,547,613</u>	<u>10,474,166</u>	<u>2,926,553</u>
Net change in fund balance	<u>\$ 1,511,483</u>	<u>\$ 3,292,578</u>	<u>\$ 8,277,428</u>	<u>\$ 410,087</u>

See notes to budgetary comparison schedules.

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>	61-65
Revenue Capacity <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	66-70
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>	71-74
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>	75-77
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>	78-79

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NET POSITION BY COMPONENT

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 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	\$ 82,237,371
Restricted	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	3,558,888
Unrestricted	16,968,354	6,195,833	14,490,922	19,326,602	14,340,755	19,707,367	11,209,773	14,126,305	15,614,147	28,376,675
Total governmental activities net position	<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>	<u>114,172,934</u>
Business-type activities										
Net investment in capital assets	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	2,591,945
Unrestricted	439,166	1,477,416	719,861	651,997	(599,305)	(888,228)	(1,173,171)	1,529,482	1,567,387	2,163,283
Total business-type activities net position	<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>	<u>4,755,228</u>
Total government										
Net investment in capital assets	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	84,829,316
Restricted	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	3,558,888
Unrestricted	17,407,520	7,673,249	15,210,783	19,978,599	13,741,450	18,819,139	10,036,602	15,655,787	17,181,534	30,539,958
Total Government Net Position	<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>	<u>\$ 118,928,162</u>

VILLAGE OF KEY BISCAWAYNE, FLORIDA

CHANGES IN NET POSITION

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 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	\$ 3,764,142
Police	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	8,050,840
Fire	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	8,153,035
Public works	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	5,758,532
Building, zoning and planning	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	1,921,072
Parks and recreation	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	5,952,096
Interest on long-term debt	935,242	962,167	816,313	796,152	894,934	701,558	658,587	456,932	265,352	145,858
Total governmental activities	32,073,293	32,250,745	23,116,194	31,398,831	30,711,121	34,732,430	37,226,104	35,004,695	33,092,065	33,745,575
Business-type activities:										
Stormwater	715,836	1,109,510	1,783,865	934,223	1,060,705	1,234,916	856,653	1,108,192	1,233,970	1,583,772
Sanitary sewer	1,133,209	1,126,907	1,120,166	1,137,592	994,042	9,545,452	--	--	--	--
Solid waste	574,686	583,083	582,943	840,730	792,044	698,321	779,508	756,508	987,275	921,208
Total business-type activities	<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>	<u>2,504,980</u>
Total government expenses	<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>	<u>\$ 36,250,555</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 140,587	\$ 160,800	\$ 157,868	\$ 147,693	\$ 183,901	\$ 161,527	\$ 224,750	\$ 185,995	\$ 174,424	\$ 113,021
Police	1,455	4,700	20,011	--	3,571	68,809	21,559	--	11,444	19,668
Fire	188,169	210,678	193,442	165,106	162,683	191,529	161,450	158,932	165,001	158,263
Building, zoning and planning	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	2,433,676
Parks and recreation	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	2,494,045
Operating grants and contributions	426,917	97,970	85,315	54,331	59,412	53,210	62,174	323,185	534,166	6,696,786
Capital grants and contributions	803,620	826,282	7,854,679	867,197	873,734	1,733,691	475,058	1,516,214	1,972,818	796,926
Total governmental activities program revenues	6,928,013	6,362,506	14,158,627	6,982,048	5,764,261	6,802,442	5,351,000	6,186,433	6,178,486	12,712,385
Business-type activities:										
Charges for services:										
Stormwater	958,114	907,324	939,798	908,269	933,683	941,302	934,959	1,563,529	1,822,405	1,977,139
Solid waste	592,480	591,079	600,688	652,455	651,344	841,501	823,157	1,061,921	1,096,656	1,011,972
Capital grants and contributions:										
Stormwater	--	--	47,872	--	--	--	--	--	--	--
Operating grants and contributions:										
Stormwater	--	--	--	164,176	--	--	--	--	--	--
Total business-type activities program revenues	1,550,594	1,498,403	1,588,358	1,724,900	1,585,027	1,782,803	1,758,116	2,625,450	2,919,061	2,989,111
Total program revenues	\$ 8,478,607	\$ 7,860,909	\$ 15,746,985	\$ 8,706,948	\$ 7,349,288	\$ 8,585,245	\$ 7,109,116	\$ 8,811,883	\$ 9,097,547	\$ 15,701,496

(Continued)

(Continued)

VILLAGE OF KEY BISCAWAYNE, FLORIDA

CHANGES IN NET POSITION

(Continued)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense) revenue										
Governmental activities	\$ (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)	\$ (21,033,190)
Business-type activities	(873,137)	(1,321,097)	(1,898,616)	(1,187,645)	(1,261,764)	(9,695,886)	121,955	760,750	697,816	484,131
Total net expense	<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>	<u>\$ (20,549,059)</u>
General revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 25,246,776
Utility taxes	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	2,426,571
Franchise fees	780,245	574,639	595,196	603,889	479,194	655,599	192,753	837,835	1,216,940	1,394,685
Communications services tax	1,010,931	917,449	862,165	753,385	698,927	734,422	681,648	651,615	650,817	698,250
Intergovernmental	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	3,302,953
Investment earnings	16,722	34,991	47,004	111,484	78,443	37,503	146,404	193,943	42,446	344,819
Miscellaneous	1,627,479	148,140	139,196	81,516	184,489	244,650	257,811	143,648	214,403	131,137
Transfers	(28,134)	(257,134)	(343,884)	(382,883)	31,804	9,545,452	--	--	300,000	246,570
Total governmental activities	<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>	<u>33,791,761</u>
Business-type activities:										
Investment earnings	659	5,551	3,911	5,986	24,282	23,278	22,584	9,540	--	13,225
Capital Contributions from General Fund	--	--	--	--	221,472	--	--	--	--	--
Transfers	28,134	257,134	343,884	382,883	(31,804)	--	--	--	(300,000)	(246,570)
Total business-type activities	<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>	<u>(233,345)</u>
Total general revenues	<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>	<u>\$ 33,558,416</u>
Change in Net Position										
Governmental activities	\$ (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	\$ 12,758,571
Business-type activities	(844,344)	(1,058,412)	(1,550,821)	(798,776)	(1,047,814)	(9,672,608)	144,539	770,290	397,816	250,786
Total change in Net Position	<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>	<u>\$ 13,009,357</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Non-spendable	\$ 272,330	\$ 353,823	\$ 268,176	\$ 443,084	\$ 598,248	\$ 914,616	\$ 1,289,448	\$ 588,364	\$ 2,002,158	\$ 2,272,341
Restricted	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	1,007,717
Committed	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	4,000,000
Assigned	10,852,640	11,756,540	11,870,006	13,104,992	16,263,027	10,962,611	8,692,560	12,618,656	14,849,239	14,892,021
Reserved	--	--	--	--	--	--	--	--	--	--
Unreserved	--	--	--	--	179	--	--	--	--	--
Total General Fund	<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>	<u>22,172,079</u>
All other governmental funds										
Non-spendable									139,658	127,046
Restricted	1,671,741	470,334	529,301	--	715,133	823,271	2,036,456	3,315,634	4,255,606	2,551,171
Committed	4,240,104	4,371,204	3,188,871	629,740	--	7,214,656	7,465,162	4,188,550	3,106,141	1,483,623
Assigned			59,404	414,264	-	1,008,170		931,349	-	12,030,782
Unassigned	(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>5,633,591</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>	<u>16,192,622</u>
Total Governmental Funds	<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>	<u>\$ 38,364,701</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Ad valorem taxes	\$ 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	\$ 25,246,776
Franchise fees	780,245	574,639	595,196	603,889	479,194	655,599	192,753	837,835	1,216,940	1,394,685
Utility taxes/communication services tax	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	3,124,821
Licenses and permits	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	2,456,645
Intergovernmental revenue	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	3,448,541
Charges for services	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	2,762,028
Grants	426,917	97,970	85,315	54,331	59,412	881,210	62,174	1,378,020	2,024,668	7,348,124
Investment income	16,722	34,991	47,004	111,484	78,443	37,503	146,404	193,943	42,446	344,820
Contributions	--	--	7,000,000	--	--	38,325	4,700	1,150	3,651	--
Miscellaneous	1,627,479	148,140	139,196	81,516	184,489	244,650	257,811	143,648	214,403	131,136
Total revenues	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	46,257,576
Expenditures										
Current:										
General government	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	3,707,294
Fire	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	8,545,023
Police	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	8,250,924
Public works	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	3,501,360
Building, planning and zoning	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	2,020,492
Parks and recreation	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	5,200,801
Capital outlay	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	3,018,956
Intergovernmental:										
Payment under interlocal agreement	--	4,574,703	8,545	2,390,330	--	--	--	--	--	--
Debt service:										
Principal	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	2,058,435
Interest and other fiscal charges	913,409	875,949	973,012	822,575	777,099	726,658	681,407	484,803	314,517	151,630
Total expenditures	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	36,454,915
Excess (deficiency) of revenues over expenditures	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)	9,802,661
Other financing sources (uses)										
Transfers in	--	904,093	1,855,623	4,260,203	2,327,481	15,604,398	4,292,381	608,971	1,425,000	10,774,166
Transfers out	(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)	(10,527,596)
Bonds issued	5,575,075	4,575,000	--	--	--	--	--	--	11,988,000	--
Payment for interlocal agreement	(5,500,000)	--	--	--	--	--	--	--	--	--
Refunding bonds issued	--	--	--	--	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--	--	--	--	--
Proceeds from sale of capital assets	--	--	--	--	--	--	--	--	--	--
Capital lease proceeds	--	20,000	130,000	--	1,905,021	--	--	--	--	--
Total other financing sources (uses)	46,941	4,337,866	(213,884)	(382,883)	1,936,825	--	--	--	12,288,000	246,570
Net Change in Fund Balances	\$ 2,952,259	\$ 136,207	\$ 7,902,757	\$ (4,450,277)	\$ (797,331)	\$ 186,105	\$ 632,398	\$ (1,665,125)	\$ 3,080,032	\$ 10,049,231
Debt service as a percentage of non-capital expenditures	13%	11%	14%	14%	14%	13%	14%	93%	43%	73%

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
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	25,532,172	837,835	2,224,417	2,880,064	651,615	32,126,103
2021	24,990,469	1,216,940	2,384,819	2,093,545	650,817	31,336,590
2022	25,246,776	1,394,685	2,426,571	3,448,541	698,250	33,214,823

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		
2013	2012	5,445,595,704	294,710,250	38,326,390	5,778,632,344	3.2000
2014	2013	5,800,745,002	313,747,054	37,410,973	6,151,903,029	3.0000
2015	2014	6,306,477,954	353,222,413	37,956,862	6,697,657,229	3.0000
2016	2015	7,291,699,676	393,809,175	36,239,673	7,721,748,524	3.0000
2017	2016	7,875,742,931	425,303,529	38,238,417	8,339,284,877	3.0000
2018	2017	7,962,888,123	644,814,648	39,067,113	8,646,769,884	3.0000
2019	2018	7,836,337,042	646,215,902	50,072,756	8,532,625,700	3.1000
2020	2019	7,601,429,447	665,456,261	43,770,985	8,310,656,693	3.1950
2021	2020	7,471,332,211	687,911,722	43,407,550	8,202,651,483	3.2022
2022	2021	7,534,990,701	687,522,209	46,599,237	8,269,112,147	3.1990

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 BISCAIYNE, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Village of Key Biscayne			Overlapping Rates (1)											Total Direct and Overlapping Rates
		General Operations	Debt Service	Total Village	Miami-Dade County			Miami-Dade Schools			Florida Inland Navigation District	South Florida Water Management	Other			
					Operating Millage	Debt Service Millage	Library District Millage	Total County Millage	Operating Millage	Debt Service Millage				Total School Millage		
2013	2012	3.2000	-	3.2000	4.7035	0.2850	0.1725	5.1610	7.7650	0.2330	7.9980	0.0345	0.3676	0.5613	17.3224	
2014	2013	3.0000	-	3.0000	4.7035	0.4220	0.1725	5.2980	7.6440	0.3330	7.9770	0.0345	0.3523	0.5587	17.2205	
2015	2014	3.0000	-	3.0000	4.6669	0.4500	0.2840	5.4009	7.7750	0.1990	7.9740	0.0345	0.1577	0.7265	17.2936	
2016	2015	3.0000	-	3.0000	4.6669	0.4500	0.2840	5.4009	7.4130	0.1990	7.6120	0.0320	0.1459	0.7092	16.9000	
2017	2016	3.0000	-	3.0000	4.6669	0.4000	0.2840	5.3509	7.1380	0.1840	7.3220	0.0320	0.1359	0.6948	16.5356	
2018	2017	3.0000	-	3.0000	4.6669	0.4000	0.2840	5.3509	6.7740	0.2200	6.9940	0.0320	0.1275	0.6498	16.1542	
2019	2018	3.1000	-	3.1000	4.6669	0.4640	0.2840	5.4149	6.5040	0.2290	6.7330	0.0320	0.1210	0.6135	16.0144	
2020	2019	3.1950	-	3.1950	4.6669	0.4780	0.2840	5.4289	7.0250	0.1230	7.1480	0.0320	0.1150	0.6323	16.5512	
2021	2020	3.2022	-	3.2022	4.6669	0.4780	0.2840	5.4289	6.9360	0.1930	7.1290	0.0320	0.1103	0.6079	16.5103	
2022	2021	3.1990	-	3.1990	4.6669	0.5075	0.2840	5.4584	6.8290	0.1800	7.0090	0.0320	0.1061	0.6511	16.4556	

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 BISCAYNE, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

2022				2013			
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	\$ 63,017,812	1	1.09%
Red Dragon's Sands LTD	45,721,768	2	0.55%	GB JT Hotel Partners LP	54,230,000	2	0.94%
Galleria of Key Biscayne Inc	29,500,000	3	0.36%	EDW A McCarthy-Archbishop	23,727,939	3	0.41%
Edgardo Defortuna	21,433,401	4	0.26%	Red Dragon's Sands LTD	19,390,496	4	0.34%
Timothy Bryan	20,467,868	5	0.25%	Galleria of Key Biscayne Inc	19,178,500	5	0.33%
United Real Estate Ventures Inc	20,146,864	6	0.24%	Edgardo Defortuna	18,607,449	6	0.32%
240 Crandon Investments LLC	16,500,000	7	0.20%	Key Biscayne Properties LLC	15,566,781	7	0.27%
28 Harbor Point LLC	15,782,090	8	0.19%	Key Biscayne Presbyterian Church	12,577,746	8	0.22%
CSM Key Biscayne Equities LLC	14,633,606	9	0.18%	260 Cape FLA LLC	12,521,952	9	0.22%
OceanaKB LLC	14,300,000	10	0.17%	Ocean Club Community Assoc.	12,500,000	10	0.22%
	<u>\$ 286,985,597</u>		<u>3.47%</u>		<u>\$ 251,318,675</u>		<u>4.35%</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
2013	18,491,624	17,499,835	94.64%	81,487	17,581,322	95.08%
2014	18,455,709	17,857,711	96.76%	--	17,857,711	96.76%
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	26,451,140	25,400,645	96.03%	--	25,400,645	96.03%
2020	26,552,548	25,532,172	96.16%	--	25,532,172	96.16%
2021	26,266,531	24,990,469	95.14%	--	24,990,469	95.14%
2022	26,452,890	25,246,776	95.44%	--	25,246,776	95.44%

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		
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
2022	--	9,040,629	--	3,437,943	--	12,478,572	861

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	2022		
	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	\$ 9,040,629	100.00%	\$ 9,040,629
Overlapping debt:			
Miami-Dade County	2,350,765,000	2.45%	57,516,391
Miami-Dade County School Board	885,856,000	2.26%	20,008,064
Subtotal, Overlapping Debt			77,524,455
Total Direct and Overlapping Debt			\$ 86,565,084

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	
2013	31,425,342	(17,499,835)	(3,258,285)	10,667,222	2,716,772	875,949	2.97
2014	28,534,272	(17,857,711)	(2,405,825)	8,270,736	2,920,699	973,012	2.12
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	(24,992,663)	(2,176,209)	11,029,716	3,480,363	726,658	2.62
2019	36,826,212	(25,400,645)	(2,105,221)	9,320,346	3,871,893	681,407	2.05
2020	38,198,898	(25,532,172)	(2,668,172)	9,998,554	4,264,048	484,803	2.11
2021	38,691,165	(24,990,469)	(5,659,936)	8,040,760	1,752,574	314,517	3.89
2022	46,257,576	(25,246,776)	(11,108,366)	9,902,434	2,058,435	151,630	4.48

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)
2013	12,344	112,321	46,102	7.6%
2014	12,344	115,691	47,485	7.0%
2015	12,762	119,241	48,910	6.1%
2016	12,888	145,723	50,377	5.6%
2017	12,924	129,321	83,093	4.5%
2018	12,887	119,920	63,614	3.4%
2019	12,846	134,626	78,678	2.3%
2020	12,846	162,579	83,607	12.6%
2021	14,809	151,310	79,292	4.5%
2022	14,487	167,990	79,743	2.3%

Sources:

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

(2) United States Bureau of Labor Statistics

VILLAGE OF KEY BISCAYNE, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2022			2013		
	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	139	2	not known	124	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>706</u></u>			<u><u>1,874</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of Employees										
General government	7	7	9	10	10	10	12	12	13	14
Public safety	74	74	77	84	87	87	87	87	88	89
Building, planning and zoning	17	17	14	14	16	16	14	14	12	14
Public works	4	4	5	4	5	5	6	6	6	10
Parks and recreation	<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>	<u>12</u>
Total Number of Employees	<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>	<u>139</u>

Source: Village of Key Biscayne

VILLAGE OF KEY BISCAYNE, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety:										
Police:										
Police FTE's	43	43	45	45	47	47	47	47	47	48
Police calls for service	26,836	24,556	30,475	29,427	32,031	30,927	23,608	16,991	20,590	41,587
Parking violations	676	440	506	552	2,287	400	374	167	283	385
Traffic violations	1,875	846	939	956	1,531	986	1,468	701	688	1,139
Fire:										
Fire FTE's	41	40	41	41	41	42	40	40	41	41
Fire incidents	1,896	1,763	1,490	1,908	1,529	1,884	1,650	1,651	1,928	1,950
Fire inspections performed	469	739	667	770	995	991	1,150	836	1,497	2,264
Planning and development:										
Building permits issued	3,885	3,876	3,684	3,501	3,746	2,935	2,658	1,688	2,630	2,687
Business tax receipts issued	937	987	1,097	1,219	1,088	1,896	1,356	872	729	893
Inspections conducted (1)				13,726	11,740	12,225	10,890	6,960	8,188	9,105
Lien searches issued (1)				422	352	458	425	465	1,094	723
Culture and recreation:										
Number of building users	4,251	4,041	4,110	4,179	4,274	4,693	3,728	371	3,247	3,760
Solid waste:										
Residential accounts	1,254	1,250	1,272	1,260	1,251	1,341	1,280	1,284	1,285	1,334

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	24.8	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	6	6	6	6	6
Culture and recreation:										
Parks	3	3	3	4	4	4	4	6	6	6
Parks acreage	9	9	9	10	10	14.5	14.5	15.15	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.

COMPLIANCE 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Key Biscayne, Florida (the Village), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 5, 2023.

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

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 or significant deficiencies may exist that were not identified.

Report on 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 are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida

June 5, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND 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 The Major Federal Program

Opinion on The Major Federal Program

We have audited the Village of Key Biscayne, Florida's (the Village) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the fiscal year ended September 30, 2022. The Village's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 program for the fiscal year ended September 30, 2022.

Basis for Opinion on The Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable

user of the report on compliance about the Village's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 5, 2023

VILLAGE OF KEY BISCAYNE, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

<u>Federal Agency/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S Department of Treasury				
Indirect Program:				
Passed through Florida Division of Emergency Management				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	FL0152	-	\$ 6,574,180
Total U.S. Department of Treasury			-	6,574,180
Total Expenditures of Federal Awards			\$ -	\$ 6,574,180

See notes to the schedule of expenditures of federal awards.

VILLAGE OF KEY BISCAYNE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, 2022. 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, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<i>Unmodified Opinion</i>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiencies identified?	_____ yes <u> X </u> None reported
Non-compliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiencies identified?	_____ yes <u> X </u> None reported
Type of auditors' report issued on compliance for major federal programs:	<i>Unmodified Opinion</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes <u> X </u> no

Identification of major programs:

Federal Assistance <u>Listing Number</u> 21.027	<u>Name of Federal Awards Program or Cluster</u> Coronavirus State and Local Fiscal Recovery Funds
---	---

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee for audit of federal awards programs? _____ yes X no



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

Report on the Financial Statements

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, 2022, and have issued our report thereon dated June 5, 2023.

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 for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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 State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 5, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were two recommendations made in the preceding annual financial report that are being repeated. Item 2018-03 and item 2015-02 (originally reported in 2014) have been revised and repeated. There were five recommendations made in the preceding annual financial report that are not being repeated. Items 2021-01, 2021-02, 2021-03, 2021-04 and 2021-05 are not repeated.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 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 to identify the specific conditions met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Village. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done 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 warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 5, 2023

VILLAGE OF KEY BISCAYNE, FLORIDA
CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS
TO IMPROVE FINANCIAL MANAGEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

No.	Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
<u>Prior Year</u>			
MLC 2021-001	Service Organization Controls Report Review – Pension Trust Fund	X	
MLC 2020-001	Solid Waste Accounts Receivable	X	

VILLAGE OF KEY BISCAYNE, FLORIDA
CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS
TO IMPROVE FINANCIAL MANAGEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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's Transaction Processing System and on the Suitability of the Design and Operating Effectiveness of Controls ("SOC 1") for the period covering November 1, 2021 to September 30, 2022. 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 operating effectively to achieve the 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 document its review of 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.

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, decreased 5% in fiscal year 2021, and decreased 39% in fiscal year 2022. 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.

VILLAGE OF KEY BISCAYNE, FLORIDA
CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS
TO IMPROVE FINANCIAL MANAGEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MLC 2020-001 – SOLID WASTE ACCOUNTS RECEIVABLE (CONTINUED)

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

The Village will consider placing a lien on the remaining receivable balance after all other collections methods have been exhausted.



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF 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 (the Village), compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2021 to September 30, 2022. Management of the Village is responsible for the Village's compliance with those specified requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether 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 the requirements of Section 218.415 Florida Statutes during the period of October 1, 2021 to September 30, 2022.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 5, 2023