

VILLAGE OF KEY BISCAIYNE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2015



PREPARED BY:

THE FINANCE DEPARTMENT

VILLAGE OF KEY BISCAYNE, FLORIDA
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INTRODUCTORY SECTION



V I L L A G E O F K E Y B I S C A Y N E

Department of Finance and Administrative Services

Village Council

Mayra P. Lindsay, *Mayor*
Edward London, *Vice Mayor*
Franklin H. Caplan
Luis F. de la Cruz
Gary R. Gross
Theodore Holloway
Michael E. Kelly

Director

Vivian Parks

March 29, 2016

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 Comprehensive Annual Financial Report (CAFR) of the Village of Key Biscayne for the fiscal year ended September 30, 2015.

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

The firm of Marcum LLP, licensed certified public accountants has audited the Village of Key Biscayne's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Village of Key Biscayne for the fiscal year ended September 30, 2015 are free of material misstatement.

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

The independent auditor concluded, based upon 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, 2015 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 13,000. The Village of Key Biscayne receives tax levies on real and personal property located inside its boundaries.

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

The Village of Key Biscayne offers a wide range of services, including, police protection, fire and emergency medical service, public works maintenance, a full service building, planning and zoning department, parks and recreation activities, solid waste collection, and a comprehensive storm water management system. Certain services are provided through the County School System and the County Library System through Miami-Dade County.

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.

Property values continued to increase during the past year in keeping with nationwide trends. State economical growth will likely have a favorable impact on many of the Village's intergovernmental revenues such as sales tax and state revenue sharing. The Village continues to monitor operating expenses closely while seeking possible new revenue sources.

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.

Financial Policies

The Village of Key Biscayne has policies on Debt Limitation, Emergency Reserve Funds and Designation and Reservation of surplus fund. The allocation of surplus funds between committed and assigned fund balance is made at the discretion of the Village Council.

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014. This was the twenty second 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 CAFR. 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 CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of all departments of the Village of Key Biscayne. We would like to express our appreciation to all members of all of the departments who assisted and contributed to the preparation of this report. We would also like to express our appreciation to Marcum LLP, our independent auditors, for their assistance and efforts in helping the Village prepare the CAFR. 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,



John C. Gilbert
Village Manager



Vivian Parks
Finance Director

VILLAGE OF KEY BISCAAYNE, FLORIDA

VILLAGE OFFICIALS

As of SEPTEMBER 30, 2015

VILLAGE COUNCIL

Mayra Peña Lindsay, Mayor
Franklin H. Caplan, Vice Mayor

Luis de la Cruz, Councilman
Michael E. Kelly, Councilman
Theodore J. Holloway, Councilman
Edward London, Councilman
James S. Taintor, Councilman

VILLAGE MANAGER

John C. Gilbert

VILLAGE CLERK

Conchita H. Alvarez, MMC

VILLAGE ATTORNEY

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

FINANCE DIRECTOR

Vivian Parks

INDEPENDENT AUDITORS

Marcum LLP



Government Finance Officers Association

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

Presented to

**Village of Key Biscayne
Florida**

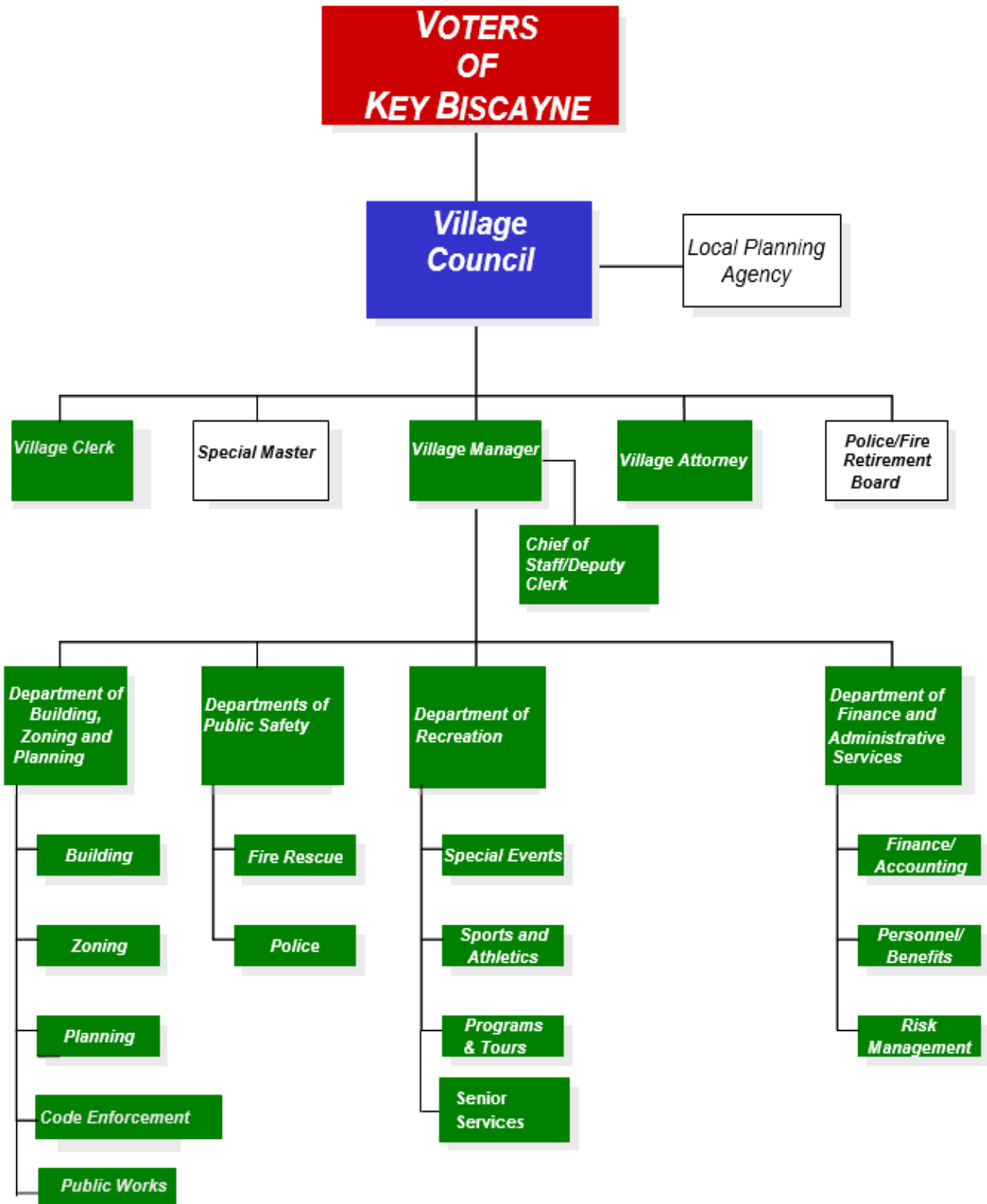
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

ORGANIZATION CHART

2015



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1 and Note 16 to the financial statements, the Village changed its method for accounting and financial reporting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, both effective October 1, 2014, which resulted in the Village restating net position for recognition of the Village’s pension related activity incurred prior to October 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 11, the budgetary comparison schedule, on pages 63 and 64, and the required supplementary information for OPEB and the pension trust fund on page 65 to 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village’s basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
March 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Management's Discussion and Analysis

As Management of the Village of Key Biscayne, we offer readers of the Village of Key Biscayne's (the Village) financial statements this narrative overview and analysis of the financial activities of the Village of Key Biscayne for the fiscal year ended September 30, 2015. 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 at the close of the most recent fiscal year resulting in a net position balance of \$85,465,751.
- The Village's total net position increased by \$14,026,084. Key components of the Village's net position and changes in net position are reflected in the tables in the government-wide financial analysis section.
- At the close of the current fiscal year, the Village's governmental funds reported an ending fund balance of \$31,329,668, an increase of \$7,902,757 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are 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 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 of the 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 planning and zoning.

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 12 and 13 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village 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 statement 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 three governmental funds, the general fund, a special revenue fund and a capital projects fund.

The Village of Key Biscayne adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 to 16 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, Solid Waste Collection and Sanitary Sewer Construction operations.

The basic proprietary fund financial statements can be found on pages 17-19 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 basic fiduciary fund financial statements can be found on pages 20-21 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 22 to 62

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 obligation to provide pension benefits and other post-employment benefits to its employees.

Required supplementary information can be found on pages 63 to 68 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 \$85,465,751 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 \$67,849,810. 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	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 34,092,148	\$ 25,576,223	\$ 2,892,163	\$ 3,604,574	\$ 36,984,311	\$ 29,180,797
Capital assets, net	73,384,971	72,482,311	20,678,937	21,985,489	94,063,908	94,467,800
Total Assets	<u>107,477,119</u>	<u>98,058,534</u>	<u>23,571,100</u>	<u>25,590,063</u>	<u>131,048,219</u>	<u>123,648,597</u>
Deferred Outflows of Resources	1,113,486	--	--	--	1,113,486	--
Current liabilities	2,948,501	2,286,373	690,620	123,046	3,639,121	2,409,419
Noncurrent liabilities	33,335,554	34,620,457	9,165,592	10,201,308	42,501,146	44,821,765
Total Liabilities	<u>36,284,055</u>	<u>36,906,830</u>	<u>9,856,212</u>	<u>10,324,354</u>	<u>46,140,267</u>	<u>47,231,184</u>
Deferred Inflows of Resources	555,687	73,444	--	--	555,687	73,444
Net investment in capital assets	54,854,783	51,406,773	12,995,027	13,788,293	67,849,810	65,195,066
Restricted	2,405,158	1,955,654	--	--	2,405,158	1,955,654
Unrestricted	14,490,922	7,715,833	719,861	1,477,416	15,210,783	9,193,249
Total Net Position	<u>\$ 71,750,863</u>	<u>\$ 61,078,260</u>	<u>\$ 13,714,888</u>	<u>\$ 15,265,709</u>	<u>\$ 85,465,751</u>	<u>\$ 76,343,969</u>

As demonstrated in Table A-1, Summary of Net Position, the Village's current position increased throughout the year. The increase is mainly attributable to a \$7 million developer contribution from the consultation project to be used for park and recreation purposes.

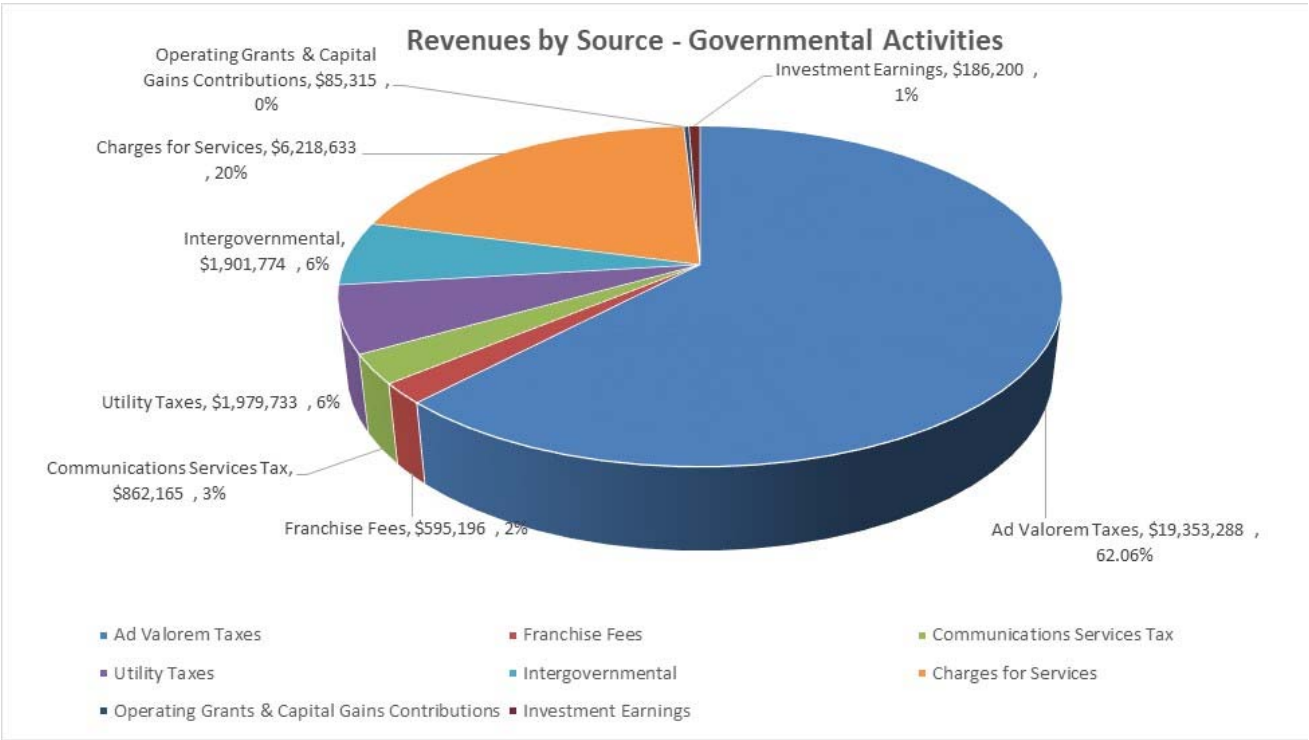
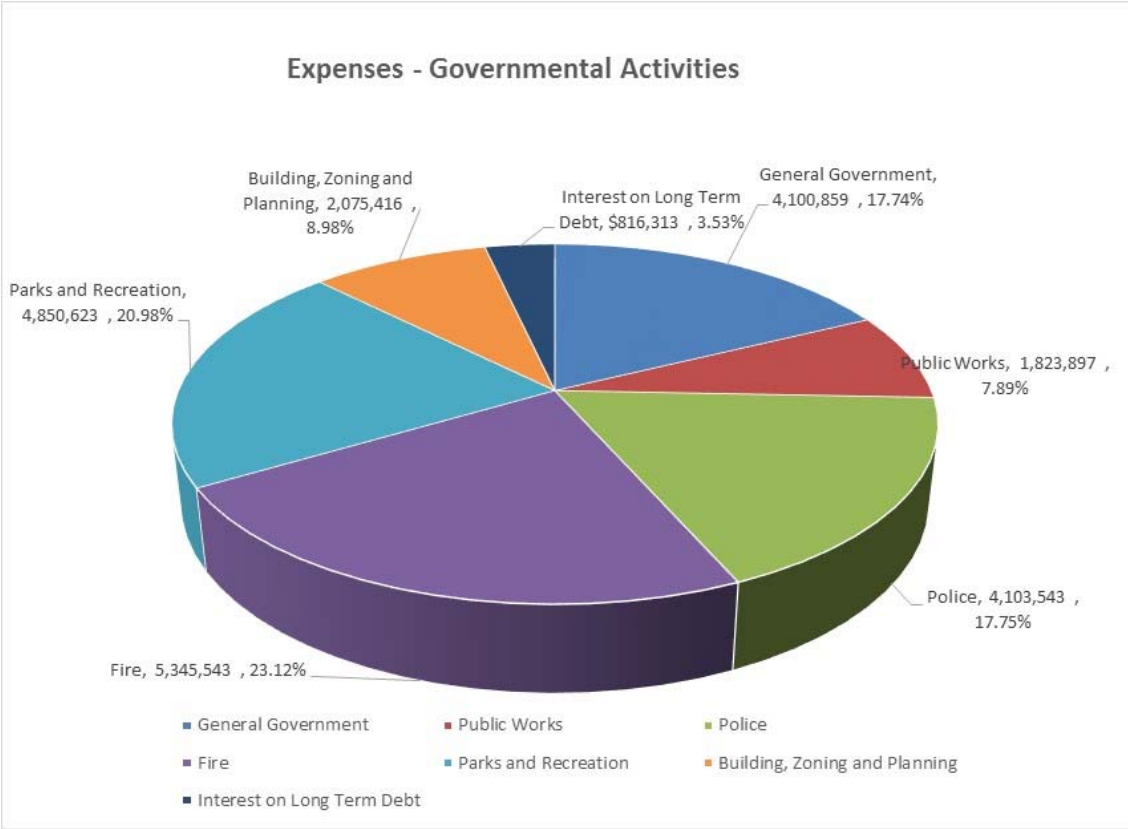
Table A - 2
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 6,218,633	\$ 5,438,254	\$ 1,540,486	\$ 1,498,403	\$ 7,759,119	\$ 6,936,657
Operating grants and contributions	85,315	97,970	47,872	--	133,187	97,970
Capital grants and contributions	7,854,679	826,282	--	--	7,854,679	826,282
General revenues:						
Property taxes	19,353,288	17,857,711	--	--	19,353,288	17,857,711
Utility taxes	1,979,733	1,967,061	--	--	1,979,733	1,967,061
Communications services tax	862,165	917,449	--	--	862,165	917,449
Franchise fees	595,196	574,639	--	--	595,196	574,639
Unrestricted intergovernmental revenue	1,901,774	1,902,177	--	--	1,901,774	1,902,177
Investment income and miscellaneous	186,200	183,131	3,911	5,551	190,111	188,682
Total Revenues	<u>39,036,983</u>	<u>29,764,674</u>	<u>1,592,269</u>	<u>1,503,954</u>	<u>40,629,252</u>	<u>31,268,628</u>
Expenses						
General government	4,100,859	8,526,705	--	--	4,100,859	8,526,705
Public Safety	9,449,086	14,185,888	--	--	9,449,086	14,185,888
Parks and Recreation	4,850,623	4,623,868	--	--	4,850,623	4,623,868
Public Works	1,823,897	1,798,163	--	--	1,823,897	1,798,163
Building, Zoning and Planning	2,075,416	2,153,954	--	--	2,075,416	2,153,954
Interest on long-term debt	816,313	962,167	--	--	816,313	962,167
Stormwater	--	--	1,783,865	1,109,510	1,783,865	1,109,510
Solid waste collection	--	--	582,943	583,083	582,943	583,083
Sanitary sewer construction	--	--	1,120,166	1,126,907	1,120,166	1,126,907
Total Expenses	<u>23,116,194</u>	<u>32,250,745</u>	<u>3,486,974</u>	<u>2,819,500</u>	<u>26,603,168</u>	<u>35,070,245</u>
Change in Net Position before transfers	15,920,789	(2,486,071)	(1,894,705)	(1,315,546)	14,026,084	(3,801,617)
Transfers	(343,884)	(257,134)	343,884	257,134	--	--
Changes in Net Position	<u>15,576,905</u>	<u>(2,743,205)</u>	<u>(1,550,821)</u>	<u>(1,058,412)</u>	<u>14,026,084</u>	<u>(3,801,617)</u>
Net Position - Beginning, previously reported	61,078,260	63,821,465	15,265,709	16,324,121	76,343,969	80,145,586
Prior period adjustment	(4,904,302)	--	--	--	(4,904,302)	--
Net Position - Beginning	<u>56,173,958</u>	<u>63,821,465</u>	<u>15,265,709</u>	<u>16,324,121</u>	<u>71,439,667</u>	<u>80,145,586</u>
Net Position - Ending	<u>\$71,750,863</u>	<u>\$61,078,260</u>	<u>\$13,714,888</u>	<u>\$15,265,709</u>	<u>\$85,465,751</u>	<u>\$76,343,969</u>

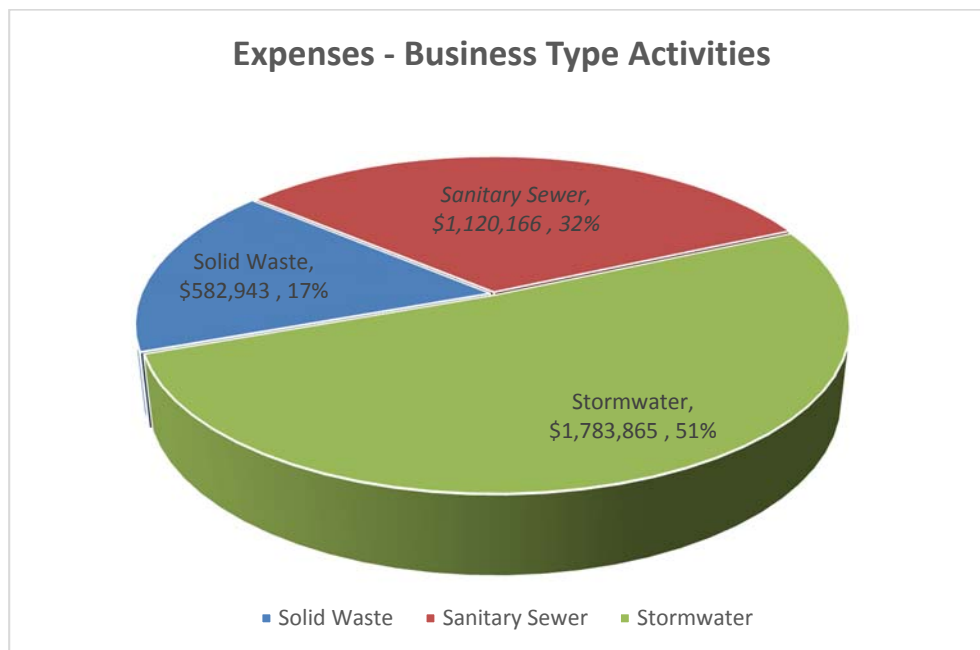
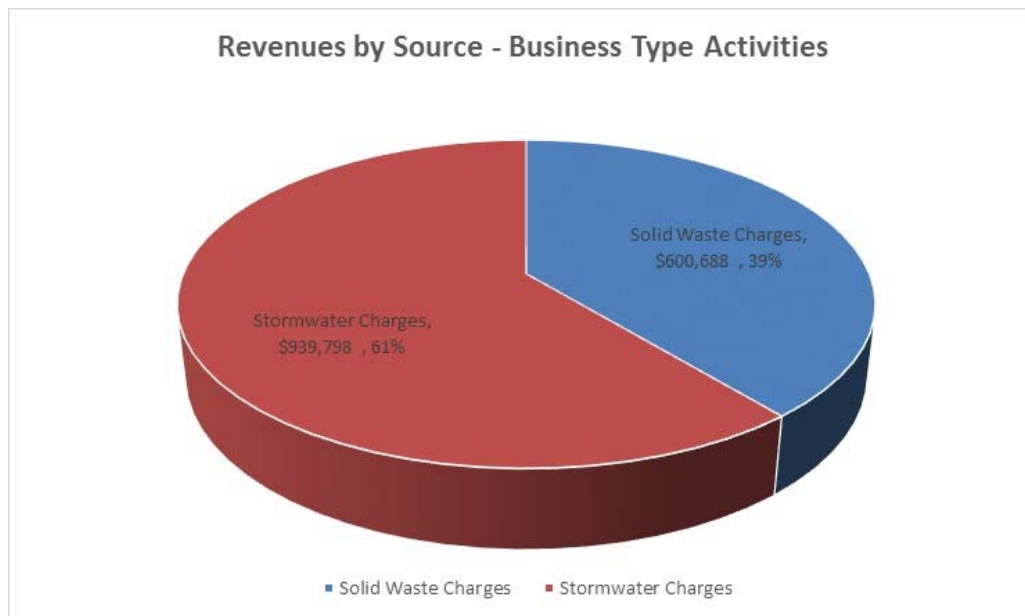
Business-type Activities

Business-type activities decreased the Village's net position by \$1,550,821 after transfers. In fiscal 2015, the Stormwater and Sanitary Sewer funds both reflected decreases in net position as a result of depreciation. The Solid Waste Fund, showed an increase of \$17,745 due to the collection of aged receivables.

Governmental Activities



Business-type Activities



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

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. Such information is useful in assessing the Village's financing requirements.

At the end of the current fiscal year, fund balance of the general fund was \$27,552,092, an increase of \$8,652,256 in comparison with the prior year. The increase is primarily due the increase in property taxes and the \$7 million developer contribution. All balances have been categorized and set aside for the following uses: (1) Non-spendable: \$268,176, (2) Restricted: 1,875,857 (3) Committed: \$13,538,053 and (4) Assigned: \$11,870,006.

The general fund is the chief operating fund of the Village of Key Biscayne. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 102% of total general fund expenditures.

A summary of the general fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance is presented in Table B-1 and B-2 for September 30, 2015 and 2014, is shown as follows:

Table B-1
Summary of Condensed General Fund Balance Sheet

	2015	2014
Total Assets	<u>\$ 30,096,138</u>	<u>\$ 20,624,596</u>
Total Liabilities	<u>\$ 2,544,046</u>	<u>\$ 1,724,760</u>
Fund Balance		
Nonspendable	268,176	353,823
Restricted	1,875,857	1,485,319
Committed	13,538,053	5,304,153
Assigned	<u>11,870,006</u>	<u>11,756,540</u>
Total Fund Balance	<u>27,552,092</u>	<u>18,899,835</u>
Total Liabilities and Fund Balance	<u>\$ 30,096,138</u>	<u>\$ 20,624,595</u>

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

	2015	2014
Total Revenues	\$ 37,963,199	\$ 28,726,551
Total Expenditures	<u>27,111,436</u>	<u>26,706,241</u>
Excess	10,851,763	2,020,310
Total Other financing Sources (Uses)	<u>(2,199,507)</u>	<u>(777,587)</u>
Net Change in Fund Balance	<u>\$ 8,652,256</u>	<u>\$ 1,242,723</u>

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 the transportation surtax funds debt service.

In 2015 the Transportation Fund shows a fund balance of \$588,705, of which \$529,301 is restricted for Transit projects.

The Capital Improvement Fund historically receives an annual budgeted transfer of surplus funds from the general fund to subsidize capital construction of infrastructure throughout the island. For fiscal year 2015 a total of \$3,188,871 was committed to the Capital Improvement Fund for specific projects as detailed in the Village's Five Year Capital Improvement Plan.

General Fund Budgetary Highlights

The only departments with a significant budget to actual variance were the Village Attorney and the Parks & Recreation Department. The principal cause of the difference in the Village Attorney department was due to litigation against the National Marine Manufacturers Association and the City of Miami in reference to the boat show, and in the Parks & Recreation Department the difference was caused by an increase in Professional Services program revenues, which is compensated for by an increase in Program revenues.

Capital Assets

As of September 30, 2015, the Village's capital assets net of accumulated depreciation amounted to \$94,063,908 as compared to \$94,467,801 as of September 30, 2014. Major capital asset events during the fiscal year included the following:

- Community Center Weight Room Equipment Replacement
- Resurfacing East of Crandon
- Playing Field Improvements
- Village-wide Phone System Upgrade
- Continuation of the Beach Renourishment program
- Continuation of capital lease program - Public Safety Vehicles
- Continuation of tree replacement
- Uplighting LED replacement program
- Commencement of Community Center Expansion
- Ocean Drive and E. Heather additional golf cart parking

Additional information on the Village's capital assets can be found in Note 7 on pages 39-40 of this report.

Debt Administration

At September 30, 2015, the Village had bonded debt outstanding of \$37,793,090 (composed of \$28,101,157 in governmental activities and \$9,691,933 of business-type activities) compared to \$41,098,914 as of September 30, 2014. Of this amount, \$7,781,032 represents bonds secured solely by specified revenue sources (Transportation Tax Revenue Bonds, Road Improvement Revenue Bonds and State Revolving Fund Loans). The remainder represents special obligation bonds that are secured by non-ad valorem revenues through covenants to budget and appropriate.

Additional information on the Village's long-term debt can be found in Note 8 on pages 41-50 of this report.

Economic Factors and Next Year's Budgets and Rates

As the local and national economy continues to recover, commercial real estate in Miami-Dade continues to improve. Miami-Dade County is leading the way in attracting diverse new businesses to our area. Based on these indicators, the Village of Key Biscayne continues to manage a budget that is responsive to the needs of its community. Long term financial planning efforts continue, the Village has implemented a 5 year Strategic Plan to determine the priorities for the Village and the initial indicators needed to measure progress towards these priorities.

The unemployment rate for Miami-Dade County is 6.0%, which is a decrease from a rate of 6.8% a year ago. The state's average unemployment rate is 5.4% as of September 30, 2015. All of these factors were considered during preparation of the Village of Key Biscayne's budget for the 2016 fiscal year. The Village's millage rate for fiscal year 2015 and fiscal year 2016 is 3.00.

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 BISCAIYNE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,334,094	\$ 500,103	\$ 13,834,197
Investments	16,411,487	--	16,411,487
Receivables, net	1,228,370	467,994	1,696,364
Prepaid expenses and other assets	312,964	474	313,438
Internal balances	84,431	(84,431)	--
Restricted assets:			
Cash and cash equivalents	555,026	--	555,026
Investments	2,165,776	2,008,023	4,173,799
Capital assets not being depreciated	28,312,236	--	28,312,236
Capital assets being depreciated, net	<u>45,072,735</u>	<u>20,678,937</u>	<u>65,751,672</u>
Total Assets	<u>107,477,119</u>	<u>23,571,100</u>	<u>131,048,219</u>
Deferred Outflows of Resources			
Pension	<u>1,113,486</u>	<u>--</u>	<u>1,113,486</u>
Liabilities			
Accounts payable and accrued liabilities	1,867,596	164,279	2,031,875
Accrued interest payable	186,021	--	186,021
Unearned revenue	894,884	--	894,884
Noncurrent liabilities:			
Due within one year	3,550,737	526,341	4,077,078
Due in more than one year	27,460,870	9,165,592	36,626,462
Net pension liability	1,413,316	--	1,413,316
Net OPEB obligation	<u>910,631</u>	<u>--</u>	<u>910,631</u>
Total Liabilities	<u>36,284,055</u>	<u>9,856,212</u>	<u>46,140,267</u>
Deferred Inflows of Resources			
Pension	<u>555,687</u>	<u>--</u>	<u>555,687</u>
Net Position			
Net investment in capital assets	54,854,783	12,995,027	67,849,810
Restricted:			
Building and zoning	1,461,641	--	1,461,641
Transportation	529,301	--	529,301
Law enforcement	148,713	--	148,713
Fire rescue	265,503	--	265,503
Unrestricted	<u>14,490,922</u>	<u>719,861</u>	<u>15,210,783</u>
Total Net Position	<u>\$ 71,750,863</u>	<u>\$ 13,714,888</u>	<u>\$ 85,465,751</u>

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

VILLAGE OF KEY BISCAVNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 4,100,859	\$ 157,868	\$ --	\$ --	\$ (3,942,991)	\$ --	\$ (3,942,991)
Police	4,103,543	20,011	--	--	(4,083,532)	--	(4,083,532)
Fire	5,345,543	193,442	--	--	(5,152,101)	--	(5,152,101)
Public works	1,823,897	--	--	7,854,679	6,030,782	--	6,030,782
Building, zoning and planning	2,075,416	3,136,916	--	--	1,061,500	--	1,061,500
Parks and recreation	4,850,623	2,710,396	85,315	--	(2,054,912)	--	(2,054,912)
Interest on long-term debt	816,313	--	--	--	(816,313)	--	(816,313)
Total Governmental Activities	<u>23,116,194</u>	<u>6,218,633</u>	<u>85,315</u>	<u>7,854,679</u>	<u>(8,957,567)</u>	<u>--</u>	<u>(8,957,567)</u>
Business-type Activities							
Stormwater	1,783,865	939,798	--	47,872	--	(796,195)	(796,195)
Sanitary sewer	1,120,166	--	--	--	--	(1,120,166)	(1,120,166)
Solid waste	582,943	600,688	--	--	--	17,745	17,745
Total Business-type Activities	<u>3,486,974</u>	<u>1,540,486</u>	<u>--</u>	<u>47,872</u>	<u>--</u>	<u>(1,898,616)</u>	<u>(1,898,616)</u>
Total	<u>\$ 26,603,168</u>	<u>\$ 7,759,119</u>	<u>\$ 85,315</u>	<u>\$ 7,902,551</u>	<u>(8,957,567)</u>	<u>(1,898,616)</u>	<u>(10,856,183)</u>
General Revenues							
Property taxes					19,353,288	--	19,353,288
Franchise fees based on gross receipts					595,196	--	595,196
Utility taxes					1,979,733	--	1,979,733
Communications services tax					862,165	--	862,165
Unrestricted intergovernmental revenue					1,901,774	--	1,901,774
Unrestricted investment earnings					47,004	3,911	50,915
Miscellaneous					139,196	--	139,196
Transfers					(343,884)	343,884	--
Total General Revenues and Transfers					<u>24,534,472</u>	<u>347,795</u>	<u>24,882,267</u>
Change in Net Position					<u>15,576,905</u>	<u>(1,550,821)</u>	<u>14,026,084</u>
Net Position - Beginning					<u>61,078,260</u>	<u>15,265,709</u>	<u>76,343,969</u>
Prior Period Adjustment (See Note 16)					<u>(4,904,302)</u>	<u>--</u>	<u>(4,904,302)</u>
Net Position - Beginning, Restated					<u>56,173,958</u>	<u>15,265,709</u>	<u>71,439,667</u>
Net Position - Ending					<u>\$ 71,750,863</u>	<u>\$ 13,714,888</u>	<u>\$ 85,465,751</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General	Transportation Special Revenue	Capital Improvements	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,328,744	\$ --	\$ 5,350	\$ 13,334,094
Investments	14,909,853	--	1,501,634	16,411,487
Receivables, net	1,076,067	151,022	1,281	1,228,370
Due from other funds	355,957	74,461	--	430,418
Prepaid items	268,176	--	44,788	312,964
Restricted cash and cash equivalents	--	423,418	131,608	555,026
Restricted investments	157,341	--	2,008,435	2,165,776
Total Assets	<u>\$ 30,096,138</u>	<u>\$ 648,901</u>	<u>\$ 3,693,096</u>	<u>\$ 34,438,135</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 1,574,701	\$ --	\$ 292,895	\$ 1,867,596
Due to other funds	74,461	60,196	211,330	345,987
Unearned revenue	894,884	--	--	894,884
Total Liabilities	<u>2,544,046</u>	<u>60,196</u>	<u>504,225</u>	<u>3,108,467</u>
Fund Balances (Note 9)				
Non-spendable	268,176	--	--	268,176
Restricted	1,875,857	529,301	--	2,405,158
Committed	13,538,053	--	3,188,871	16,726,924
Assigned	11,870,006	59,404	--	11,929,410
Unassigned	--	--	--	--
Total Fund Balances	<u>27,552,092</u>	<u>588,705</u>	<u>3,188,871</u>	<u>31,329,668</u>
Total Liabilities and Fund Balances	<u>\$ 30,096,138</u>	<u>\$ 648,901</u>	<u>\$ 3,693,096</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				73,384,971
Deferred outflows and inflows of resources related to pensions are recorded in the statement of net position				557,799
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore not reported in the funds (Note 2)				(32,108,259)
A net pension liability is not due and payable in the current period, and therefore is not reported in the governmental funds				<u>(1,413,316)</u>
Net Position of Governmental Activities				<u>\$ 71,750,863</u>

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

VILLAGE OF KEY BISCAIYNE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	General	Transportation Special Revenue	Capital Improvements	Total Governmental Funds
Revenues				
Property taxes	\$ 19,353,288	\$ --	\$ --	\$ 19,353,288
Utility taxes	1,979,733	--	--	1,979,733
Communications services tax	862,165	--	--	862,165
Franchise fees	595,196	--	--	595,196
Licenses and permits	3,076,414	--	--	3,076,414
Intergovernmental	1,686,870	1,069,583	--	2,756,453
Charges for services	3,142,219	--	--	3,142,219
Interest	42,803	130	4,071	47,004
Grants	85,315	--	--	85,315
Contributions	7,000,000	--	--	7,000,000
Miscellaneous income and other	139,196	--	--	139,196
Total Revenues	<u>37,963,199</u>	<u>1,069,713</u>	<u>4,071</u>	<u>39,036,983</u>
Expenditures				
Current:				
General government	2,834,163	38,950	11,627	2,884,740
Fire	6,726,873	--	--	6,726,873
Police	6,077,940	--	--	6,077,940
Public works	1,752,803	--	--	1,752,803
Building, zoning and planning	1,982,159	--	--	1,982,159
Parks and recreation	4,258,750	--	--	4,258,750
Capital outlay	314,304	--	3,020,517	3,334,821
Debt service:				
Principal	2,337,942	458,224	124,533	2,920,699
Interest and fiscal charges	826,502	139,686	6,824	973,012
Intergovernmental:				
Payment under interlocal agreement	--	--	8,545	8,545
Total Expenditures	<u>27,111,436</u>	<u>636,860</u>	<u>3,172,046</u>	<u>30,920,342</u>
Excess (deficiency) of revenues over expenditures	<u>10,851,763</u>	<u>432,853</u>	<u>(3,167,975)</u>	<u>8,116,641</u>
Other Financing Sources (Uses)				
Capital lease	--	--	130,000	130,000
Transfers in	--	--	1,855,623	1,855,623
Transfers out	(2,199,507)	--	--	(2,199,507)
Total Other Financing Sources (Uses)	<u>(2,199,507)</u>	<u>--</u>	<u>1,985,623</u>	<u>(213,884)</u>
Net Change in Fund Balances	<u>8,652,256</u>	<u>432,853</u>	<u>(1,182,352)</u>	<u>7,902,757</u>
Fund Balances - Beginning	<u>18,899,836</u>	<u>155,852</u>	<u>4,371,223</u>	<u>23,426,911</u>
Fund Balances - Ending	<u>\$ 27,552,092</u>	<u>\$ 588,705</u>	<u>\$ 3,188,871</u>	<u>\$ 31,329,668</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of activities
(Page 12) are different because:

Net change in fund balances - total governmental funds (Page 15)	\$ 7,902,757
--	--------------

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

The details of the difference are as follows:

Cost of assets	\$3,283,750	
Depreciation expense	<u>(2,381,090)</u>	902,660

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

The detail of the differences are as follows:

Debt payments	2,796,448	
Capital lease payments	126,757	
Issuance of debt - capital lease	<u>(130,000)</u>	2,793,205

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

The details of the difference is:

Compensated absences	88,648	
Accrued interest	154,193	
Net OPEB obligation	(183,634)	
Net pension liability	<u>4,681,623</u>	4,740,830

Deferred outflow of resources and deferred inflow of resources related to the pension are not recognized in the governmental funds

(762,547)

Change in net position of governmental activities (Page 13)	<u>\$ 15,576,905</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF KEY BISCAIYNE, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	<u>Business-type Activities -</u> <u>Enterprise Funds</u>			
	Stormwater Utility System	Sanitary Sewer Construction	Solid Waste	Totals
Assets				
Current Assets				
Cash and cash equivalents	\$ 322,295	\$ 4,793	\$ 173,015	\$ 500,103
Accounts receivables, net	222,749	--	245,245	467,994
Restricted investments	2,008,023	--	--	2,008,023
Other Assets	474	--	--	474
Total Current Assets	<u>2,553,541</u>	<u>4,793</u>	<u>418,260</u>	<u>2,976,594</u>
Noncurrent Assets				
Capital assets being depreciated, net	5,830,313	14,848,624	--	20,678,937
Total Noncurrent Assets	<u>5,830,313</u>	<u>14,848,624</u>	<u>--</u>	<u>20,678,937</u>
Total Assets	<u>8,383,854</u>	<u>14,853,417</u>	<u>418,260</u>	<u>23,655,531</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	104,280	11,949	48,050	164,279
Due to other funds	84,431	--	--	84,431
Current portion of revolving loans	--	216,341	--	216,341
Current portion of revenue bonds payable	310,000	--	--	310,000
Total Current Liabilities	<u>498,711</u>	<u>228,290</u>	<u>48,050</u>	<u>775,051</u>
Noncurrent Liabilities				
Revenue bonds	5,645,000	--	--	5,645,000
Revolving loans	--	3,520,592	--	3,520,592
Total Noncurrent Liabilities	<u>5,645,000</u>	<u>3,520,592</u>	<u>--</u>	<u>9,165,592</u>
Total Liabilities	<u>6,143,711</u>	<u>3,748,882</u>	<u>48,050</u>	<u>9,940,643</u>
Net Position				
Net investment in capital assets	1,883,336	11,111,691	--	12,995,027
Unrestricted	356,807	(7,156)	370,210	719,861
Total Net Position	<u>\$2,240,143</u>	<u>\$11,104,535</u>	<u>\$370,210</u>	<u>\$13,714,888</u>

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

VILLAGE OF KEY BISCAIYNE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Stormwater Utility System</u>	<u>Sanitary Sewer Construction</u>	<u>Solid Waste</u>	<u>Totals</u>
Operating Revenues				
Charges for services	<u>\$ 939,798</u>	<u>\$ --</u>	<u>\$600,688</u>	<u>\$ 1,540,486</u>
Operating Expenses				
General and administrative	<u>1,257,677</u>	<u>--</u>	<u>582,943</u>	<u>1,840,620</u>
Depreciation	<u>316,645</u>	<u>989,908</u>	<u>--</u>	<u>1,306,553</u>
Total Operating Expenses	<u>1,574,322</u>	<u>989,908</u>	<u>582,943</u>	<u>3,147,173</u>
Operating Income (Loss)	<u>(634,524)</u>	<u>(989,908)</u>	<u>17,745</u>	<u>(1,606,687)</u>
Non-Operating Revenues (Expenses)				
Interest income	<u>3,911</u>	<u>--</u>	<u>--</u>	<u>3,911</u>
Interest expense	<u>(209,543)</u>	<u>(130,258)</u>	<u>--</u>	<u>(339,801)</u>
Grant proceeds	<u>47,872</u>	<u>--</u>	<u>--</u>	<u>47,872</u>
Total Non-Operating Revenues (Expenses)	<u>(157,760)</u>	<u>(130,258)</u>	<u>--</u>	<u>(288,018)</u>
Income (Loss) before Transfers	<u>(792,284)</u>	<u>(1,120,166)</u>	<u>17,745</u>	<u>(1,894,705)</u>
Transfers in	<u>--</u>	<u>343,884</u>	<u>--</u>	<u>343,884</u>
Change in Net Position	<u>(792,284)</u>	<u>(776,282)</u>	<u>17,745</u>	<u>(1,550,821)</u>
Net Position- Beginning	<u>3,032,427</u>	<u>11,880,817</u>	<u>352,465</u>	<u>15,265,709</u>
Net Position - Ending	<u>\$2,240,143</u>	<u>\$11,104,535</u>	<u>\$370,210</u>	<u>\$13,714,888</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Business-type Activities -</u> <u>Enterprise Funds</u>			
	Stormwater Utility System	Sanitary Sewer Construction	Solid Waste	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 949,769	\$ --	\$ 467,016	\$ 1,416,785
Payments for interfund services	(58,836)	--	--	(58,836)
Payments to suppliers	<u>(1,205,237)</u>	<u>--</u>	<u>(594,150)</u>	<u>(1,799,387)</u>
Net Cash Used by Operating Activities	<u>(314,304)</u>	<u>--</u>	<u>(127,134)</u>	<u>(441,438)</u>
Cash Flows from Non-Capital Financing Activities				
Transfers in from general fund	<u>--</u>	<u>343,884</u>	<u>--</u>	<u>343,884</u>
Cash Flows from Capital and Related Financing Activities				
Grant proceeds	47,872	--	--	47,872
Payments on revenue bonds	(300,000)	--	--	(300,000)
Payments on revolving loans	--	(209,376)	--	(209,376)
Interest paid	<u>(209,544)</u>	<u>(130,257)</u>	<u>--</u>	<u>(339,801)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(461,672)</u>	<u>(339,633)</u>	<u>--</u>	<u>(801,305)</u>
Cash Flows from Investing Activities				
Purchase of investments	(3,911)	--	--	(3,911)
Interest received	<u>3,911</u>	<u>--</u>	<u>--</u>	<u>3,911</u>
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(775,976)	4,251	(127,134)	(898,859)
Cash and Cash Equivalents - Beginning	<u>1,098,271</u>	<u>542</u>	<u>300,149</u>	<u>1,398,962</u>
Cash and Cash Equivalents - Ending	<u>\$ 322,295</u>	<u>\$ 4,793</u>	<u>\$ 173,015</u>	<u>\$ 500,103</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities				
Operating income (loss)	<u>\$ (634,524)</u>	<u>\$ (989,908)</u>	<u>\$ 17,745</u>	<u>\$ (1,606,687)</u>
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	316,645	989,908	--	1,306,553
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable, net	10,445	--	(37,407)	(26,962)
Other assets	(474)	--	--	(474)
Due from other funds	--	--	345	345
Increase (decrease) in:				
Accounts payable and accrued liabilities	52,440	--	(11,207)	41,233
Due to other funds	<u>(58,836)</u>	<u>--</u>	<u>(96,610)</u>	<u>(155,446)</u>
Total adjustments	<u>320,220</u>	<u>989,908</u>	<u>(144,879)</u>	<u>1,165,249</u>
Net Cash Used by Operating Activities	<u>\$ (314,304)</u>	<u>\$ --</u>	<u>\$ (127,134)</u>	<u>\$ (441,438)</u>

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

VILLAGE OF KEY BISCAYNE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND

SEPTEMBER 30, 2015

Assets

Investments, at fair value

Money market funds	\$ 220,175
Common stocks	7,394,412
Mutual funds	18,596,744
Limited partnerships	1,257,404
Investments held in the Share Plan	1,034,605
Investments held in the DROP Plan	708,987

Total Investments	<u>29,212,327</u>
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Receivables

Accrued income	23,542
State supplemental appropriation	456,253

Total Receivables	<u>479,795</u>
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Total Assets	<u>29,692,122</u>
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Liabilities

Accounts payable and accrued liabilities	23,284
--	--------

Deferred Inflows of Resources

Advance contribution from employer	25,894
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Total Liabilities and Deferred Inflows of Resources	<u>49,178</u>
--	---------------

Net Position Restricted for Pension Benefits	<u><u>\$ 29,642,944</u></u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF KEY BISCAYNE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Additions

Contributions

Plan members	\$ 579,425
Village (including State)	<u>839,434</u>

Total Contributions 1,418,859

Investment Income (Loss)

Net depreciation in the fair value of investments	(1,194,905)
Net depreciation in the fair value of investments (Share and DROP)	(41,429)
Interest and dividends	1,214,603
Other	<u>16,980</u>
	(4,751)
Less: investment expenses	<u>(98,428)</u>

Net Investment Income (Loss) (103,179)

Total Additions 1,315,680

Deductions

Benefits paid	434,224
Refund of participant contributions	8,759
DROP distributions	219,274
Administrative expenses	<u>85,607</u>

Total Deductions 747,864

Change in Net Position 567,816

Net Position, Restricted for Pension Benefits

Beginning of year	<u>29,075,128</u>
End of year	<u>\$ 29,642,944</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Village reports the following major governmental funds:

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

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

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

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

The *Stormwater Utility System Fund* (a major fund) accounts for the construction and maintenance of the Village's stormwater system.

The *Sanitary Sewer Construction Fund* (a major fund) accounts for the development and construction of a municipal sanitary sewer system to the unsewered areas of the community.

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

Additionally, the Village reports the following fiduciary fund types:

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

D. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The Village implemented the following GASB Statements during the year ended September 30, 2015:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (CONTINUED)

This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

The Village's cash and cash equivalents includes cash on hand, certificates of deposit with original maturities of three months or less from the date of acquisition and a repurchase agreement. All other investments, including pension investments, are recorded at fair value. Fair value is determined by quoted market prices.

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.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

4. 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 \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2015.

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.

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

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

5. Unearned/Unavailable Revenue

Unavailable revenue is recorded for governmental fund revenues that are not both measurable and available. The Village does not report any unavailable revenue. 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 are classified as an unearned revenue in the government-wide and fund level financial statements.

6. 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 September 30, 2015 and were subsequently paid with current available financial resources. The general fund typically is used to liquidate the liability for compensated absences.

7. Long-Term Obligations

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

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports within its government-wide statement of net position as deferred outflows amounts contributed during fiscal year 2015 into the Village of Key Biscayne Police Officers and Firefighters Retirement Plan as a result of the net pension liability associated with the Plan measured as of September 30, 2014. The amounts paid during fiscal year 2015 to the Plan will be reflected within the Village's pension expense and related liability when the net pension liability is measured for the next fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statement of net position the Village reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension plan. 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.

9. Fund Equity

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.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

9. Fund Equity (continued)

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.

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.

See Note 9 for the detail of the amounts included in the various fund balance classifications.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

10. 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, excluding unexpended proceeds.

Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

11. Use of Estimates

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

12. Flow Assumptions

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.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

12. Flow Assumptions (continued)

Fund Balance Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the 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. Unassigned fund balance, if any, is applied last.

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$32,108,259 difference, excluding the net pension liability which is separately disclosed, are as follows:

Bonds payable	\$ 28,101,157
Capital leases payable	311,176
Compensated absences	2,599,274
Accrued Interest payable	186,021
Net OPEB obligation	910,631
	<u>\$ 32,108,259</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS

DEPOSITS

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

The Village invests in certificates of deposit. The certificates bear an interest rate ranging from 0.12% to 0.80% and with maturities ranging from 188 days to 535 days totaling \$14,965,210 which are presented as investments in the accompanying financial statements.

INVESTMENTS

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.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – VILLAGE

As of September 30, 2015, the Village had the following fixed income investments with the corresponding maturities in its portfolio:

Investments	Investment Maturities (In Years)	
	Fair Value	1-5
Repurchase Agreements	<u>\$ 5,620,076</u>	<u>\$ 5,620,076</u>

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 or 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. The Village's \$5.6 million investment in repurchase agreements is held by the investment's counterparty, not in the name of the Village. The Village's investment policy does not have a limit on holding of securities by counterparties.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION PLAN

For the Village's pension 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 at fair value is as follows:

Authorized Investments	Target %	Allowable Range
Large cap core equity	6.0%	4% - 8%
Large cap value equity	12.0%	8% - 16%
Large cap growth equity	12.0%	8% - 16%
Mid-cap value equity	5.0%	2% - 7%
Mid-cap growth equity	5.0%	2% - 7%
Small-cap value equity	2.5%	1% - 5%
Small-cap growth equity	2.5%	1% - 5%
International equity	15.0%	5% - 25%
Alternative - real estate (REIT)	5.0%	0% - 8%
High yield	3.0%	0% - 5%
Treasury Inflation Indexed Securities (TIPS)	2.0%	0% - 5%
Fixed income securities	<u>30.0%</u>	30% - 69%
Total	<u>100.0%</u>	

As of September 30, 2015, the Village's Defined Benefit Pension Plan had the following fixed income investments with the corresponding maturities in its portfolio:

Investments	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	10+
Bond Mutual Funds	<u>\$ 9,223,524</u>	<u>\$ 459,832</u>	<u>\$ 2,298,450</u>	<u>\$ 5,606,634</u>	<u>\$ 858,608</u>

Interest Rate Risk

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION PLAN (CONTINUED)

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.

The Plan's fixed income securities which are subject to a rating, were all rated "A" 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, 2015, the value of each position held in the Plan's portfolio comprised less than 5% of Plan net position.

RISKS AND UNCERTAINTIES

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2015 for the Village's individual major funds, non-major funds and fiduciary fund in the aggregate, including the allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Capital Improvements	Storm- water	Solid Waste	Pension Trust Fund	Total
Customers billed	\$ 117,810	\$ --	\$ --	\$ 222,749	\$ 264,130	\$ --	\$ 604,689
Contributions	410,342	--	--	--	--	456,253	866,595
Intergovernmental	544,521	151,022	--	--	--	--	695,543
Other	3,394	--	1,281	--	--	23,542	28,217
Gross receivables	1,076,067	151,022	1,281	222,749	264,130	479,795	2,195,044
Less: Allowance for uncollectibles	--	--	--	--	(18,885)	--	(18,885)
Net Total Receivables	\$ 1,076,067	\$ 151,022	\$ 1,281	\$ 222,749	\$ 245,245	\$ 479,795	\$ 2,176,159

NOTE 5 – PROPERTY TAXES

Property values are assessed on a county-wide basis by the Miami-Dade County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1. Taxable value of property within the Village is certified by the Property Appraiser and the Village levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1. The millage rate assessed by the Village for the fiscal year ended September 30, 2015 was 3.00.

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, 2015, there were no material delinquent taxes.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2015 is as follows:

Due from/to other funds:

Receivable Fund	Payable Fund	Amount
General	Special Revenue	\$ 60,196
	Capital Improvements	211,330
	Stormwater	<u>84,431</u>
		<u>\$ 355,957</u>
Special Revenue	General	<u>\$ 74,461</u>

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

Interfund transfers:

Transfers Out	Transfer In	Amount
General Fund	Capital Improvements	\$ 1,855,623
General Fund	Sanitary Sewer	<u>343,884</u>
		<u>\$ 2,199,507</u>

Transfers are used to move unrestricted general fund revenues to finance various capital projects in accordance with budgetary authorizations.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 21,833,837	\$ --	\$ --	\$ 21,833,837
Construction in progress	5,236,310	1,242,089	--	6,478,399
Total Capital Assets, Not Being Depreciated	<u>27,070,147</u>	<u>1,242,089</u>	<u>--</u>	<u>28,312,236</u>
Capital Assets, Being Depreciated				
Buildings	24,998,264	441,308	--	25,439,572
Improvements other than buildings	32,267,483	350,062	--	32,617,545
Furniture, fixtures and equipment	9,100,098	1,270,291	(20,000)	10,350,389
Total Capital Assets, Being Depreciated	<u>66,365,845</u>	<u>2,061,661</u>	<u>(20,000)</u>	<u>68,407,506</u>
Less: Accumulated Depreciation for				
Buildings	(5,899,281)	(514,295)	--	(6,413,576)
Improvements other than buildings	(7,894,734)	(1,132,074)	--	(9,026,808)
Furniture, fixtures and equipment	(7,159,666)	(734,721)	--	(7,894,387)
Total Accumulated Depreciation	<u>(20,953,681)</u>	<u>(2,381,090)</u>	<u>--</u>	<u>(23,334,771)</u>
Total Capital Assets, Being Depreciated, Net	<u>45,412,164</u>	<u>(319,429)</u>	<u>(20,000)</u>	<u>45,072,735</u>
Governmental Activities Capital Assets, Net	<u>\$ 72,482,311</u>	<u>\$ 922,660</u>	<u>\$ (20,000)</u>	<u>\$ 73,384,971</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 142,302	\$ --	\$ (142,302)	\$ --
Total Capital Assets, Not Being Depreciated	<u>142,302</u>	<u>--</u>	<u>(142,302)</u>	<u>--</u>
Capital Assets, Being Depreciated				
Stormwater utility system	10,768,882	142,302	--	10,911,184
Sanitary Sewer system	18,808,259	--	--	18,808,259
Total Capital Assets, Being Depreciated	<u>29,577,141</u>	<u>142,302</u>	<u>--</u>	<u>29,719,443</u>
Less: Accumulated Depreciation for				
Stormwater utility system	(4,764,226)	(316,645)	--	(5,080,871)
Sanitary Sewer system	(2,969,727)	(989,908)	--	(3,959,635)
Total Accumulated Depreciation	<u>(7,733,953)</u>	<u>(1,306,553)</u>	<u>--</u>	<u>(9,040,506)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,843,188</u>	<u>(1,164,251)</u>	<u>--</u>	<u>20,678,937</u>
Business-type Activities Capital Assets, Net	<u>\$ 21,985,490</u>	<u>\$ (1,164,251)</u>	<u>\$ (142,302)</u>	<u>\$ 20,678,937</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General government	\$ 1,061,517
Police	298,667
Fire	264,682
Public works	71,094
Building, zoning and planning	93,257
Parks	<u>591,873</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 2,381,090</u>
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Business-type Activities

Stormwater Utility	\$ 316,645
Sanitary Sewer	<u>989,908</u>

Total Depreciation Expense - Business-Type Activities	<u>\$ 1,306,553</u>
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VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT

The following is a summary of changes in long-term liabilities of the Village for governmental activities for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
Land acquisition and capital improvement revenue bonds, Series 1999	\$ 4,345,000	\$ --	\$ (640,000)	\$ 3,705,000	\$ 670,000
Capital improvement revenue refunding bonds, Series 2011A	5,035,000	--	(670,000)	4,365,000	690,000
Capital improvement revenue refunding bonds, Series 2011B	5,440,000	--	(605,000)	4,835,000	605,000
Capital improvement and land acquisition revenue refunding bonds, Series 2011	1,425,000	--	(155,000)	1,270,000	170,000
Transportation tax revenue refunding bonds, Series 2011	2,273,126	--	(187,468)	2,085,658	192,046
Road improvement revenue bonds, Series 2006	2,229,479	--	(271,038)	1,958,441	278,472
School improvement revenue bonds, Series 2012	5,575,000	--	(267,942)	5,307,058	272,430
School improvement revenue bonds, Series 2013	4,575,000	--	--	4,575,000	250,000
Total Bonds Payable	<u>30,897,605</u>	<u>--</u>	<u>(2,796,448)</u>	<u>28,101,157</u>	<u>3,127,948</u>
Other Liabilities					
Capital leases	307,933	130,000	(126,757)	311,176	162,862
Compensated absences	2,687,922	1,333,214	(1,421,862)	2,599,274	259,927
Net OPEB obligation	726,997	206,689	(23,055)	910,631	--
Net pension liability	6,094,939	3,085,137	(7,766,760)	1,413,316	--
Total Other Liabilities	<u>9,817,791</u>	<u>4,755,040</u>	<u>(9,338,434)</u>	<u>5,234,397</u>	<u>422,789</u>
Governmental Activities Long-Term Liabilities	<u>\$ 40,715,396</u>	<u>\$ 4,755,040</u>	<u>\$ (12,134,882)</u>	<u>\$ 33,335,554</u>	<u>\$ 3,550,737</u>

Long-term obligations related to governmental activities are generally liquidated from the general fund.

LAND ACQUISITION AND CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1999

On July 23, 1999, the Village issued \$10,000,000 Land Acquisition and Capital Improvement Revenue Bonds, Series 1999, the proceeds of which were used for the acquisition of property and financing of the construction of the Civic Center project. The bonds mature on July 23, 2019 with final payment due on December 1, 2019. The Village has pledged non-ad valorem revenues to secure payment of the principal and interest on the bonds. The bonds are due in annual principal installments. Interest accrues at 4.715% per annum.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

LAND ACQUISITION AND CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1999 (CONTINUED)

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 670,000	\$ 158,896	\$ 828,896
2017	705,000	126,480	831,480
2018	740,000	92,414	832,414
2019	775,000	56,698	831,698
2020	<u>815,000</u>	<u>19,214</u>	<u>834,214</u>
	<u>\$ 3,705,000</u>	<u>\$ 453,701</u>	<u>\$ 4,158,701</u>

CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2011A

On June 13, 2011, the Village issued \$6,890,000 of Capital Improvement Revenue Refunding Bonds, Series 2011A for the purpose of refunding the Village's Capital Improvement Revenue Bonds, Series 2000. The bonds mature on December 1, 2020. The Village has pledged non-ad valorem revenues to secure payment of the principal and interest on the bonds. The bonds are due in annual principal installments on each December 1, commencing December 1, 2011. Interest accrues at 2.31% per annum.

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 690,000	\$ 92,862	\$ 782,862
2017	705,000	76,750	781,750
2018	715,000	60,349	775,349
2019	735,000	43,601	778,601
2020	750,000	26,450	776,450
2021	<u>770,000</u>	<u>8,894</u>	<u>778,894</u>
	<u>\$ 4,365,000</u>	<u>\$ 308,906</u>	<u>\$ 4,673,906</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

CAPITAL IMPROVEMENTS REVENUE REFUNDING BONDS, SERIES 2011B

On August 1, 2011, the Village issued \$7,130,000 of Capital Improvement Revenue Refunding Bonds, Series 2011B for the purpose of refunding the Village's Capital Improvement Revenue Bonds, Series 2002. The bonds mature on November 1, 2022. The Village has pledged non-ad valorem revenues to secure payment of the principal and interest on the bonds. The bonds bear interest on the outstanding principal balance from its date of issuance payable quarterly on the first day of each February, May, August and November commencing November 1, 2011, at an interest rate equal to 2.41% per annum.

Debt service to maturity is as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 605,000	\$ 110,438	\$ 715,438
2017	635,000	95,496	730,496
2018	650,000	80,102	730,102
2019	665,000	64,347	729,347
2020	675,000	48,290	723,290
2021-2023	<u>1,605,000</u>	<u>48,170</u>	<u>1,653,170</u>
	<u>\$ 4,835,000</u>	<u>\$ 446,844</u>	<u>\$ 5,281,844</u>

CAPITAL IMPROVEMENT AND LAND ACQUISITION REVENUE REFUNDING BONDS, SERIES 2011

On August 1, 2011, the Village issued the \$1,865,000 Capital Improvement and Land Acquisition Revenue Refunding Bonds, Series 2011 for the purpose of refunding the Capital Improvement and Land Acquisition Revenue Bonds, Series 2004. The Village has pledged non-ad valorem revenues to secure payment of the principal and interest on the bonds. The bonds mature on November 1, 2022. The bonds bear interest on the outstanding principal balance from its date of issuance payable quarterly on the first day of each February, May, August and November, commencing November 1, 2011, at an interest rate equal to 2.41% per annum.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

CAPITAL IMPROVEMENT AND LAND ACQUISITION REVENUE REFUNDING BONDS, SERIES 2011 (CONTINUED)

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 170,000	\$ 28,980	\$ 198,980
2017	160,000	25,064	185,064
2018	170,000	21,057	191,057
2019	170,000	16,960	186,960
2020	175,000	12,773	187,773
2021-2023	<u>425,000</u>	<u>12,592</u>	<u>437,592</u>
	<u>\$ 1,270,000</u>	<u>\$ 117,427</u>	<u>\$ 1,387,427</u>

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 to secure payment of the principal and interest on the bonds in the amounts of \$489,679 and \$214,904, respectively. 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:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 192,046	\$ 48,739	\$ 240,785
2017	196,736	44,049	240,785
2018	201,540	39,245	240,785
2019	206,462	34,323	240,785
2020	211,504	29,281	240,785
2021-2025	<u>1,077,369</u>	<u>66,360</u>	<u>1,143,729</u>
	<u>\$ 2,085,658</u>	<u>\$ 261,996</u>	<u>\$ 2,347,654</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

ROAD IMPROVEMENT REVENUE BONDS, SERIES 2006

On December 14, 2006, the Village issued \$4,000,000 Road Improvement Revenue Bonds, Series 2006, for the purpose of financing a portion of the costs of road improvements within the Village (Crandon Boulevard Improvements – Phase III), financing architectural, engineering, environmental, legal, and other planning costs. The bonds mature on December 1, 2021. The Village has pledged toll revenues to secure payment of the principal and interest on the bonds. Total principal and interest remaining on the bonds is \$2,231,152. For the current year, debt service and pledged revenues were \$357,125 and \$365,000, respectively. The bonds are due in quarterly principal installments. Interest accrues at 4.05% per annum.

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 278,472	\$ 75,297	\$ 353,768
2017	289,206	63,857	353,062
2018	300,353	51,976	352,329
2019	311,930	39,637	351,567
2020	323,953	26,823	350,776
2021-2022	454,527	15,122	469,649
	<u>\$ 1,958,441</u>	<u>\$ 272,711</u>	<u>\$ 2,231,152</u>

SCHOOL IMPROVEMENT REVENUE BONDS, SERIES 2012

On October 24, 2012, the Village issued \$5,575,000 of School Improvement Revenue Bonds, Series 2012 for the purpose of providing a portion of the financing of a permanent secondary educational facility and recreational fields owned and operated by the School Board of Miami-Dade County for Village residents located at the Mast Academy campus as well as necessary renovations of the Key Biscayne K-8 Center, financing architectural, engineering, environmental legal, and other planning costs related thereto, and paying cost of issuance of the bonds. The bonds mature on October 1, 2032. The bonds bear interest on the outstanding principal balance from its date of issuance payable semiannually on each April 1 and October 1 (the "interest payment dates") commencing April 1, 2013, at an interest rate equal to 3.35% per annum. The bonds require the Village to appropriate in its annual budget, from non-ad valorem revenues amounts sufficient to cover debt service.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

SCHOOL IMPROVEMENT REVENUE BONDS, SERIES 2012 (CONTINUED)

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 272,430	\$ 177,786	\$ 450,216
2017	276,993	168,660	445,653
2018	281,633	159,381	441,014
2019	286,350	149,946	436,296
2020	291,146	140,353	431,499
2021-2025	1,530,536	552,157	2,082,693
2026-2030	1,663,085	287,059	1,950,144
2031-2033	<u>704,885</u>	<u>35,519</u>	<u>740,404</u>
	<u>\$ 5,307,058</u>	<u>\$ 1,670,861</u>	<u>\$ 6,977,919</u>

SCHOOL IMPROVEMENT REVENUE BONDS, SERIES 2014

On July 1, 2014, the Village issued \$4,575,000 of School Improvement Revenue Bonds, Series 2014 for the purpose of providing an additional portion of the financing of a permanent secondary educational facility and recreational fields owned and operated by the School Board of Miami-Dade County for Village residents located at the Mast Academy campus as well as necessary renovations of the Key Biscayne K-8 Center, financing architectural, engineering, environmental legal, and other planning costs related thereto, and paying cost of issuance of the bonds. The bonds mature on October 1, 2029. The bonds bear interest on the outstanding principal balance from its date of issuance payable semiannually on each April 1 and October 1 (the "interest payment dates") commencing October 1, 2014, at an interest rate equal to 2.76% per annum. The bonds require the Village to appropriate in its annual budget, from non-ad valorem revenues amounts sufficient to cover debt service.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

SCHOOL IMPROVEMENT REVENUE BONDS, SERIES 2014 (CONTINUED)

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 250,000	\$ 63,135	\$ 313,135
2017	260,000	119,370	379,370
2018	265,000	112,194	377,194
2019	270,000	104,880	374,880
2020	280,000	97,428	377,428
2021-2025	1,515,000	367,218	1,882,218
2026-2030	<u>1,735,000</u>	<u>146,004</u>	<u>1,881,004</u>
	<u>\$ 4,575,000</u>	<u>\$ 1,010,229</u>	<u>\$ 5,585,229</u>

CAPITAL LEASES

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

Assets

Machinery and equipment	\$ 947,025
Accumulated depreciation	<u>(135,649)</u>
Carrying Value	<u>\$ 811,376</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

CAPITAL LEASES (CONTINUED)

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2015 are as follows:

Fiscal Year Ending September 30

2016	\$	84,792
2017		168,183
2018		34,133
2019		34,133
Total minimum lease payments		321,240
Less: amount representing interest		10,064
	\$	<u>311,176</u>

The following is a summary of changes in long-term liabilities of the Village for business-type activities for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Bonds and Loans Payable					
Stormwater utility refunding and improvement revenue bond, Series 2013	\$ 6,255,000	\$ --	\$ (300,000)	\$ 5,955,000	\$ 310,000
Revolving loan, 1996	214,734	--	(22,809)	191,925	23,396
Revolving loan, 2009	3,731,575	--	(186,567)	3,545,008	192,945
Total Bonds and Loans Payable	<u>10,201,309</u>	<u>--</u>	<u>(509,376)</u>	<u>9,691,933</u>	<u>526,341</u>
Business-type Activities					
Long-Term Liabilities	<u>\$ 10,201,309</u>	<u>\$ --</u>	<u>\$ (509,376)</u>	<u>\$ 9,691,933</u>	<u>\$ 526,341</u>

STORMWATER UTILITY REVENUE REFUNDING BONDS, SERIES 2011

On July 18, 2011, the Village issued \$4,450,000 Stormwater Utility Revenue Refunding Bonds, Series 2011 for the purpose of refunding the Stormwater Utility Revenue Bonds, Series 1999. The bonds were refunded during fiscal year 2014, through the issuance of the Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2013 (current refunding).

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

STORMWATER UTILITY REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2013

On January 7, 2014, the Village issued \$6,575,000 Stormwater Utility Refunding and Improvement Revenue Bonds, Series 2013 for the purpose of refunding the Stormwater Utility Revenue Refunding Bonds, Series 2011, financing improvements and replacements of drainage wells and outfalls for the Village's Stormwater Utility System and paying costs of issuance of the Bonds. There was an economic loss of \$168,123 and no cash flow savings on this refunding. The Village has pledged stormwater utility fees and non-ad valorem revenues to secure payment of the principal and interest on the bonds. Stormwater utility fees were \$939,798 and debt service was \$509,543 for the year ended September 30, 2015. The bonds mature on October 1, 2029. The Bonds bear interest on the outstanding principal balance from their date of issuance payable annually on each October 1 commencing October 1, 2014, at an interest rate equal to 3.35% per annum.

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 310,000	\$ 199,493	\$ 509,493
2017	320,000	189,108	509,108
2018	335,000	178,388	513,388
2019	345,000	167,165	512,165
2020	355,000	155,608	510,608
2021-2025	1,965,000	591,108	2,556,108
2026-2030	<u>2,325,000</u>	<u>238,658</u>	<u>2,563,658</u>
	<u>\$ 5,955,000</u>	<u>\$ 1,719,527</u>	<u>\$ 7,674,527</u>

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 2015 was \$28,134 and state revenue sharing was \$297,140. The loan is payable in semi-annual payments over 20 years beginning on April 15, 2003 at an interest rate of 2.56% per annum. The loan matures on October 15, 2022.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 8 – LONG-TERM DEBT (CONTINUED)

STATE REVOLVING FUND LOAN, 1996 (CONTINUED)

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 23,396	\$ 4,738	\$ 28,134
2017	23,999	4,135	28,134
2018	24,617	3,517	28,134
2019	25,252	2,882	28,134
2020	25,902	2,232	28,134
2021-2023	68,758	2,622	71,380
	<u>\$ 191,925</u>	<u>\$ 20,126</u>	<u>\$ 212,051</u>

STATE REVOLVING FUND LOAN, 2009

In June 2009, the Village entered into a revolving loan agreement with the State of Florida Department of Environmental Protection in an amount up to \$5,150,000 plus \$65,500 for a total of \$5,215,500 for the financing of the sanitary sewer construction project. Total principal due under the loan was \$5,318,500 which included loan servicing fees. The amortization schedule herein represents the total debt service to be paid under this loan agreement once all amounts are borrowed. The loan is secured by the communications service tax. Total debt service for fiscal year 2015 was \$311,500 and the pledged revenue was \$862,165. The loan is payable in semi-annual payments over 20 years beginning on August 15, 2010 and is payable each August 15 and February 15 at an interest rate of 3.39% per annum. The loan matures on February 15, 2030.

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30			
2016	\$ 192,945	\$ 118,554	\$ 311,500
2017	199,542	111,958	311,500
2018	206,363	105,136	311,500
2019	213,418	98,081	311,500
2020	220,715	90,785	311,500
2021-2025	1,222,051	335,447	1,557,498
2036-2030	1,289,975	111,774	1,401,749
	<u>\$ 3,545,008</u>	<u>\$ 971,736</u>	<u>\$ 4,516,744</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 9 – FUND BALANCE CLASSIFICATIONS

As of September 30, 2015, fund balances in the general fund and the capital improvements fund have been set aside for the following purposes. The Village, by its charter, cannot have any unassigned fund balance, therefore, many of the commitments/assignments are established to fund current operations, such as working capital.

Nonspendable

Prepaid items	\$ 268,176
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Restricted

Building inspections	1,461,641
Fire code violations	221,023
Fire grant revenue (UASI)	44,480
Law enforcement seizures	148,713
	<u>1,875,857</u>

Committed

Emergencies	4,000,000
Fire rescue transport fees	1,448,053
Labor negotiations	90,000
Open space land trust	8,000,000
	<u>13,538,053</u>

Assigned

Compensated absences	603,640
Working capital (surplus)	11,266,366
	<u>11,870,006</u>

Total Fund Balance - General Fund

\$ 27,552,092

Committed

Capital improvement plan	\$ 3,188,871
	<u>3,188,871</u>

Total Fund Balance - Capital Improvements

\$ 3,188,871

Restricted

Transportation surtax	\$ 529,301
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Assigned

59,404

Total Fund Balance - Transportation Special Revenue

\$ 588,705

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 10 – DEFINED CONTRIBUTION PLANS

The Village as a single-employer contributes to the Village of Key Biscayne Money Purchase Plans, which are defined contribution plans created in accordance with Internal Revenue Code Section 401(a). The Plans are administered by a third party administrator. Under the first Plan, which is available to general employees, the Village contributes 12% and the employees contribute 6%. Under the second Plan, which is available only to the Village Manager, the Village contributes 12% and employee 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 plan were approximately \$591,000 and \$22,800, respectively. Amendments to the Plans must be authorized by the Village Council.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

Effective October 1, 1997, the Village established the Village of Key Biscayne Police Officers and Firefighters Retirement Plan (a single-employer Public Employee Retirement System - PERS) to provide pension benefits for its police officers and firefighters. The PERS is considered to be part of the Village's financial reporting entity and is included in the Village's financial reports as a pension trust fund. The Plan was created under Village Ordinance 97-21. The latest available actuarial valuation is as of October 1, 2014. 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.

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.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

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. 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. Amendments to the Plan must be authorized by the Village Council.

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, 2014 (date of the latest actuarial valuation), Plan membership consisted of the following:

Inactive plan members and beneficiaries currently receiving benefits	28
Inactive plan members entitled but not yet receiving benefits	5
Active plan members	<u>59</u>
Total Members	<u><u>92</u></u>

FUNDING POLICY

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

The Village's contribution rate is adjusted each year to an amount equal to the total pension cost for the year, as determined by the most recent actuarial valuation, less the amount of revenue received from the State of Florida pursuant to Chapters 175 and 185 of the Florida Statutes. Effective March 11, 2014 for firefighter participants and August 26, 2014 for

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

FUNDING POLICY (CONTINUED)

police officer participants, the Village's annual contribution into the Plan shall not exceed 14% 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 Village's (including the State) contribution rate was 19.15% of covered payroll for the fiscal year ended September 30, 2015 which was determined by the October 1, 2013 actuarial valuation.

SHARE PLAN

In fiscal year 2009, the Village created a Share Plan for firefighters. Prior to March 11, 2014, the 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. The Plan is administered by ICMA Retirement Corporation. 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, 2015 is \$1,034,605, which is accounted for in the pension trust fund.

DROP PLAN

In fiscal year 2009, the Village created a deferred retirement option plan (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 Plan is administered by ICMA Retirement Corporation. As of September 30, 2015 there were ten (10) participants in the Plan. The balance in the Plan at September 30, 2015 is \$708,987, which is accounted for in the pension trust fund.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 12 –NET PENSION LIABILITY OF THE VILLAGE

As of September 30, 2015, the Village reported a net pension liability (NPL) of \$1,413,316, which was measured as of September 30, 2014 (measurement date). In accordance with GASB No. 67, information related to the PERS as of September 30, 2015 has been disclosed.

	2015	2014
Total pension liability	\$ 33,239,492	\$ 30,488,444
Plan fiduciary net position	(29,642,944)	(29,075,128)
Net pension liability	<u>\$ 3,596,548</u>	<u>\$ 1,413,316</u>
Plan fiduciary net position as a percentage of total pension liability	89.18%	95.36%

SIGNIFICANT ACTUARIAL ASSUMPTIONS

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

Measurement Date:	September 30, 2015	September 30, 2014
Actuarial Valuation:	October 1, 2014	October 1, 2014
Interest rates:		
Single discount rate	7.85%	7.90%
Inflation rate	3.50%	3.50%
Salary Increases	3.5% to 9.25% depending on age, including inflation	3.5% to 9.25% depending on completed years of credited service
Mortality table	30% RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale BB; 70% 1983 Group Annuity Mortality Table for males and females.	20% RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale BB; 80% 1983 Group Annuity Mortality Table for males and females.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension plan investments was 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, 2015 and 2014 are summarized in the following table:

Asset Class	2015	2014
Domestic equity	8.10%	9.30%
International equity	2.70%	3.00%
Fixed income	4.40%	4.90%
Real estate	5.80%	6.90%
Cash	1.10%	1.30%

RATE OF RETURN

For the years ended September 30, 2015 and 2014, the annual money-weighted rate of return on Plan investments, net of investment expense, was 0.1% and 10.70%, 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 years ended September 30, 2015 and 2014, a single discount rate of 7.85% and 7.90%, 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 pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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

SENSITIVITY OF THE NET PENSION LIABILITY 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, 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
	6.85%	7.85%	8.85%
2015	<u>\$ 7,101,786</u>	<u>\$ 3,596,548</u>	<u>\$ 628,451</u>
	6.90%	7.90%	8.90%
2014	<u>\$ 4,714,453</u>	<u>\$ 1,413,316</u>	<u>\$ (1,389,137)</u>

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

For the fiscal year ended September 30, 2015, based on a September 30, 2014 measurement date, the Village recognized pension expense of approximately \$3.9 million 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	\$ 839,434	\$ --
Differences between expected and actual experience	279,547	--
Change of assumptions	--	78,693
Net difference between projected and actual earnings on pension plan investments	<u>--</u>	<u>476,994</u>
Total	<u>\$1,118,981</u>	<u>\$555,687</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The deferred outflow of resources, resulting from the Village's contributions to the Plan subsequent to the measurement date of September 30, 2014 in the amount of \$839,434 will be recognized as a reduction of the Village's net pension liability in the fiscal year ended September 30, 2016. Beginning in fiscal year 2015, the remaining amounts related to differences between projected and actual earnings on pension plan investments are recognized over 5 years and the amounts related to changes in assumptions and differences between expected and actual experience are recognized over 5.4 years (average remaining service lives of all employees) as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2016	\$ (73,599)
2017	(73,599)
2018	(73,599)
2019	(73,599)
2020	18,256
	<u>\$ (276,140)</u>

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Village provides an optional single employer defined benefit post-employment healthcare plan to eligible individuals. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY AND ANNUAL OPEB COST

The Village does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Village for active employees by its healthcare provider. However, the Village's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Village or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year. The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB pronouncements. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The annual OPEB cost for the Village for the current year and the related information is as follows:

Required Contribution Rates

Employer	Pay-as-you-go
Plan members	N/A
Normal Cost	\$ 171,741
Interest on Normal Cost	--
Amortization of Unfunded Actuarial Accrued Liability	38,583
Annual Required Contribution	210,324
Interest of Net OPEB Obligation	25,445
Adjustment to ARC	(29,080)
Annual OPEB Cost	206,689
Contributions Made	(23,055)
Increase in Net OPEB Obligation	183,634
Net OPEB Obligation, Beginning of Year	726,997
Net OPEB Obligation, End of Year	<u>\$ 910,631</u>

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

THREE-YEAR TREND INFORMATION

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

Fiscal Year Ended	9/30/2015	9/30/2014	9/30/2013
Annual OPEB Cost	\$ 206,689	\$ 193,851	\$ 181,872
Percentage of OPEB Cost Contributed	11%	8%	2%
Net OPEB Obligation	910,631	726,997	547,723

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of October 1, 2012, the date of the latest actuarial valuation is as follows:

Actuarial Value of Assets (a)	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b - a) / c
\$ --	\$ 591,969	\$ 591,969	0.0%	\$ 8,172,962	7.24%

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

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

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

Valuation date	October 1, 2012
Actuarial cost method	Entry Age, Normal Cost Method
Amortization method	Level % of Payroll, Closed (remaining amortization 27 years)

Actuarial assumptions:

Investment rate of return*	3.50% compounded annually
Projected salary increases*	6.00% - 9.40%
Payroll growth assumptions	3.5 %
*Includes inflation at	3% per year

Healthcare cost trend rate(s):

	<u>Insurance Premiums</u>
Select Rates	30.00% for 2013 and 7.50% to 8.00% for years thereafter
Ultimate rate	5.41%**

** Includes an additional 0.41% trend representing our estimate of the ultimate effect of the Federal Excise Tax.

NOTE 14 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Village carries commercial insurance. There was no reduction in insurance coverage from coverages in the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

VILLAGE OF KEY BISCAYNE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 15 – COMMITMENTS AND CONTINGENCIES

LITIGATION

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

GRANTS CONTINGENCY

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

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Due to the implementation of GASB Statements No. 68 and 71, the Village recorded a prior period adjustment in the governmental activities in the government-wide financial statements to eliminate the net pension asset, to record the net pension liability and deferred outflows of resources as of September 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF KEY BISCAIYNE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts on a GAAP Basis	Prior Year Reserves/ Adjustments	Adjusted Amounts on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
Revenues						
Property taxes	\$19,088,323	\$19,088,323	\$19,353,288	\$ --	\$19,353,288	\$ 264,965
Utility taxes/communications services tax	2,882,617	2,882,617	2,841,898	--	2,841,898	(40,719)
Franchise fees	575,000	575,000	595,196	--	595,196	20,196
Licenses and permits	2,123,282	2,123,282	3,076,414	--	3,076,414	953,132
Intergovernmental	1,240,392	1,240,392	1,686,870	(26,561)	1,660,309	419,917
Charges for services	2,939,850	2,939,850	3,142,219	--	3,142,219	202,369
Interest	15,000	15,000	42,803	--	42,803	27,803
Grants	--	--	85,315	--	85,315	85,315
Miscellaneous income	52,000	52,000	7,139,196	--	7,139,196	7,087,196
Total Revenues	<u>28,916,464</u>	<u>28,916,464</u>	<u>37,963,199</u>	<u>(26,561)</u>	<u>37,936,638</u>	<u>9,020,174</u>
Expenditures						
Current:						
General government:						
Elected officials	233,601	233,601	195,993	--	195,993	37,608
Village Clerk	380,228	380,228	354,000	--	354,000	26,228
Administration	1,374,588	1,374,588	1,457,448	(82,860)	1,374,588	--
Village Attorney	535,000	535,000	832,297	(297,297)	535,000	--
Total general government	<u>2,523,417</u>	<u>2,523,417</u>	<u>2,839,738</u>	<u>(380,157)</u>	<u>2,459,581</u>	<u>63,836</u>
Public safety:						
Police	6,291,656	6,291,656	6,318,217	(26,561)	6,291,656	--
Fire	7,101,172	7,101,172	6,760,748	--	6,760,748	340,424
Total public safety	<u>13,392,828</u>	<u>13,392,828</u>	<u>13,078,965</u>	<u>(26,561)</u>	<u>13,052,404</u>	<u>340,424</u>
Public works	1,760,594	1,760,594	1,757,564	--	1,757,564	3,030
Building, zoning and planning	1,934,221	1,934,221	1,985,059	(50,838)	1,934,221	--
Parks and recreation:						
Parks	1,154,658	1,154,658	4,285,666	(250,000)	4,035,666	(2,881,008)
Community center	2,264,983	2,264,983	--	--	--	2,264,983
Athletic division	683,595	683,595	--	--	--	683,595
Total parks and recreation	<u>4,103,236</u>	<u>4,103,236</u>	<u>4,285,666</u>	<u>(250,000)</u>	<u>4,035,666</u>	<u>67,570</u>
Debt service:						
Principal	2,547,318	2,547,318	2,337,942	--	2,337,942	209,376
Interest and fiscal charges	799,221	799,221	826,502	(27,281)	799,221	--
Total Expenditures	<u>27,060,835</u>	<u>27,060,835</u>	<u>27,111,436</u>	<u>(734,837)</u>	<u>26,376,599</u>	<u>684,236</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,855,629</u>	<u>1,855,629</u>	<u>10,851,763</u>	<u>(708,276)</u>	<u>11,560,039</u>	<u>9,704,410</u>
Other Financing Sources (Uses)						
Appropriation of prior years':						
Reserves - working capital	--	--	--	627,750	--	--
Reserves - building division	--	--	--	17,953	--	--
Reserves - comp. absences	--	--	--	62,573	--	--
Transfers in	--	--	--	--	--	--
Transfers out	(2,171,373)	(2,171,373)	(2,199,507)	--	(2,199,507)	(28,134)
Total Other Financing Sources (Uses)	<u>(2,171,373)</u>	<u>(2,171,373)</u>	<u>(2,199,507)</u>	<u>708,276</u>	<u>(2,199,507)</u>	<u>28,134</u>
Net Change in Fund Balances	<u>\$ (315,744)</u>	<u>\$ (315,744)</u>	<u>\$ 8,652,256</u>	<u>\$ --</u>	<u>\$ 9,360,532</u>	<u>\$ (9,676,276)</u>

See note to budgetary comparison schedule.

VILLAGE OF KEY BISCAYNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is prepared for the General Fund. The Village prepares a budget for its capital projects fund; however, this budget is prepared as a project budget and not as annually appropriated budget. 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, 2015, there were no supplemental appropriations.
- (d) Formal budgetary integration is employed as a management control device for the General Fund.
- (e) The budget for the general fund is 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.
- (g) There were no budget amendments during fiscal year ended September 30, 2015.

NOTE 2 – RECONCILIATION OF GAAP BASIS TO BUDGETARY BASIS

Revenue Reported on a GAAP Basis	\$ 37,963,199
Defined Benefit Pension plan contributions provided by the State of Florida, not budgeted by the Village	<u>(26,561)</u>
Revenues on a Budgetary Basis	<u><u>\$ 37,936,638</u></u>
Expenditures Reported on a GAAP Basis	\$ 27,111,436
Defined Benefit Pension plan contributions provided by the State of Florida, not budgeted by the Village	(26,561)
Adjustments for prior year reserves - Community Center	(250,000)
Payment for compensated absences	<u>(458,276)</u>
Expenditures on a Budgetary Basis	<u><u>\$ 26,376,599</u></u>

VILLAGE OF KEY BISCAYNE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION OTHER POST-EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/2008*	\$ --	\$ 352,120	\$ 352,120	0.0%	\$ 7,612,399	4.63%
10/1/2012	--	591,969	591,969	0.0%	8,172,962	7.24%

*GASB Statement No. 45 was implemented for the fiscal year ended September 30, 2010. The October 1, 2008 actuarial valuation was the first valuation prepared for the OPEB Plan as it covered fiscal years ended September 30, 2010 and 2011.

VILLAGE OF KEY BISCAYNE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION PENSION TRUST FUND

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

	September 30, 2015	September 30, 2014
Total Pension Liability		
Service cost	\$ 905,151	\$ 1,325,960
Interest	2,423,657	2,505,808
Benefit changes	--	(4,253,914)
Difference between actual and expected experience	413,544	343,081
Assumption changes	351,602	(96,578)
Benefit payments	(653,498)	(447,084)
Refunds	(8,759)	(99,486)
Other (release of excess state reserves)	(297,383)	--
Net Change in Total Pension Liability	3,134,314	(722,213)
Total Pension Liability - Beginning	<u>30,105,178</u>	<u>31,210,657</u>
Total Pension Liability - Ending (a)*	<u>\$33,239,492</u>	<u>\$30,488,444</u>
Plan Fiduciary Net Position		
Contributions - employer (from Village)	\$ 383,181	\$ 844,637
Contributions - employer (from State)	456,253	475,709
Contributions - employee (including buyback contributions)	579,425	639,478
Net investment income	(103,179)	2,632,785
Benefit payments	(653,498)	(447,084)
Refunds	(8,759)	(99,486)
Administrative expense	(85,607)	(86,629)
Net Change in Plan Fiduciary Net Position	567,816	3,959,410
Plan Fiduciary Net Position - Beginning	<u>29,075,128</u>	<u>25,115,718</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$29,642,944</u>	<u>\$29,075,128</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,596,548</u>	<u>\$ 1,413,316</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.18%	95.36%
Covered Employee Payroll	\$ 7,830,225	\$ 7,905,232
Net Pension Liability as a Percentage of Covered Employee Payroll	45.93%	17.88%

*The total pension liability for fiscal year ending September 30, 2014 was revised as compared to the prior year financial, in order to incorporate the Plan's latest census data.

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

Year Ending 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)	\$ 7,905,232	16.70%
2015	934,532	839,434	95,098 *	7,830,225	10.72%

Methods and Assumptions Used to Determine Contribution Rate for the year ending September 30, 2015:

Valuation Date	October 1, 2013
Notes	Actuarially determined contributions are calculated as of October 1, which is 24 months prior to the end of the year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	15 years
Asset Valuation Method	5-year smoothed market
Inflation	3.50%
Salary Increases	3.50% to 9.25% depending on service
Investment Rate of Return	7.90%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	20% RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale BB; 80% Group Annuity Mortality Table for males and females.

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.

* The contribution deficiency for the fiscal year ending September 30, 2015 was made up by the release of excess state contribution reserve funds during the year.

VILLAGE OF KEY BISCAYNE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUND**

SCHEDULE OF INVESTMENT RETURNS

	September 30, 2015	September 30, 2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	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.

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>	69-73
Revenue Capacity <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	74-78
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>	79-82
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>	83-85
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>	86-87

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

VILLAGE OF KEY BISCAIYNE, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 28,676,266	\$ 31,422,358	\$ 36,139,953	\$ 38,482,243	\$ 41,377,118	\$ 43,428,433	\$ 44,373,229	\$ 43,714,666	\$ 51,426,773	54,854,783
Restricted	359,899	261,813	284,639	308,813	--	1,170,247	500,137	3,138,445	3,455,654	2,405,158
Unrestricted	<u>4,926,634</u>	<u>8,453,390</u>	<u>10,924,001</u>	<u>15,055,000</u>	<u>16,540,883</u>	<u>16,491,371</u>	<u>19,598,291</u>	<u>16,968,354</u>	<u>6,195,833</u>	<u>14,490,922</u>
Total governmental activities net position	<u>33,962,799</u>	<u>40,137,561</u>	<u>47,348,593</u>	<u>53,846,056</u>	<u>57,918,001</u>	<u>61,090,051</u>	<u>64,471,657</u>	<u>63,821,465</u>	<u>61,078,260</u>	<u>71,750,863</u>
Business-type activities										
Net investment in capital assets	2,326,089	2,505,881	10,174,333	15,383,765	16,680,711	16,970,470	16,462,270	15,884,955	13,788,293	12,995,027
Restricted	--	--	--	--	--	--	--	--	--	--
Unrestricted	<u>778,320</u>	<u>432,133</u>	<u>(2,209,685)</u>	<u>(346,721)</u>	<u>1,116,111</u>	<u>1,133,034</u>	<u>706,195</u>	<u>439,166</u>	<u>1,477,416</u>	<u>719,861</u>
Total business-type activities net position	<u>3,104,409</u>	<u>2,938,014</u>	<u>7,964,648</u>	<u>15,037,044</u>	<u>17,796,822</u>	<u>18,103,504</u>	<u>17,168,465</u>	<u>16,324,121</u>	<u>15,265,709</u>	<u>13,714,888</u>
Total government										
Net investment in capital assets	31,002,355	33,928,239	46,314,286	53,866,008	58,057,829	60,398,903	60,835,499	59,599,621	65,215,066	67,849,810
Restricted	359,899	261,813	284,639	308,813	--	1,170,247	500,137	3,138,445	3,455,654	2,405,158
Unrestricted	<u>5,704,954</u>	<u>8,885,523</u>	<u>8,714,316</u>	<u>14,708,279</u>	<u>17,656,994</u>	<u>17,624,405</u>	<u>20,304,486</u>	<u>17,407,520</u>	<u>7,673,249</u>	<u>15,210,783</u>
Total Government Net Position	<u>\$ 37,067,208</u>	<u>\$ 43,075,575</u>	<u>\$ 55,313,241</u>	<u>\$ 68,883,100</u>	<u>\$ 75,714,823</u>	<u>\$ 79,193,555</u>	<u>\$ 81,640,122</u>	<u>\$ 80,145,586</u>	<u>\$ 76,343,969</u>	<u>\$ 85,465,751</u>

VILLAGE OF KEY BISCAIYNE, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 4,252,037	\$ 3,781,396	\$ 3,213,273	\$ 2,868,728	\$ 2,751,697	\$ 2,830,412	\$ 3,379,954	\$ 9,344,606	\$ 8,526,705	4,100,859
Police	4,275,617	4,651,660	5,272,383	5,258,243	5,360,548	6,853,329	5,818,890	6,065,025	6,362,729	4,103,543
Fire	4,947,149	5,257,789	6,399,665	6,523,753	6,762,228	5,685,278	7,299,320	7,024,661	7,823,159	5,345,543
Building, zoning and planning	1,547,042	1,447,968	1,529,272	1,540,507	1,611,119	1,714,303	1,808,574	2,306,446	2,153,954	2,075,416
Public works	4,004,651	1,589,444	2,046,776	1,914,119	1,614,443	1,719,526	1,736,803	2,221,905	1,798,163	1,823,897
Parks and recreation	2,849,434	3,077,624	3,633,233	4,090,555	4,134,830	4,232,147	4,201,578	4,175,408	4,623,868	4,850,623
Interest on long-term debt	1,413,272	1,505,253	1,436,481	1,447,387	1,366,437	1,217,874	843,965	935,242	962,167	816,313
Total governmental activities	<u>23,289,202</u>	<u>21,311,134</u>	<u>23,531,083</u>	<u>23,643,292</u>	<u>23,601,302</u>	<u>24,252,869</u>	<u>25,089,084</u>	<u>32,073,293</u>	<u>32,250,745</u>	<u>23,116,194</u>
Business-type activities:										
Stormwater system	720,158	693,135	911,500	779,856	603,262	815,402	689,287	715,836	1,109,510	1,783,865
Solid waste collection	501,417	571,246	619,823	618,155	585,927	546,534	563,995	574,686	583,083	582,943
Sanitary sewer	9,993	9,454	9,046	144,922	39,178	197,474	1,234,279	1,133,209	1,126,907	1,120,166
Total business-type activities	<u>1,231,568</u>	<u>1,273,835</u>	<u>1,540,369</u>	<u>1,542,933</u>	<u>1,228,367</u>	<u>1,559,410</u>	<u>2,487,561</u>	<u>2,423,731</u>	<u>2,819,500</u>	<u>3,486,974</u>
Total government expenses	<u>\$ 24,520,770</u>	<u>\$ 22,584,969</u>	<u>\$ 25,071,452</u>	<u>\$ 25,186,225</u>	<u>\$ 24,829,669</u>	<u>\$ 25,812,279</u>	<u>\$ 27,576,645</u>	<u>\$ 34,497,024</u>	<u>\$ 35,070,245</u>	<u>\$ 26,603,168</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,466,186	\$ 1,389,163	\$ 1,320,004	\$ 237,315	\$ 181,992	\$ 169,307	\$ 177,574	\$ 140,587	\$ 160,800	157,868
Police	40,719	21,385	14,203	38,181	(1,479)	1,763	375	1,455	4,700	20,011
Fire	50,392	40,144	146,588	136,433	158,975	190,989	145,544	188,169	210,678	193,442
Parks and recreation	1,512,923	1,416,707	1,620,787	1,957,747	2,107,397	2,287,983	2,614,034	2,622,554	2,805,925	2,710,396
Building, zoning and planning	167,802	193,391	133,104	1,173,440	1,247,715	2,184,127	2,347,092	2,744,711	2,256,151	3,136,916
Operating grants and contributions	3,559,753	799,493	251,180	157,912	163,752	77,638	6,629	426,917	97,970	85,315
Capital grants and contributions	--	--	--	1,709,481	959,360	730,492	783,886	803,620	826,282	7,854,679
Total governmental activities program revenues	<u>6,797,775</u>	<u>3,860,283</u>	<u>3,485,866</u>	<u>5,410,509</u>	<u>4,817,712</u>	<u>5,642,299</u>	<u>6,075,134</u>	<u>6,928,013</u>	<u>6,362,506</u>	<u>14,158,627</u>
Business-type activities:										
Charges for services:										
Stormwater system	517,365	509,571	499,101	491,314	484,932	979,865	935,352	958,114	907,324	939,798
Solid waste collection	531,967	520,650	530,803	635,580	615,480	597,431	588,449	592,480	591,079	600,688
Capital grants and contributions:										
Stormwater system	--	--	--	331,319	172,164	--	--	--	--	47,872
Sanitary sewer	--	--	5,460,763	6,971,311	2,501,287	258,500	--	--	--	--
Total business-type activities program revenues	<u>1,049,332</u>	<u>1,030,221</u>	<u>6,490,667</u>	<u>8,429,524</u>	<u>3,773,863</u>	<u>1,835,796</u>	<u>1,523,801</u>	<u>1,550,594</u>	<u>1,498,403</u>	<u>1,588,358</u>
Total program revenues	<u>\$ 7,847,107</u>	<u>\$ 4,890,504</u>	<u>\$ 9,976,533</u>	<u>\$ 13,840,033</u>	<u>\$ 8,591,575</u>	<u>\$ 7,478,095</u>	<u>\$ 7,598,935</u>	<u>\$ 8,478,607</u>	<u>\$ 7,860,909</u>	<u>\$ 15,746,985</u>

(Continued)

VILLAGE OF KEY BISCAIYNE, FLORIDA

CHANGES IN NET POSITION

(Continued)

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue										
Governmental activities	\$ (16,491,427)	\$ (17,450,851)	\$ (20,045,217)	\$ (18,232,783)	\$ (18,783,590)	\$ (18,610,570)	\$ (19,013,950)	\$ (25,145,280)	\$ (25,888,239)	\$ (8,957,567)
Business-type activities	(182,236)	(243,614)	4,950,298	6,886,591	2,545,496	276,386	(963,760)	(873,137)	(1,321,097)	(1,898,616)
Total net expense	<u>\$ (16,673,663)</u>	<u>\$ (17,694,465)</u>	<u>\$ (15,094,919)</u>	<u>\$ (11,346,192)</u>	<u>\$ (16,238,094)</u>	<u>\$ (18,334,184)</u>	<u>\$ (19,977,710)</u>	<u>\$ (26,018,417)</u>	<u>\$ (27,209,336)</u>	<u>\$ (10,856,183)</u>
General revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 14,830,238	\$ 18,667,979	\$ 20,051,239	\$ 19,769,976	\$ 17,832,874	\$ 16,646,040	\$ 16,985,109	\$ 17,499,835	\$ 17,857,711	19,353,288
Utility taxes	1,549,601	1,467,392	1,534,379	1,555,748	1,655,032	1,705,238	1,727,651	1,789,909	1,967,061	1,979,733
Franchise fees	1,088,929	1,113,194	1,064,666	992,997	1,006,415	735,519	846,252	780,245	574,639	595,196
Communications services tax	797,054	763,801	1,226,423	1,091,734	1,029,087	964,324	946,399	1,010,931	917,449	862,165
Intergovernmental	996,092	1,000,265	2,265,243	1,348,324	1,391,242	1,575,314	1,667,597	1,772,208	1,902,177	1,901,774
Investment earnings	306,339	641,115	346,531	44,737	21,346	37,254	37,985	16,722	34,991	47,004
Miscellaneous	--	--	--	91,232	131,847	147,065	212,697	1,627,479	148,140	139,196
Transfers	(28,133)	(28,133)	(28,134)	(164,502)	(212,308)	(28,134)	(28,134)	(28,134)	(257,134)	(343,884)
Total governmental activities	<u>19,540,120</u>	<u>23,625,613</u>	<u>26,460,347</u>	<u>24,730,246</u>	<u>22,855,535</u>	<u>21,782,620</u>	<u>22,395,556</u>	<u>24,469,195</u>	<u>23,145,034</u>	<u>24,534,472</u>
Business-type activities:										
Investment earnings	45,527	49,086	48,202	21,303	1,974	2,162	587	659	5,551	3,911
Transfers	28,133	28,133	28,134	164,502	212,308	28,134	28,134	28,134	257,134	343,884
Total business-type activities	<u>73,660</u>	<u>77,219</u>	<u>76,336</u>	<u>185,805</u>	<u>214,282</u>	<u>30,296</u>	<u>28,721</u>	<u>28,793</u>	<u>262,685</u>	<u>347,795</u>
Total general revenues	<u>\$ 19,613,780</u>	<u>\$ 23,702,832</u>	<u>\$ 26,536,683</u>	<u>\$ 24,916,051</u>	<u>\$ 23,069,817</u>	<u>\$ 21,812,916</u>	<u>\$ 22,424,277</u>	<u>\$ 24,497,988</u>	<u>\$ 23,407,719</u>	<u>\$ 24,882,267</u>
Change in Net Position										
Governmental activities	\$ 3,048,693	\$ 6,174,762	\$ 6,415,130	\$ 6,497,463	\$ 4,071,945	\$ 3,172,050	\$ 3,381,606	\$ (676,085)	\$ (2,743,205)	\$ 15,576,905
Business-type activities	(108,576)	(166,395)	5,026,634	7,072,396	2,759,778	306,682	(935,039)	(844,344)	(1,058,412)	(1,550,821)
Total change in Net Position	<u>\$ 2,940,117</u>	<u>\$ 6,008,367</u>	<u>\$ 11,441,764</u>	<u>\$ 13,569,859</u>	<u>\$ 6,831,723</u>	<u>\$ 3,478,732</u>	<u>\$ 2,446,567</u>	<u>\$ (1,520,429)</u>	<u>\$ (3,801,617)</u>	<u>\$ 14,026,084</u>

VILLAGE OF KEY BISCAIYNE, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 305,730	\$ 303,918	\$ 272,330	\$ 353,823	\$ 268,176
Restricted	--	--	--	--	--	1,170,247	1,054,070	1,466,704	1,574,817	1,875,857
Committed	--	--	--	--	--	12,039,224	4,858,269	5,065,439	5,214,654	13,538,053
Assigned	--	--	--	--	--	4,028,870	8,178,544	10,852,640	11,756,540	11,870,006
Reserved	6,874,310	9,875,416	11,298,178	12,318,533	15,286,689	--	--	--	--	--
Unreserved	--	--	--	--	--	--	--	--	--	--
Total General Fund	<u>6,874,310</u>	<u>9,875,416</u>	<u>11,298,178</u>	<u>12,318,533</u>	<u>15,286,689</u>	<u>17,544,071</u>	<u>14,394,801</u>	<u>17,657,113</u>	<u>18,899,834</u>	<u>27,552,092</u>
All other governmental funds										
Committed	--	--	--	--	--	3,665,259	6,060,286	4,240,104	4,371,204	3,188,871
Unassigned	--	--	--	--	--	(1,077,816)	(690,343)	(278,254)	(314,462)	--
Restricted	--	--	--	--	--	--	573,701	1,671,741	470,334	529,301
Assigned	--	--	--	--	--	--	--	--	--	59,404
Unreserved, reported in:										
Special revenue fund	(1,496,749)	(2,482,196)	(2,701,623)	(1,501,382)	(1,299,432)	--	--	--	--	--
Capital projects funds	1,421,014	2,954,753	4,783,222	6,875,361	5,195,557	--	--	--	--	--
Total Other Governmental Funds	<u>(75,735)</u>	<u>472,557</u>	<u>2,081,599</u>	<u>5,373,979</u>	<u>3,896,125</u>	<u>2,587,443</u>	<u>5,943,644</u>	<u>5,633,591</u>	<u>4,527,076</u>	<u>3,777,576</u>
Total Governmental Funds	<u>\$ 6,798,575</u>	<u>\$ 10,347,973</u>	<u>\$ 13,379,777</u>	<u>\$ 17,692,512</u>	<u>\$ 19,182,814</u>	<u>\$ 20,131,514</u>	<u>\$ 20,338,445</u>	<u>\$ 23,290,704</u>	<u>\$ 23,426,911</u>	<u>\$ 31,329,668</u>

Note: The Village implemented GASB Statement No. 54 for the fiscal year ended September 30, 2011.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad valorem taxes	\$ 14,830,238	\$ 18,667,979	\$ 20,051,239	\$ 19,769,976	\$ 17,832,874	\$ 16,646,040	\$ 16,985,109	\$ 17,499,835	\$ 17,857,711	19,353,288
Franchise fees	1,885,983	1,113,194	1,064,666	992,997	1,006,415	735,519	846,252	780,245	574,639	595,196
Utility taxes/communication services tax	1,549,601	2,231,193	1,534,379	2,834,749	2,731,766	2,717,209	2,709,498	2,800,840	2,884,510	2,841,898
Licenses and permits	1,196,853	1,298,133	1,240,290	1,188,297	1,329,823	1,948,820	2,383,500	2,542,103	2,090,916	3,076,414
Intergovernmental revenue	1,756,083	1,593,718	3,189,251	3,047,844	2,089,015	2,305,806	2,451,483	2,575,828	2,728,459	2,756,453
Charges for services	2,041,169	1,762,657	1,994,396	2,354,819	2,364,777	2,885,349	2,901,119	3,155,373	3,347,338	3,142,219
Grants	2,799,762	206,040	251,180	167,873	425,339	77,638	6,629	426,917	97,970	85,315
Investment income	306,339	632,355	338,528	44,737	21,346	37,254	37,985	16,722	34,991	47,004
Contributions	--	--	--	--	--	--	--	--	--	7,000,000
Miscellaneous	--	8,762	8,003	26,232	131,848	147,065	212,697	1,627,479	148,140	139,196
Total revenues	<u>26,366,028</u>	<u>27,514,031</u>	<u>29,671,932</u>	<u>30,427,524</u>	<u>27,933,203</u>	<u>27,500,700</u>	<u>28,534,272</u>	<u>31,425,342</u>	<u>29,764,674</u>	<u>39,036,983</u>
Expenditures										
Current:										
General government	2,239,052	2,543,134	2,329,647	2,266,763	1,934,341	1,929,153	2,066,501	2,255,188	2,468,672	2,884,740
Fire	5,117,176	5,122,699	5,744,775	6,407,770	6,584,784	6,557,442	7,056,020	7,014,382	7,574,576	6,726,873
Police	4,388,362	4,590,962	4,863,765	5,116,158	5,093,601	5,312,977	5,453,853	5,750,069	6,018,581	6,077,940
Public works	4,002,609	1,587,460	1,720,689	1,914,119	1,608,193	1,711,868	1,727,203	1,826,782	1,732,554	1,752,803
Building, planning and zoning	1,544,696	1,455,193	1,513,019	1,540,507	1,602,651	1,702,541	1,777,349	1,842,175	2,064,687	1,982,159
Parks and recreation	2,634,887	2,830,020	3,367,638	3,730,084	3,717,935	3,799,408	3,764,570	4,092,835	4,170,205	4,258,750
Capital outlay	6,432,271	6,830,844	4,743,796	1,537,930	2,349,935	1,963,219	3,793,179	2,294,068	1,769,634	3,334,821
Intergovernmental:										
Payment under interlocal agreement	--	--	--	--	--	--	--	--	4,574,703	8,545
Debt service:										
Principal retirement	1,214,646	1,418,401	1,679,991	2,051,307	2,140,684	2,348,506	2,436,139	2,531,116	2,716,772	2,920,699
Interest and other fiscal charges	1,413,272	1,556,396	1,444,576	1,450,649	1,386,913	1,520,433	828,393	913,409	875,949	973,012
Total expenditures	<u>28,986,971</u>	<u>27,935,109</u>	<u>27,407,896</u>	<u>26,015,287</u>	<u>26,419,037</u>	<u>26,845,547</u>	<u>28,903,207</u>	<u>28,520,024</u>	<u>33,966,333</u>	<u>30,920,342</u>
Excess (deficiency) of revenues over expenditures	<u>(2,620,943)</u>	<u>(421,078)</u>	<u>2,264,036</u>	<u>4,412,237</u>	<u>1,514,166</u>	<u>655,153</u>	<u>(368,935)</u>	<u>2,905,318</u>	<u>(4,201,659)</u>	<u>8,116,641</u>
Other financing sources (uses)										
Transfers in	1,731,583	6,697,854	4,533,094	3,236,194	--	--	5,816,222	--	904,093	1,855,623
Transfers out	(1,759,716)	(6,725,988)	(4,561,228)	(3,400,696)	(212,308)	(28,134)	(5,844,356)	(28,134)	(1,161,227)	(2,199,507)
Bonds issued	3,450,000	4,000,000	--	--	--	--	--	5,575,075	4,575,000	--
Payment for interlocal agreement	--	--	--	--	--	--	--	(5,500,000)	--	--
Refunding bonds issued	--	--	--	--	--	18,693,952	--	--	--	--
Debt service - principal	--	--	--	--	--	(18,693,952)	--	--	--	--
Proceeds from sale of capital assets	--	--	--	65,000	--	--	--	--	--	--
Capital lease proceeds	--	--	--	--	188,444	321,681	604,000	--	20,000	130,000
Total other financing sources (uses)	<u>3,421,867</u>	<u>3,971,866</u>	<u>(28,134)</u>	<u>(99,502)</u>	<u>(23,864)</u>	<u>293,547</u>	<u>575,866</u>	<u>46,941</u>	<u>4,337,866</u>	<u>(213,884)</u>
Net Change in Fund Balances	<u>\$ 800,924</u>	<u>\$ 3,550,788</u>	<u>\$ 2,235,902</u>	<u>\$ 4,312,735</u>	<u>\$ 1,490,302</u>	<u>\$ 948,700</u>	<u>\$ 206,931</u>	<u>\$ 2,952,259</u>	<u>\$ 136,207</u>	<u>\$ 7,902,757</u>
Debt service as a percentage of non-capital expenditures	12%	14%	14%	14%	15%	16%	13%	13%	11%	14%

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
2006	\$ 14,830,238	\$ 1,088,929	\$ 1,549,601	\$ 1,756,083	\$ 797,054	\$ 20,021,905
2007	18,667,979	1,113,194	1,467,392	1,593,718	763,801	23,606,084
2008	20,051,239	1,064,666	610,371	3,189,251	1,226,423	26,141,950
2009	19,769,976	992,997	1,555,748	3,047,844	1,091,734	26,458,299
2010	17,832,874	1,006,415	2,731,766	1,203,221	1,029,087	23,803,363
2011	16,646,040	735,519	1,705,238	1,358,573	1,011,971	21,457,341
2012	16,985,109	846,252	1,727,651	2,451,483	981,847	22,992,342
2013	17,499,835	780,245	1,789,909	2,575,828	1,010,931	23,656,748
2014	17,857,711	574,639	1,967,061	2,728,459	917,449	24,045,319
2015	19,353,288	595,196	1,979,733	2,756,453	862,165	25,546,835

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,	Real Property			Total Net Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property		
2006	\$ 4,115,175,292	\$ 130,346,736	\$ 45,993,012	\$ 4,287,674,948	3.606
2007	5,421,393,923	166,638,240	45,493,117	5,630,046,023	3.450
2008	6,173,257,097	294,540,559	43,847,470	6,514,112,802	3.200
2009	6,068,439,146	328,171,098	38,117,174	6,434,727,418	3.200
2010	5,593,947,239	302,747,017	39,521,761	5,936,216,017	3.200
2011	5,114,029,641	276,917,774	38,812,865	5,429,760,280	3.200
2012	5,458,639,449	281,666,505	41,574,020	5,522,872,647	3.200
2013	5,445,595,704	294,710,250	38,326,390	5,778,632,344	3.200
2014	5,800,745,002	313,747,054	37,410,973	6,151,903,029	3.000
2015	6,306,477,954	353,222,413	37,956,862	6,697,657,229	3.000

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

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

VILLAGE OF KEY BISCAYNE, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Village of Key Biscayne			Overlapping Rates (1)									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	Service Millage	County Millage	Operating Millage	Service Millage	School Millage				
2006	2005	3.606	-	3.606	5.835	0.285	6.120	7.947	0.491	8.438	0.039	0.597	1.014	19.814
2007	2006	3.450	-	3.450	5.615	0.285	5.900	7.691	0.414	8.105	0.039	0.597	1.008	19.099
2008	2007	3.200	-	3.200	4.580	0.285	4.865	7.570	0.378	7.948	0.035	0.535	0.896	17.478
2009	2008	3.200	-	3.200	4.838	0.285	5.123	7.533	0.264	7.797	0.035	0.535	0.893	17.582
2010	2009	3.200	-	3.200	4.838	0.285	5.123	7.698	0.297	7.995	0.035	0.535	0.972	17.859
2011	2010	3.200	-	3.200	5.428	0.445	5.873	7.864	0.385	8.249	0.035	0.535	0.873	18.764
2012	2011	3.200	-	3.200	4.805	0.285	5.090	7.765	0.240	8.005	0.035	0.374	0.742	17.445
2013	2012	3.200	-	3.200	4.704	0.285	4.989	7.765	0.233	7.998	0.035	0.368	0.734	17.322
2014	2013	3.000	-	3.000	4.704	0.422	5.126	7.644	0.333	7.977	0.035	0.352	0.731	17.221
2015	2014	3.000	-	3.000	4.667	0.450	5.117	7.413	0.199	7.612	0.032	0.146	0.993	16.900

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 NINE YEARS AGO

2015				2006			
Taxpayer	Net Assessed Value	Rank	Percent of Total Village Net Assessed Value	Taxpayer	Net Assessed Value	Rank	Percent of Total Village Net Assessed Value
GB Hotel Partners LTD	\$ 64,500,000	1	0.96%	Sonesta Beach Resort, LP	\$ 44,568,400	1	0.79%
EDW A McCarthy-Archbishop	31,581,885	2	0.47%	United Reat Estate Ventures	42,064,691	2	0.75%
Red Dragon's Sands LTD	25,808,748	3	0.39%	GB Hotel Partners LTD	34,700,000	3	0.62%
Galleria of Key Biscayne Inc	23,205,985	4	0.35%	260 Cape Florida LLC	12,663,250	4	0.22%
Edgardo Defortuna	19,361,292	5	0.29%	Oceanclub Community Assoc	12,500,000	5	0.22%
United Real Est Ventures Inc	18,624,111	6	0.28%	Claudio & Yvonne Alvarez	9,202,584	6	0.16%
Key Biscayne Presbyterian Church	14,913,044	7	0.22%	Aurelio & Berta Fernandez	7,813,741	7	0.14%
Vali Key LLC	14,300,000	8	0.21%	Garflo Investments	7,361,525	8	0.13%
Consultatio Key Biscayne LLC	14,300,000	9	0.21%	Roger & Susana Khouri	6,979,000	9	0.12%
260 Cape Florida LLC	14,297,167	10	0.21%	CSM Key Biscayne Equities L	6,438,569	10	0.11%
	<u>\$ 240,892,232</u>		<u>3.60%</u>		<u>\$ 184,291,760</u>		<u>3.27%</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
2006	15,461,356	14,663,536	94.84%	166,702	14,830,238	95.92%
2007	19,423,659	18,358,012	94.51%	309,967	18,667,979	96.11%
2008	20,845,161	19,739,848	94.70%	311,391	20,051,239	96.19%
2009	20,591,128	19,389,610	94.16%	380,366	19,769,976	96.01%
2010	18,995,891	17,635,675	92.84%	197,199	17,832,874	93.88%
2011	17,375,233	16,305,810	93.85%	340,230	16,646,040	95.80%
2012	17,673,192	16,915,884	95.71%	69,225	16,985,109	96.11%
2013	18,491,624	17,418,348	94.20%	81,487	17,499,835	94.64%
2014	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%

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

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	Percent of Household Income (1)	Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Loans Payable	Revenue Bonds	Loans Payable			
2006	\$ --	\$ 33,085,960	\$ --	\$ 5,785,000	\$ --	\$ 38,870,960	0.23%	3,664
2007	--	31,695,102	--	5,200,000	--	36,895,102	0.25%	3,495
2008	--	33,987,811	5,000,000	5,200,000	339,919	44,527,730	0.22%	4,232
2009	--	32,040,160	--	4,835,000	2,387,341	39,262,501	0.25%	3,730
2010	--	29,950,678	--	4,450,000	4,695,812	39,096,490	0.26%	3,166
2011	--	27,757,222	--	4,130,000	4,497,388	36,384,610	0.29%	2,946
2012	--	25,543,132	--	3,655,000	4,254,706	33,452,838	0.33%	2,662
2013	--	28,759,034	--	3,170,000	4,148,944	36,077,978	0.31%	2,900
2014	--	30,897,605	--	6,255,000	3,946,308	41,098,913	0.28%	3,307
2015	--	28,101,157	--	5,955,000	3,736,933	37,793,090	0.32%	2,939

(1) household income amounts are disclosed on page 76 on the demographic schedule

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	2015		
	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	\$ 28,101,157	100.00%	\$ 28,101,157
Overlapping debt:			
Miami-Dade County	1,482,321,000	2.66%	39,470,086
Miami-Dade County School Board	175,096,000	1.18%	2,061,781
Subtotal, Overlapping Debt			<u>41,531,867</u>
Total Direct and Overlapping Debt			<u>\$ 69,633,024</u>

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

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

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

VILLAGE OF KEY BISCAYNE, FLORIDA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Non- Ad Valorem Revenues	Debt Service		Coverage
		Principal	Interest	
2006	\$ 11,535,790	\$ 1,214,646	\$ 1,413,272	4.39
2007	8,846,052	1,418,401	1,556,396	2.97
2008	9,620,693	1,679,991	1,444,576	3.08
2009	10,657,548	2,051,307	1,450,649	3.04
2010	10,100,329	2,140,684	1,386,913	2.86
2011	10,854,660	2,348,506	1,520,433	2.81
2012	11,549,163	2,436,139	828,393	3.54
2013	11,906,963	2,531,116	913,409	3.46
2014	11,906,963	2,716,772	875,949	3.31
2015	19,683,695	2,920,699	973,012	5.06

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)
2006	10,507	\$ 91,081	\$ 37,384	4.5%
2007	10,507	93,898	38,540	4.2%
2008	10,507	96,802	39,732	4.2%
2009	10,507	99,796	40,961	11.6%
2010	12,344	102,790	42,190	13.2%
2011	12,344	105,874	43,456	9.4%
2012	12,344	109,050	44,759	8.5%
2013	12,344	112,321	46,102	6.8%
2014	12,344	115,691	47,485	6.1%
2015	12,762	119,241	48,910	6.0%

Sources:

(1) City-data.com

(2) United States Bureau of Labor Statistics

VILLAGE OF KEY BISCAYNE, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees (1)	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Ritz Carlton Key Biscayne	1,500	1	not known	1,500	1	not known
Winn Dixie Stores, Inc.	250	2	not known	250	3	not known
Village of Key Biscayne	<u>119</u>	3	not known	100	4	not known
All remaining employers are of an extremely small number						
Total	<u><u>1,869</u></u>					

Notes: (1) All amounts are estimated for timely inclusion in report. Requests for information received no response.
2003 information not available.

Source: Village of Key Biscayne Finance Department.

VILLAGE OF KEY BISCAYNE, FLORIDA

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Employees										
General government	6	6	6	8	7	7	7	7	7	9
Public safety	79	79	78	81	80	80	81	84	81	82
Building, planning and zoning	13	14	13	13	13	13	15	17	17	14
Public works	5	4	4	4	4	4	4	4	4	5
Parks and recreation	<u>6</u>	<u>7</u>	<u>7</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>10</u>	<u>9</u>
Total Number of Employees	<u>109</u>	<u>110</u>	<u>108</u>	<u>116</u>	<u>114</u>	<u>114</u>	<u>117</u>	<u>124</u>	<u>119</u>	<u>119</u>

Source: Village of Key Biscayne Finance Department budget.

VILLAGE OF KEY BISCAYNE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety:										
Police:										
Police personnel and officers	40	40	39	42	41	41	42	44	41	43
Police calls for service	13,006	35,412	36,190	37,002	34,935	37,646	31,214	26,836	24,556	30,475
Parking violations	801	996	776	824	523	563	638	676	440	506
Traffic violations	1,468	1,104	946	975	1,425	1,269	1,542	1,875	846	939
Fire:										
Fire personnel	39	39	39	39	39	39	39	40	40	39
Fire incidents	1,103	998	1,006	1,012	1,556	1,841	1,369	1,896	1,763	1,490
Fire inspections performed	269	220	305	229	267	469	323	469	739	667
Planning and development:										
Building permits issued	3,000	3,504	3,620	3,650	4,371	3,723	3,402	3,885	3,876	3,684
Business tax receipts issued	576	931	978	1,095	1,129	1,165	1,187	937	987	1,097
Culture and recreation:										
Number of building users	6,461	5,778	4,673	4,268	3,990	4,127	4,338	4,251	4,041	2,757
Solid waste:										
Residential accounts	1,200	1,200	1,299	1,298	1,302	1,292	1,264	1,254	1,250	1,302

Sources: Various Village Departments.

VILLAGE OF KEY BISCAYNE, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units/divisions	3	3	3	3	3	3	3	3	3	3
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Transportation:										
Miles of streets	22	22	22	22	22	22	22	22	22	22
Number of street lights	300	300	300	300	300	300	300	300	300	300
Number of traffic signals	4	4	4	4	4	4	4	4	4	4
Culture and recreation:										
Parks	3	3	3	3	3	3	3	3	3	3
Parks acreage	9	9	9	9	9	9	9	9	9	9
Community center	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1

Sources: Various Village Departments.

REPORTING SECTION

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

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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Marcum LLP

Miami, FL
March 29, 2016

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

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

We have audited the financial statements of the Village of Key Biscayne, Florida (the Village), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 29, 2016.

Auditors' Responsibility

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

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Village for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

Marcum LLP

Miami, FL
March 29, 2016

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

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

We have examined the Village of Key Biscayne, Florida's (the Village) compliance with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2015. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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 of Key Biscayne, Florida complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

This report is intended solely for the information and use of management, 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.

Marcum LLP

Miami, FL
March 29, 2016