

ISLAMORADA, VILLAGE OF ISLANDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

86800 OVERSEAS HIGHWAY ISLAMORADA, FL 33036

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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INTRODUCTORY SECTION

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Islamorada, Village of Islands

June 24, 2021

Citizens of Islamorada, Village of Islands, and
Honorable Mayor and Members of the Village Council
Islamorada, Village of Islands, Florida

Presented for your consideration and review is the Comprehensive Annual Financial Report for Islamorada, Village of Islands, Florida, for the year ended September 30, 2020. This report was prepared by the Village's Finance and Administration Department in accordance with the Village Charter, State Statutes, and generally accepted accounting principles for governments. Village management is responsible for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures.

The Village has established an internal control framework that is designed both to protect the Village's assets from loss or misuse and to compile sufficiently reliable accounting information for financial statement preparation in conformity with United States generally accepted accounting principles (GAAP) established by the Government Accounting Standards Board (GASB). We believe that the Village's framework of internal controls has been designed to provide reasonable, but not absolute, assurance that the Village's assets are protected and that the financial statements will be free of material misstatement. The concept of reasonable assurance recognizes that the cost of internal controls should not outweigh the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

To the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

Chapter 281.39 of the Florida Statutes requires that an independent certified public accountant audit the financial statements of municipalities. This requirement has been met for the fiscal year ended September 30, 2020 and the report of the independent auditors, Mauldin & Jenkins, LLC, has been included in the Financial Section of this report.

Governmental accounting and auditing principles require 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 Village's MD&A, which can be found immediately following the Independent Auditors Report in the Financial Section of this report.

THE VILLAGE

Islamorada, Village of Islands, is a string of subtropical islands eighteen miles long with a population of 6,400 residents as of April 1, 2020. The Village consists of four Keys; Plantation Key, Windley Key, Upper Matecumbe Key and Lower Matecumbe Key. The Village derives its municipal powers from a charter granted by the legislature of the State of Florida on December 31, 1997. The Village operates under the Council-Manager form of government. The governing body of the Village consists of a five-member Village Council, each of whom is elected for a two-year term. The Village Council determines policy, adopts local legislation, approves the Village's budget, sets taxes and fees, and appoints the Village Manager, Village Attorney and members of various boards and committees. The day to day operations of the Village are under the leadership of the Village Manager.

The Village provides a wide variety of services, including; general government administration; building and code enforcement; planning and zoning; public safety (fire protection and emergency medical services); public works; parks and recreation (parks maintenance, recreational activities, cultural events, and related facilities); and solid waste collection. In addition, the Village operates a recreational marina, a wastewater utility and a stormwater utility as enterprise funds.

The financial reporting entity includes all of the funds and account groups of the Village and, in accordance with GASB Codification of Governmental and Financial Reporting Standards, Section 2100, "Defining the Reporting Entity," includes only those activities over which the Village is financially accountable.

BUDGETARY PROCEDURES AND CONTROLS

State of Florida statutes require that all municipal governments establish budgetary systems and approve balanced annual operating budgets. The Village Manager is responsible for preparation of the annual budget, which is submitted to the Village Council for approval in July of each year. A series of public hearings is conducted, and prior to October 1, a final operating budget is legally enacted through the passage of a resolution. In addition, the Village maintains budgetary controls, including an encumbrance system for the issuance of purchase orders and travel authorizations. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Village Council. Changes or amendments to the total budget of the Village or a department must be approved by the Council.

ECONOMIC CONDITION AND OUTLOOK

The Village's primary focus continues to be reductions in discretionary operating expenditures, with an emphasis on maintaining an acceptable level of service for Village residents. The Village

monitors budgeted versus actual expenditures and revenue collections closely for early identification of unfavorable trends. The Village's strong and stable overall financial condition and adequate fund balances give reasonable assurance that the Village can adjust to unexpected reductions in revenue or significant unplanned expenditures.

On September 10, 2017, Hurricane Irma affected the Florida Keys and the Village. The Village was able to fund hurricane response and recovery efforts, including debris management and debris monitoring activities, through use of unassigned fund balance accumulated for this purpose. Prior to the COVID-19 coronoavirus pandemic and associated restrictions affecting the entire United States, the local economy post-Hurricane Irma had improved, and the quality of life for Village residents continued to be enhanced by the availability of superior recreational facilities, the tropical climate, and superb fishing and diving, which also makes the Village a consistently popular tourist attraction. Through fiscal year 2020-2021, housing sales remain high despite impacts from Hurricane Irma and the pandemic. Within the Village, many renovations of existing residential and commercial structures have occurred. Additionally, construction of new single family residential developments for sale, or for use as vacation rentals, continue to commence with the 2023 build-out and limitations on issuance of building permits are a consideration for the future.

Affordable workforce housing continues to be an issue that the Village Council is activity addressing through acquisition of lands for construction of affordable housing units and donations to Habitat for Humanity. In Spring 2021, certificates of occupancy for a 16-unit Habitat for Humanity of the Upper Keys development on Windley Key were issued. Eight of the units are rentals and eight of the units are designated for home ownership. The Village holds a 99-year ground lease on the property. The Village has spent almost \$4 million to purchase additional lots near the Plantation Key School and along the Overseas Highway for future affordable/workforce housing development.

The Village's tourism-based economy is at times affected by economic events worldwide. The importance of the tourist industry in Islamorada is demonstrated by the fact that many of the Village's top taxpayers are hotels and resorts. For the fiscal year ending September 30, 2020 the Village's two largest sales tax derived revenue sources (local government $\frac{1}{2}$ cent sales tax and local discretionary sales surtax) decreased slightly from fiscal year 2018-2019 due to the pandemic but levels have exceeded budget in fiscal year 2020-2021.

In fiscal year 2020-2021, the Village created a new fund to account specifically for Building Department activities and building permit fees revenues in accordance with Florida Statutes and to facilitate new reporting requirements to the State. The Village continues to collect increased revenues due to increased issuance of building permits for new construction and renovations.

Monroe County and Islamorada have customarily enjoyed the lowest unemployment rates in Florida, usually less than 3%. During the pandemic, unemployment rates swelled to about 32.2% as workers in the hospitality, hotel and food industries were hardest hit. Self-employed workers were affected by lack of business when the Keys was closed down to outside visitors. In fiscal year 2020-2021, The Florida Keys appear to be recovering better than other areas of Florida; however, businesses and local governments now struggle to recruit and retain workers as housing costs have increased.

LONG TERM PLANNING

The Village continues to pursue and modify its long term goals as outlined in the adopted Five-Year Capital Improvement Plan. The Village has completed construction of a Village-wide wastewater collection and transmission system. With completion of this project, the Village has been able to begin considering funding stormwater and canal restoration projects to improve water quality in the area. The Village continues to seek grants from the state and federal governments to supplement its other revenue sources and minimize borrowing.

RELEVANT FINANCIAL POLICIES AND MAJOR INITIATIVES

Legislation passed by the 1999 Florida Legislature (chapter 99-395 Law of Florida) mandated higher wastewater treatment standards in the Florida Keys. By December 31, 2015, all wastewater treatment systems in the Keys must be Advanced Wastewater Treatment (AWT) or Best Available Technology (BAT) for treatment. The mandate required that all wastewater treatment systems in the Keys be upgraded or replaced to meet stringent nutrient reduction requirements.

In 2009 the Village completed construction of a collection system and treatment plant in the North Plantation Key area providing wastewater services to 16% of the properties within the boundaries of the Village. At the end of fiscal year 2011-2012, the Village entered into a contract with Reynolds Water Islamorada, LLC, to design, build and operate a wastewater collection and transmission system in the remaining areas of the Village not yet serviced with wastewater (the Remaining Service Area (RSA)). Service availability to all areas of the Village was accomplished by December 31, 2015, pursuant to the State of Florida's mandate.

Repayment of financing of the entire project and cash availability and flow continues to be a priority of Village staff and the Village Council. The Village continues to operate its wastewater collection and transmission system with in-house staff. In fiscal year 2020-2021, Village staff will work with a financial advisor to evaluate options to refinance the Village's debt, including through a public offering, which may result in interest expense savings up to \$6 million.

ACKNOWLEDGMENTS

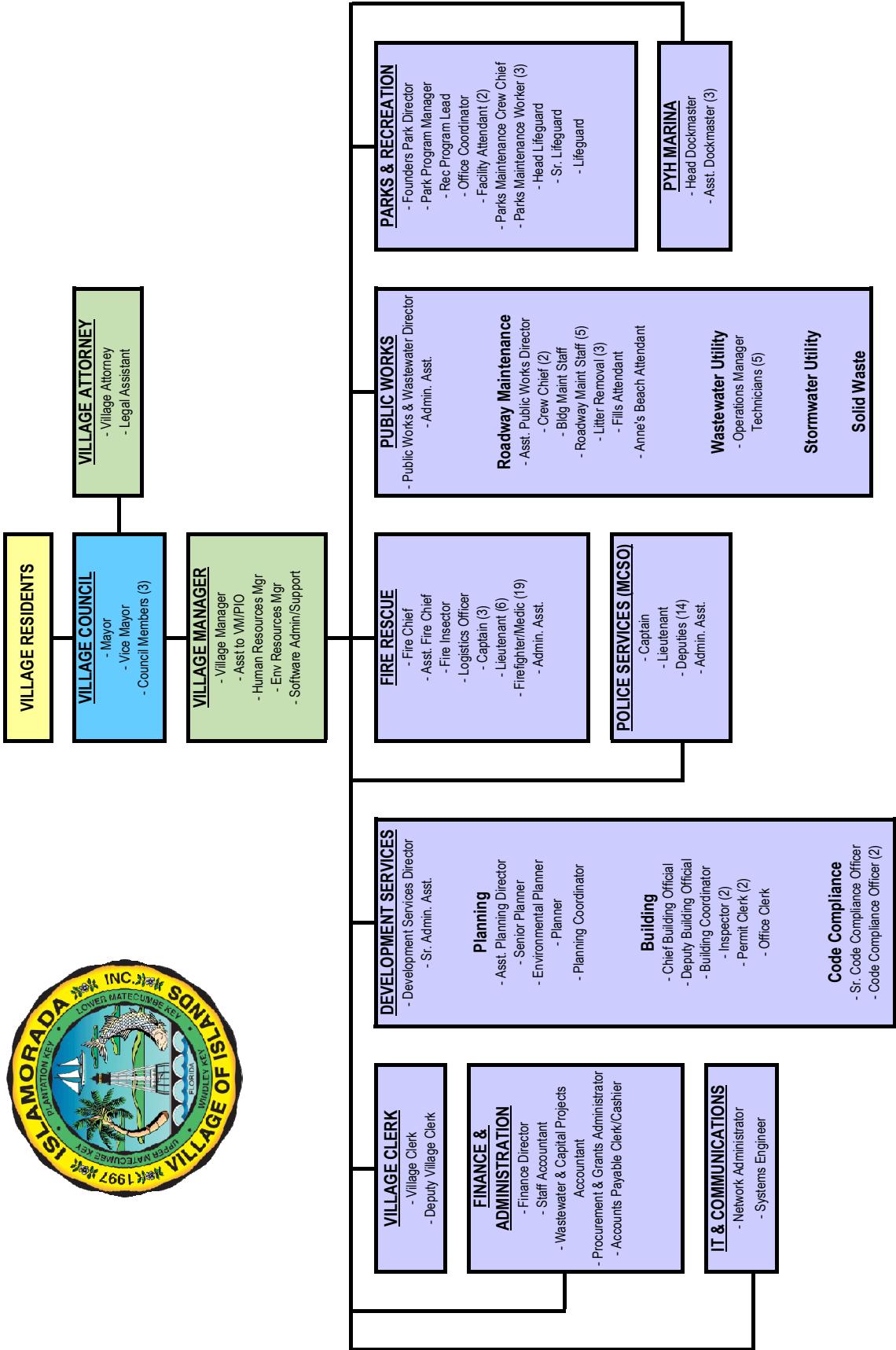
Staff expresses our appreciation and thanks to the Mayor and Council members for their interest and support in planning and conducting the financial operations of the Village in a responsible and progressive matter.

Respectfully submitted,



Maria T. Bassett
Acting Village Manager/Finance Director

ISLAMORADA, VILLAGE OF ISLANDS
Organizational Chart



ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

| <u>TITLE</u> | <u>NAME</u> |
|------------------------|--------------------|
| Mayor | Mike Forster |
| Vice Mayor | Ken Davis |
| Council Member | Deb Gillis |
| Council Member | Jim Mooney |
| Council Member | Chris Sante |
| Acting Village Manager | Maria T. Bassett |
| Finance Director | Maria T. Bassett |
| Village Clerk | Kelly Toth |
| Village Attorney | Roget Bryan |

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Village Council and Village Manager
Islamorada, Village of Islands, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Islamorada, Village of Islands, Florida, (the "Village"), as of and for the year ended September 30, 2020, 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.

Auditor's 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 auditor's 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 entity'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 entity'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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 14) and the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget And Actual – General Fund, Schedule of the Village's Proportionate Share of the Net Pension Liability – FRS and HIS, Schedules of Contributions – FRS and HIS, and Schedule of Changes in the Village's Total OPEB Liability and Related Ratios (on pages 61 through 67) to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements of Islamorada, Village of Islands, Florida.

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

The introductory section and statistical section 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is fluid and cursive, with "Mauldin" and "Jenkins" connected by a flourish, and "LLC" written in a smaller, more formal script at the end.

Bradenton, Florida
June 29, 2021

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ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS **SEPTEMBER 30, 2020**

As management of Islamorada, Village of Islands (the “Village”), we offer readers of the Village’s Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Village for the current fiscal year ended September 30, 2020, in comparison to the previous fiscal year ended September 30, 2019. We encourage readers to consider this information in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report, as well as information in the Village’s financial statements and notes.

Fund-based financial reporting and government-wide reporting are not viewed as being in conflict; however, they are not comparable. A significant portion of this analysis focuses on the changes in the government-wide statements, while still providing information on the Village’s fund-based comparative changes.

FINANCIAL HIGHLIGHTS

- The Village’s total assets plus deferred outflow of resources at September 30, 2020, was \$246,517,951, and total liabilities plus deferred inflow of resources was \$96,550,890. The difference (total net position) at year-end September 30, 2020, was \$149,967,061, an increase of \$8,526,946 from the prior year. The total net position for governmental activities was \$41,951,576, and the total net position for business-type activities was \$108,015,485.
- Unrestricted net position at September 30, 2020, available to meet the Village’s ongoing obligations, totaled \$33,744,720, an increase of \$13,210,466 from the prior year. Unrestricted net assets for governmental activities were \$2,074,088, while unrestricted net assets for business-type activities were \$31,670,632.
- At September 30, 2020, the Village’s governmental fund statement shows a combined ending fund balance of \$14,183,598, an increase of \$5,152,998 in comparison with the prior year ending fund balance. The Village received additional reimbursements in fiscal year 2019-2020 from the Federal Emergency Management Agency (“FEMA”) and the Florida Department of Emergency Management (“FDEM”) of funds expended in previous fiscal years to cover response and recovery costs related to Hurricane Irma in the approximate amount of \$4.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village’s basic financial statements. The Village’s basic financial statements include:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other supplementary information in addition to the financial statements.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the financial position of the Village and are similar to private-sector financial statements. The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements appear on pages 15 and 16 of this report.

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Changes in net position over time may indicate an improving or deteriorating financial position. Net position is shown in three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

The Statement of Activities presents information showing how the Village's net position changed during the fiscal year ending September 30, 2020. It provides a breakdown of revenues and expenses by functions. All changes in net position are reported as soon as the underlying event which contributes 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 affect cash flows in future fiscal periods. Examples of such items include revenues earned and expenses incurred but not yet paid, as well as unused compensated absences, all of which will produce changes in cash in a future fiscal period.

Both statements attempt to distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges for services (*business-type activities*). The governmental activities of the Village include general government, public safety, physical environment, transportation and culture and recreation. The business-type activities of the Village include the Plantation Yacht Harbor Marina, the Wastewater Utility, and the Stormwater Utility.

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. Islamorada, Village of Islands, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two general categories: (1) governmental funds, and (2) proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS **SEPTEMBER 30, 2020**

The focus of governmental funds is narrower than that of the government-wide financial statements. Therefore, it can be useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Reconciliations have been provided as a link between the governmental fund statements and the government-wide statements to assist in this comparison. Page 18 provides a reconciliation of the balance sheet of governmental funds to the Statement of Net Position. Page 20 provides a reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

The Village maintains seven governmental funds. For presentation purposes, authoritative accounting standards require that "major" funds be reported in a separate column on the financial statements. A government's General Fund is always classified and presented separately as a major fund. The relative size of the other funds is assessed based on proportionate share of certain financial statement elements to determine whether they qualify as major funds. Governmental funds that are individually presented as major funds in the Village's governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances include the General Fund, Debt Service Fund and Capital Projects Fund. Data from the other four governmental funds (Solid Waste Fund, Transportation Fund, Affordable Housing Fund, and Canal Debris Removal Program Fund) are presented in a single column titled "Other Non-major Governmental Funds."

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

PROPRIETARY FUNDS

The Village maintains one type of proprietary fund. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for the Plantation Yacht Harbor Marina, the Wastewater Utility and the Stormwater Utility.

The proprietary fund financial statements provide separate information for the Marina and the Wastewater Utility, both of which are considered to be major funds of the Village, as well as the Stormwater Utility, which is a nonmajor fund.

The basic proprietary fund financial statements appear on pages 21 through 23 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and governmental fund financial statements. The notes to financial statements can be found on pages 24 through 60 of this report.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

OTHER INFORMATION

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary comparison schedules for its General Fund. The required supplementary information can be found on pages 61 through 67 of this report.

Combining statements in connection with nonmajor governmental funds can be found on pages 68 and 69 of this report.

Additional information about the Village can be found in the Statistical Section beginning on page 76 of this report.

GOVERNMENT WIDE FINANCIAL ANALYSIS

The following table provides a summary of the Village's total net position as of September 30, 2020:

**Islamorada, Village of Islands, Florida
Total Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 16,944,391 | \$ 14,264,558 | \$ 40,113,383 | \$ 38,969,483 | \$ 57,057,774 | \$ 53,234,041 |
| Capital assets | 41,132,022 | 40,349,680 | 143,212,418 | 147,335,760 | 184,344,440 | 187,685,440 |
| Total assets | 58,076,413 | 54,614,238 | 183,325,801 | 186,305,243 | 241,402,214 | 240,919,481 |
| Deferred outflows of resources | 4,840,530 | 4,521,993 | 275,207 | 256,814 | 5,115,737 | 4,778,807 |
| Current liabilities | 1,309,589 | 2,310,909 | 804,647 | 965,566 | 2,114,236 | 3,276,475 |
| Noncurrent liabilities | 19,411,041 | 19,674,553 | 74,766,770 | 80,495,661 | 94,177,811 | 100,170,214 |
| Total liabilities | 20,720,630 | 21,985,462 | 75,571,417 | 81,461,227 | 96,292,047 | 103,446,689 |
| Deferred inflows of resources | 244,737 | 767,432 | 14,106 | 44,052 | 258,843 | 811,484 |
| Net investment in capital assets | 35,437,624 | 34,011,063 | 69,270,159 | 67,480,475 | 104,707,783 | 101,491,538 |
| Restricted | 4,439,864 | 2,945,076 | 7,074,694 | 14,974,460 | 11,514,558 | 17,919,536 |
| Unrestricted | 2,074,088 | (572,802) | 31,670,632 | 22,601,843 | 33,744,720 | 22,029,041 |
| Total net position | \$ 41,951,576 | \$ 36,383,337 | \$ 108,015,485 | \$ 105,056,778 | \$ 149,967,061 | \$ 141,440,115 |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS **SEPTEMBER 30, 2020**

Net Position

As noted earlier, net position can serve, over time, as a useful indicator of a government's financial position. For the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$149,967,061 at the close of fiscal year 2019-2020. The Village's total net position increased \$8,526,946 from the previous fiscal year.

The largest portion of the Village's net position (70%) is its investment in capital assets (e.g. land, buildings, infrastructure improvements and equipment) less any outstanding debt related to their acquisition. The Village uses these capital assets to provide services and recreational opportunities to its citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it is important to note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

It should also be noted that another portion of the Village's net position (7.7%) is restricted for payment of capital project debt service obligations in future years.

The remaining component of net position is unrestricted in the amount of \$33,744,720. Unrestricted net position may be used to meet the Village's ongoing obligations to its citizens and creditors. The Village's unrestricted net position reflects a positive balance as the Village is able to apply restricted net position to its debt service obligations for the wastewater capital project and wastewater rate revenues increase. At the end of the fiscal year ended September 30, 2020, the Village is able to report positive balances in all of the three categories of net position for the government as a whole.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

Changes in Net Position

Governmental activities and business-type activities increased the Village's net position by \$8,526,946 from the previous fiscal year. The relevant revenue and expense categories and their effect on net position are summarized in the table below. The information presented in this table will be used in the subsequent discussion of governmental and business-type activities:

**Islamorada, Village of Islands, Florida
Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 4,932,369 | \$ 5,910,541 | \$ 8,251,393 | \$ 7,992,363 | \$ 13,183,762 | \$ 13,902,904 |
| Operating grants | 5,220,455 | 5,034,895 | - | - | 5,220,455 | 5,034,895 |
| Capital grants | 2,159,369 | 3,838,081 | 3,935,649 | 2,408,159 | 6,095,018 | 6,246,240 |
| General Revenues | | | | | | |
| Property taxes | 11,517,945 | 9,702,155 | - | - | 11,517,945 | 9,702,155 |
| Other taxes | 2,564,916 | 3,030,499 | - | - | 2,564,916 | 3,030,499 |
| Franchise fees | 664,882 | 682,283 | - | - | 664,882 | 682,283 |
| Unrestricted interest | 136,282 | 82,889 | 1,620,816 | 1,661,751 | 1,757,098 | 1,744,640 |
| Miscellaneous | - | - | 526,529 | 484,400 | 526,529 | 484,400 |
| Total revenues | <u>27,196,218</u> | <u>28,281,343</u> | <u>14,334,387</u> | <u>12,546,673</u> | <u>41,530,605</u> | <u>40,828,016</u> |
| Expenses | | | | | | |
| General government | | | | | | |
| General government | 5,031,531 | 5,177,335 | - | - | 5,031,531 | 5,177,335 |
| Public safety | 9,649,603 | 8,948,989 | - | - | 9,649,603 | 8,948,989 |
| Physical environment | 2,814,151 | 4,608,651 | - | - | 2,814,151 | 4,608,651 |
| Transportation | 1,796,588 | 1,631,722 | - | - | 1,796,588 | 1,631,722 |
| Economic environment | 15,750 | 22,074 | - | - | 15,750 | 22,074 |
| Culture and recreation | 2,004,037 | 2,165,029 | - | - | 2,004,037 | 2,165,029 |
| Interest on long-term debt | 210,330 | 285,586 | - | - | 210,330 | 285,586 |
| Plantation Yacht Harbor Marina | - | - | 1,049,899 | 1,182,902 | 1,049,899 | 1,182,902 |
| Wastewater utility | - | - | 10,336,653 | 11,114,975 | 10,336,653 | 11,114,975 |
| Stormwater utility | - | - | 95,117 | 36,842 | 95,117 | 36,842 |
| Total expenses | <u>21,521,990</u> | <u>22,839,386</u> | <u>11,481,669</u> | <u>12,334,719</u> | <u>33,003,659</u> | <u>35,174,105</u> |
| Increase (decrease) in net position | | | | | | |
| before transfers | | | | | | |
| Transfers | 5,674,228 | 5,441,957 | 2,852,718 | 211,954 | 8,526,946 | 5,653,911 |
| Transfers | (105,989) | (91,537) | 105,989 | 91,537 | - | - |
| Change in net position | <u>5,568,239</u> | <u>5,350,420</u> | <u>2,958,707</u> | <u>303,491</u> | <u>8,526,946</u> | <u>5,653,911</u> |
| Net position, beginning | <u>36,383,337</u> | <u>31,032,917</u> | <u>105,056,778</u> | <u>104,753,287</u> | <u>141,440,115</u> | <u>135,786,204</u> |
| Net position, end of year | <u>\$ 41,951,576</u> | <u>\$ 36,383,337</u> | <u>\$108,015,485</u> | <u>\$105,056,778</u> | <u>\$149,967,061</u> | <u>\$141,440,115</u> |

Governmental Activities

Governmental activities during the fiscal year resulted in an increase to the Village's net position by \$5,568,239 from the prior year. The Village received reimbursements in fiscal year 2019-2020 from the Federal Emergency Management Agency ("FEMA") and the Florida Department of Emergency Management ("FDEM") for funds expended in previous fiscal years to cover response and recovery costs related to Hurricane Irma.

The largest single ongoing revenue source for the Village's governmental activities is property taxes at \$11,517,945, which represents 42% of total governmental revenues. Another significant source of revenue for governmental activities is charges for services, including assessments for solid waste

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

services, fees for building permits and planning review, emergency medical service fees and charges for park admission and recreation programs. These charges for services total \$4,932,369 or 18% of total revenues for governmental activities.

The single biggest expenditure category among governmental activities for the fiscal year ending September 30, 2020, was public safety. This function totals \$9,649,603 or 45% of total expenditures for governmental activities. Public safety expenditures include the cost of the Village's Fire Rescue Department and the Building Services Department as well as contract costs paid to the Monroe County Sheriff's Office to provide Village police services.

The next largest category of expenditures is general government, totaling \$5,031,531 or 23%. This expenditure category includes the operating budget for the Village Council, Village Manager, Village Attorney, Village Clerk, Planning and Development Services, Finance and Administration, IT and Communications and Code Compliance Departments.

Business-Type Activities

The Village's business-type activities are enterprise funds for the Plantation Yacht Harbor Marina, the Wastewater Utility and the Stormwater Utility. Business-type activities during the fiscal year increased the Village's net position by \$2,958,707 from the prior fiscal year. The Wastewater Utility enterprise fund formerly accounted for the operations of the Village-wide wastewater collection and transmission system (supported by user charges), as well as capital investments and debt service associated with construction of the wastewater facilities and infrastructure to transmit effluent to the Key Largo Wastewater Treatment District plant. Substantial completion of the wastewater collection and transmission system occurred in December 2016. In fiscal year 2019-2020, the Village continued paying principal, interest and other debt service fees on loans associated with the wastewater collection and transmission system capital project. Starting in 2016 when substantial completion occurred, depreciation began being calculated and recorded for the same multi-million dollar capital project. The Plantation Yacht Harbor Marina continues to recover operating costs through charges for services and goods with most debt incurred to purchase the Marina and to pay for improvements following Hurricane Wilma being paid off. The Stormwater Utility was created for the purpose of segregating stormwater assessment revenue, capital costs for stormwater projects and maintenance costs for stormwater infrastructure from the activities of the general government.

Capital grants and contributions represent 27% of the total business-type revenues. The Wastewater Utility recognized \$2,590,000 in grant funding and non-ad valorem assessment revenue in fiscal year 2019-2020. The Utility also recorded \$6,716,955 in revenue from charges for services.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

Governmental Funds

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

In fiscal year 2011, the Village adopted the GASB 54 fund balance policy whereby fund balance is classified to one of five types: (1) non-spendable, (2) restricted, (3) committed, (4) assigned, and (5) unassigned. At the end of fiscal year 2019-2020, the Village's governmental fund statement reported a combined ending fund balance of \$14,183,598, an increase of \$5,152,998 in comparison with the prior year. Of this amount, unassigned fund balance shows \$6,579,839, which are the funds available for spending at the government's discretion. In fiscal year 2018-2019, unassigned fund balance in the General Fund showed a deficit amount due to funds expended to cover response and recovery costs related to Hurricane Irma pending reimbursement by the Federal Emergency Management Agency ("FEMA") and the Florida Department of Emergency Management ("FDEM"). Borrowing from other funds occurred to cover operating needs until a draw on a line of credit was secured by the Village in fiscal year 2018-2019 in the amount \$2.5 million to supplement operations. With additional reimbursement funds received in fiscal year 2019-2020, the General Fund's unassigned fund balance has recovered to pre-Hurricane Irma levels.

Of the total non-spendable, restricted and committed fund balances totaling \$7,603,759, 54% or \$3,928,356 is primarily restricted to capital improvement projects funded by infrastructure sales tax, and 42% or \$3,040,672 is committed to expenditures to be funded by revenue sources established by Village Council action. 2% or \$123,223 is in a non-spendable form as it relates to prepayments and deposits.

The General Fund is the chief operating fund of the Village. At the end of the current year, the unassigned fund balance in the General Fund was \$6,892,583. Under GASB 54, the General Fund is the only fund that can have a positive unassigned fund balance. In the prior year, the total unassigned fund balance in the General Fund was \$3,483,360, while total fund balance was \$4,157,361. The current year's unassigned fund balance is \$3,409,223 more than the prior year's unassigned fund balance.

The Village Council has established a policy that targets an unassigned fund balance of 25% to 30% of projected General Fund expenditures for each fiscal year. When compared to the adopted fiscal year 2019-2020 budget, the unassigned fund balance exceeds this target. As mentioned previously, the Florida Keys and the Village were affected by Hurricane Irma, which passed through the area on September 10, 2017. Costs associated with hurricane recovery were paid from fund balance pending reimbursement from the FEMA and FDEM, as applicable. Reimbursement funds received in fiscal year 2018-2019 and in fiscal year 2019-2020 restored fund balance levels in the General Fund.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

The Capital Projects Fund is used to account for revenues and expenses associated with major governmental capital and infrastructure projects and capital asset purchases. In the prior year, the total fund balance in the Capital Project Fund was \$5,103,291. The ending fund balance of the Capital Project Fund at September 30, 2020 is \$6,134,063, an increase of \$1,030,772 due mainly to increases in impact fee revenues that have not yet been utilized for capital projects associated with new development, as required. Discretionary sales surtax recorded in the Capital Projects Fund was used in fiscal year 2017-2018, to fund capital projects needed to replace assets damaged by Hurricane Irma. As with the General Fund, these capital costs were paid from fund balance pending reimbursement from the FEMA and FDEM, as applicable.

The Capital Projects Fund reflects a transfer out of \$91,533. The Village's receipts from a discretionary sales tax for infrastructure capital projects are transferred to other funds, including the Debt Service Fund and the Wastewater Utility Fund, to cover debt service previously incurred for capital project funding or to provide direct funding for capital projects as directed by the Village Council.

The Debt Service Fund had a total fund balance of \$0 at year-end. While the Village's Debt Service Fund is used to account for the payment of principal, interest and expenditures on long-term governmental debt during each fiscal year, it relies on transfers from other funds as the revenue source. These transfers equal the debt service expense requirements each fiscal year, and no fund balance is intended to be retained in the Debt Service Fund.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type activities column of the government-wide statements, but in greater detail. Unrestricted net position at the end of the year totaled \$677,557 for the Plantation Yacht Harbor Marina, \$31,066,281 for the Wastewater Utility and (\$73,206) for the Stormwater Utility -- a total unrestricted assets balance of \$31,670,632 in business-type activities.

Other factors concerning the finances of the two major proprietary funds have already been addressed in the discussion of the Village's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original fiscal year 2019-2020, General Fund budget and the final amended budget resulted in a \$477,500 increase to total budgeted General Fund expenditures. The budget was amended to increase expenditures mainly in the Village Attorney, Local Law Enforcement, Fire Rescue, Building Services, and Public Works Departments. The budget amendment included decreases or no change in budgeted expenditures in the remaining departments, including Village Council, Village Manager, Village Clerk, Finance, Planning, IT and Communications, and Code Compliance. The total estimated General Fund revenue in the amended budget represents an increase of \$2,695,700 above the original adopted budget. Ultimately total General Fund revenues exceeded expenditures at year-end by \$3,419,579.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

CAPITAL ASSETS

The Village's financial statements present capital assets in two categories: those assets subject to depreciation (such as buildings, infrastructure and equipment) and those not subject to depreciation (such as land and construction in progress).

The Village's investment in capital assets for its governmental and business-type activities as of September 30, 2020, was \$184,344,440 net of accumulated depreciation. Of this total, \$41,132,022 relates to governmental activities, while \$143,212,418 relates to business-type activities. In total, net assets decreased by \$3,341,000 from the prior fiscal year. The decrease is attributable mainly to calculation and recording of increased depreciation relating to the wastewater collection and transmission system in the remaining service areas.

Major capital asset events during the current fiscal year included the following:

- Total capital assets in governmental activities increased \$782,342 due primarily to acquisition of \$2,012,482 in assets offset by \$1,230,140 in disposals and recording of depreciation.
- Total capital assets in the business-type activities decreased by \$4,123,342. Assets acquired in the amount of \$1,801,115 were offset by depreciation recorded for all assets in the amount of \$5,924,457.

Capital assets held by the Village at the end of the current and prior year are summarized as follows:

**Islamorada, Village of Islands, Florida
Capital Assets, Net of Accumulated Depreciation**

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 26,409,788 | \$ 25,847,044 | \$ 1,061,948 | \$ 1,061,948 | \$ 27,471,736 | \$ 26,908,992 |
| Construction in progress | 838,927 | 2,000,234 | 158,172 | 920,336 | 997,099 | 2,920,570 |
| Land improvements | 56,970 | 46,260 | 4,428 | 9,972 | 61,398 | 56,232 |
| Buildings and improvements | 6,897,056 | 7,147,345 | 558,652 | 580,531 | 7,455,708 | 7,727,876 |
| Improvements other than buildings | 809,827 | 920,973 | 1,776,246 | 1,827,664 | 2,586,073 | 2,748,637 |
| Infrastructure | 3,441,425 | 1,662,496 | 138,787,817 | 141,953,168 | 142,229,242 | 143,615,664 |
| Equipment and furniture | 1,266,281 | 1,334,772 | 634,446 | 717,746 | 1,900,727 | 2,052,518 |
| Vehicles | 1,411,748 | 1,390,556 | 230,709 | 264,395 | 1,642,457 | 1,654,951 |
| Total | <u>\$ 41,132,022</u> | <u>\$ 40,349,680</u> | <u>\$ 143,212,418</u> | <u>\$ 147,335,760</u> | <u>\$ 184,344,440</u> | <u>\$ 187,685,440</u> |

Additional information on the Village's capital assets can be found in Note 5 on pages 38 and 39 of this report.

LONG-TERM DEBT

At the end of the current fiscal year, the Village had total long-term debt outstanding in the amount of \$94,177,811. The Village's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds, special assessment bonds), as well as compensated absences payable and OPEB liability. The Village has no general obligation bonds. This debt is comprised of \$19,411,041 for governmental activities and \$74,766,770 for business-type activities, mainly related to the wastewater capital project.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

During the year, the Village decreased its long-term debt for governmental activities by \$263,512 and decreased the business-type activities long-term debt by \$5,728,892. Payments of principal on long-term debt are offset by pension liability in governmental activities. Effective January 1, 2016, the Village began offering pension benefits through the Florida Retirement System to its employees. The Village's pension liability increased accordingly as existing employees opted for the new benefit and newly hired employees are automatically enrolled. The decrease in debt balances for business-type activities was due to debt service payments, including principal, commencing during the fiscal year on debt related to the remaining service areas of the wastewater capital project.

More detailed information about the Village's long-term liabilities is presented in Note 7 on pages 41 through 44 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

On October 24, 2018, the Village closed on a line of credit from Centennial Bank. The purpose of the line of credit for \$7.5 million was to provide the Village a funding source in the event another hurricane impacts the Florida Keys before reimbursement of Hurricane Irma costs is received from FEMA and FDEM. At closing, the Village drew \$2.5 million from the line of credit to supplement operating revenues until reimbursement of nearly \$10 million in Hurricane Irma costs is received. Most of the Hurricane Irma response and recovery costs incurred was for debris management and monitoring services. As of September 30, 2020, the Village has received almost \$7 million in reimbursement funds for debris management costs. The Village has no recovery projects ongoing, and full close-out of the Hurricane Irma reimbursement process may not occur for many years. A reimbursement request for costs associated with replacement of the Anne's Beach Boardwalk has not yet been obligated. The line of credit was paid off in November 2019 with Hurricane Irma reimbursement funds.

For the fiscal year 2020-2021 budget, the preliminary taxable value of the Village is \$4.2 billion, an increase of \$300 million over the previous year. The Village Council will begin its budget process of the next fiscal year by the end of July 2020. Shutdown of the Florida Keys to tourists for three months from March to June 2020 impacted the economy negatively, as reflected in sales tax-based revenue sources. As fiscal year 2020-2021 progresses, however, tourism is at all-time high levels, and sales tax-based revenues have exceeded budget expectations. Additionally, development and re-development in Islamorada continues even after many homes damaged by Hurricane Irma have been repaired. The Village's fund balance in the General Fund has recovered to higher than pre-Hurricane Irma levels, and the Village's financial condition remains healthy and positive looking into the future despite the pandemic.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Islamorada, Village of Islands, Florida'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 Finance Director, Islamorada, Village of Islands, 86800 Overseas Highway, Islamorada, Florida 33036.

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BASIC FINANCIAL STATEMENTS

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ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 13,861,420 | \$ 5,238,492 | \$ 19,099,912 |
| Restricted cash and cash equivalents | - | 6,340,662 | 6,340,662 |
| Receivables, net | 101,357 | 1,062,934 | 1,164,291 |
| Special assessment receivables, net | - | 1,158,292 | 1,158,292 |
| Internal balances | 66,977 | (66,977) | - |
| Due from other governments | 2,791,524 | 123,207 | 2,914,731 |
| Other current assets | 123,113 | 43,410 | 166,523 |
| Special assessment receivables, net, noncurrent | - | 26,146,386 | 26,146,386 |
| Capital assets not being depreciated | | | |
| Land | 26,409,788 | 1,061,948 | 27,471,736 |
| Construction in progress | 838,927 | 158,172 | 997,099 |
| Capital assets being depreciated | | | |
| Land improvements | 696,321 | 173,588 | 869,909 |
| Buildings and improvements | 10,624,505 | 882,631 | 11,507,136 |
| Improvements other than buildings | 4,982,663 | 2,400,139 | 7,382,802 |
| Infrastructure | 10,541,306 | 168,737,401 | 179,278,707 |
| Equipment and furniture | 4,034,783 | 1,828,081 | 5,862,864 |
| Vehicles | 3,700,328 | 298,450 | 3,998,778 |
| Accumulated depreciation | (20,696,599) | (32,327,992) | (53,024,591) |
| Capital assets, net | 41,132,022 | 143,212,418 | 184,344,440 |
| Total assets | <u>58,076,413</u> | <u>183,258,824</u> | <u>241,335,237</u> |
| Deferred outflows of resources | | | |
| Accumulated decrease in fair value of hedging derivatives | - | - | - |
| Deferred outflows - pensions | 4,829,385 | 274,157 | 5,103,542 |
| Deferred outflows - OPEB | 11,145 | 1,050 | 12,195 |
| Total deferred outflows of resources | <u>4,840,530</u> | <u>275,207</u> | <u>5,115,737</u> |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 860,894 | 308,881 | 1,169,775 |
| Accrued interest payable | 85,683 | 428,789 | 514,472 |
| Unearned revenue | 363,012 | - | 363,012 |
| Noncurrent liabilities | | | |
| Due within one year | 1,056,584 | 4,404,306 | 5,460,890 |
| Due in more than one year | 18,354,457 | 70,362,464 | 88,716,921 |
| Total liabilities | <u>20,720,630</u> | <u>75,504,440</u> | <u>96,225,070</u> |
| Deferred inflows of resources | | | |
| Deferred inflows - pensions | 239,082 | 13,573 | 252,655 |
| Deferred inflows - OPEB | 5,655 | 533 | 6,188 |
| Total deferred inflows of resources | <u>244,737</u> | <u>14,106</u> | <u>258,843</u> |
| Net position | | | |
| Net investment in capital assets | 35,437,624 | 69,270,159 | 104,707,783 |
| Restricted for | | | |
| Police training | 63,390 | - | 63,390 |
| Capital projects | 3,928,356 | - | 3,928,356 |
| Transportation | 448,118 | - | 448,118 |
| Debt service | - | 7,074,694 | 7,074,694 |
| Unrestricted | 2,074,088 | 31,670,632 | 33,744,720 |
| Total net position | <u>\$ 41,951,576</u> | <u>\$ 108,015,485</u> | <u>\$ 149,967,061</u> |

The accompanying notes to financial statements are an integral part of this statement.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Program Revenues | | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|-------------------------|--|--|----------------------------|--|----------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Functions/programs | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 5,031,531 | \$ 57,762 | \$ 1,581,358 | \$ - | \$ (3,392,411) | \$ - | \$ - | \$ (3,392,411) |
| Public safety | 9,649,603 | 2,360,490 | 3,400,812 | 34,104 | (3,854,197) | - | - | (3,854,197) |
| Physical environment | 2,814,151 | 2,022,373 | 40,753 | 98,053 | (652,972) | - | - | (652,972) |
| Transportation | 1,796,588 | 32,193 | 152,532 | 38,893 | (1,572,970) | - | - | (1,572,970) |
| Economic environment | 15,750 | 5,051 | - | 1,842,979 | 1,832,280 | - | - | 1,832,280 |
| Culture and recreation | 2,004,037 | 454,500 | 45,000 | 145,340 | (1,359,197) | - | - | (1,359,197) |
| Interest on long-term debt | 210,330 | - | - | - | (210,330) | - | - | (210,330) |
| Total governmental activities | 21,521,990 | 4,932,369 | 5,220,455 | 2,159,369 | (9,209,797) | - | - | (9,209,797) |
| Business-type activities | | | | | | | | |
| Plantation Yacht Harbor Marina | 1,049,899 | 1,343,776 | - | 10,000 | - | 303,877 | - | 303,877 |
| Wastewater utility | 10,336,653 | 6,716,955 | - | 2,975,649 | - | (644,049) | - | (644,049) |
| Stormwater utility | 95,117 | 190,662 | - | 950,000 | - | 1,045,545 | - | 1,045,545 |
| Total business-type activities | 11,481,669 | 8,251,393 | - | 3,935,649 | - | 705,373 | - | 705,373 |
| Total primary government | \$ 33,003,659 | \$ 13,183,762 | \$ 5,220,455 | \$ 6,095,018 | (9,209,797) | 705,373 | - | (8,504,424) |
| General revenues | | | | | | | | |
| Property taxes | | | | 11,517,945 | - | - | - | 11,517,945 |
| Sales tax | | | | 1,934,203 | - | - | - | 1,934,203 |
| Communication services tax | | | | 216,673 | - | - | - | 216,673 |
| Motor fuel tax | | | | 414,040 | - | - | - | 414,040 |
| Franchise fees | | | | 664,882 | - | - | - | 664,882 |
| Unrestricted interest | | | | 136,282 | 1,620,816 | - | - | 1,757,098 |
| Miscellaneous | | | | - | 526,529 | - | - | 526,529 |
| Transfers | | | | (105,989) | 105,989 | - | - | - |
| Total general revenues and transfers | | | | 14,778,036 | 2,253,334 | - | - | 17,031,370 |
| Change in net position | | | | | | | | |
| Net position, beginning of year | | | | 5,568,239 | 2,958,707 | - | - | 8,526,946 |
| Net position, end of year | | | | 36,383,337 | 105,056,778 | - | - | 141,440,115 |
| | | | | \$ 41,951,576 | \$ 108,015,485 | - | - | \$ 149,967,061 |

The accompanying notes to financial statements are an integral part of this statement.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

| | General | Debt Service Fund | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------------|------------------------------|-----------------------------|--|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 7,263,915 | \$ - | \$ 5,747,097 | \$ 850,408 | \$ 13,861,420 |
| Receivables | 101,357 | - | - | - | 101,357 |
| Due from other funds | 408,447 | - | - | 14,456 | 422,903 |
| Due from other governments | 1,649,641 | - | 485,927 | 655,956 | 2,791,524 |
| Prepays | 123,003 | - | - | - | 123,003 |
| Deposits | 110 | - | - | - | 110 |
| Total assets | <u>\$ 9,546,473</u> | <u>\$ -</u> | <u>\$ 6,233,024</u> | <u>\$ 1,520,820</u> | <u>\$ 17,300,317</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 211,596 | \$ - | \$ 98,961 | \$ 167,370 | \$ 477,927 |
| Accrued expenditures | 335,273 | - | - | 459 | 335,732 |
| Other accrued liabilities | 1,333 | - | - | - | 1,333 |
| Due to other funds | - | - | - | 355,926 | 355,926 |
| Unearned revenue | 73,815 | - | - | 289,197 | 363,012 |
| Deposits | 45,902 | - | - | - | 45,902 |
| Total liabilities | <u>667,919</u> | <u>-</u> | <u>98,961</u> | <u>812,952</u> | <u>1,579,832</u> |
| Deferred inflow of resources | | | | | |
| Unavailable revenue | 1,301,614 | - | - | 235,273 | 1,536,887 |
| Fund balances | | | | | |
| Nonspendable | 123,223 | - | - | - | 123,223 |
| Restricted | 63,390 | - | 3,928,356 | 448,118 | 4,439,864 |
| Committed | 497,744 | - | 2,205,707 | 337,221 | 3,040,672 |
| Unassigned (deficit) | 6,892,583 | - | - | (312,744) | 6,579,839 |
| Total fund balances | <u>7,576,940</u> | <u>-</u> | <u>6,134,063</u> | <u>472,595</u> | <u>14,183,598</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 9,546,473</u> | <u>\$ -</u> | <u>\$ 6,233,024</u> | <u>\$ 1,520,820</u> | <u>\$ 17,300,317</u> |

The accompanying notes to financial statements are an integral part of this statement.

ISLAMORADA, VILLAGE OF ISLANDS
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Fund Balances—Total Governmental Funds \$ 14,183,598

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.

| | | |
|-----------------------------|---------------------|------------|
| Governmental capital assets | \$ 61,828,621 | 41,132,022 |
| Accumulated depreciation | <u>(20,696,599)</u> | |

| | |
|--|-----------|
| Other long-term assets are not available to pay for current period expenditures, and, therefore, are reported as unavailable revenue in the funds. | 1,536,887 |
|--|-----------|

Noncurrent liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|--|------------------|---------------------|
| Accrued interest | (85,683) | (14,900,931) |
| Bonds and notes payable | (5,694,398) | |
| Compensated absences | (1,004,368) | |
| Net pension liability, net of related deferred outflows and inflows | (8,003,775) | |
| Other post-employment benefits payable, net of related deferred outflows and inflows | <u>(112,707)</u> | <u>(14,900,931)</u> |

Net Position of Governmental Activities \$ 41,951,576

ISLAMORADA, VILLAGE OF ISLANDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | General | Debt Service Fund | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------------------|-----------------------------|--|---|
| Revenues | | | | | |
| Taxes | \$ 11,734,618 | \$ - | \$ 1,934,203 | \$ 414,040 | \$ 14,082,861 |
| Permits, fees and assessments | 2,723,431 | - | 218,337 | 2,022,373 | 4,964,141 |
| Intergovernmental | 6,278,289 | - | 414,923 | 1,938,672 | 8,631,884 |
| Charges for services | 659,747 | - | - | - | 659,747 |
| Fines and forfeitures | 134,687 | - | - | - | 134,687 |
| Interest | 68,292 | - | 58,081 | 9,909 | 136,282 |
| Miscellaneous | 51,962 | - | - | 5,051 | 57,013 |
| Total revenues | <u>21,651,026</u> | <u>-</u> | <u>2,625,544</u> | <u>4,390,045</u> | <u>28,666,615</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 4,487,748 | - | - | - | 4,487,748 |
| Public safety | 7,762,705 | - | 102,148 | - | 7,864,853 |
| Physical environment | - | - | - | 2,709,800 | 2,709,800 |
| Transportation | 1,253,224 | - | - | 157,563 | 1,410,787 |
| Economic environment | - | - | - | 15,750 | 15,750 |
| Culture/recreation | 1,634,197 | - | - | - | 1,634,197 |
| Capital outlay | - | - | 1,928,391 | - | 1,928,391 |
| Debt service | | | | | |
| Principal | - | 3,144,219 | - | - | 3,144,219 |
| Interest | - | 211,883 | - | - | 211,883 |
| Total expenditures | <u>15,137,874</u> | <u>3,356,102</u> | <u>2,030,539</u> | <u>2,883,113</u> | <u>23,407,628</u> |
| Excess (deficiency) of revenues over (under) expenditures | | | | | |
| | <u>6,513,152</u> | <u>(3,356,102)</u> | <u>595,005</u> | <u>1,506,932</u> | <u>5,258,987</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | 3,356,102 | 527,300 | - | 3,883,402 |
| Transfers out | (3,093,573) | - | (91,533) | (804,285) | (3,989,391) |
| Total other financing sources (uses) | <u>(3,093,573)</u> | <u>3,356,102</u> | <u>435,767</u> | <u>(804,285)</u> | <u>(105,989)</u> |
| Change in fund balances | | | | | |
| | 3,419,579 | - | 1,030,772 | 702,647 | 5,152,998 |
| Fund balances (deficit), beginning of year | | | | | |
| | <u>4,157,361</u> | <u>-</u> | <u>5,103,291</u> | <u>(230,052)</u> | <u>9,030,600</u> |
| Fund balances, end of year | | | | | |
| | <u>\$ 7,576,940</u> | <u>\$ -</u> | <u>\$ 6,134,063</u> | <u>\$ 472,595</u> | <u>\$ 14,183,598</u> |

The accompanying notes to financial statements are an integral part of this statement.

ISLAMORADA, VILLAGE OF ISLANDS
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, 2020

Net Change in Fund Balances—Total Governmental Funds \$ 5,152,998

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

Governmental funds report capital outlays as expenditures.
 However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

| | | |
|--------------------------------|--------------------|---------|
| Capital outlay | \$ 2,012,873 | 783,724 |
| Less current year depreciation | <u>(1,229,149)</u> | |

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (1,382)

Resources in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,473,398)

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. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|----------------------|------------------|-----------|
| Principal repayments | <u>3,144,219</u> | 3,144,219 |
|----------------------|------------------|-----------|

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

| | | |
|------------------------------------|------------------|-----------|
| Change in accrued interest payable | 1,553 | (111,164) |
| Change in compensated absences | <u>(112,717)</u> | |

In the governmental funds, current year expenditures related to pensions and OPEB are comprised solely of amounts contributed to the plans for the current year. However, in the Statement of Activities, expenses related to pensions and OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions, OPEB, and related items.

| | | |
|--|-----------------|-------------|
| Change in net pension liability | (1,905,015) | (1,926,758) |
| Change in other post-employment benefits | <u>(21,743)</u> | |

Change in Net Position of Governmental Activities \$ 5,568,239

ISLAMORADA, VILLAGE OF ISLANDS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

| | Business-type Activities—Enterprise Funds | | | | |
|--|--|-----------------------|---------------------|-----------------------|--------------|
| | Major Funds | | Nonmajor | | |
| | Plantation Yacht | Wastewater | Stormwater | Utility | Total |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 882,192 | \$ 4,356,300 | \$ - | \$ 5,238,492 | |
| Restricted cash and cash equivalents | - | 6,340,662 | - | 6,340,662 | |
| Receivables | 12,618 | 1,050,316 | - | 1,062,934 | |
| Special assessments receivable, net | - | 1,158,292 | - | 1,158,292 | |
| Due from other governments | - | 103,261 | 19,946 | 123,207 | |
| Prepays | 8,853 | 34,357 | - | 43,210 | |
| Deposits | 200 | - | - | 200 | |
| Total current assets | <u>903,863</u> | <u>13,043,188</u> | <u>19,946</u> | <u>13,966,997</u> | |
| Noncurrent assets | | | | | |
| Special assessments receivable, net | - | 26,146,386 | - | 26,146,386 | |
| Capital assets not being depreciated | | | | | |
| Land | - | 1,061,948 | - | 1,061,948 | |
| Construction in progress | 5,145 | 153,027 | - | 158,172 | |
| Capital assets being depreciated | | | | | |
| Land improvements | 32,567 | 80,108 | 60,913 | 173,588 | |
| Buildings and improvements | 882,631 | - | - | 882,631 | |
| Improvements other than buildings | 2,400,139 | - | - | 2,400,139 | |
| Infrastructure | 687,058 | 165,805,579 | 2,244,764 | 168,737,401 | |
| Equipment and furniture | 1,813,010 | 15,071 | - | 1,828,081 | |
| Vehicles | - | 298,450 | - | 298,450 | |
| Less accumulated depreciation | (2,471,004) | (29,666,128) | (190,860) | (32,327,992) | |
| Capital assets, net | 3,349,546 | 137,748,055 | 2,114,817 | 143,212,418 | |
| Total assets | <u>4,253,409</u> | <u>176,937,629</u> | <u>2,134,763</u> | <u>183,325,801</u> | |
| Deferred outflows of resources | | | | | |
| Deferred outflows - pension | 77,113 | 193,373 | 3,671 | 274,157 | |
| Deferred outflows - OPEB | 561 | 484 | 5 | 1,050 | |
| Total assets and deferred outflows of resources | <u>\$ 4,331,083</u> | <u>\$ 177,131,486</u> | <u>\$ 2,138,439</u> | <u>\$ 183,601,008</u> | |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 22,577 | 198,452 | 18,643 | 239,672 | |
| Accrued expenses | 9,567 | 59,155 | 487 | 69,209 | |
| Due to other funds | - | 14,456 | 52,521 | 66,977 | |
| Accrued interest payable | 631 | 428,158 | - | 428,789 | |
| Amounts due within one year | | | | | |
| Compensated absences payable | 21,659 | 8,759 | 5,741 | 36,159 | |
| Bonds and loans payable | 11,847 | 4,356,300 | - | 4,368,147 | |
| Total current liabilities | <u>66,281</u> | <u>5,065,280</u> | <u>77,392</u> | <u>5,208,953</u> | |
| Noncurrent liabilities | | | | | |
| Compensated absences payable | 38,399 | 14,245 | 9,628 | 62,272 | |
| Net pension liability | 201,094 | 504,277 | 9,572 | 714,943 | |
| Bonds and loans payable | 73,753 | 69,500,359 | - | 69,574,112 | |
| Other post-employment benefits payable | 5,950 | 5,135 | 52 | 11,137 | |
| Total non-current liabilities | <u>319,196</u> | <u>70,024,016</u> | <u>19,252</u> | <u>70,362,464</u> | |
| Total liabilities | <u>385,477</u> | <u>75,089,296</u> | <u>96,644</u> | <u>75,571,417</u> | |
| Deferred inflows of resources | | | | | |
| Deferred inflows - pension | 3,818 | 9,573 | 182 | 13,573 | |
| Deferred inflows - OPEB | 285 | 246 | 2 | 533 | |
| Total deferred inflows of resources | <u>4,103</u> | <u>9,819</u> | <u>184</u> | <u>14,106</u> | |
| Net position | | | | | |
| Net investment in capital assets | 3,263,946 | 63,891,396 | 2,114,817 | 69,270,159 | |
| Restricted for | | | | | |
| Debt service | - | 7,074,694 | - | 7,074,694 | |
| Unrestricted | 677,557 | 31,066,281 | (73,206) | 31,670,632 | |
| Total net position | <u>3,941,503</u> | <u>102,032,371</u> | <u>2,041,611</u> | <u>108,015,485</u> | |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 4,331,083</u> | <u>\$ 177,131,486</u> | <u>\$ 2,138,439</u> | <u>\$ 183,601,008</u> | |

The accompanying notes to financial statements are an integral part of this statement.

ISLAMORADA, VILLAGE OF ISLANDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-type Activities—Enterprise Funds | | | | |
|--|--|-----------------------|---------------------|-----------------------|--------------|
| | Major Funds | | Nonmajor | | |
| | Plantation Yacht | Wastewater | Stormwater | Utility | Total |
| | Harbor Marina | Utility | Utility | Utility | Total |
| Operating revenues | | | | | |
| Charges for services | | | | | |
| Utilities | \$ - | \$ 6,716,955 | \$ 190,662 | \$ 6,907,617 | |
| Dock rentals | 933,091 | - | - | 933,091 | |
| Fuel sales | 376,177 | - | - | 376,177 | |
| Ramp | 34,508 | - | - | 34,508 | |
| Miscellaneous | 11,984 | 514,545 | - | 526,529 | |
| Total operating revenues | <u>1,355,760</u> | <u>7,231,500</u> | <u>190,662</u> | <u>8,777,922</u> | |
| Operating expenses | | | | | |
| Personal services | | | | | |
| Operating | 296,931 | 545,079 | 26,291 | 868,301 | |
| Depreciation | 562,104 | 2,125,389 | 24,568 | 2,712,061 | |
| Total operating expenses | <u>188,930</u> | <u>5,691,269</u> | <u>44,258</u> | <u>5,924,457</u> | |
| | <u>1,047,965</u> | <u>8,361,737</u> | <u>95,117</u> | <u>9,504,819</u> | |
| Operating income (loss) | 307,795 | (1,130,237) | 95,545 | (726,897) | |
| Nonoperating revenues (expenses) | | | | | |
| Interest revenue | 7,074 | 1,613,742 | - | 1,620,816 | |
| Interest and fiscal charges/amortization expense | (1,934) | (1,974,916) | - | (1,976,850) | |
| Total nonoperating revenues (expenses) | <u>5,140</u> | <u>(361,174)</u> | <u>-</u> | <u>(356,034)</u> | |
| Income (loss) before capital contributions and transfers | 312,935 | (1,491,411) | 95,545 | (1,082,931) | |
| Capital contributions | | | | | |
| Capital grants and contributions | 10,000 | 2,590,000 | 950,000 | 3,550,000 | |
| Capital assessments | - | 385,649 | - | 385,649 | |
| Total capital contributions | <u>10,000</u> | <u>2,975,649</u> | <u>950,000</u> | <u>3,935,649</u> | |
| Transfers in | | | | | |
| Changes in net position | | | | | |
| | - | 105,989 | - | 105,989 | |
| | 322,935 | 1,590,227 | 1,045,545 | 2,958,707 | |
| Net position, beginning of year | 3,618,568 | 100,442,144 | 996,066 | 105,056,778 | |
| Net position, end of year | <u>\$ 3,941,503</u> | <u>\$ 102,032,371</u> | <u>\$ 2,041,611</u> | <u>\$ 108,015,485</u> | |

The accompanying notes to financial statements are an integral part of this statement.

ISLAMORADA, VILLAGE OF ISLANDS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

| | Business-type Activities—Enterprise Funds | | | | |
|---|--|----------------------|--------------------|----------------------|----------------|
| | Major Funds | | Nonmajor | | |
| | Plantation Yacht | Wastewater | Stormwater | Utility | Total |
| | Harbor Marina | Utility | Utility | Utility | Utility |
| Cash flows from operating activities | | | | | |
| Cash received from customers | \$ 1,358,454 | \$ 7,147,655 | \$ 174,262 | \$ 8,680,371 | |
| Cash paid to suppliers | (560,927) | (2,109,121) | (45,849) | (2,715,897) | |
| Cash paid to employees | (267,504) | (427,678) | (171,913) | (867,095) | |
| Net cash provided by (used in) operating activities | <u>530,023</u> | <u>4,610,856</u> | <u>(43,500)</u> | <u>5,097,379</u> | |
| Cash flows from noncapital financing activities | | | | | |
| Transfers in | - | 105,989 | - | 105,989 | |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>105,989</u> | <u>-</u> | <u>105,989</u> | |
| Cash flows from capital and related financing activities | | | | | |
| Principal payments on loans and bonds | (11,591) | (5,901,436) | - | (5,913,027) | |
| Interest payments on loans and bonds | (2,019) | (1,998,331) | - | (2,000,350) | |
| Proceeds from capital grants and contributions | 10,000 | 4,058,555 | 950,000 | 5,018,555 | |
| Acquisition and construction of capital assets | (1,395) | (688,982) | (1,110,738) | (1,801,115) | |
| Net cash used by capital and related financing activities | <u>(5,005)</u> | <u>(4,530,194)</u> | <u>(160,738)</u> | <u>(4,695,937)</u> | |
| Cash flows from investing activities | | | | | |
| Interest received | 7,074 | 1,613,742 | - | 1,620,816 | |
| Net cash provided by investing activities | <u>7,074</u> | <u>1,613,742</u> | <u>-</u> | <u>1,620,816</u> | |
| Net change in cash and cash equivalents | | | | | |
| | 532,092 | 1,800,393 | (204,238) | 2,128,247 | |
| Cash and cash equivalents, beginning of year | 350,100 | 8,896,569 | 204,238 | 9,450,907 | |
| Cash and cash equivalents, end of year | <u>\$ 882,192</u> | <u>\$ 10,696,962</u> | <u>\$ -</u> | <u>\$ 11,579,154</u> | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Operating income (loss) | \$ 307,795 | \$ (1,130,237) | \$ 95,545 | \$ (726,897) | |
| Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Depreciation | 188,930 | 5,691,269 | 44,258 | 5,924,457 | |
| Decrease (increase) in assets and deferred outflows | | | | | |
| Accounts receivable | 2,694 | (83,845) | - | (81,151) | |
| Prepaid items | 682 | (1,690) | - | (1,008) | |
| Due from other governments | - | - | (16,400) | (16,400) | |
| Deferred outflows - OPEB | (220) | (189) | (2) | (411) | |
| Deferred outflows - pension | (5,058) | (12,683) | (241) | (17,982) | |
| Increase (decrease) in liabilities and deferred inflows | | | | | |
| Accounts payable | 495 | 2,439 | (73,813) | (70,879) | |
| Accrued payroll | (9,685) | 34,995 | (158,826) | (133,516) | |
| Due to other funds | - | 14,456 | 52,521 | 66,977 | |
| Compensated absences payable | 7,857 | 6,468 | 11,760 | 26,085 | |
| Net pension liability | 43,807 | 109,853 | 2,085 | 155,745 | |
| Other post-employment benefits payable | 1,231 | 1,063 | 11 | 2,305 | |
| Deferred inflows - pension | (8,331) | (150) | (2) | (8,483) | |
| Deferred inflows - pension | (174) | (20,893) | (396) | (21,463) | |
| Net cash provided by (used in) operating activities | <u>\$ 530,023</u> | <u>\$ 4,610,856</u> | <u>\$ (43,500)</u> | <u>\$ 5,097,379</u> | |

The accompanying notes to financial statements are an integral part of this statement.

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ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 1 – ORGANIZATION AND OPERATIONS

Islamorada, Village of Islands, Florida (the “Village”) was created pursuant to Chapter 97-348, *Florida Statutes*, as of December 31, 1997, to become operational March 26, 1998. The Village includes four keys: Plantation Key, Windley Key, Upper Matecumbe Key, and Lower Matecumbe Key, within Monroe County, Florida. The Village operates under a Council-Manager form of government and provides or contracts for a wide range of community services including general government; public works; planning, zoning and building; public safety (fire protection, emergency medical services and police services); cultural and recreation (parks maintenance, recreational activities, cultural events, and related facilities); and operation of a marina, a wastewater utility and a stormwater utility. The Village Council (the “Council”) is responsible for legislative and fiscal control of the Village.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and practices, and the presentation of the financial statements for the Village conform with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies and practices.

A. Reporting Entity:

As required by generally accepted accounting principles, these financial statements present the government and its component units, if applicable. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Village’s financial statements to be misleading or incomplete. A primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and is able to impose its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government and a financial benefit or burden relationship exists, regardless of the authority of the organization’s governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government.

Based on the application of the criteria set forth by the Government Accounting Standards Board, management has determined that no component units exist which would require inclusion in this report. Further, management is not aware of any entity which would consider the Village to be a component unit.

B. Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Village. 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.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which program revenues offset the direct expenses of a given function or program. 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 program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Fund Financial Statements:

The fund financial statements provide information about the Village's funds. Separate statements for each fund category – governmental and proprietary funds – are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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 **Debt Service Fund** is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The **Capital Projects Fund** accounts for revenues from discretionary sales surtax, grants and impact fees for capital improvement projects.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Village reports the following major proprietary funds:

The **Wastewater Utility Fund** is used to account for the design, construction and operation of Village owned wastewater treatment facilities that are financed and operated in a manner similar to a private business enterprise. The costs of providing services are recovered through user charges.

The **Plantation Yacht Harbor Marina Fund** is used to account for marina services provided to the community that are financed and operated in a manner similar to a private business enterprise. The costs of providing services are generally recovered through user charges.

Additionally, the Village reports the following nonmajor funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

The **Stormwater Utility Fund** is used to account for the construction of a Village owned stormwater drainage utility that provides drainage services to the residents of the Village and is operated in a manner similar to a private business enterprise. The costs of providing services will be recovered through user charges in the future.

During the course of operations the Village has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting:

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

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

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. Ad valorem taxes and charges for services are susceptible to accrual when collected in the current year or within 60 days subsequent to year-end, provided that amounts received pertain to billings through the fiscal year. Intergovernmental revenues, which include federal and state grants, state revenue sharing allotments, local government one-half cent sales tax and county shared revenue, among other sources are recorded in accordance with their legal or contractual requirements if collected in the current period or within 60 days after year-end. Interest income is recorded when earned. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information:

Florida Statutes require that all municipal governments establish budgetary systems and approve balanced annual operating budgets. The Village Council annually adopts an operating budget and appropriates funds for the General, Special Revenue, Capital Project, Debt Service, and Enterprise funds consistent with generally accepted accounting principles. The procedures for establishing budgetary data are as follows:

- In August of each year, the Village Manager submits a proposed operating budget to the Council for the fiscal year commencing the following October 1. The operating budget includes proposed appropriations and the means of funding them.
- Two public hearings are conducted, usually during the month of September, to obtain taxpayer comments on the proposed budgets for each fund.
- Upon completion of the public hearings and before October 1, a final operating budget is legally enacted through the passage of a resolution. Passage of this resolution constitutes appropriation of the amounts specified in the budget as expenditures.

The adopted budget resolution specifies that the initial limitation on expenditures is by department or category total. The total allocated to each department, category (personnel, operating or capital) or line item may be increased or decreased by the Village Manager so long as the modification does not exceed the Village's total budgeted funds. Whenever a department, category or line item reallocation occurs, the Village Manager must present a resolution to the Village Council for approval amending the budget to reflect such department, category or line item reallocation within thirty days of the date of the reallocation.

Additionally, the adopting budget resolution provides that all outstanding encumbrances (open purchase orders) at the end of the fiscal year shall lapse. Those outstanding encumbrances may be re-appropriated into the next fiscal year budget. The total amount of outstanding encumbrances at year-end are reflected in assigned fund balance of the respective funds. When the year-end outstanding encumbrances are re-appropriated the next fiscal year, a use of fund balance is requested for approval by the Village Council.

Florida Statutes provide that the governing body of each municipality may amend the budget at any time within the fiscal year or within 60 days following the end of the fiscal year. Within 60 days of the fiscal year-end, the Village prepares a re-appropriation budget amendment to try to ensure that budget deficiencies at department, category, or line item level are covered.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the year ended September 30, 2020, expenditures exceeded appropriations in the General Fund as follows:

| General Fund | | |
|-------------------------------|----|----------|
| Village manager/Village clerk | \$ | (15,712) |
| Legal | | (6,591) |
| Planning and zoning | | (1,801) |
| Emergency response | | (1,159) |
| Road and street facilities | | (19,176) |
| Fills | | (1,347) |

The budget overages in the General Fund as of September 30, 2020, were mainly attributable to adjustments made to retirement and pension contribution liability accounts. The totals of the operating expenditures categories in these General Fund departments, however, were well under budget resulting in no department-level totals exceeding appropriations at the end of the fiscal year.

Expenditures in excess of appropriations is a budgetary violation. Section 166.241, *Florida Statutes*, allows a municipality to amend its budget within 60 days following the fiscal year-end. A re-appropriation budget amendment provides a municipality an opportunity to reflect increased revenues in order to offset expenditure budget overages or to reflect revised additions to fund balance when expenditures are below budget before budget to actual information is presented in the Annual Comprehensive Financial Report. On November 19, 2020, the Village Council adopted Resolution No. 20-11-107 to amend the fiscal year 2019-2020 budget in accordance with Section 166.241, *Florida Statutes*. Final journal entries needed to prepare the fiscal year 2019-2020 general ledger for the annual audit were not completed, however. Additional journal entries needed after posting of the approved amended budget created the budget overages indicated.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position:

Cash and Cash Equivalents:

Cash and cash equivalents are defined as cash on hand, demand deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Prepays:

Prepayments are recorded as assets when the initial payment is made. Each asset is then charged off against operations in the period benefitted. These amounts are reported as nonspendable in the governmental fund financial statements.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Assessments:

Special assessments, levied pursuant to Florida Statutes, are used to finance wastewater utility capital projects, in combination with grants and other revenue sources. The assessments are levied and imposed on all real estate parcels in the assessment districts upon adoption of a final assessment resolution. Typically, when special assessments are imposed they may be prepaid in a lump sum or spread over a 25-30 year amortization period (with interest and fees) as a non-ad valorem assessment, at the discretion of the affected property owner. During the amortization period, property owners also have the option annually to pay off the remaining principal amount of an assessment and remove it from future tax rolls. Each year, in order to perfect the lien, the Village must adopt an assessment resolution to place the annual non-ad valorem assessments on the current tax roll.

Under full accrual accounting, the estimated value of the current wastewater assessment roll levied for the 2020-2021 fiscal year (less an allowance for uncollectible amounts and interest and fees which are applicable to fiscal year 2021) is considered a current receivable for fiscal year 2019-2020. The remaining unpaid principal of each assessment (less an allowance for uncollectible amounts) is recorded as a noncurrent receivable.

Capital Assets:

Capital assets, which include land, construction-in-progress, equipment and furniture, vehicles, buildings and building renovation, improvements other than buildings, infrastructure and infrastructure improvements, land improvements, and park improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' 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 are expensed as incurred.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

| | Years |
|--|-------|
| Equipment and furniture | 5-12 |
| Vehicles | 6-7 |
| Buildings and building renovations | 50 |
| Infrastructure and infrastructure improvements | 10-40 |
| Land improvements | 10 |
| Park improvements | 15-50 |
| Improvements other than buildings | 12 |

Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position and Proprietary Funds 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 government has three items that qualify for reporting in this category. One is the accumulated decrease in the fair value of hedging activities. The second relates to the Village's defined benefit pension plan. The third relates to the Village's total other post-employment benefit liability.

In addition to liabilities, the Statement of Net Position and Proprietary Funds Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in these statements are related to the Village's defined benefit pension plan and total other post-employment liability.

The Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance also reports unavailable revenue as a deferred inflow of resources which 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 the amount becomes available.

The Village reports deferred outflows and deferred inflows related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in the net pension liability and total OPEB liability are recognized as pension expense over time instead of all being recognized in the year of occurrence.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Experience gains or losses from periodic actuary studies and changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. The changes in proportion and differences between Village contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five year period.

Additionally, any contributions made by the Village to the pension plan before year-end but subsequent to the measurement date of the Village's net pension liability are reported as deferred outflows of resources.

Pension:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Village's FRS plan and additions to/deductions from this plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences:

The Village's employees are granted compensated absence pay for vacation and sick leave in varying amounts based on length of service. Unused compensated absences are payable upon separation from service. Vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Village will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The Village uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are eligible to receive termination payments upon separation. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

In the fund financial statements, governmental funds report only the compensated absence liability payable if they are material (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). The General Fund has typically been used in prior years to liquidate such amounts. Vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations:

In the government-wide financial statements, and proprietary fund type 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 method. Bonds payable is reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as another financing source. 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.

Fund Balance/Net Position:

The Village desires to provide a stable financial environment for operations that allows the Village to provide quality services in a fiscally responsible manner. This fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

When both restricted and unrestricted fund balance/net position are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed. Within unrestricted fund balance, the order in which expenditures will be applied is as follows: committed, assigned and then unassigned.

Pursuant to GASB Statement No. 54, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Additionally, fund balance classifications should depict the nature of the net resources that are reported in a governmental fund. The following definitions provided by GASB Statement No. 54 will be used in reporting activity in governmental funds of the Village.

- Nonspendable Fund Balance: Amounts that cannot be spent because they are either: (1) not in spendable form, or (2) legally or contractually required to be maintained intact. Amounts included as nonspendable include inventories, prepaid amounts, long-term amounts of loans and notes receivable, and property held for resale, unless proceeds are restricted, committed or assigned, as well as funds legally or contractually required to be maintained intact.
- Restricted Fund Balance: Amounts that may only be spent for specific purposes, as stipulated by external resource providers, by constitution or through enabling legislation that is legally enforceable by an external party. Enabling legislation that creates a revenue stream must also stipulate the purposes for which that revenue can be used. Restrictions may only be changed by parties external to the Village.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Committed Fund Balance: Amounts committed for specific purposes by formal action of the government's highest level of decision-making authority. Fund balance can be committed pursuant to constraints imposed by either an ordinance, resolution, or a valid agreement between the Village and a counterparty for which it is clearly documented that the Village will use existing resources, rather than future revenues, to satisfy the contractual obligation. These amounts cannot be used for any other purpose unless the Village Council removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. Formal action to commit an amount to a specific purpose must be made prior to the end of the Village's fiscal year. The actual amount, however, may be computed after year-end as part of the preparation of the financial statements.
- Assigned Fund Balance: Amounts that are intended by the government to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by: (1) the governing body itself, or (2) a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes. This authority is granted by Village Council to the Village Manager. Assignment calculations may be made after year-end as part of the preparation of the financial statements. Included in this category is any fund balance carry-forward used to balance the subsequent year's budget.
- Unassigned Fund Balance: The residual classification of fund balance which has not been restricted, committed or assigned to specific purposes. Only the General Fund may report positive unassigned fund balance. Unassigned residual deficits may apply to other governmental funds to the extent fund balances are insufficient to satisfy restricted and committed balances.

Government-wide and proprietary fund financial statements utilize a net position presentation. Net position is presented in three components as follows:

1. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or borrowings that are attributable to the acquisition, construction or improvement of those assets. This component does not include the unspent proceeds of debt.
2. Restricted net position – Consists of funds with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes:

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment roll meets all of the appropriate requirements of State Law. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

The tax levy is established by the Council prior to October 1 of each year during the budget process. The millage rate assessed by the Village for the year ended September 30, 2020, was 3.200 mills (\$3.20 for each \$1,000 of assessed valuation). The nonexempt assessed value of property within the Village limits at January 1, 2020, was approximately \$3.70 billion.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

H. Estimates:

The presentation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS

The Village maintains a cash pool that is available for use by all funds to facilitate the cash management process. Each fund's portion of this pool is included on the Statement of Net Position and Balance Sheet as "cash and cash equivalents." Interest is allocated to the various funds based on their proportionate share of the cash pool.

Cash – All of the Village's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." Under the act, every qualified public depository shall deposit with the Treasurer eligible collateral equal to or in excess of the required collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required pledging levels. The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

At year-end, the carrying amount of the Village's deposits was \$25,440,574 and the total bank balance was \$25,591,689. Included in cash and equity in pooled cash on the Statement of Net Position and Balance Sheet – Governmental Funds is \$6,139,945 in Certificate of Deposits in the amount of \$6,139,945 due within one year and \$2,150 cash on hand. All balances are covered by federal depository insurance or by collateral held by the State Treasurer.

Investments – In accordance with the Village's investment policy, the Village may invest in the following:

- Interest-bearing time deposits and checking or savings accounts in qualified public depositories as defined in Florida Statute 280.02.
- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Statute 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Direct obligations of the United States Treasury.
- Federal agencies or instrumentalities.

At September 30, 2020, the Village's surplus funds were held in interest-bearing checking and savings accounts.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 – RECEIVABLES

Receivables at September 30, 2020, for the Village's individual major funds and total nonmajor funds are as follows:

| | <u>Special Accounts</u> | <u>Assessments</u> | <u>Due from Other Governments</u> | <u>Total</u> |
|---------------------------------|-----------------------------|----------------------|---------------------------------------|----------------------|
| Governmental Activities | | | | |
| Major funds | | | | |
| General Fund | \$ 101,357 | \$ - | \$ 1,649,641 | \$ 1,750,998 |
| Capital Projects Fund | - - | - - | 485,927 | 485,927 |
| Nonmajor funds | - - | - - | 655,956 | 655,956 |
| Total governmental activities | <u>101,357</u> | <u>- -</u> | <u>2,791,524</u> | <u>2,892,881</u> |
| Business-type Activities | | | | |
| Major funds | | | | |
| Wastewater Utility Fund | 1,050,316 | 27,304,678 | 103,261 | 28,458,255 |
| Plantation Yacht Harbor Marina | 12,618 | - - | - - | 12,618 |
| Nonmajor funds | - - | - - | 19,946 | 19,946 |
| Total business-type activities | <u>1,062,934</u> | <u>27,304,678</u> | <u>123,207</u> | <u>28,490,819</u> |
| Total primary government | <u>\$ 1,164,291</u> | <u>\$ 27,304,678</u> | <u>\$ 2,914,731</u> | <u>\$ 31,383,700</u> |

Special assessment receivables are net of an allowance for uncollectible accounts in the amount of \$1,137,695. All other receivables are deemed fully collectible by the Village.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2020, was as follows:

| | Balance October 1 | Increases | Decreases | Transfers | Balance September 30 |
|--|-----------------------------|--------------------------|--------------------------|--------------------|-----------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 25,847,044 | \$ 562,744 | \$ - | \$ - | \$ 26,409,788 |
| Construction in progress | 2,000,234 | 864,309 | (390) | (2,025,226) | 838,927 |
| Total capital assets, not being depreciated | <u>27,847,278</u> | <u>1,427,053</u> | <u>(390)</u> | <u>(2,025,226)</u> | <u>27,248,715</u> |
| Capital assets, being depreciated | | | | | |
| Land improvements | 674,842 | 21,479 | - | - | 696,321 |
| Buildings and improvements | 10,581,967 | 42,538 | - | - | 10,624,505 |
| Improvements other than buildings | 4,909,618 | 80,727 | (7,682) | - | 4,982,663 |
| Infrastructure | 8,481,930 | 34,150 | - | 2,025,226 | 10,541,306 |
| Equipment and furniture | 3,811,312 | 235,413 | (11,942) | - | 4,034,783 |
| Vehicles | 3,682,231 | 171,513 | (153,416) | - | 3,700,328 |
| Total capital assets, being depreciated | <u>32,141,900</u> | <u>585,820</u> | <u>(173,040)</u> | <u>2,025,226</u> | <u>34,579,906</u> |
| Less accumulated depreciation for | | | | | |
| Land improvements | (628,582) | (10,769) | - | - | (639,351) |
| Buildings and improvements | (3,434,622) | (292,827) | - | - | (3,727,449) |
| Improvements other than buildings | (3,988,645) | (190,915) | 6,724 | - | (4,172,836) |
| Infrastructure | (6,819,434) | (280,447) | - | - | (7,099,881) |
| Equipment and furniture | (2,476,540) | (303,870) | 11,908 | - | (2,768,502) |
| Vehicles | (2,291,675) | (150,321) | 153,416 | - | (2,288,580) |
| Total accumulated depreciation | <u>(19,639,498)</u> | <u>(1,229,149)</u> | <u>172,048</u> | <u>-</u> | <u>(20,696,599)</u> |
| Total capital assets, being depreciated, net | <u>12,502,402</u> | <u>(643,329)</u> | <u>(992)</u> | <u>2,025,226</u> | <u>13,883,307</u> |
| Governmental activities capital assets, net | <u><u>\$ 40,349,680</u></u> | <u><u>\$ 783,724</u></u> | <u><u>\$ (1,382)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 41,132,022</u></u> |

Depreciation expense was charged to the governmental activities as follows:

| Governmental Activities | |
|---|----------------------------|
| General government | \$ 217,838 |
| Public safety | 340,311 |
| Physical environment | 382,444 |
| Culture and recreation | 288,556 |
| Total depreciation expense, governmental activities | <u><u>\$ 1,229,149</u></u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2020, was as follows:

| | Balance October 1 | Increases | Decreases | Transfers | Balance September 30 |
|--|----------------------|-----------------------|-------------|--------------------|-------------------------|
| Business-type Activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 1,061,948 | \$ - | \$ - | \$ - | \$ 1,061,948 |
| Construction in progress | 920,336 | 1,265,160 | - | (2,027,324) | 158,172 |
| Total capital assets, not being depreciated | <u>1,982,284</u> | <u>1,265,160</u> | <u>-</u> | <u>(2,027,324)</u> | <u>1,220,120</u> |
| Capital assets, being depreciated | | | | | |
| Land improvements | 173,588 | - | - | - | 173,588 |
| Buildings and improvements | 882,631 | - | - | - | 882,631 |
| Improvements other than buildings | 2,400,139 | - | - | - | 2,400,139 |
| Infrastructure | 166,182,497 | 527,580 | - | 2,027,324 | 168,737,401 |
| Equipment and furniture | 1,819,706 | 8,375 | - | - | 1,828,081 |
| Vehicles | 298,450 | - | - | - | 298,450 |
| Total capital assets, being depreciated | <u>171,757,011</u> | <u>535,955</u> | <u>-</u> | <u>2,027,324</u> | <u>174,320,290</u> |
| Less accumulated depreciation for | | | | | |
| Land improvements | (163,616) | (5,544) | - | - | (169,160) |
| Buildings and improvements | (302,100) | (21,879) | - | - | (323,979) |
| Improvements other than buildings | (572,475) | (51,418) | - | - | (623,893) |
| Infrastructure | (24,229,329) | (5,720,255) | - | - | (29,949,584) |
| Equipment and furniture | (1,101,960) | (91,675) | - | - | (1,193,635) |
| Vehicles | (34,055) | (33,686) | - | - | (67,741) |
| Total accumulated depreciation | <u>(26,403,535)</u> | <u>(5,924,457)</u> | <u>-</u> | <u>-</u> | <u>(32,327,992)</u> |
| Total capital assets, being depreciated, net | <u>145,353,476</u> | <u>(5,388,502)</u> | <u>-</u> | <u>2,027,324</u> | <u>141,992,298</u> |
| Business-type activities capital assets, net | <u>\$147,335,760</u> | <u>\$ (4,123,342)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 143,212,418</u> |

Depreciation expense was charged to the business-type activities as follows:

Business-type Activities

| | |
|---|----------------------------|
| Plantation Yacht Harbor Marina | \$ 188,930 |
| Wastewater Utility | 5,691,269 |
| Stormwater Utility | 44,258 |
| Total depreciation expense, business-type activities | <u>\$ 5,924,457</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 6 – INTERFUND BALANCES

Due from/to other funds generally represent temporary cash deficits. Balances as of September 30, 2020, were as follows:

| | Due From Other Funds | Due to Other Funds |
|-----------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 408,447 | \$ - |
| Wastewater Fund | - 14,456 | 14,456 |
| Nonmajor Governmental Funds | 14,456 | 355,926 |
| Nonmajor Business-Type Fund | - 52,521 | 52,521 |
| | <hr/> <u>\$ 422,903</u> | <hr/> <u>\$ 422,903</u> |

Interfund transfers between funds for the year ended September 30, 2020, were as follows:

| | Transfers In | Transfers Out |
|-------------------------------------|---------------------------|---------------------------|
| Governmental Activities | | |
| Major Funds | | |
| General Fund | \$ - | \$ 3,093,573 |
| Debt Service Fund | 3,356,102 | - |
| Capital Projects Fund | 527,300 | 91,533 |
| Nonmajor Funds | - | 804,285 |
| Business-type Activities | | |
| Major Funds | | |
| Plantation Yacht Harbor Marina Fund | - | - |
| Wastewater Utility Fund | 105,989 | - |
| Total | <hr/> <u>\$ 3,989,391</u> | <hr/> <u>\$ 3,989,391</u> |

Because the Village's governmental debt is secured by discretionary sales surtax levied to fund infrastructure capital projects, a transfer of \$539,829 occurred from the Transportation Fund to the Debt Service Fund. In addition, \$2,816,273 was transferred from the General Fund to the Debt Service Fund to fund long-term debt payments. Transfers of \$277,300 and \$250,000 were made from the General Fund and Affordable Housing Funds, respectively, to the Capital Projects Fund to fund capital expenditures. Finally, transfers of \$91,533 and \$14,456 were made from the Capital Projects and Affordable Housing Funds, respectively, were made to the Wastewater Utility Fund for costs related to the wastewater project.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of changes in governmental activities long-term debt for the year ended September 30, 2020:

| Governmental Activities | Balance | Additions | Reductions | Balance | Due Within One Year |
|-------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| | October 1 | | | September 30 | |
| Bonds Payable | | | | | |
| Series 2012 | \$ 2,173,617 | \$ - | \$ (259,219) | \$ 1,914,398 | \$ 264,947 |
| Series 2013 | 4,165,000 | - | (385,000) | 3,780,000 | 395,000 |
| Line of Credit | 2,500,000 | - | (2,500,000) | - | - |
| Compensated absences | 891,651 | 452,340 | (339,623) | 1,004,368 | 396,637 |
| Net pension liability | 9,850,542 | 5,107,483 | (2,363,947) | 12,594,078 | - |
| Total OPEB liability | 93,743 | 25,226 | (772) | 118,197 | - |
| Total governmental activities | <u>\$ 19,674,553</u> | <u>\$ 5,585,049</u> | <u>\$ (5,848,561)</u> | <u>\$ 19,411,041</u> | <u>\$ 1,056,584</u> |

Typically, compensated absences, the net pension liability, and other post-employment benefits are liquidated with funds from the General Fund.

Long-term debt of the governmental activities at September 30, 2020, is composed of the following bonds payable:

| <u>Capital Improvement Refunding Revenue Bond, Series 2012</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| The Village issued bonds in the amount of \$2,392,749 to refund \$2,332,600 of outstanding Public Improvement Revenue Bonds, Series 2007, plus accrued interest and issuance costs. Principal and interest at 2.210% is payable semi-annually on December 1 and June 1 through June 2027. The bonds are secured by, and payable from, the Village's portion of the one-cent governmental infrastructure surtax. | \$ 1,914,398 |
| <u>Capital Improvement Revenue Bond, Series 2013</u> | |
| The Village issued bonds in the amount of \$6,000,000 to finance the cost of acquisition and construction of capital improvements to the road system and pay issuance costs. Principal and interest at 3.13% is payable semi-annually on October 1 and April 1 through October 1, 2028. The bonds are secured by, and payable from, the Village's local option gas tax revenues. | 3,780,000 |
| <u>Line of Credit</u> | |
| The Village entered into an agreement for a Line of Credit to cover the cost of operations until reimbursements from FEMA related to Hurricane Irma expenditures were received. Interest is paid monthly at a rate of 2.9%. The 13-month Line of Credit maturity date is November 26, 2019, and the Line of Credit was paid off and closed on October 30, 2019. | - |
| | <u>\$ 5,694,398</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for outstanding bonds for governmental activities are as follows:

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|----------------------------|--------------------------|----------------------------|
| 2021 | \$ 659,947 | \$ 178,848 | \$ 838,795 |
| 2022 | 680,803 | 157,873 | 838,676 |
| 2023 | 691,788 | 136,200 | 827,988 |
| 2024 | 717,905 | 114,109 | 832,014 |
| 2025 | 739,157 | 91,218 | 830,375 |
| 2026-2030 | <u>2,204,798</u> | <u>139,989</u> | <u>2,344,787</u> |
| | <u><u>\$ 5,694,398</u></u> | <u><u>\$ 818,237</u></u> | <u><u>\$ 6,512,635</u></u> |

The following is a summary of changes in business-type activities long-term debt for the year ended September 30, 2020:

| | Balance October 1 | Additions | Reductions | Balance September 30 | Due Within One Year |
|---------------------------------|----------------------|-------------------|-----------------------|-------------------------|------------------------|
| Business-type Activities | | | | | |
| Bonds Payable | | | | | |
| Series 2012 | \$ 2,268,336 | \$ - | \$ (269,025) | \$ 1,999,311 | \$ 274,955 |
| <i>Direct Borrowings:</i> | | | | | |
| State Revolving Fund Loans | | | | | |
| 2006 | 2,381,814 | - | (270,180) | 2,111,634 | 277,626 |
| 2012 | 75,205,136 | - | (5,373,822) | 69,831,314 | 3,815,566 |
| Compensated absences | 72,346 | 60,713 | (34,628) | 98,431 | 36,159 |
| Net pension liability | 559,198 | 289,936 | (134,191) | 714,943 | - |
| Total OPEB liability | 8,832 | 2,376 | (71) | 11,137 | - |
| Total governmental activities | <u>\$ 80,495,662</u> | <u>\$ 353,025</u> | <u>\$ (6,081,917)</u> | <u>\$ 74,766,770</u> | <u>\$ 4,404,306</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Long-term debt of the business-type activities at September 30, 2020, is composed of the following bonds payable:

| | <u>Business-type Activities</u> |
|--|---|
| <u>Capital Improvement Refunding Revenue Bond, Series 2012</u> | |
| The Village issued bonds in the amount of \$3,931,877 to refund \$2,492,276 of outstanding Special Assessment Improvement Bonds, Series 2006, \$104,288 of outstanding Public Improvement Revenue Bonds, Series 2007, and \$1,175,198 of outstanding Capital Improvement Revenue Bonds, Series 2009, plus accrued interest and issuance costs. Principal and interest at 2.210% is payable semi-annually on December 1 and June 1 through June 2027. The bonds are secured by, and payable from, the Village's portion of the one-cent governmental infrastructure surtax. | \$ 1,999,311 |
| <u>2006 State Revolving Fund Loan Program</u> | |
| The Village entered into a loan agreement with the State Department of Environmental Protection Clean Water Revolving Fund Loan program to borrow funds to finance the engineering and design of a wastewater collection system in the amount of \$5,219,564 (including capitalized interest and service fees). The combined interest and grant allocation assessment for this agreement is fixed as 2.92%. Principal and interest payments in the amount of \$166,769 are payable semi-annually on January 15 and July 15 through July 15, 2027. The loan is secured by assessments and annual revenues derived from the operation of the sewer system. | 2,111,634 |
| <u>2012 State Revolving Fund Loan Program</u> | |
| The Village entered into a loan agreement with the State Department of Environmental Protection Clean Water State Revolving Fund program to borrow funds to finance the design and construction of a wastewater collection system. As of September 30, 2013, the approved loan amount was \$47,799,014, including capitalized interest, and \$22,502,437 had been borrowed to date. The combined interest and grant allocation assessment for this agreement is 2.33%. Payments will begin June 15, 2016, and semi-annually thereafter on December 15 and June 15 until paid in full. The loan is secured by assessments and annual revenues derived from the operation of the sewer system. | <u>69,831,314</u> <u>\$ 73,942,259</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the outstanding debt of the business-type activities as of September 30, 2020, is as follows:

| Bonds | | | | |
|--------------------------------------|---------------------|-------------------|---------------------|--|
| Year Ending September 30, | Principal | Interest | Total | |
| 2021 | \$ 274,955 | \$ 44,054 | \$ 319,009 | |
| 2022 | 281,015 | 37,974 | 318,989 | |
| 2023 | 287,204 | 31,762 | 318,966 | |
| 2024 | 293,529 | 25,411 | 318,940 | |
| 2025 | 299,990 | 18,920 | 318,910 | |
| 2026-2027 | 562,618 | 17,830 | 580,448 | |
| | \$ 1,999,311 | \$ 175,951 | \$ 2,175,262 | |

| Notes Payable from Direct Borrowings | | | | |
|---|----------------------|----------------------|----------------------|--|
| Year Ending September 30, | Principal | Interest | Total | |
| 2021 | \$ 4,093,192 | \$ 1,905,246 | \$ 5,998,438 | |
| 2022 | 4,199,914 | 1,806,176 | 6,006,090 | |
| 2023 | 4,309,463 | 1,704,487 | 6,013,950 | |
| 2024 | 4,421,918 | 1,600,111 | 6,022,029 | |
| 2025 | 4,537,355 | 1,492,975 | 6,030,330 | |
| 2026-2030 | 23,493,018 | 5,755,904 | 29,248,922 | |
| 2031-2035 | 25,985,802 | 2,618,561 | 28,604,363 | |
| 2036 | 902,286 | 109,525 | 1,011,811 | |
| | \$ 71,942,948 | \$ 16,992,985 | \$ 88,935,933 | |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 8 – FUND BALANCE

Fund balance as of September 30, 2020, consists of the following:

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total |
|-------------------------------------|---------------------|--------------------------|-----------------------------------|----------------------|
| Nonspendable | | | | |
| Prepays | \$ 123,113 | \$ - | \$ - | \$ 123,113 |
| Deposits | 110 | - | - | 110 |
| Total nonspendable | 123,223 | - | - | 123,223 |
| Restricted | | | | |
| Police training | 63,390 | - | - | 63,390 |
| Capital projects | - | 3,928,356 | - | 3,928,356 |
| Canal debris program | - | - | 448,118 | 448,118 |
| Total restricted | 63,390 | 3,928,356 | 448,118 | 4,439,864 |
| Committed | | | | |
| Landscape mitigation | 325,056 | - | - | 325,056 |
| Building code enforcement training | 172,688 | - | - | 172,688 |
| Affordable housing | - | - | 258,895 | 258,895 |
| Fire rescue projects | - | 362,639 | - | 362,639 |
| Park projects | - | 1,359,362 | - | 1,359,362 |
| Transportation projects | - | 483,706 | - | 483,706 |
| Solid waste projects and operations | - | - | 78,326 | 78,326 |
| Total committed | 497,744 | 2,205,707 | 337,221 | 3,040,672 |
| Unassigned | | | | |
| Total fund balance | \$ 7,576,940 | \$ 6,134,063 | \$ 472,595 | \$ 14,183,598 |

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description – The Village provides healthcare benefits through a single-employer defined benefit plan (the “Plan”) administered by the Village. Pursuant to the provisions of Section 112.0801, *Florida Statutes*, former employees and eligible dependents who retire from the Village may continue to participate in the Village’s self-funded health and hospitalization plans for medical and prescription drug coverage. The Village subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The Plan does not issue a stand-alone financial report, but a valuation report is prepared by an actuary in accordance with Governmental Accounting Standards Board Statement No. 75 (GASB 75). The results of this valuation were based on a measurement date of September 30, 2019, and are applicable to the fiscal year ending September 30, 2020.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by the Benefit Terms – At September 30, 2018, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

| | |
|------------------------------|------------|
| Retirees and beneficiaries | - |
| Inactive, nonretired members | - |
| Active plan members | 101 |
| Total | <u>101</u> |

Benefits Provided – A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. At age 65, Medicare becomes the primary insurance.

The Village's total OPEB liability was determined by an actuarial valuation as of September 30, 2018, updated to September 30, 2019, using the following assumptions:

| | |
|-------------------------|-------------------|
| Inflation rate | 2.50% |
| Salary increase rate(s) | Varies by service |
| Discount rate | 3.58% |
| Initial trend rate | 8.00% |
| Ultimate trend rate | 4.00% |
| Years to ultimate | 56 |

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Millimnan's July 1, 2018, Florida Retirement System (FRS) valuation report.

Mortality - Active Lives: For female lives, 100% of the Combined Healthy White-Collar table was used. For male (non-special risk) lives, a 50% Combined Healthy White-Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives, a 10% Combined Healthy White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Mortality - Inactive Healthy Lives: For female lives, 100% of the Annuitant White-Collar table was used. For male (non-special risk) lives, a 50% Annuitant White-Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Mortality - Disabled Lives: For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% Disabled Female table, 40% Annuitant White Collar table with no setback blend was used. For male (non-special risk) lives, 100% of the Disabled Male table was used, set back four years. For Male special risk lives, a 60% Disabled Male table, 40% Annuitant White Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvements.

Discount Rate: Given the Village's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability of the Village – The changes in the total OPEB liability of the Village for the year ended September 30, 2020, were as follows:

| | Total OPEB Liability |
|--------------------------------------|--------------------------|
| Balances at September 30, 2019 | \$ 102,575 |
| Changes for the year: | |
| Service cost | 17,113 |
| Interest on the total OPEB liability | 4,986 |
| Changes of assumptions | 5,501 |
| Benefit payments | <u>(841)</u> |
| Net changes | <u>26,759</u> |
| Balances at September 30, 2020 | <u><u>\$ 129,334</u></u> |

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2019, to 3.58% for the reporting period ended September 30, 2020.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| | | Current | |
|----------------------|-------------|---------------|-------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Total OPEB liability | \$ 138,543 | \$ 129,334 | \$ 120,204 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Village, as well as what the Village's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rate:

| | | Current | |
|----------------------|------------|-----------------|------------|
| | | Healthcare Cost | |
| Total OPEB liability | \$ 109,471 | \$ 129,334 | \$ 153,376 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended September 30, 2020, the Village will recognize OPEB expense of \$26,719.

On September 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferre<u>d</u></u> <u>Outflows of</u> <u>Resources</u> | <u>Deferre<u>d</u></u> <u>Inflows of</u> <u>Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ - | \$ 204 |
| Changes in assumptions and other inputs | 8,787 | 5,984 |
| Village contributions subsequent to the measurement date | 3,408 | - |
| Total | <u><u>\$ 12,195</u></u> | <u><u>\$ 6,188</u></u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The deferred outflows of resources related to the total OPEB liability, totaling \$3,408 resulting from benefits paid subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended September 30, | |
|--------------------------|-----------------|
| 2021 | \$ 120 |
| 2022 | 120 |
| 2023 | 120 |
| 2024 | 120 |
| 2025 | 121 |
| Thereafter | 1,998 |
| Total | <u>\$ 2,599</u> |

NOTE 10 – EMPLOYEE BENEFIT PLANS

Islamorada, Village of Islands' Money Purchase Plan is a defined contribution plan that was established by the Village and is administered by Nationwide Retirement Solutions, Inc. to provide benefits at retirement for certain Village employees who did not convert to the Florida Retirement System (FRS) when it became available in January 2016. New enrollments into this plan are not permissible; therefore, participant numbers and contribution amounts decline as employees in the plan leave employment with the Village. Plan revisions and contribution requirements are established and may be amended by the Village Council. Effective October 1, 2011, the Village Council agreed that the Village would make 4% employer contributions to the plan for non-fire rescue personnel. For the fiscal years ended September 30, 2020 and 2019, the Village contributed approximately \$17,782 and \$19,422, respectively, to this plan. Plan members do not make contributions to the plan. Effective October 1, 2011, the term of vesting for new participants was increased to two years from anniversary date.

As part of the Village Manager's contract and the Village Attorney's contracts, the Village makes 10% contributions to a 457 plan on their behalf up to a maximum limit established by the Internal Revenue Service. For the year ended September 30, 2020, the Village contributed \$36,840 to the plan.

The Village offers its employees two optional deferred compensation plans – one through Nationwide Retirement Solutions, Inc., and another through ING. The Village has adopted the provision of IRS Code Section 457(g) and GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*. Under these provisions, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the Village's financial statements.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Florida Retirement System (FRS)

General Information – The Village provides contributions to the Florida Retirement System for its employees. As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”).

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating village or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition, to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2019 through June 30, 2020, and July 1, 2020 through September 30, 2020, were as follows: Regular Class 8.47% and 10%, Senior Management 25.41% and 27.29%, Special Risk Employee Class 25.48% and 24.45%, Elected Officials 48.82% and 49.18%, and DROP Participants 14.60% and 16.98%.

The Village's contributions to the Pension Plan totaled \$882,204 for the fiscal year ended September 30, 2020.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the Village reported a liability of \$10,997,730 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Village's proportionate share of the net pension liability was based on the Village's 2019-2020 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. At June 30, 2020, the Village's proportionate share was 0.02537461%, which was a decrease of 0.00109808% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$2,630,714. 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 |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 420,905 | \$ - |
| Assumption changes | 1,990,939 | - |
| Net difference between projected and actual earnings on Pension Plan investments | 654,815 | - |
| Changes in proportion and differences between Village Pension Plan contributions and proportionate share of contributions | 885,974 | 116,479 |
| Village Pension Plan contributions subsequent to the measurement date | 220,333 | - |
| Total | <u>\$ 4,172,966</u> | <u>\$ 116,479</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

The deferred outflows of resources related to the Pension Plan, totaling \$220,333 resulting from Village contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending | |
|--------------------|---------------------|
| September 30: | Amount |
| 2021 | \$ 790,538 |
| 2022 | 1,231,217 |
| 2023 | 1,046,530 |
| 2024 | 625,620 |
| 2025 | 142,249 |
| Thereafter | - |
| Total | <u>\$ 3,836,154</u> |

Actuarial Assumptions – The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.40 % |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 6.80%, net of pension plan investment expense, including inflation |

Mortality rates were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report.

The actuarial assumptions used in valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown on the following page. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation ⁽¹⁾ | Annual Arithmetic Return | Annual (Geometric) Return | Compound Standard Deviation |
|--------------------------|----------------------------------|--------------------------|---------------------------|-----------------------------|
| Cash | 1.00% | 2.20% | 2.20% | 1.20% |
| Fixed income | 19.00% | 3.00% | 2.90% | 3.50% |
| Global equity | 54.20% | 8.00% | 6.70% | 17.10% |
| Real estate | 10.30% | 6.40% | 5.80% | 11.70% |
| Private equity | 11.10% | 10.80% | 8.10% | 25.70% |
| Strategic investments | <u>4.40%</u> | 5.50% | 5.30% | 6.90% |
| Total | <u>100.00%</u> | | | |
| Assumed Inflation - Mean | | | 2.40% | 1.70% |

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

Discount Rate – The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Village's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

| | Current | | |
|--|-------------|---------------|-------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (5.80%) | (6.80%) | (7.80%) |

| | | | |
|--|---------------|---------------|--------------|
| Village's proportionate share of the net pension liability | \$ 14,452,121 | \$ 10,997,730 | \$ 3,272,542 |
|--|---------------|---------------|--------------|

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position – Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2020, the Village reported a payable in the amount of \$2,615 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2020.

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period October 1, 2019 through June 30, 2020, and from July 1, 2020 through September 30, 2020, was 1.66%. The Village contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Village's contributions to the HIS Plan totaled \$111,575 for the fiscal year ended September 30, 2020.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the Village reported a liability of \$2,311,291 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Village's proportionate share of the net pension liability was based on the Village's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the Village's Proportionate share was 0.018929748%, which was an increase of 0.00061291% from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$373,451. In addition, the Village reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|----------------|--|----------------|
| | \$ | 94,546 | \$ | 1,783 |
| Differences between expected and actual experience | | | | |
| Assumption changes | | 248,530 | | 134,393 |
| Net difference between projected and actual earnings on HIS Plan investments | | 1,845 | | - |
| Changes in proportion and differences between Village HIS Plan contributions and proportionate share of contributions | | 558,950 | | - |
| Village HIS Plan contributions subsequent to the measurement date | | 26,705 | | - |
| Total | \$ | 930,576 | \$ | 136,176 |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

The deferred outflows of resources related to the HIS Plan, totaling \$26,705 resulting from Village contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Fiscal Year Ending | |
|--------------------|--------------------------|
| September 30: | Amount |
| 2021 | \$ 212,465 |
| 2022 | 157,602 |
| 2023 | 43,065 |
| 2024 | 100,001 |
| 2025 | 136,169 |
| Thereafter | <u>118,394</u> |
| Total | <u><u>\$ 767,695</u></u> |

Actuarial Assumptions – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|-------------------------------------|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 2.21% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Sensitivity of the Village's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the Village's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

| | Current | | |
|---|--------------|---------------|--------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| | (1.21%) | (2.21%) | (3.21%) |
| Village's proportionate share of the net pension liability | \$ 2,339,576 | \$ 2,311,291 | \$ 1,807,846 |

Pension Plan Fiduciary Net Position – Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2020, the Village reported a payable in the amount of \$10,365 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

NOTE 11 – RISK MANAGEMENT AND INSURANCE

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 commercial insurance is carried. Specifically, the Village purchases commercial insurance for property, medical benefits, workers' compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The Village is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$100,000 - \$200,000 for all claims relating to the same incident. There were no settlements that exceeded insurance coverage in the last three years.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Contingencies:

There are various claims and legal actions pending against the Village for which no provision has been made in the financial statements. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, based the advice of the Village Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Commitments:

The Village entered into a construction contract with Island Village Construction, Inc., for a project to build a boardwalk, trails and paths, a kayak and canoe landing, and parking area for the Key Tree Cactus Preserve in accordance with its management plan. The total contract amount is \$640,894. As of September 30, 2019, the remaining amount to complete the contract is \$274,339.

Agreement for Police Services:

The Village has had contracts with the Monroe County Sheriff's Office for the provision of professional police services since incorporation. On August 8, 2019, the Village Council adopted Resolution No. 19-08-60 to approve a five-year contract with the Monroe County Sheriff's Office and the Monroe County Board of County Commissioners for police services from October 1, 2019 through September 30, 2024. Costs for local police services under this contract for the year ended September 30, 2020, were \$2,079,926.

Agreement for Solid Waste Collection Services:

On November 14, 2013, the Village entered into a contract with Advanced Disposal Services Solid Waste Southeast, Inc. to provide residential and commercial solid waste, yard waste and recycling collection and disposal services for the period from January 1, 2014 through December 31, 2023. Costs for solid waste, yard waste and recycling collection and disposal services under this contract for the year ended September 30, 2020, were \$1,853,533.

Other:

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions to travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on local economies. The ultimate impact of the pandemic on the Village's results of operations, financial position, and liquidity cannot be reasonably estimated at this time.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 13 – SUBSEQUENT EVENTS

Despite economic uncertainties associated with the spread of the COVID-19 Coronavirus and resulting limitations on travel and social interaction since March of 2020, the Florida Keys and Islamorada have not been negatively impacted overall. As the State of Florida eliminates related restrictions, sales tax-based revenues and development-related fees charged by the Village continue to meet or exceed budget and are indicative of increasing tourism and new development and re-development activities.

In fiscal year 2020-2021, the Village has received the major portion of its reimbursements for Hurricane Irma-related debris management costs, and the Village received CARES Act Funds leading to a healthy fund balance in the General Fund for consideration as the fiscal year 2021-2022 budget process begins. The Village's preliminary taxable value for fiscal year 2021-2022 is \$4.2 billion, an increase of \$300 million from the prior year.

On July 1, 2021, a new Village Manager will begin serving as the Village's Chief Administrative Officer allowing for an opportunity for the Village Council, Village residents and staff to work with the Village Manager in identifying priority projects and focus areas for the future and where Village resources and assets should be directed.

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REQUIRED SUPPLEMENTARY INFORMATION

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ISLAMORADA, VILLAGE OF ISLANDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|--|-------------------------|-------------------|-------------------|---------------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | | | | |
| Ad valorem | \$ 11,410,600 | \$ 11,410,600 | \$ 11,517,945 | \$ 107,345 |
| Communication services tax | 259,200 | 216,200 | 216,673 | 473 |
| Permits, fees and assessments | | | | |
| Franchise fees | 650,000 | 650,000 | 664,882 | 14,882 |
| Building permits | 1,828,000 | 1,817,000 | 2,058,549 | 241,549 |
| Intergovernmental | | | | |
| Local government one-half cent sales tax | 1,270,800 | 1,037,800 | 1,038,325 | 525 |
| State revenue sharing | 294,600 | 268,600 | 274,021 | 5,421 |
| Other | 1,574,300 | 4,806,800 | 4,965,943 | 159,143 |
| Charges for services | 788,500 | 590,900 | 659,747 | 68,847 |
| Fines and forfeitures | 123,000 | 98,000 | 134,687 | 36,687 |
| Interest | 10,000 | 10,000 | 68,292 | 58,292 |
| Miscellaneous | 52,700 | 50,500 | 51,962 | 1,462 |
| Total revenues | <u>18,261,700</u> | <u>20,956,400</u> | <u>21,651,026</u> | <u>694,626</u> |
| Expenditures | | | | |
| General government | | | | |
| Legislative | | | | |
| Personnel services | 64,600 | 64,600 | 64,590 | 10 |
| Operating | 299,000 | 234,000 | 221,237 | 12,763 |
| Total legislative | <u>363,600</u> | <u>298,600</u> | <u>285,827</u> | <u>12,773</u> |
| Village manager/Village clerk | | | | |
| Personnel services | 770,500 | 789,600 | 805,312 | (15,712) |
| Operating | 478,800 | 459,700 | 366,919 | 92,781 |
| Total Village manager/Village clerk | <u>1,249,300</u> | <u>1,249,300</u> | <u>1,172,231</u> | <u>77,069</u> |
| Finance and administrative/IT | | | | |
| Personnel services | 755,800 | 762,800 | 731,918 | 30,882 |
| Operating | 823,800 | 816,800 | 652,986 | 163,814 |
| Total finance and administrative/IT | <u>1,579,600</u> | <u>1,579,600</u> | <u>1,384,904</u> | <u>194,696</u> |
| Legal | | | | |
| Personnel services | 306,200 | 359,300 | 365,891 | (6,591) |
| Operating | 172,500 | 250,400 | 237,609 | 12,791 |
| Total legal | <u>478,700</u> | <u>609,700</u> | <u>603,500</u> | <u>6,200</u> |
| Planning and zoning | | | | |
| Personnel services | 854,700 | 848,800 | 850,601 | (1,801) |
| Operating | 244,500 | 250,400 | 190,685 | 59,715 |
| Total planning and zoning | <u>1,099,200</u> | <u>1,099,200</u> | <u>1,041,286</u> | <u>57,914</u> |
| Total general government | <u>4,770,400</u> | <u>4,836,400</u> | <u>4,487,748</u> | <u>348,652</u> |

(Continued)

ISLAMORADA, VILLAGE OF ISLANDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|--------------------------------------|-------------------------|---------------------|---------------------|---------------------------------------|
| | Original | Final | Actual | |
| Expenditures (Continued) | | | | |
| Public safety | | | | |
| Law enforcement | | | | |
| Personnel services | \$ 63,200 | \$ 61,900 | \$ 59,457 | \$ 2,443 |
| Operating | 2,152,500 | 2,183,800 | 2,177,857 | 5,943 |
| Total law enforcement | <u>2,215,700</u> | <u>2,245,700</u> | <u>2,237,314</u> | <u>8,386</u> |
| Fire control and EMS | | | | |
| Personnel services | 3,921,400 | 3,992,400 | 3,978,005 | 14,395 |
| Operating | 635,700 | 731,000 | 598,937 | 132,063 |
| Total fire control and EMS | <u>4,557,100</u> | <u>4,723,400</u> | <u>4,576,942</u> | <u>146,458</u> |
| Emergency response | | | | |
| Personnel services | - | 31,000 | 32,159 | (1,159) |
| Total emergency response | - | <u>31,000</u> | <u>32,159</u> | <u>(1,159)</u> |
| Building services | | | | |
| Personnel services | 708,200 | 709,200 | 697,085 | 12,115 |
| Operating | 200,000 | 245,100 | 219,205 | 25,895 |
| Total building services | <u>908,200</u> | <u>954,300</u> | <u>916,290</u> | <u>38,010</u> |
| Total public safety | <u>7,681,000</u> | <u>7,954,400</u> | <u>7,762,705</u> | <u>191,695</u> |
| Transportation | | | | |
| Road and street facilities | | | | |
| Personnel services | 797,000 | 776,200 | 795,376 | (19,176) |
| Operating | 405,000 | 425,800 | 345,283 | 80,517 |
| Total road and street facilities | <u>1,202,000</u> | <u>1,202,000</u> | <u>1,140,659</u> | <u>61,341</u> |
| Fills | | | | |
| Personnel services | 47,600 | 108,100 | 109,447 | (1,347) |
| Operating | 30,000 | 30,000 | 3,118 | 26,882 |
| Total fills | <u>77,600</u> | <u>138,100</u> | <u>112,565</u> | <u>25,535</u> |
| Total transportation | <u>1,279,600</u> | <u>1,340,100</u> | <u>1,253,224</u> | <u>86,876</u> |
| Culture and recreation | | | | |
| Personnel services | 1,070,600 | 1,073,600 | 915,692 | 157,908 |
| Operating | 857,000 | 854,000 | 718,505 | 135,495 |
| Total culture and recreation | <u>1,927,600</u> | <u>1,927,600</u> | <u>1,634,197</u> | <u>293,403</u> |
| Total expenditures | <u>15,658,600</u> | <u>16,058,500</u> | <u>15,137,874</u> | <u>920,626</u> |
| Excess of revenues over expenditures | <u>2,603,100</u> | <u>4,897,900</u> | <u>6,513,152</u> | <u>1,615,252</u> |
| Other financing uses | | | | |
| Transfers out | (2,470,700) | (2,970,700) | (3,093,573) | (122,873) |
| Total other financing sources uses | <u>(2,470,700)</u> | <u>(2,970,700)</u> | <u>(3,093,573)</u> | <u>(122,873)</u> |
| Change in fund balance | 132,400 | 1,927,200 | 3,419,579 | 1,492,379 |
| Fund balance, beginning of year | 4,157,361 | 4,157,361 | 4,157,361 | - |
| Fund balance, end of year | <u>\$ 4,289,761</u> | <u>\$ 6,084,561</u> | <u>\$ 7,576,940</u> | <u>\$ 1,492,379</u> |

ISLAMORADA, VILLAGE OF ISLANDS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
FLORIDA RETIREMENT SYSTEM PENSION PLAN

| | 9/30/2020 6/30/2020 | 9/30/2019 6/30/2019 | 9/30/2018 6/30/2018 | 9/30/2017 6/30/2017 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Reporting period ending | | | | |
| Measurement date | | | | |
| Village's proportion of the FRS net pension liability | 0.02537461% | 0.02427653% | 0.02511681% | 0.02321416% |
| Village's proportionate share of the FRS net pension liability | \$ 10,997,730 | \$ 8,360,269 | \$ 7,565,313 | \$ 6,866,593 |
| Village's covered employee payroll | \$ 6,078,670 | \$ 6,432,631 | \$ 5,592,650 | \$ 5,594,675 |
| Village's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll | 180.92% | 129.97% | 135.27% | 122.73% |
| FRS Plan fiduciary net position as a percentage of the FRS total pension liability | 78.85% | 84.88% | 84.88% | 84.88% |
| FRS total pension liability | | | | |
| Reporting period ending | | | | |
| Measurement date | | | | |
| Village's proportion of the FRS net pension liability | 0.01754437% | 0.013256768% | 0.011688803% | |
| Village's proportionate share of the FRS net pension liability | \$ 4,429,967 | \$ 1,712,289 | \$ 713,189 | |
| Village's covered employee payroll | \$ 3,775,204 | \$ 2,042,187 | \$ 1,893,991 | |
| Village's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll | 117.34% | 83.85% | 37.66% | |
| FRS Plan fiduciary net position as a percentage of the FRS total pension liability | 84.88% | 92.00% | 96.09% | |
| FRS total pension liability | | | | |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

ISLAMORADA, VILLAGE OF ISLANDS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN

| | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 |
|--|--------------------|--------------------|--------------------|--------------------|
| Contractually required FRS contribution | \$ 882,204 | \$ 776,634 | \$ 675,445 | \$ 643,425 |
| FRS Contributions in relation to the contractually required FRS contribution | <u>882,204</u> | <u>776,634</u> | <u>675,445</u> | <u>643,425</u> |
| FRS Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Covered employee payroll | \$ 6,344,680 | \$ 6,282,749 | \$ 5,535,131 | \$ 5,594,675 |
| FRS Contributions as a percentage of covered employee payroll | 13.90% | 12.36% | 12.20% | 11.50% |

| | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|--|--------------------|--------------------|--------------------|
| Contractually required FRS contribution | \$ 510,264 | \$ 323,211 | \$ 256,034 |
| FRS Contributions in relation to the contractually required FRS contribution | <u>510,264</u> | <u>323,211</u> | <u>256,034</u> |
| FRS Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Covered employee payroll | \$ 3,775,204 | \$ 2,042,187 | \$ 1,893,991 |
| FRS Contributions as a percentage of covered employee payroll | 13.52% | 15.83% | 13.52% |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

ISLAMORADA, VILLAGE OF ISLANDS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
HEALTH INSURANCE SUBSIDY PENSION PLAN

| | 9/30/2020 6/30/2020 | 9/30/2019 6/30/2019 | 9/30/2018 6/30/2018 | 9/30/2017 6/30/2017 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Reporting period ending | | | | |
| Measurement date | | | | |
| Village's proportion of the HIS net pension liability | 0.018929748% | 0.018316840% | 0.017164980% | 0.010020070% |
| Village's proportionate share of the HIS net pension liability | \$ 2,311,291 | \$ 2,049,471 | \$ 1,919,894 | \$ 1,835,358 |
| Village's covered employee payroll | \$ 6,078,670 | \$ 6,432,631 | \$ 5,592,650 | \$ 5,594,675 |
| Village's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll | 38.02% | 31.86% | 34.33% | 32.81% |
| HIS Plan fiduciary net position as a percentage of the HIS total pension liability | 3.12% | 0.97% | 0.97% | 0.97% |
| Reporting period ending | | | | |
| Measurement date | | | | |
| Village's proportion of the HIS net pension liability | 0.018139398% | 0.017164980% | 0.010020070% | |
| Village's proportionate share of the HIS net pension liability | \$ 1,167,798 | \$ 641,219 | \$ 515,876 | |
| Village's covered employee payroll | \$ 3,775,204 | \$ 2,042,187 | \$ 1,893,991 | |
| Village's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll | 30.93% | 31.40% | 27.24% | |
| HIS Plan fiduciary net position as a percentage of the HIS total pension liability | 0.97% | 1.22% | 1.06% | |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

ISLAMORADA, VILLAGE OF ISLANDS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN

| | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 |
|--|--------------------|--------------------|--------------------|--------------------|
| Contractually required HIS contribution | \$ 111,575 | \$ 104,315 | \$ 93,348 | \$ 92,834 |
| HIS Contributions in relation to the contractually required HIS contribution | <u>111,575</u> | <u>104,315</u> | <u>93,348</u> | <u>92,834</u> |
| HIS Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Covered employee payroll | \$ 6,344,680 | \$ 6,282,749 | \$ 5,535,131 | \$ 5,594,675 |
| HIS Contributions as a percentage of covered employee payroll | 1.76% | 1.66% | 1.69% | 1.66% |

| | 9/30/2016 | 6/30/2015 | 6/30/2014 |
|--|--------------------|--------------------|--------------------|
| Contractually required HIS contribution | \$ 69,020 | \$ 24,034 | \$ 18,900 |
| HIS Contributions in relation to the contractually required HIS contribution | <u>69,020</u> | <u>24,034</u> | <u>18,900</u> |
| HIS Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Covered employee payroll | \$ 3,775,204 | \$ 2,042,187 | \$ 1,893,991 |
| HIS Contributions as a percentage of covered employee payroll | 1.83% | 1.18% | 1.00% |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

ISLAMORADA, VILLAGE OF ISLANDS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE VILLAGE'S
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 SEPTEMBER 30, 2020

| | 9/30/20 | 9/30/19 | 9/30/18 |
|---|-------------------|-------------------|------------------|
| | <u>9/30/19</u> | <u>9/30/18</u> | <u>9/30/17</u> |
| Reporting period end | | | |
| Measurement date | | | |
| Total OPEB liability | | | |
| Service cost | \$ 17,113 | \$ 14,228 | \$ 15,749 |
| Interest | 4,986 | 3,235 | 2,514 |
| Changes of benefit terms | - | 5,660 | - |
| Differences between expected and actual experience | - | (272) | - |
| Changes of assumptions | 5,501 | 5,300 | (9,575) |
| Benefit payments | (841) | (476) | (438) |
| Net change in total OPEB liability | 26,759 | 27,675 | 8,250 |
| Total OPEB liability - beginning | <u>102,575</u> | # <u>74,900</u> | <u>66,650</u> |
| Total OPEB liability - ending | <u>\$ 129,334</u> | <u>\$ 102,575</u> | <u>\$ 74,900</u> |
| Covered-employee payroll | \$ 6,259,497 | \$ 5,962,289 | \$ 5,335,131 |
| Total OPEB liability as a percentage of covered-employee payroll | 2.07% | 1.72% | 1.40% |

Notes to Schedule:

This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2020.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|------|-------|
| 2020 | 3.58% |
| 2019 | 4.18% |
| 2018 | 3.64% |

Benefit Payments. The Village did not provide actual net benefits paid by the Village for the fiscal year ending on September 30, 2020. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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OTHER SUPPLEMENTARY INFORMATION

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ISLAMORADA, VILLAGE OF ISLANDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

| | Special Revenue Funds | | | | Nonmajor Governmental Funds |
|-------------------------------------|-----------------------|------------------------|-------------------------------|---------------------------------|-----------------------------------|
| | Solid Waste Fund | Transportation Fund | Affordable Housing Fund | Canal Debris Removal Fund | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 243,353 | \$ - | \$ 533,724 | \$ 73,331 | \$ 850,408 |
| Due from other funds | - | - | 14,456 | - | 14,456 |
| Due from other governments | 943 | 278,455 | - | 376,558 | 655,956 |
| Total assets | <u>\$ 244,296</u> | <u>\$ 278,455</u> | <u>\$ 548,180</u> | <u>\$ 449,889</u> | <u>\$ 1,520,820</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 160,954 | \$ - | \$ 4,645 | \$ 1,771 | \$ 167,370 |
| Accrued expenditures | 459 | - | - | - | 459 |
| Due to other funds | - | 355,926 | - | - | 355,926 |
| Unearned revenue | 4,557 | - | 284,640 | - | 289,197 |
| Total liabilities | <u>165,970</u> | <u>355,926</u> | <u>289,285</u> | <u>1,771</u> | <u>812,952</u> |
| Deferred inflow of resources | | | | | |
| Unavailable revenue | - | 235,273 | - | - | 235,273 |
| Fund balances | | | | | |
| Restricted | - | - | - | 448,118 | 448,118 |
| Committed | 78,326 | - | 258,895 | - | 337,221 |
| Unassigned | - | (312,744) | - | - | (312,744) |
| Total fund balances (deficit) | <u>78,326</u> | <u>(312,744)</u> | <u>258,895</u> | <u>448,118</u> | <u>472,595</u> |
| Total liabilities and fund balances | <u>\$ 244,296</u> | <u>\$ 278,455</u> | <u>\$ 548,180</u> | <u>\$ 449,889</u> | <u>\$ 1,520,820</u> |

ISLAMORADA, VILLAGE OF ISLANDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue Funds | | | | Nonmajor Governmental Funds |
|--|------------------------------|--------------------------------|--|--|--|
| | Solid Waste Fund | Transportation Fund | Affordable Housing Fund | Canal Debris Removal Fund | |
| Revenues | | | | | |
| Taxes | \$ - | \$ 414,040 | \$ - | \$ - | \$ 414,040 |
| Permits, fees and special assessments | 1,905,642 | - | 116,731 | - | 2,022,373 |
| Intergovernmental | - | 95,693 | - | 1,842,979 | 1,938,672 |
| Interest income | 2,535 | - | 6,957 | 417 | 9,909 |
| Miscellaneous | - | - | 5,051 | - | 5,051 |
| Total revenues | <u>1,908,177</u> | <u>509,733</u> | <u>128,739</u> | <u>1,843,396</u> | <u>4,390,045</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Physical environment | 1,873,028 | - | - | 836,772 | 2,709,800 |
| Transportation | - | 157,563 | - | - | 157,563 |
| Economic environment | - | - | 15,750 | - | 15,750 |
| Total expenditures | <u>1,873,028</u> | <u>157,563</u> | <u>15,750</u> | <u>836,772</u> | <u>2,883,113</u> |
| Excess (deficiency) of revenues over (under) expenditures | 35,149 | 352,170 | 112,989 | 1,006,624 | 1,506,932 |
| Other financing uses | | | | | |
| Transfers out | - | (539,829) | (264,456) | - | (804,285) |
| Total other financing sources (uses) | <u>-</u> | <u>(539,829)</u> | <u>(264,456)</u> | <u>-</u> | <u>(804,285)</u> |
| Change in fund balances | 35,149 | (187,659) | (151,467) | 1,006,624 | 702,647 |
| Fund balances (deficit), beginning of year | 43,177 | (125,085) | 410,362 | (558,506) | (230,052) |
| Fund balances (deficit), end of year | <u>\$ 78,326</u> | <u>\$ (312,744)</u> | <u>\$ 258,895</u> | <u>\$ 448,118</u> | <u>\$ 472,595</u> |

ISLAMORADA, VILLAGE OF ISLANDS
SCHEDEULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
SOLID WASTE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|---------------------------------|-------------------------|------------------|------------------|---------------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Permits, fees and assessments | \$ 1,888,800 | \$ 1,904,250 | \$ 1,905,642 | \$ 1,392 |
| Interest income | 500 | 500 | 2,535 | 2,035 |
| Total revenues | <u>1,889,300</u> | <u>1,904,750</u> | <u>1,908,177</u> | <u>3,427</u> |
| Expenditures | | | | |
| Current | | | | |
| Physical environment | 1,891,700 | 1,892,500 | 1,873,028 | 19,472 |
| Total expenditures | <u>1,891,700</u> | <u>1,892,500</u> | <u>1,873,028</u> | <u>19,472</u> |
| Change in fund balance | (2,400) | 12,250 | 35,149 | 22,899 |
| Fund balance, beginning of year | <u>43,177</u> | <u>43,177</u> | <u>43,177</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 40,777</u> | <u>\$ 55,427</u> | <u>\$ 78,326</u> | <u>\$ 22,899</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|---|-------------------------|---------------------|---------------------|---------------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | \$ 420,000 | \$ 414,000 | \$ 414,040 | \$ 40 |
| Intergovernmental | 99,350 | 95,450 | 95,693 | 243 |
| Interest income | 200 | - | - | - |
| Total revenues | <u>519,550</u> | <u>509,450</u> | <u>509,733</u> | <u>283</u> |
| Expenditures | | | | |
| Current | | | | |
| Transportation | <u>150,000</u> | <u>158,000</u> | <u>157,563</u> | <u>437</u> |
| Total expenditures | <u>150,000</u> | <u>158,000</u> | <u>157,563</u> | <u>437</u> |
| Excess of revenues over expenditures | <u>369,550</u> | <u>351,450</u> | <u>352,170</u> | <u>720</u> |
| Other financing uses | | | | |
| Transfers out | <u>(535,000)</u> | <u>(540,000)</u> | <u>(539,829)</u> | <u>171</u> |
| Total other financing uses | <u>(535,000)</u> | <u>(540,000)</u> | <u>(539,829)</u> | <u>171</u> |
| Change in fund balance | <u>(165,450)</u> | <u>(188,550)</u> | <u>(187,659)</u> | <u>891</u> |
| Fund balance (deficit), beginning of year | <u>(125,085)</u> | <u>(125,085)</u> | <u>(125,085)</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ (290,535)</u> | <u>\$ (313,635)</u> | <u>\$ (312,744)</u> | <u>\$ 891</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
AFFORDABLE HOUSING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|---|-------------------------|-------------------|-------------------|---------------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Permits, fees and special assessments | \$ 105,000 | \$ 105,000 | \$ 116,731 | \$ 11,731 |
| Interest income | 2,000 | 2,000 | 6,957 | 4,957 |
| Miscellaneous | 5,000 | 5,000 | 5,051 | 51 |
| Total revenues | <u>112,000</u> | <u>112,000</u> | <u>128,739</u> | <u>16,739</u> |
| Expenditures | | | | |
| Economic environment | 80,000 | 80,000 | 15,750 | 64,250 |
| Total expenditures | <u>80,000</u> | <u>80,000</u> | <u>15,750</u> | <u>64,250</u> |
| Excess of revenues over expenditures | <u>32,000</u> | <u>32,000</u> | <u>112,989</u> | <u>80,989</u> |
| Other financing uses | | | | |
| Transfers out | - | (265,000) | (264,456) | 544 |
| Total other financing uses | <u>-</u> | <u>(265,000)</u> | <u>(264,456)</u> | <u>544</u> |
| Change in fund balance | 32,000 | (233,000) | (151,467) | 81,533 |
| Fund balance, beginning of year | <u>410,362</u> | <u>410,362</u> | <u>410,362</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 442,362</u> | <u>\$ 177,362</u> | <u>\$ 258,895</u> | <u>\$ 81,533</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION—BUDGET AND ACTUAL
CANAL DEBRIS REMOVAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|--|-------------------------|--------------|---------------|---------------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Intergovernmental | \$ - | 1,842,800 | \$ 1,842,979 | \$ 179 |
| Interest income | - | - | 417 | 417 |
| Total revenues | - | 1,842,800 | 1,843,396 | 596 |
| Expenditures | | | | |
| Physical environment | - | 837,400 | 836,772 | 628 |
| Total expenditures | - | 837,400 | 836,772 | 628 |
| Deficiency of revenues under expenditures | - | 1,005,400 | 1,006,624 | 1,224 |
| Other financing sources | | | | |
| Proceeds from line of credit | - | - | - | - |
| Transfers out | (500,000) | - | - | - |
| Total other financing sources | (500,000) | - | - | - |
| Change in fund balance | (500,000) | 1,005,400 | 1,006,624 | 1,224 |
| Fund balance (deficit), beginning of year | (558,506) | (558,506) | (558,506) | - |
| Fund balance (deficit), end of year | \$ (1,058,506) | \$ 446,894 | \$ 448,118 | \$ 1,224 |

ISLAMORADA, VILLAGE OF ISLANDS
SCHEDEULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|--|-------------------------|--------------------|--------------------|---------------------------------------|
| | Original | Final | Actual | |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | \$ 3,145,000 | \$ 3,145,000 | \$ 3,144,219 | \$ 781 |
| Interest | 220,200 | 220,200 | 211,883 | 8,317 |
| Total expenditures | <u>3,365,200</u> | <u>3,365,200</u> | <u>3,356,102</u> | <u>9,098</u> |
| Deficiency of revenues under expenditures | <u>(3,365,200)</u> | <u>(3,365,200)</u> | <u>(3,356,102)</u> | <u>9,098</u> |
| Other financing sources | | | | |
| Transfers in | 3,365,200 | 3,365,200 | 3,356,102 | (9,098) |
| Total other financing sources | <u>3,365,200</u> | <u>3,365,200</u> | <u>3,356,102</u> | <u>(9,098)</u> |
| Change in fund balance | - | - | - | - |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | \$ - | \$ - | \$ - | \$ - |

ISLAMORADA, VILLAGE OF ISLANDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | Variance with Final Budget |
|---|-------------------------|---------------------|---------------------|---------------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | \$ 2,453,300 | \$ 1,933,300 | \$ 1,934,203 | \$ 903 |
| Permits, fees and assessments | 267,500 | 214,500 | 218,337 | 3,837 |
| Intergovernmental | 673,900 | 154,800 | 414,923 | 260,123 |
| Interest income | 12,000 | 36,000 | 58,081 | 22,081 |
| Miscellaneous | - | 18,800 | - | (18,800) |
| Total revenues | 3,406,700 | 2,357,400 | 2,625,544 | 268,144 |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 87,000 | 102,200 | 102,148 | 52 |
| Capital outlay | 2,065,300 | 2,007,060 | 1,928,391 | 78,669 |
| Total expenditures | 2,152,300 | 2,109,260 | 2,030,539 | 78,721 |
| Excess of revenues over expenditures | 1,254,400 | 248,140 | 595,005 | 346,865 |
| Other financing sources (uses) | | | | |
| Transfers in | 140,500 | 390,500 | 527,300 | 136,800 |
| Transfers out | (1,000,000) | (1,000,000) | (91,533) | 908,467 |
| Total other financing uses | (859,500) | (609,500) | 435,767 | 1,045,267 |
| Change in fund balance | 394,900 | (361,360) | 1,030,772 | 1,392,132 |
| Fund balance, beginning of year | 5,103,291 | 5,103,291 | 5,103,291 | - |
| Fund balance, end of year | \$ 5,498,191 | \$ 4,741,931 | \$ 6,134,063 | \$ 1,392,132 |

STATISTICAL SECTION

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ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATISTICAL SECTION
For the Year Ended September 30, 2020

This part of the Islamorada, Village of Islands, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements says about the Village's overall financial health.

| | Table of Contents | Page |
|---|--|-------|
| Financial Trends | These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. | 76-80 |
| Revenue Capacity | These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax. | 81-84 |
| Debt Capacity | These schedules contain 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. | 85-89 |
| Demographic and Economic Information | These schedules offer demographic and economic indicators to help the reader understand how the environment within which the Village's financial activities takes place. | 90-91 |
| Operating Information | 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 activities it performs. | 92-94 |

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

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ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | 2011 | 2012 | 2013 ⁽¹⁾ | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 33,075,888 | \$ 32,693,895 | \$ 31,983,555 | \$ 26,946,172 | \$ 26,168,847 | \$ 26,572,055 | \$ 28,038,919 | \$ 30,946,977 | \$ 34,011,063 | \$ 35,437,624 |
| Restricted | 986,154 | 1,141,557 | 1,992,475 | 4,375,977 | 2,773,434 | 3,333,947 | 3,300,974 | 2,800,685 | 2,945,076 | 4,439,864 |
| Unrestricted | 4,688,194 | 5,345,149 | 4,786,168 | 3,148,688 | 3,440,777 | 4,511,519 | 4,259,954 | (2,714,745) | (2,714,745) | 2,074,088 |
| Total governmental activities | | | | | | | | | | |
| net position | <u>\$ 38,750,236</u> | <u>\$ 39,180,601</u> | <u>\$ 38,762,198</u> | <u>\$ 34,470,837</u> | <u>\$ 32,383,058</u> | <u>\$ 34,417,521</u> | <u>\$ 35,599,847</u> | <u>\$ 31,032,917</u> | <u>\$ 34,241,394</u> | <u>\$ 41,951,576</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 19,508,818 | \$ 22,906,007 | \$ 37,092,647 | \$ 62,679,462 | \$ 62,887,417 | \$ 65,599,655 | \$ 65,153,935 | \$ 65,576,951 | \$ 67,480,474 | \$ 69,270,159 |
| Restricted | 3,684,381 | 2,047,753 | 40,389,802 | 37,694,565 | 37,805,598 | 37,162,394 | 30,688,029 | 23,330,239 | 14,974,460 | 7,074,694 |
| Unrestricted (deficit) | 88,216 | 528,111 | (5,354,130) | (8,368,365) | (1,153,975) | 4,354,531 | 9,885,532 | 15,846,097 | 22,601,844 | 31,670,632 |
| Total business-type activities | | | | | | | | | | |
| net position | <u>\$ 23,281,415</u> | <u>\$ 25,481,871</u> | <u>\$ 72,128,319</u> | <u>\$ 92,005,662</u> | <u>\$ 99,539,040</u> | <u>\$ 107,116,580</u> | <u>\$ 105,727,496</u> | <u>\$ 104,753,287</u> | <u>\$ 105,056,778</u> | <u>\$ 108,015,485</u> |
| Total government: | | | | | | | | | | |
| Net investment in capital assets | \$ 52,584,706 | \$ 55,599,902 | \$ 69,076,202 | \$ 89,625,634 | \$ 89,056,264 | \$ 92,171,710 | \$ 93,192,854 | \$ 96,523,928 | \$ 101,491,537 | \$ 104,707,783 |
| Restricted | 4,670,535 | 3,189,310 | 42,382,277 | 42,070,542 | 40,579,032 | 40,496,341 | 33,989,003 | 26,130,924 | 17,919,536 | 11,514,558 |
| Unrestricted | 4,776,410 | 5,873,260 | (567,962) | (5,219,677) | 2,286,802 | 8,866,050 | 14,145,486 | 13,131,352 | 22,029,042 | 33,744,720 |
| Total primary government | | | | | | | | | | |
| net position | <u>\$ 62,031,651</u> | <u>\$ 64,662,472</u> | <u>\$ 110,890,517</u> | <u>\$ 126,476,499</u> | <u>\$ 131,922,098</u> | <u>\$ 141,534,101</u> | <u>\$ 141,327,343</u> | <u>\$ 135,786,204</u> | <u>\$ 141,440,115</u> | <u>\$ 149,967,061</u> |

⁽¹⁾ In 2013, net position increased significantly due to the sewer assessment resolutions that were finalized.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | 2011 | 2012 | 2013 ⁽¹⁾ | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| EXPENSES: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,523,782 | \$ 2,991,371 | \$ 3,315,610 | \$ 3,269,118 | \$ 4,820,298 | \$ 3,521,955 | \$ 4,350,392 | \$ 4,326,484 | \$ 5,177,335 | \$ 5,031,531 |
| Public safety | 4,817,666 | 4,791,810 | 5,500,953 | 6,109,484 | 5,728,730 | 6,418,351 | 8,266,762 | 15,033,000 | 8,948,989 | 9,649,603 |
| Physical environment | 3,498,516 | 3,512,410 | 2,182,733 | 2,212,768 | 2,349,359 | 1,882,482 | 1,994,621 | 2,659,957 | 4,608,651 | 2,814,151 |
| Transportation | - | - | 379,788 | 421,427 | 527,242 | 1,118,995 | 1,067,892 | 1,170,068 | 1,631,722 | 1,796,588 |
| Economic environment | - | - | 16,314 | 665 | 27,190 | 147,300 | 466,830 | 261,586 | 22,074 | 15,750 |
| Culture and recreation | 1,523,548 | 1,543,532 | 1,692,705 | 1,758,477 | 1,920,665 | 2,156,958 | 1,945,151 | 1,807,646 | 2,165,029 | 2,004,037 |
| Interest on long-term debt | 310,381 | 286,043 | 229,214 | 376,598 | 344,031 | 305,670 | 266,244 | 233,419 | 285,586 | 210,330 |
| Total governmental activities | <u>12,673,893</u> | <u>13,125,166</u> | <u>13,317,317</u> | <u>14,148,537</u> | <u>15,717,515</u> | <u>15,551,711</u> | <u>18,357,892</u> | <u>25,492,160</u> | <u>22,839,386</u> | <u>21,521,990</u> |
| Business-type activities: | | | | | | | | | | |
| Plantation Yacht Harbor Marina | 1,208,582 | 1,066,432 | 1,128,296 | 1,235,811 | 1,215,792 | 1,175,037 | 1,150,839 | 1,181,510 | 1,182,902 | 1,049,899 |
| Wastewater Utility | 2,387,297 | 2,174,584 | 2,119,785 | 2,815,724 | 4,707,772 | 5,101,708 | 12,752,792 | 11,764,339 | 11,114,975 | 10,336,653 |
| Stormwater Utility | 44,887 | 51,758 | 52,251 | 56,931 | 49,882 | 44,457 | 35,517 | 34,470 | 36,842 | 95,117 |
| Total business-type activities | <u>3,640,766</u> | <u>3,292,774</u> | <u>3,300,332</u> | <u>4,108,466</u> | <u>5,973,446</u> | <u>6,321,202</u> | <u>13,939,148</u> | <u>12,980,319</u> | <u>12,334,719</u> | <u>11,481,669</u> |
| Total governmental expenses | <u><u>\$ 16,314,659</u></u> | <u><u>\$ 16,417,940</u></u> | <u><u>\$ 16,617,649</u></u> | <u><u>\$ 18,257,003</u></u> | <u><u>\$ 21,690,961</u></u> | <u><u>\$ 21,872,913</u></u> | <u><u>\$ 32,297,040</u></u> | <u><u>\$ 38,472,479</u></u> | <u><u>\$ 35,174,105</u></u> | <u><u>\$ 33,003,659</u></u> |
| PROGRAM REVENUES: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 48,388 | \$ 42,226 | \$ 9,415 | \$ 1,198,570 | \$ 286,517 | \$ 434,051 | \$ 166,279 | \$ 135,000 | \$ 546,585 | \$ 57,762 |
| Public safety | 455,142 | 264,884 | 1,226,314 | 286,746 | 1,896,275 | 2,260,926 | 2,308,161 | 2,322,292 | 2,637,327 | 2,360,490 |
| Physical environment | 2,611,919 | 2,535,014 | 1,539,994 | 1,538,853 | 1,546,024 | 1,663,890 | 1,675,782 | 1,693,485 | 1,953,787 | 2,022,373 |
| Transportation | - | - | - | - | - | 8,957 | 2,000 | 35,221 | 38,051 | 32,193 |
| Economic environment | - | - | - | - | - | 5,051 | 5,051 | 5,051 | 5,051 | 5,051 |
| Culture and recreation | 403,070 | 452,495 | 422,058 | 491,184 | 549,379 | 566,564 | 571,965 | 552,167 | 729,740 | 454,500 |
| Operating grants and contributions | 132,585 | 373,673 | 148,959 | 160,056 | 106,584 | 175,257 | 300,183 | 68,171 | 5,034,895 | 5,220,455 |
| Capital grants and contributions | 84,859 | - | 273,588 | 293,240 | 507,018 | 485,026 | 1,367,086 | 2,255,249 | 3,838,081 | 2,159,369 |
| Total governmental activities | | | | | | | | | | |
| program revenues | <u>3,735,963</u> | <u>3,668,292</u> | <u>3,620,328</u> | <u>3,968,649</u> | <u>4,891,797</u> | <u>5,599,722</u> | <u>6,396,507</u> | <u>7,066,636</u> | <u>14,783,517</u> | <u>12,312,193</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Plantation Yacht Harbor Marina | 1,014,076 | 1,016,185 | 1,113,144 | 1,303,384 | 1,306,232 | 1,316,060 | 1,273,723 | 1,398,850 | 1,460,971 | 1,343,776 |
| Wastewater Utility | 973,037 | 946,933 | 937,214 | 1,029,352 | 1,265,174 | 5,741,322 | 6,500,404 | 6,242,365 | 6,341,867 | 6,716,955 |
| Stormwater Utility | - | - | 47,076 | 99,679 | 195,959 | 191,482 | 186,258 | 190,543 | 189,525 | 190,662 |
| Capital grants and contributions | 6,232,989 | 3,123,476 | 27,578,804 | 15,868,777 | 6,809,610 | 4,051,219 | 2,717,782 | 2,281,205 | 2,408,159 | 3,935,649 |
| Total business-type activities | | | | | | | | | | |
| program revenues | <u>8,220,102</u> | <u>5,086,594</u> | <u>29,676,238</u> | <u>18,301,192</u> | <u>9,576,975</u> | <u>11,300,083</u> | <u>10,678,167</u> | <u>10,112,963</u> | <u>10,400,522</u> | <u>12,187,042</u> |
| Total program revenues | <u><u>\$ 11,956,065</u></u> | <u><u>\$ 8,754,886</u></u> | <u><u>\$ 33,296,566</u></u> | <u><u>\$ 22,269,841</u></u> | <u><u>\$ 14,468,772</u></u> | <u><u>\$ 16,899,805</u></u> | <u><u>\$ 17,074,674</u></u> | <u><u>\$ 17,179,599</u></u> | <u><u>\$ 25,184,039</u></u> | <u><u>\$ 24,499,235</u></u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(continued)

| | 2011 | 2012 | 2013 ⁽¹⁾ | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|
| NET (EXPENSE)/REVENUE: | | | | | | | | | | |
| Governmental activities | \$ (8,937,930) | \$ (9,456,874) | \$ (9,696,989) | \$ (10,179,888) | \$ (10,825,718) | \$ (9,951,989) | \$ (11,961,385) | \$ (18,425,524) | \$ (8,055,869) | \$ (9,209,797) |
| Business-type activities | 4,579,336 | 1,793,820 | 26,375,906 | 14,192,726 | 3,603,529 | 4,978,881 | (3,260,981) | (2,867,356) | (1,934,197) | 705,373 |
| Total net expense | <u>\$ (4,358,594)</u> | <u>\$ (7,663,054)</u> | <u>\$ 16,678,917</u> | <u>\$ 4,012,838</u> | <u>\$ (7,222,189)</u> | <u>\$ (4,973,108)</u> | <u>\$ (15,222,366)</u> | <u>\$ (21,292,880)</u> | <u>\$ (9,990,066)</u> | <u>\$ (8,504,424)</u> |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 6,350,518 | \$ 6,000,543 | \$ 6,010,989 | \$ 6,066,519 | \$ 6,024,109 | \$ 6,230,467 | \$ 6,230,467 | \$ 8,947,561 | \$ 9,702,155 | \$ 11,517,945 |
| Other taxes | 1,178,067 | 1,146,835 | 1,259,664 | 1,287,604 | 1,781,552 | 1,933,123 | 1,933,123 | 2,068,543 | 2,354,334 | 1,934,203 |
| State revenue sharing/sales taxes | 2,521,195 | 2,643,624 | 2,797,216 | 2,757,988 | 2,494,204 | 2,557,817 | 2,557,817 | 2,843,336 | 1,358,448 | 1,295,595 |
| Investment income and miscellaneous | 1,153,956 | 84,919 | 149,739 | 163,037 | 87,673 | 12,284 | 12,284 | 24,506 | 82,889 | 136,282 |
| Transfers | (1,495,578) | (1,147,196) | (559,935) | (387,909) | (1,105,652) | (4,845,164) | (4,845,164) | (27,541) | (91,537) | (105,989) |
| Prior period adjustment | - | (369,015) | - | - | - | - | - | - | - | - |
| Total governmental activities | <u>9,708,158</u> | <u>8,359,710</u> | <u>9,657,673</u> | <u>9,887,239</u> | <u>9,281,886</u> | <u>5,888,527</u> | <u>5,888,527</u> | <u>13,856,405</u> | <u>13,406,289</u> | <u>14,778,036</u> |
| Business-type activities: | | | | | | | | | | |
| Investment income and miscellaneous | 19,155 | 41,628 | 7,191 | 18,727 | 62,751 | 2,020,460 | 2,020,460 | 1,865,391 | 2,146,151 | 2,147,345 |
| Transfers | 1,495,578 | 1,147,196 | 559,935 | 387,909 | 1,105,652 | 4,845,164 | 4,845,164 | 27,541 | 91,537 | 105,989 |
| Special assessment refund | - | (5,564,048) | - | - | - | - | - | - | - | - |
| Total business-type activities | <u>1,514,733</u> | <u>(4,375,224)</u> | <u>567,126</u> | <u>406,636</u> | <u>1,168,403</u> | <u>6,865,624</u> | <u>6,865,624</u> | <u>1,892,932</u> | <u>2,237,688</u> | <u>2,253,334</u> |
| Total general revenues | <u>\$ 11,222,891</u> | <u>\$ 3,984,486</u> | <u>\$ 10,224,799</u> | <u>\$ 10,293,875</u> | <u>\$ 10,450,289</u> | <u>\$ 12,754,151</u> | <u>\$ 12,754,151</u> | <u>\$ 15,749,337</u> | <u>\$ 15,643,977</u> | <u>\$ 17,031,370</u> |
| CHANGE IN NET POSITION: | | | | | | | | | | |
| Governmental activities | \$ 770,228 | \$ (1,097,164) | \$ (39,316) | \$ (292,649) | \$ (1,543,832) | \$ (4,063,462) | \$ (6,072,858) | \$ (4,569,119) | \$ 5,350,420 | \$ 5,568,239 |
| Business-type activities | 6,094,069 | (2,581,404) | 26,943,032 | 14,599,362 | 4,771,932 | 11,844,505 | 3,604,643 | (974,424) | 303,491 | 2,958,707 |
| Total change in net position | <u>\$ 6,864,297</u> | <u>\$ (3,678,568)</u> | <u>\$ 26,903,716</u> | <u>\$ 14,306,713</u> | <u>\$ 3,228,100</u> | <u>\$ 7,781,043</u> | <u>\$ (2,468,215)</u> | <u>\$ (5,543,543)</u> | <u>\$ 5,653,911</u> | <u>\$ 8,526,946</u> |

⁽¹⁾ In 2013, various revenues and expenses were reclassified for reporting purposes. Also, a \$20 million sewer assessment was finalized in 2013.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

| | 2011 | 2012 | 2013 ⁽¹⁾ | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | 114,186 | 123,903 | 37,607 | 43,467 | 54,239 | 186,900 | 408,416 | 258,952 | 137,034 | 123,223 |
| Restricted | - | - | 33,492 | 33,492 | 225,698 | 222,231 | 226,906 | 230,090 | 153,019 | 63,390 |
| Committed | - | - | 252,770 | 252,770 | 174,096 | 455,667 | 302,299 | 349,760 | 383,948 | 497,744 |
| Assigned | 36,835 | 174,600 | 307,839 | 307,839 | 24,010 | 58,510 | 256,940 | - | - | - |
| Unassigned | 2,974,676 | 3,240,474 | 3,045,698 | 2,763,824 | 4,124,805 | 4,621,968 | 4,525,818 | (1,412,537) | 3,483,360 | 6,892,583 |
| Total General Fund | \$ 3,125,697 | \$ 3,538,977 | \$ 3,677,406 | \$ 3,401,392 | \$ 4,602,848 | \$ 5,545,276 | \$ 5,720,379 | \$ (573,735) | \$ 4,157,361 | \$ 7,576,940 |
| All other governmental funds: | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | 231 | - | - | 14,632 | 14,495 | 669,262 | - | - |
| Restricted | 986,154 | 1,141,557 | 1,958,983 | 4,342,485 | 2,738,639 | 3,295,389 | 3,074,068 | 2,570,595 | 2,792,057 | 4,376,474 |
| Committed | 1,461,786 | 1,700,558 | 1,020,055 | 1,144,556 | 1,415,858 | 1,629,281 | 2,809,833 | 2,651,226 | 2,764,773 | 2,542,928 |
| Assigned | 7,500 | 28,799 | - | - | - | - | 152,450 | - | - | - |
| Unassigned | - | - | - | - | - | - | - | (364,322) | (683,591) | (312,744) |
| Total all other governmental funds | \$ 2,455,440 | \$ 2,870,914 | \$ 2,979,269 | \$ 5,487,041 | \$ 4,154,497 | \$ 4,939,302 | \$ 6,050,846 | \$ 5,526,761 | \$ 4,873,239 | \$ 6,606,658 |

Note: Amounts reported prior to the implementation of GASB 54 in fiscal year 2011 have not been restated.

⁽¹⁾ In 2013, various revenues and expenses were reclassified for reporting purposes. Also, a \$20 million sewer assessment was finalized in 2013.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------------|-------------------|--------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| REVENUES: | | | | | | | | | | |
| Taxes | \$ 8,470,727 | \$ 8,518,975 | \$ 8,696,316 | \$ 8,882,429 | \$ 9,466,821 | \$ 10,135,057 | \$ 11,709,533 | \$ 11,634,812 | \$ 13,220,701 | \$ 14,082,861 |
| Licenses and permits | 1,040,263 | 810,168 | 2,859,077 | 3,147,252 | 3,630,067 | 4,013,951 | 4,249,593 | 4,207,815 | 2,737,186 | 2,723,431 |
| Intergovernmental | 1,859,548 | 2,043,163 | 1,416,297 | 1,580,382 | 1,712,737 | 1,817,532 | 2,182,978 | 3,135,674 | 5,490,151 | 8,631,884 |
| Fines and forfeitures | 60,787 | 32,884 | 45,339 | 65,042 | 109,595 | 111,431 | 70,507 | 163,035 | 324,789 | 134,687 |
| Impact fees | 197,154 | 199,308 | 273,589 | 240,415 | 452,235 | 340,168 | 1,173,106 | 415,347 | 2,326,329 | 2,240,710 |
| Charges for services | 2,034,881 | 2,171,218 | 629,575 | 712,068 | 791,026 | 946,618 | 823,042 | 836,821 | 1,028,635 | 659,747 |
| Investment income | 52,340 | 46,425 | 11,987 | 12,284 | 11,323 | 10,715 | 11,941 | 24,506 | 82,889 | 136,282 |
| Miscellaneous | 1,803 | 116,119 | 63,991 | 62,468 | 281,369 | 432,602 | 164,830 | 134,451 | 548,336 | 57,013 |
| Donations and contributions | 159,877 | - | - | - | - | - | - | - | - | - |
| Total revenues | <u>13,877,380</u> | <u>13,938,260</u> | <u>13,996,171</u> | <u>14,702,340</u> | <u>16,455,173</u> | <u>17,808,074</u> | <u>20,385,530</u> | <u>20,552,461</u> | <u>25,759,016</u> | <u>28,666,615</u> |
| EXPENDITURES: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 2,295,828 | 2,643,092 | 2,996,838 | 3,164,964 | 3,184,477 | 3,373,606 | 3,836,819 | 3,858,822 | 4,527,395 | 4,487,748 |
| Public safety | 4,366,628 | 4,381,591 | 5,006,655 | 6,052,482 | 5,579,624 | 5,941,540 | 7,390,734 | 13,974,205 | 7,332,524 | 7,864,853 |
| Physical environment | 2,958,248 | 3,159,733 | 1,880,317 | 1,944,842 | 2,065,287 | 1,617,648 | 1,642,074 | 2,339,567 | 4,218,920 | 2,709,800 |
| Transportation | - | - | 379,788 | 421,427 | 527,242 | 1,118,995 | 1,067,892 | 1,168,327 | 1,627,936 | 1,410,787 |
| Economic environment | - | - | 16,314 | 665 | 27,190 | 147,300 | 466,830 | 261,586 | 22,074 | 15,750 |
| Culture and recreation | 1,031,896 | 1,080,317 | 1,244,787 | 1,430,119 | 1,497,931 | 1,772,297 | 1,673,658 | 1,525,281 | 1,798,853 | 1,634,197 |
| Capital outlay | 484,938 | 628,092 | 297,077 | 92,193 | 505,601 | 346,895 | 1,443,071 | 2,775,779 | 3,506,887 | 1,928,391 |
| Debt service: | | | | | | | | | | |
| Principal | 604,042 | 579,416 | 650,257 | 633,527 | 1,166,094 | 1,118,455 | 1,162,793 | 1,195,623 | 767,462 | 3,144,219 |
| Interest and other fiscal charges | 314,076 | 289,740 | 250,802 | 286,524 | 354,723 | 315,833 | 276,506 | 243,929 | 287,944 | 211,883 |
| Total expenditures | <u>12,055,656</u> | <u>12,761,981</u> | <u>12,722,835</u> | <u>14,026,743</u> | <u>14,908,169</u> | <u>15,752,569</u> | <u>18,960,377</u> | <u>27,343,119</u> | <u>24,089,995</u> | <u>23,407,628</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,821,724 | 1,176,279 | 1,273,336 | 675,597 | 1,547,004 | 2,055,505 | 1,425,153 | (6,790,658) | 1,669,021 | 5,258,987 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| Issuance of debt | - | - | 2,393,493 | 6,000,000 | - | - | - | - | 2,500,000 | - |
| Settlements and insurance proceeds | 1,500 | 22,627 | 18,207 | 3,725 | - | - | - | - | - | - |
| Proceeds from sale of capital assets | 750 | 17,757 | - | 32,600 | 14,606 | - | - | - | - | - |
| Proceeds from capital lease | 98,207 | - | - | 365,000 | - | - | - | - | - | - |
| Payment to refunding bond escrow agent | - | - | (2,332,600) | - | - | - | - | - | - | - |
| Transfers in | 2,527,856 | 969,156 | 840,166 | 877,402 | 1,840,454 | 1,447,091 | 1,592,416 | 1,950,299 | 1,581,374 | 3,883,402 |
| Transfers out | (3,087,791) | (1,357,065) | (1,945,818) | (5,722,566) | (3,533,152) | (1,775,363) | (1,730,922) | (1,977,840) | (1,672,911) | (3,989,391) |
| Total other financing sources (uses) | <u>(459,478)</u> | <u>(347,525)</u> | <u>(1,026,552)</u> | <u>1,556,161</u> | <u>(1,678,092)</u> | <u>(328,272)</u> | <u>(138,506)</u> | <u>(27,541)</u> | <u>2,408,463</u> | <u>(105,989)</u> |
| Net change in fund balances | <u>\$ 1,362,246</u> | <u>\$ 828,754</u> | <u>\$ 246,784</u> | <u>\$ 2,231,758</u> | <u>\$ (131,088)</u> | <u>\$ 1,727,233</u> | <u>\$ 1,286,647</u> | <u>\$ (6,818,199)</u> | <u>\$ 4,077,484</u> | <u>\$ 5,152,998</u> |
| Debt service as a percentage of non-capital expenditures | 7.93% | 7.16% | 7.25% | 6.60% | 10.56% | 9.31% | 8.22% | 5.86% | 4.38% | 15.69% |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

**LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)**

| Fiscal Year Ended September 30 | Tax Roll Year | Real Property | Personal Property | Total Net Assessed Value ⁽¹⁾ | Direct Tax Rate | Total Estimated Actual Value ⁽²⁾ | Estimated Actual Value as a % of Net Assessed Value ⁽²⁾ |
|---|----------------------|----------------------|------------------------------|--|----------------------------|--|---|
| 2011 | 2010 | 2,676,894 | 45,358 | 2,722,252 | 2.28 | n/a | n/a |
| 2012 | 2011 | 2,421,412 | 45,299 | 2,466,711 ⁽²⁾ | 2.52 | n/a | n/a |
| 2013 | 2012 | 2,412,956 | 42,805 | 2,455,761 ⁽²⁾ | 2.53 | n/a | n/a |
| 2014 | 2013 | 2,507,732 | 40,187 | 2,547,919 ⁽²⁾ | 2.53 | n/a | n/a |
| 2015 | 2014 | 2,632,453 | 34,529 | 2,547,920 | 2.53 | n/a | n/a |
| 2016 | 2015 | 2,810,656 | 36,840 | 2,666,982 | 2.65 | n/a | n/a |
| 2017 | 2016 | 2,983,365 | 39,459 | 3,022,824 | 3.00 | n/a | n/a |
| 2018 | 2017 | 3,247,655 | 37,875 | 3,285,530 | 2.80 | n/a | n/a |
| 2019 | 2018 | 3,452,332 | 46,078 | 3,498,410 | 3.02 | n/a | n/a |
| 2020 | 2019 | 3,662,107 | 52,279 | 3,714,386 | 3.20 | n/a | n/a |

Notes:

⁽¹⁾ Values are from each year's DR-420.

⁽²⁾ Property in the Village is reassessed each year. The Property Appraiser estimates a just (market) value for all types of real property. For non-homesteaded properties the just value is equal to the assessed value. For homesteaded properties, the just value is adjusted for both the Florida "Save Our Homes" valuation cap and the homestead exemption amount to arrive at the assessed value. As a result, there is no formula available to estimate the relationship between overall just (actual) value and assessed value.

Sources:

Monroe County Property Appraiser's Office and the Village Administration and Finance Department.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

| Fiscal Year | Tax Roll Year | Village of Islamorada - Operating Millage (Direct Rate) | Overlapping Rates ⁽¹⁾ | | | | | | Total Direct and Overlapping Rates |
|--------------------|----------------------|--|---|--------------------------|--|---|--------------|--|---|
| | | | Monroe County School Board | Monroe County | South Florida Water Management District | Florida Keys Mosquito Control District | Other | | |
| 2011 | 2010 | 2.28 | 3.82 | 3.35 | 0.25 | 0.46 | 0.37 | | 10.53 |
| 2012 | 2011 | 2.52 | 3.57 | 3.35 | 0.18 | 0.48 | 0.26 | | 10.36 |
| 2013 | 2012 | 2.53 | 3.65 | 3.12 | 0.18 | 0.52 | 0.26 | | 10.26 |
| 2014 | 2013 | 2.53 | 3.68 | 3.14 | 0.17 | 0.51 | 0.24 | | 10.27 |
| 2015 | 2014 | 2.53 | 3.63 | 3.13 | 0.16 | 0.48 | 0.23 | | 10.16 |
| 2016 | 2015 | 2.65 | 3.55 | 2.98 | 0.15 | 0.50 | 0.21 | | 10.16 |
| 2017 | 2016 | 3.00 | 3.48 | 2.83 | 0.14 | 0.58 | 0.19 | | 10.23 |
| 2018 | 2017 | 2.80 | 3.36 | 2.70 | 0.13 | 0.46 | 0.18 | | 9.63 |
| 2019 | 2018 | 3.02 | 3.36 | 2.70 | 0.12 | 0.46 | 0.17 | | 9.83 |
| 2020 | 2019 | 3.20 | 3.35 | 2.58 | 0.11 | 0.45 | 0.16 | | 9.85 |

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

Note: ⁽¹⁾ Overlapping rates are those of other local and county governments or entities that apply to property owners within the Village of Islamorada.

Sources: Monroe County Tax Collector's Office.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

| Fiscal Year 2020 (Tax Roll Year 2019) | | | | Fiscal Year 2011 (Tax Roll Year 2010) | | | |
|--|-----------------------------|------|---------------------------------------|---|-----------------------------|------|---------------------------------------|
| Taxpayer | Net Assessed Value | Rank | % of Total Village Net Assessed Value | Taxpayer | Net Assessed Value | Rank | % of Total Village Net Assessed Value |
| CRP Holiday Isle LLC | \$ 96,920,215 | 1 | 2.61% | Cheeca Holdings, Inc | \$ 34,129,567 | 1 | 1.25% |
| NWCL LLC (Cheeca Lodge) | 57,256,892 | 2 | 1.54% | Holiday Isle Resort & Marina | 30,570,387 | 2 | 1.12% |
| The Islander Resort (H & C Islander Resort, LLC) | 26,148,568 | 3 | 0.70% | The Islander Resort (H&C Islander Resort) | 10,641,103 | 3 | 0.39% |
| EAP Enterprises LLC | 24,616,862 | 4 | 0.66% | EDCO LTD (Hampton Inn & Suites) | 9,754,693 | 5 | 0.36% |
| RDB Industries Inc | 23,240,335 | 5 | 0.63% | OLI Development, LLC | 8,009,667 | 4 | 0.29% |
| NHC-FL 145 & FL132, LLC | 18,656,121 | 6 | 0.50% | American Caribbean Investments | 7,989,398 | 6 | 0.29% |
| Murray Timothy and Charene | 18,288,810 | 7 | 0.49% | Chesapeake Motel & Villas | 7,887,953 | 7 | 0.29% |
| American Caribbean Investments | 13,818,250 | 8 | 0.37% | City National Bank of Florida | 7,273,282 | 8 | 0.27% |
| VBFF LLC | 13,691,264 | 9 | 0.37% | EAP Enterprises, LLC | 6,092,716 | 9 | 0.22% |
| Westman Kurt | 13,672,804 | 10 | 0.37% | Alan & Susan Sankpill | 55,558,108 | 10 | 2.04% |
| | <hr/> <u>\$ 306,310,121</u> | | <hr/> <u>8.25%</u> | | <hr/> <u>\$ 177,906,874</u> | | <hr/> <u>6.54%</u> |

Source: Tax rolls provided by Monroe County Property Appraiser's Office.

ISLAMORADA, VILLAGE OF ISLANDS, 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 Years ⁽¹⁾ | Total Collections to Date | |
|---|---|---|------------------|---|----------------------------------|------------------|
| | | Amount | % of Levy | | Amount | % of Levy |
| 2011 | 6,217,351 | 6,010,989 | 96.68% | N/A | 6,010,989 | 96.68% |
| 2012 | 6,220,305 | 6,066,519 | 97.53% | N/A | 6,066,519 | 97.53% |
| 2013 | 6,220,197 | 6,024,109 | 96.85% | N/A | 6,024,109 | 96.85% |
| 2014 | 6,453,624 | 6,230,467 | 96.54% | N/A | 6,230,467 | 96.54% |
| 2015 | 6,755,199 | 6,560,162 | 97.11% | N/A | 6,560,162 | 97.11% |
| 2016 | 7,534,190 | 7,303,500 | 96.94% | N/A | 7,303,500 | 96.94% |
| 2017 | 9,068,472 | 8,831,591 | 97.39% | N/A | 8,831,591 | 97.39% |
| 2018 | 9,199,484 | 8,905,882 | 96.81% | N/A | 8,905,882 | 96.81% |
| 2019 | 10,581,641 | 10,190,202 | 96.30% | N/A | 10,190,202 | 96.30% |
| 2020 | 11,886,035 | 11,517,945 | 96.90% | N/A | 11,517,945 | 96.90% |

Note: ⁽¹⁾ This information is not available from Monroe County.

Sources: Monroe County Tax Collector's Office and Village of Islamorada Administration and Finance Department.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

| Fiscal Year Ended September 30 | Governmental Activities | | Business-Type Activities | | | % of Net Assessed Value ⁽¹⁾ | Per Capita ⁽²⁾ |
|---|--------------------------------|------------------------------------|-------------------------------------|--------------|-------|---|----------------------------------|
| | Revenue Bonds and Notes | Revenue Bonds and Notes | Loans Payable | Total | | | |
| 2011 | 7,186,267 | 7,041,915 | 3,967,810 | 18,195,992 | 0.65% | 2,960 | |
| 2012 | 6,606,853 | 6,508,811 | 3,732,545 | 16,848,209 | 0.67% | 2,733 | |
| 2013 | 6,017,489 | 6,064,966 | 4,848,749 | 16,931,204 | 0.68% | 2,634 | |
| 2014 | 11,383,961 | 15,443,688 | 46,637,695 | 73,465,344 | 0.69% | 11,826 | |
| 2015 | 10,582,952 | 11,582,948 | 81,584,976 | 103,750,876 | 2.88% | 16,737 | |
| 2016 | 9,464,353 | 4,152,778 | 90,526,956 | 104,144,087 | 3.89% | 16,792 | |
| 2017 | 8,207,640 | 3,466,324 | 88,311,873 | 99,985,837 | 3.31% | 15,806 | |
| 2018 | 7,106,080 | 2,757,920 | 83,531,114 | 93,395,114 | 2.84% | 15,592 | |
| 2019 | 8,838,617 | 2,268,336 | 77,586,950 | 88,693,903 | 2.54% | 14,280 | |
| 2020 | 5,694,399 | 1,999,312 | 71,942,946 | 79,636,657 | 2.14% | 12,443 | |

Notes:

⁽¹⁾ Total personal income amounts for Islamorada, Village of Islands separate from total for Monroe County was not available. Therefore, assessed taxable value was used as the relevant economic base.

⁽²⁾ Source for population: Bureau of Economic and Business Research (www.bebr.ufl.edu/population).

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
SEPTEMBER 30, 2020**

The Village does not have any general obligation bonds outstanding as of September 30, 2020.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2020

The Village Charter and the Constitution of the State of Florida, Florida State Statute 200.181, do not provide for a legal debt limit.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

| Fiscal Year Ended September 30, | Improvement Revenue Notes and Bonds | | | | | | | Debt Service | | |
|------------------------------------|--|--|--|---|--|---|--------------------------|--------------|-----------|----------|
| | Local Government Infrastructure Tax | Local Government Half Cent Sales Tax (2) | 1st and 2nd Local Option Gas Taxes (5) | Wastewater Special Assessments ⁽³⁾ | Marina Operating Revenues ⁽¹⁾ | Less Marina Operating Expenses ⁽⁴⁾ | Net Available Revenue | Principal | Interest | Coverage |
| 2011 | 1,700,862 | 917,261 | - | 398,927 | 1,014,075 | (871,416) | 3,159,709 | 1,342,680 | 747,424 | 1.51 |
| 2012 | 1,674,732 | 898,542 | - | 449,290 | 1,017,544 | (733,350) | 3,306,758 | 1,347,977 | 699,334 | 1.62 |
| 2013 | 1,781,552 | 951,618 | - | 1,585,519 | 1,139,143 | (812,446) | 4,645,386 | 1,488,031 | 628,835 | 2.19 |
| 2014 | 1,933,123 | 1,030,975 | - | 175,218 | 1,335,278 | (938,595) | 3,535,999 | 1,254,806 | 282,926 | 2.30 |
| 2015 | 2,165,932 | 1,105,954 | 514,820 | 631,939 | 1,341,554 | (929,551) | 4,315,828 | 1,947,930 | 592,706 | 1.70 |
| 2016 | 2,134,496 | 1,137,327 | 526,295 | 3,142,137 | 1,358,286 | (908,492) | 7,390,049 | 2,017,115 | 538,115 | 2.89 |
| 2017 | 2,191,969 | 1,165,777 | 530,024 | 10,019,402 | 1,309,916 | (1,110,825) | 14,106,263 | 4,064,330 | 5,566,989 | 1.46 |
| 2018 | 2,068,543 | 1,097,955 | 517,667 | 10,349,623 | 1,436,696 | (1,158,825) | 14,311,659 | 6,684,787 | 2,600,321 | 1.54 |
| 2019 | 2,354,335 | 1,247,809 | 525,236 | 10,591,419 | 1,487,006 | (1,176,967) | 15,028,838 | 7,201,211 | 2,460,667 | 1.56 |
| 2020 | 1,934,203 | 1,038,325 | 506,566 | 10,205,067 | 1,355,760 | (1,047,965) | 13,991,956 | 9,057,246 | 2,212,233 | 1.24 |

Notes:

⁽¹⁾ Marina revenues not pledged against debt service until issuance of 2004A Public Improvement Revenue Bond.

⁽²⁾ Local Government Half Cent Sales Tax pledged against debt service for Series 2007 revenue bond which converted to fixed 20 year repayment in August 2009 and refunded in November 2012.

⁽³⁾ Reflects only those wastewater assessments pledged against bonds.

⁽⁴⁾ Marina operating expenses shown exclude provision for depreciation and amortization (non-cash item).

⁽⁵⁾ Pledged for \$6 million Paving Loan associated with wastewater capital project.

Source:

Islamorada, Village of Islands Finance Department.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2020

The Village does not have any direct and overlapping governmental activities debt as of September 30, 2020.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

| Year | Village Population⁽¹⁾ | Monroe County Personal Income⁽²⁾ | Monroe County Per Capita Personal Income⁽²⁾ | Monroe County Unemployment Rate⁽²⁾ |
|-------------|---|--|---|--|
| 2011 | 6,147 | 4,651,379,000 | 62,843 | 6.6% |
| 2012 | 6,165 | 4,354,126,000 | 58,941 | 5.0% |
| 2013 | 6,427 | 4,245,050,000 | 56,745 | 4.0% |
| 2014 | 6,212 | 4,415,284,000 | 57,829 | 4.2% |
| 2015 | 6,199 | 5,368,160,000 | 69,593 | 3.5% |
| 2016 | 6,202 | 5,765,374,000 | 74,409 | 3.2% |
| 2017 | 6,326 | 5,869,890,000 | 74,230 | 3.2% |
| 2018 | 5,990 | 6,417,335,000 | 83,328 | 2.6% |
| 2019 | 6,211 | 6,911,436,000 | 92,119 | 2.6% |
| 2020 | 6,400 | 7,516,454,000 | 101,262 | 2.1% |

Sources: ⁽¹⁾ Florida Legislature's Office of Economic and Demographic Research.

⁽²⁾ Florida Legislature's Office of Economic and Demographic Research; data is for all of Monroe County.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS PRIOR**

| Employer | 2020 | | Employer | 2011 | |
|---------------------------------------|---|-------------|--------------------------------|---|-------------|
| | Number of Employees ⁽¹⁾ | Rank | | Number of Employees ⁽¹⁾ | Rank |
| Publix Super Markets | 135 | 1 | World Wide Sportsman | 115 | 1 |
| Islamorada, Village of Islands | 117 | 2 | Islamorada, Village of Islands | 84 | 2 |
| Crystal Health & Rehab LLC | 105 | 3 | Coral Medical Equipment | 64 | 3 |
| World Wid Sportsman | 100 | 4 | Holiday Isle | 47 | 4 |
| Foret Tek Lumber | 36 | 5 | Caribee Boat Sales | 33 | 5 |
| Caribee Boat Sales & Marina | 25 | 6 | Dooley Construction | 25 | 6 |
| Dooley Construction | 25 | 7 | Theater of the Sea | 21 | 7 |
| Islamorada Pool Service & Maintenance | 21 | 8 | Amerigas | 20 | 8 |
| Houston Air | 20 | 9 | Forest Tek | 20 | 9 |
| Sands of the Keys, Inc | 17 | 10 | Gerry Dronay Landscape | 20 | 10 |
| | | | Houston Air | 20 | 10 |

Note: ⁽¹⁾ The data provided does have one notable limitation. The Monroe County Tax Collector does not have employee data for the Village's businesses in the following categories: overnight accommodations (hotels, motels, apartment), restaurants and bars, professional business services other than medical or banks. Therefore these businesses are not included in this ranking. The Village does not have a reliable method for collecting data relative to number of employees for any entity but the Village itself.

Source: Monroe County Tax Collector's Office Occupational License Department.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of Employees: | | | | | | | | | | |
| General government ⁽¹⁾ | 11 | 11 | 11 | 17 | 21 | 20 | 24 | 25 | 25 | 25 |
| Public safety ⁽²⁾ | 29 | 29 | 29 | 40 | 40 | 41 | 41 | 42 | 44 | 44 |
| Physical environment ⁽³⁾ | 28 | 27 | 29 | 16 | 15 | 24 | 19 | 20 | 20 | 20 |
| Culture and recreation ⁽⁴⁾ | 16 | 16 | 16 | 24 | 24 | 16 | 24 | 23 | 24 | 28 |
| Total Number of Employees | 85 | 83 | 84 | 97 | 100 | 101 | 107 | 110 | 113 | 117 |

Notes: ⁽¹⁾ Includes Village Manager, Village Attorney, Village Clerk, Finance and Administration, Planning and Development Services, IT and Communications, Code Compliance Departments.

⁽²⁾ Includes Fire Rescue, Building Services, Local Law Enforcement Departments.

⁽³⁾ Includes Public Works, Stormwater, Wastewater, Solid Waste.

⁽⁴⁾ Includes Parks and Recreation and Marina.

Source: Islamorada, Village of Islands Department of Finance and Administration.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

| Function/Program | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Police personnel and officers ⁽¹⁾ | | | | | | | | | | |
| Police calls for service | 27,027 | 28,193 | 24,616 | 28,048 | 27,732 | 25,735 | 23,860 | 25,270 | 28,539 | 30,519 |
| Fire/EMS: | | | | | | | | | | |
| Fire personnel | 25 | 25 | 25 | 28 | 28 | 28 | 28 | 30 | 31 | 35 |
| Fire rescue calls answered | 346 | 363 | 319 | 317 | 252 | 467 | 454 | 472 | 496 | 335 |
| Emergency medical services calls | 760 | 882 | 881 | 926 | 963 | 1,110 | 1,040 | 903 | 1,045 | 1,050 |
| Community Development: | | | | | | | | | | |
| Building permits issued | 705 | 1,443 | 1,854 | 1,767 | 1,886 | 2,988 | 1,833 | 2,281 | 1,682 | 1,409 |
| Community Services: | | | | | | | | | | |
| Transportation: | | | | | | | | | | |
| Public right of way maintenance (miles) | 65 | 65 | 65 | 65 | 68 | 68 | 68 | 68 | 68 | 68 |
| Culture and recreation: | | | | | | | | | | |
| Marina: | | | | | | | | | | |
| Boat slips | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 |

Note: ⁽¹⁾ Police services are provided under contract with the Monroe County Sheriff's Department.

Utility services are provided by Florida Keys Aqueduct Authority and Florida Keys Electric Coop.

Business permits and occupational licenses are issued and regulated by Monroe County.

Solid waste services are provided by a contract solid waste hauler.

Sources: Various City Departments, Monroe County Sheriff's Office.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

| Function/Program | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 |
| Fire: | | | | | | | | | | |
| Fire stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Transportation: | | | | | | | | | | |
| Miles of streets | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Number of street lights | 203 | 203 | 203 | 209 | 209 | 209 | 209 | 209 | 209 | 209 |
| Number of traffic signals | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| Number of street signs | 334 | 334 | 334 | 346 | 346 | 346 | 364 | 364 | 364 | 364 |
| Culture and recreation: | | | | | | | | | | |
| Parks | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Parks acreage | 95.3 | 95.3 | 95.3 | 95.3 | 95.3 | 95.3 | 95.3 | 95.3 | 95.3 | 95.3 |
| Beaches | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Splash pad | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Soccer fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Skate park | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Basketball courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Pickelball courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Baseball/softball fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: Various City Departments and Florida Keys Electric Cooperative Association

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OTHER REPORTS OF INDEPENDENT AUDITORS

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

Village Council and Village Manager
Islamorada, Village of Islands, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Islamorada, Village of Islands, Florida (the "Village"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control Over Financial Reporting

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

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 entity'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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is fluid and cursive, with "Mauldin" and "Jenkins" connected by a flourish, and "LLC" written in a smaller, more formal script to the right.

Bradenton, Florida
June 29, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,
*RULES OF THE AUDITOR GENERAL***

Village Council and Village Manager
Islamorada, Village of Islands, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Islamorada, Village of Islands, Florida's (the "Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs and state projects for the year ended September 30, 2020. The Village's major federal programs and state project are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs or state project occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs and state project for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida
June 29, 2021

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Agency/Pass-through Entity | CFDA/ CFDA No. | Grantors Number | Expenditures |
|---|-------------------|-----------------|---------------------|
| <u>Federal Awards</u> | | | |
| U.S. Department of Agriculture | | | |
| Passed through Natural Resources Conservation Service | | | |
| Monroe County Hurricane Irma EWP - Debris Removal | 10.923 | N/A | \$ 442,782 |
| Total U.S. Department of Agriculture | | | <u>442,782</u> |
| U.S. Department of Defense | | | |
| Direct - Department of the Army, Office of the Chief of Engineers | | | |
| Florida Keys Water Quality Program - Section 109 - Recovery | 12.128 | N/A | \$ 2,490,000 |
| Total U.S. Department of Defense | | | <u>2,490,000</u> |
| U.S. Department of Homeland Security | | | |
| Passed through Florida Division of Emergency Management - | | | |
| Hurricane Irma | 97.036 | Z1090 | \$ 4,363,200 |
| Total U.S. Department of Housing and Urban Development | | | <u>4,363,200</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 7,295,982</u> |
| <u>State Financial Assistance</u> | | | |
| Executive Office of the Governor | | | |
| Emergency Preparedness and Assistance Grant | | | |
| Hurricane Irma | 31.063 | Z1090 | \$ 242,400 |
| Total Florida Department of Economic Opportunity | | | <u>242,400</u> |
| Florida Department of Environmental Protection | | | |
| Division of Water Restoration Assistance | 37.039 | LP44052 | \$ 376,558 |
| Division of Water Restoration Assistance | 37.039 | LP44053 | \$ 800,000 |
| Division of Water Restoration Assistance | 37.039 | LPA0087 | \$ 100,000 |
| Total Florida Department of Environmental Protection | | | <u>1,276,558</u> |
| Total Expenditures of State Financial Assistance | | | <u>\$ 1,518,958</u> |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Note 1 - Basis of Presentation

The Schedule of Federal Awards and State Financial Assistance includes federal and state grant activity of Islamorada, Village of Islands, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits, and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2 - De-Minimus Indirect Cost Rate

The Village chose not to use the ten percent de minimis cost rate for the fiscal year ended September 30, 2020.

Note 3 - Subrecipients

The Village did not pass federal expenditures to subrecipients during the fiscal year ended September 30, 2020.

Note 4 - Prior Year Expenditures

The Schedule includes financial assistance from the U.S. Department of Homeland Security, and the Florida Department of Environmental Protection, in the amounts of \$442,782 and \$608,836, respectively.

Note 5 - State Revolving Fund Loans

The Village had the following State Revolving Fund loan balances outstanding at September 30, 2020:

| Program Title | CFDA | Grant Number | Total Outstanding As of September 30 |
|----------------------|-------------|---------------------|---|
| State Revolving Fund | 66.458 | WW 882020 | 69,831,311 |
| State Revolving Fund | 66.458 | WW 882030 | 2,111,635 |

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes no

Significant deficiencies identified not considered

Material weaknesses identified? yes no

Noncompliance material to financial statements noted?

yes no

Federal Awards and State Projects

Internal control over major programs:

Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses?

yes none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be Reported in accordance with the Uniform Guidance?

yes no

Identification of major federal programs:

| CFDA Number | Name of Federal Program |
|-------------|--|
| 97.036 | U.S. Department of Homeland Security – Disaster Grants |

Dollar threshold used to distinguish between

Type A and Type B programs – federal programs: \$750,000

Auditee qualified as a low-risk quiditee?

yes no

Identification of major state projects:

| CSFA Number | Name of Federal Program |
|-------------|--|
| 37.039 | Florida Department of Environmental Protection – Statewide Wastewater Projects |

Dollar threshold used to distinguish between

Type A and Type B programs – state projects: \$455,687

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
STATE FINANCIAL ASSISTANCE PROJECT
FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None reported.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Village Council and Village Manager
Islamorada, Village of Islands, Florida

Report on the Financial Statements

We have audited the financial statements of Islamorada, Village of Islands, Florida's (the "Village"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 29, 2021.

Auditor's 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; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 29, 2021, 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 in the preceding annual financial audit report requiring correction.

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. Islamorada, Village of Islands, Florida was created pursuant to Chapter 97-348, *Florida Statutes*, as of December 31, 1997. Additional information on the Village's creation is disclosed within the Village's footnotes. There were no component units related to the Village.

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, L.L.C." The signature is cursive and fluid, with a slight flourish at the end.

Bradenton, Florida
June 29, 2021



INDEPENDENT ACCOUNTANT'S REPORT

Village Council and Village Manager
Islamorada, Village of Islands, Florida

We have examined Islamorada, Village of Islands, Florida's (the "Village") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management of the Village 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Village's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

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

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Bradenton, Florida
June 29, 2021

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