

VILLAGE OF EL PORTAL, FLORIDA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

VILLAGE OF EL PORTAL, FLORIDA
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Village Council
Village of El Portal, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of El Portal, Florida (the "Village") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of the Village's proportionate share of the net pension liability – FRS, schedule of the Village's contributions – FRS, schedule of the Village's proportionate share of the net pension liability – HIS, and schedule of the Village's contributions – HIS, on pages 3-11 and 40-47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 27, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

As management of the Village of El Portal, we offer readers of the Village of El Portal (the Village) financial statements this narrative overview and analysis of the financial activities of the Village of El Portal for the fiscal year ended September 30, 2016.

Financial Highlights

- The assets and deferred outflows of resources of the Village of El Portal exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,106,084 (net position). Of this amount, \$414,760 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position decreased by \$176,226. The majority of this decrease is due to expenses that exceeded the budget in the finance and administration and public safety departments coupled with lower than budgeted intergovernmental revenues.
- As of the close of the current fiscal year, the Village's general fund reported an ending fund balance of \$966,418, a decrease of \$190,034. Of the ending fund balance, \$946,515 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$946,515 or 47.66% of total general fund expenditures.

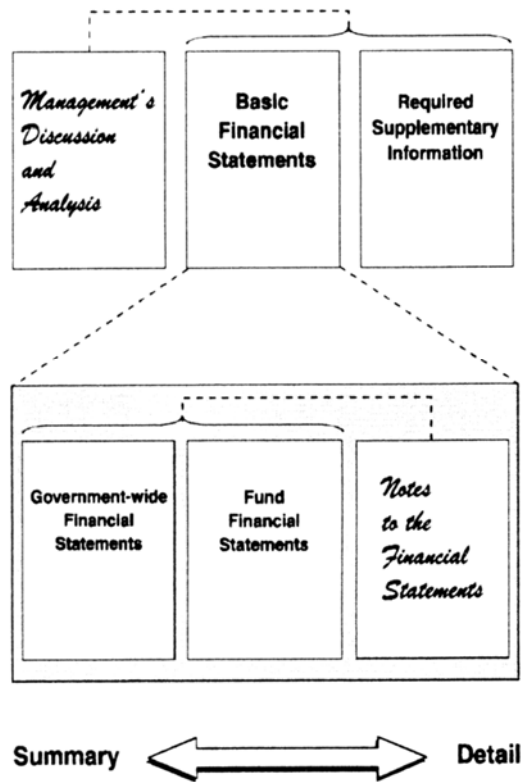
Overview of the Financial Statements

This annual report consists of four parts—*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an additional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which is added together and presented in single columns in the basic financial statements.

Figure A-1
**Required Components of
City's Annual Financial Report**



VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Basic Financial Statements

Government-wide financial statements

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

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Village has no business-type activities. The governmental activities of the Village include public works, police, and general administration services.

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

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. All of the funds of the Village are governmental funds.

The Village maintains seven (7) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances, for the general fund, street and road fund, capital projects fund, stormwater fund and CITT fund which are considered to be a major funds.

The Village adopts an annual appropriated budget for its general fund, storm water projects fund, CITT fund and the street and road fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 14 to 17 of this report.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Basic Financial Statements (Continued)

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 39 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Village's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,106,084 at the close of the most recent fiscal year.

A portion of the Village's net position, \$2,920,276 or 71.12% reflects its investment in capital assets (e.g., land and equipment). The Village of El Portal uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. An additional portion of the Village's net position, \$771,048 or 18.78% represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$414,760 or 10.10%, may be used to meet the government's on-going obligations to citizen's and creditors.

At the end of the current year, the Village is able to report positive balances in all three categories of net position.

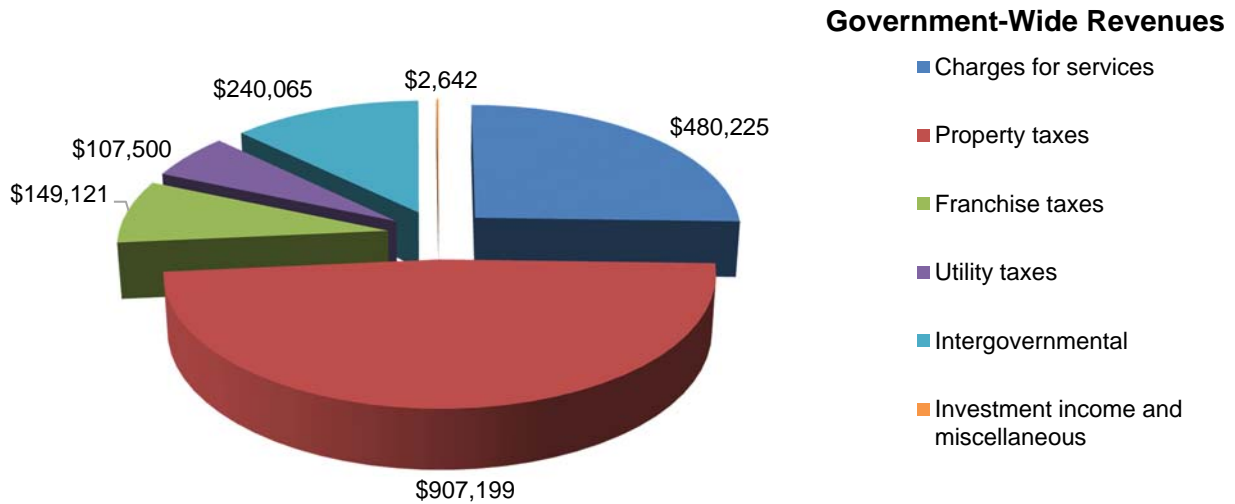
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 2,005,888	\$ 2,082,064	\$ (76,176)	-3.66%
Capital assets, net	<u>3,037,621</u>	<u>3,013,557</u>	<u>24,064</u>	0.80%
Total assets	<u>5,043,509</u>	<u>5,095,621</u>	<u>(52,112)</u>	-1.02%
Total deferred outflows of resources	<u>409,050</u>	<u>177,476</u>	<u>231,574</u>	130.48%
Total assets and deferred outflows of resources	<u>5,452,559</u>	<u>5,273,097</u>	<u>179,462</u>	3.40%
Current liabilities	224,752	118,732	106,020	89.29%
Long-term liabilities	<u>1,094,558</u>	<u>768,139</u>	<u>326,419</u>	42.49%
Total liabilities	<u>1,319,310</u>	<u>886,871</u>	<u>432,439</u>	48.76%
Total deferred inflows of resources	<u>27,165</u>	<u>103,916</u>	<u>(76,751)</u>	-73.86%
Net Position:				
Net investment in capital assets	2,920,276	2,985,408	(65,132)	-2.18%
Restricted	771,048	713,556	57,492	8.06%
Unrestricted	<u>414,760</u>	<u>583,346</u>	<u>(168,586)</u>	-28.90%
Total net position	<u>4,106,084</u>	<u>4,282,310</u>	<u>(176,226)</u>	-4.12%
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,452,559</u>	<u>\$ 5,273,097</u>	<u>\$ 179,462</u>	3.40%

Total liabilities increased by 48.76% due to an increase in net pension liability as estimated by the FRS actuary and an increase in current liability as a result of stormwater expenditures accruals for the stormwater project Phase VI in the amount of \$145,222. Capital assets decreased by approximately 0.80% during the fiscal year and the investment in capital assets decreased by 2.18% during the fiscal year. Significant variances in deferred outflows of resources and deferred inflows of resources are due to estimates evaluated the FRS actuaries as of June 30, 2016.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Government-Wide Financial Analysis (Continued)

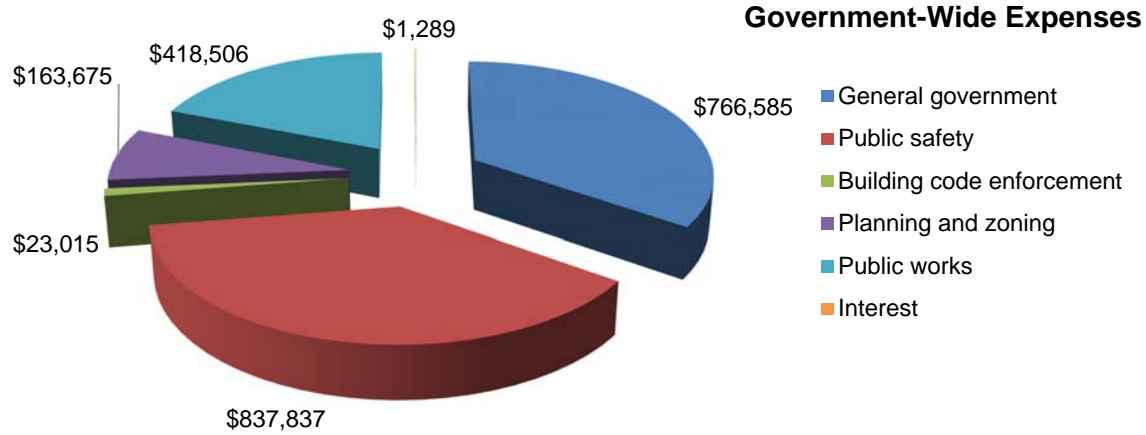
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 480,225	\$ 1,076,128	\$ (595,903)	-55.37%
Operating grants and contributions	147,921	146,275	1,646	1.13%
General Revenues:				
Property taxes	907,199	890,502	16,697	1.88%
Franchise taxes based on gross receipts	149,121	112,748	36,373	32.26%
Utility taxes	107,500	159,198	(51,698)	-32.47%
Intergovernmental (unrestricted)	240,073	307,600	(67,527)	-21.95%
Investment income and miscellaneous	<u>2,642</u>	<u>2,020</u>	<u>622</u>	30.79%
Total revenues	<u>\$ 2,034,681</u>	<u>\$ 2,694,471</u>	<u>\$ (659,790)</u>	-24.49%



VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Government-Wide Financial Analysis (Continued)

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	\$ 766,585	\$ 613,814	\$ 152,771	24.89%
Public safety	837,837	821,506	16,331	1.99%
Building code enforcement	23,015	14,256	8,759	61.44%
Planning and zoning	163,675	109,153	54,522	49.95%
Public works	418,506	462,801	(44,295)	-9.57%
Interest	<u>1,289</u>	<u>1,289</u>	<u>-</u>	100.00%
Total expenses	<u>2,210,907</u>	<u>2,022,819</u>	<u>188,088</u>	9.30%
Change in net position	(176,226)	671,652	(847,878)	-126.24%
Beginning net position	<u>4,282,310</u>	<u>3,610,658</u>	<u>671,652</u>	
Ending net position	<u>\$ 4,106,084</u>	<u>\$ 4,282,310</u>	<u>\$ (176,226)</u>	



The Village's net position decreased by \$176,226 in the current fiscal year. Overall, revenues decreased by 24.49% mainly due to a decrease in charges for services as a result of a lien settlement of code enforcement charges in the amount of \$575,000 generated from the sale of the trailer park in prior year. There was an increase in expenses of 9.30% when compared to the previous year due to higher volume of permits issued during the fiscal year.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Financial Analysis of the Government's Funds

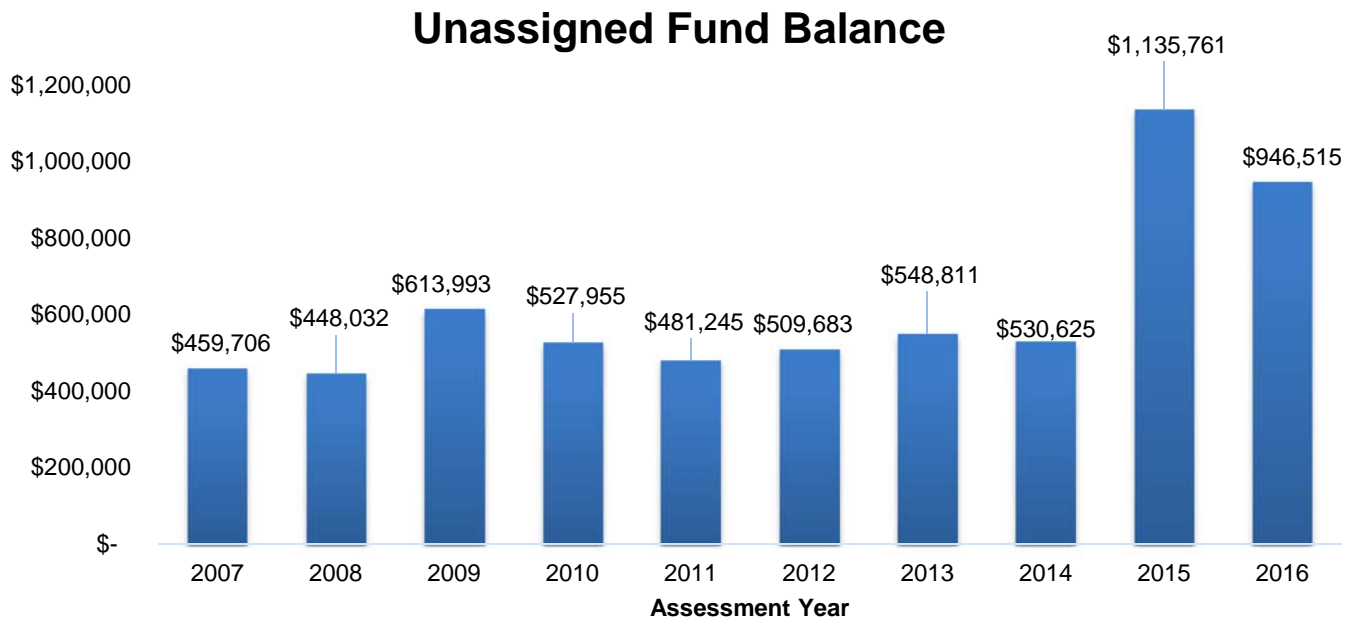
As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

General Fund

The general fund is the main operating fund of the Village. At the end of the current fiscal year, the Village's general fund reported a fund balance of \$966,515, a decrease of \$190,034 or 16.43% in comparison with the prior year. \$946,515 constitutes *unassigned fund* balance, which is available for spending at the Village's discretion.



At the end of the current fiscal year, unassigned fund balance of the general fund was \$946,515. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 47.66% of total general fund expenditures.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Financial Analysis of the Government's Funds (Continued)

General Fund (Continued)

A summary of the general fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance for September 30, 2016 and 2015, is shown below:

Summary of General Fund's condensed Balance Sheet

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 2,196,317	\$ 2,273,659	\$ (77,342)	-3.40%
Total liabilities	1,229,899	1,117,207	112,692	10.09%
Nonspendable fund balance	19,903	20,691	(788)	-3.81%
Unassigned fund balance	946,515	1,135,761	(189,246)	-16.66%
Total fund balance	966,418	1,156,452	(190,034)	-16.43%
Total liabilities and fund balance	<u>\$ 2,196,317</u>	<u>\$ 2,273,659</u>	<u>\$ (77,342)</u>	-3.40%

Decrease in total assets was mainly in cash as a result of the current year's operations, and increases in liabilities were due to increase in accounts payable as result of stormwater project expenditures accruals.

Summary of General Fund's condensed statement of revenues, expenditures, and changes in fund balance

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Total Revenues	\$ 1,802,995	\$ 2,490,440	\$ (687,445)	-27.60%
Total Expenditures	1,986,029	1,935,909	50,120	2.59%
Excess of revenues over expenditures	(183,034)	554,531	(737,565)	-133.01%
Other financing sources	(7,000)	31,192	(38,192)	100%
Change in fund balance	(190,034)	585,723	(775,757)	-132.44%
Fund Balance, Beginning	1,156,452	570,729		
Fund Balance, Ending	<u>\$ 966,418</u>	<u>\$ 1,156,452</u>		

The fund balance of the Village's general fund decreased by \$190,034 during the current fiscal year. The decrease was mainly due to finance and administration, public safety and planning and zoning expenditures that exceeded the budget.

Major Special Revenue Funds

- *Street and Road Fund*
The Street and Road Fund reported an increase in fund balance of \$72,095 to \$564,144 for the fiscal year. The increase is mainly due to local option gas taxes received during the fiscal year. There were no expenditures incurred.
- *CITT Project Fund*
The Citizens' Independent Transportation Trust (CITT) fund reported a decrease in fund balance of \$21,618 to \$161,802. This decrease was mainly due to decreased revenues received from the CITT net of expenditures required for maintenance of effort for transportation and transit projects from Miami-Dade County. \$84,069 of revenues have been deferred to the 2016-2017 fiscal year.
- *Stormwater Project Fund*
The Storm water Project Fund reported a decrease in fund balance of \$96,169 to \$17,846. This decrease is mainly due to storm water revenues received, offset by expenditures on Phase VI of the Storm Water project.

Non-Major Special Revenue Funds

- *Parks and Recreation Fund*
The Parks and recreation fund reported an increase in fund balance of \$9,860 to \$10,933. This increase was mainly due to grant revenue received from the State offset by operating expenses to maintain the Village's parks.
- *Police Forfeiture Fund*
The Police forfeiture fund reported no change in its fund balance of the previous year in the amount of \$16,323.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Fund Budgetary Highlights

Budget vs. actual schedules are presented on page 40 for the General Fund, page 41 for the Street and Road Fund, page 42 for the CITT Fund, and page 43 for the Stormwater Fund.

Capital Assets and Long Term Debt

As of September 30, 2016, the Village's investment in capital assets amounted to \$3,037,621 (net of accumulated depreciation). The increase in capital assets for the current fiscal year of \$24,064 was mainly due to current year depreciation of \$134,333 and stormwater expenditures for Phase VI of the stormwater project in the amount of \$145,222

More details relating to capital assets can be found on page 27 of the notes to the financial statements.

The Village's long term debt is the long term debt portion of compensated absences, OPEB liability, net pension liability and the capital lease. More details relating to the Village's long-term debt can be found on pages 27 of the notes to the financial statements.

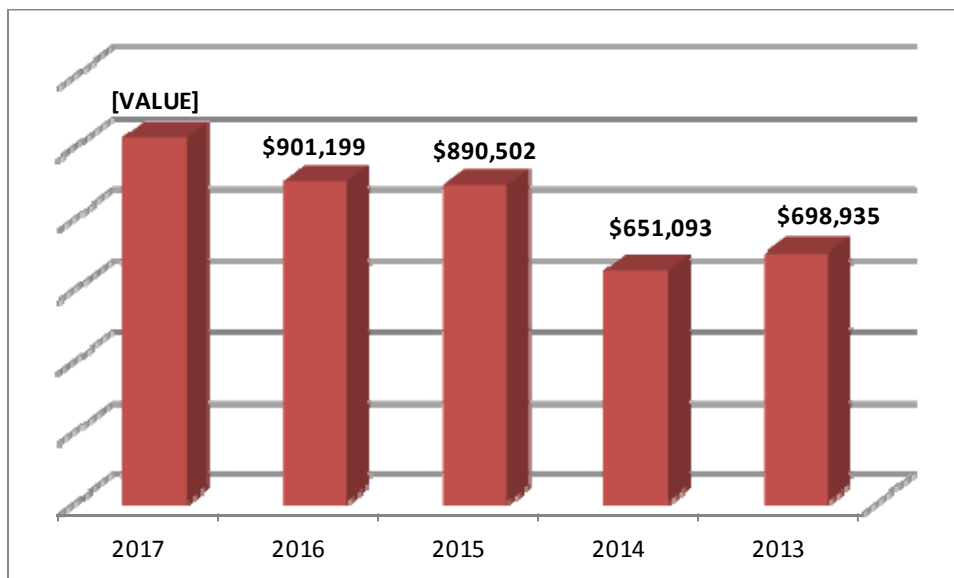
Economic Factors and Next Year's Budgets and Rates

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

Revenues in fiscal year 2017 for the adopted General Fund budget are \$2,138,612, an increase of \$294,787 or 15.98% percent from the fiscal year 2016 budgeted revenues of \$1,843,825. The increase is due to mainly to an increase in property taxes, licenses and permits and intergovernmental revenues.

Fiscal year 2017 General Fund budgeted expenditures are expected to be \$2,138,612, an increase of \$94,847 or 4.64% percent from fiscal year 2016 budgeted expenditures of \$2,036,765. The increase is mainly due to an increase in the public safety budget regarding the retirement of two officers.

Actual taxes levied by the Village in 2016 reflected an increase of \$10,697, precipitated by an increase in property values of \$138,585 or 1.8% in property values as compared with 2015. Based on the current real estate market within the Village, it is anticipated that assessed values will continue to increase due to the desirability of the area and the close location to Greater Downtown Miami.



VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

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

The graph below shows the millage rates over the past four years as well as the projected for fiscal year 2017. The Village has kept the millage rate at 8.3 Mills per thousand dollars of property valuation since 2012. For many years, the Village, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.



Requests for Information

This financial report is designed to provide a general overview of the Village of El Portal'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 Department, 500 Northeast 87th Street, El Portal, Florida 33138.

BASIC FINANCIAL STATEMENTS

VILLAGE OF EL PORTAL, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

		<u>Governmental Activities</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	1,805,885
Accounts receivable		180,100
Prepaid items		19,903
Capital assets not being depreciated		157,858
Capital assets being depreciated, net		<u>2,879,763</u>
Total assets		<u>5,043,509</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension		<u>409,050</u>
Total deferred outflows of resources		<u>409,050</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities		168,695
Accrued payroll		15,658
Due in one year:		
Net pension liability due in one year		6,735
Compensated absences		19,589
Capital lease		14,075
Due in more than one year:		
Net pension liability		933,095
Compensated absences		111,004
OPEB Obligation		<u>50,459</u>
Total liabilities		<u>1,319,310</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension		<u>27,165</u>
Total deferred inflows of resources		<u>27,165</u>
<u>NET POSITION</u>		
Net investment in capital assets		2,920,276
Restricted for:		
Public safety		27,256
Capital projects		581,990
Transit		161,802
Unrestricted		<u>414,760</u>
Total net position	\$	<u>4,106,084</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Functions/programs</u>					
Governmental activities:					
General government	\$ 766,585	\$ 4,381	\$ -	\$ -	\$ (762,204)
Public safety	837,837	28,577	-	-	(809,260)
Building and code enforcement	23,015	121,550	-	-	98,535
Planning and zoning	163,675	17,101	-	-	(146,574)
Public works	418,506	308,616	147,921	-	38,031
Interest	<u>1,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,289)</u>
Total governmental activities	<u>2,210,907</u>	<u>480,225</u>	<u>147,921</u>	<u>-</u>	<u>(1,582,761)</u>
General revenues:					
Property taxes					\$ 907,199
Utility taxes					149,121
Franchise fees based on gross receipts					107,500
Intergovernmental (unrestricted)					240,073
Investment and other income					<u>2,642</u>
Change in net position					(176,226)
Net position, beginning					<u>4,282,310</u>
Net position, ending					<u>\$ 4,106,084</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Major Funds					Non-major Governmental Funds	Total Governmental Funds
	General	Street and Road Fund	CITT	Capital Projects Fund	Stormwater Fund		
ASSETS							
Cash and cash equivalents	\$ 1,786,948	\$ 3,449	\$ -	\$ -	\$ 467	\$ 15,021	\$ 1,805,885
Accounts receivable	71,752	-	84,069	-	24,279	-	180,100
Prepays items	19,903	-	-	-	-	-	19,903
Due from other funds	317,714	595,089	353,023	222,322	310,289	64,523	1,862,960
Total assets	<u>2,196,317</u>	<u>598,538</u>	<u>437,092</u>	<u>222,322</u>	<u>335,035</u>	<u>79,544</u>	<u>3,868,848</u>
LIABILITIES							
Accounts payable and accrued liabilities	65,425	-	-	-	103,270	-	168,695
Accrued payroll	15,658	-	-	-	-	-	15,658
Due to other funds	1,148,816	34,394	191,221	222,322	213,919	52,288	1,862,960
Total liabilities	<u>1,229,899</u>	<u>34,394</u>	<u>191,221</u>	<u>222,322</u>	<u>317,189</u>	<u>52,288</u>	<u>2,047,313</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - intergovernmental	-	-	84,069	-	-	-	84,069
Total liabilities	<u>-</u>	<u>-</u>	<u>84,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,069</u>
FUND BALANCES							
Nonspendable	19,903	-	-	-	-	-	19,903
Restricted	-	564,144	161,802	-	17,846	27,256	771,048
Unassigned	946,515	-	-	-	-	-	946,515
Total fund balances	<u>966,418</u>	<u>564,144</u>	<u>161,802</u>	<u>-</u>	<u>17,846</u>	<u>27,256</u>	<u>1,737,466</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,196,317</u>	<u>\$ 598,538</u>	<u>\$ 437,092</u>	<u>\$ 222,322</u>	<u>\$ 335,035</u>	<u>\$ 79,544</u>	<u>\$ 3,868,848</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Fund balances - total government funds (Page 14) \$ 1,737,466

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	4,655,219	
Less accumulated depreciation	<u>(1,617,598)</u>	
		3,037,621

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds		84,069
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Deferred outflows and deferred inflows of resources related to pensions		381,885
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences	(130,593)	
Capital lease	(14,075)	
Net pension liability	(939,830)	
OPEB obligation	<u>(50,459)</u>	
		<u>(1,134,957)</u>

Net position of governmental activities (Page 12) \$ 4,106,084

VILLAGE OF EL PORTAL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General	Street and Road Fund	CITT	Stormwater Project Fund		
Revenues:						
Property taxes	\$ 907,199	\$ -	\$ -	\$ -	\$ -	\$ 907,199
Franchise fees	107,500	-	-	-	-	107,500
Utility taxes	149,121	-	-	-	-	149,121
Charges for services	308,616	-	-	-	-	308,616
Intergovernmental	176,551	71,852	6,469	49,053	20,000	323,925
Licenses and permits	138,651	-	-	-	-	138,651
Fines and forfeitures	8,577	-	-	-	-	8,577
Interest and other	6,780	243	-	-	-	7,023
Total revenues	<u>1,802,995</u>	<u>72,095</u>	<u>6,469</u>	<u>49,053</u>	<u>20,000</u>	<u>1,950,612</u>
Expenditures:						
Current:						
General government	562,979	-	-	-	10,140	573,119
Public safety	824,403	-	-	-	-	824,403
Building and code enforcement	23,015	-	-	-	-	23,015
Planning and zoning	163,675	-	-	-	-	163,675
Public works	383,419	-	35,087	-	-	418,506
Debt service:						
Interest	1,289	-	-	-	-	1,289
Principal retirement	14,074	-	-	-	-	14,074
Capital outlay:						
General government	1,561	-	-	-	-	1,561
Public safety	11,614	-	-	-	-	11,614
Public works	-	-	-	145,222	-	145,222
Total expenditures	<u>1,986,029</u>	<u>-</u>	<u>35,087</u>	<u>145,222</u>	<u>10,140</u>	<u>2,176,478</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>(183,034)</u>	<u>72,095</u>	<u>(28,618)</u>	<u>(96,169)</u>	<u>9,860</u>	<u>(225,866)</u>
Other financing sources (uses):						
Transfers in	-	-	7,000	-	-	7,000
Transfers out	(7,000)	-	-	-	-	(7,000)
Total other financing sources (uses)	<u>(7,000)</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(190,034)	72,095	(21,618)	(96,169)	9,860	(225,866)
Fund balances - beginning	<u>1,156,452</u>	<u>492,049</u>	<u>183,420</u>	<u>114,015</u>	<u>17,396</u>	<u>1,963,332</u>
Fund balances - ending	<u>\$ 966,418</u>	<u>\$ 564,144</u>	<u>\$ 161,802</u>	<u>\$ 17,846</u>	<u>\$ 27,256</u>	<u>\$ 1,737,466</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

Net change in fund balances - total government funds (Page 16)	\$	(225,866)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Expenditures for capital outlays	158,397	
Less current year depreciation	<u>(134,333)</u>	
		24,064

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

The details of the difference are as follows:

Unavailable revenue - intergovernmental		84,069
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The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

OPEB liability	(7,375)	
Capital lease	14,074	
Pension	(51,968)	
Compensated absences	<u>(13,224)</u>	
		<u>(58,493)</u>

Change in net position of governmental activities (Page 13)	\$	<u>(176,226)</u>
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NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Village of El Portal, Florida's (the "Village") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements. The accounting policies of the Village conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Financial Reporting Entity

The Village is a municipal corporation governed by an elected mayor and four-member council under a Commission form of government. The Village is located in Miami-Dade County, Florida and was incorporated in 1937. The Village provides the following services to its residents - general government, public safety, building code enforcement, physical environment and culture and recreation. The Village does not provide any educational, water, wastewater or fire services. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Village has no business-type activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining non-major governmental funds are aggregated and reported as other governmental funds.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

The Village reports the following major governmental funds:

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

Street and Road Fund – This fund was established to account for revenues derived from Miami-Dade County's 5 cents and 6 cents gas tax.

Citizen's independent transportation trust Fund (CITT) – This fund accounts for the operating activities of the Village's use of Miami Dade County's CITT revenues.

Capital projects Fund – This fund accounts for the activities of the Village's ongoing capital projects.

Stormwater Fund – This fund accounts for the maintenance of and construction of the Village's stormwater system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources and then from the unrestricted resources.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Implementation of Governmental Accounting Standards Board Statements

The Village implemented the following GASB Statement during the fiscal year ended September 30, 2016 that had an impact on the financial statements:

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which identifies the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP).

GASB Statement No. 82, *Pension Issues; an amendment of GASB Statement No. 67, No. 68, and No. 73*, which addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position/fund balance

1. Cash and Cash Equivalents

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

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and the fund financial statements. The cost of prepaid items is recovered as expenditures/expenses when consumed rather than when purchased.

3. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (i.e, the current portion of interfund loans) or as advances to/from other funds (i.e, the non-current portion of interfund loans). All other outstanding balances between funds are reported as a due to/from other funds.

Waste fees are billed together with property taxes for the Village by Miami-Dade County on or about October 1 of each year and they are payable with discounts of up to 4% offered for early payment less a 1% administrative fee charged by the County. Waste fees are due when billed. Delinquent accounts are included with the balance of delinquent property taxes and are subject to collection through seizure of the personal property by the County or by the sale of interest-bearing tax certificates.

All other receivables due from external sources are considered to be fully collectible and as such, an allowance for doubtful accounts has not been established.

4. Restricted Assets

Proceeds from police forfeiture funds, transportation tax and local option gas taxes are classified as restricted in the special revenue funds since these resources are specifically earmarked for law enforcement, transportation and capital project purposes only.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position (Continued)

5. Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Village by Miami-Dade County (the "County") on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

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

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Village is established by the Village commission and the Miami-Dade County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Village for the fiscal year ended September 30, 2016 was 8.3000 mills (\$8.3000 per \$1,000 of taxable assessed valuation).

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, culverts, light poles, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Land and construction in progress are not depreciated. The other capital assets are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Improvements other than buildings	10
Infrastructure	30
Vehicles	5
Furniture and equipment	5

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

7. Grant Revenue

The Village, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any) when all applicable eligibility requirements, including time requirements, are met.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position (Continued)

8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has pension related amounts that qualify for reporting in this category on the government-wide statement of net position in the amount of \$409,050.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows of resources (revenue) until that time. The Village has pension related amounts and unavailable revenues that qualify for reporting in this category in the amount of \$27,165 and \$84,069, respectively.

9. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits starting with the first day of employment. Vacation pay and sick pay benefits are accrued when incurred in the government-wide financial statements. In the governmental funds, the Village vacation 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 which will pay for it. Amounts not expected to be liquidated with expendable available financial resources are reported as reconciling items between the fund and government-wide presentations.

Vacation leave earned varies based on years of continuous and creditable service and is not paid until the employee completes six months of service. Vacation leave may be accumulated up to a maximum of twenty (20) days for administrative personnel and forty (40) days for police officers.

Sick leave for administrative personnel and police officers accrue at the rate of twelve (12) days annually and may be accumulated up to a maximum of sixty (60) days for administrative personnel and is unlimited for police officers. Employees may convert up to three (3) days of unused sick leave to vacation during the following year.

10. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

11. Net Position/Fund Balance

Total equity as of September 30, 2016, is classified into three components of net position:

- Investment in capital assets: This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- Restricted net position: This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- Unrestricted net position: This category includes all of the remaining net position that does not meet the definition of the other two categories.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position (Continued)

11. Net Position/Fund Balance (Continued)

As of September 30, 2016, fund balances of the governmental funds are classified as follows:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Village Council. Ordinances and resolutions approved by the Village Council are the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Village Council.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes by the Village's intent. Intent is established by management of the Village to which the Village Council has delegated the activity to assign, modify, or rescind amounts to be used for specific purposes. There is no formal policy through which this activity has been established.

Unassigned — This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

	General Fund	Street and Road Fund	CITT Fund	Stormwater Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Prepays	\$ 19,903	\$ -	\$ -	\$ -	\$ -	\$ 19,903
Restricted:						
Transit	-	-	161,802	-	-	161,802
Capital Projects	-	564,144	-	17,846	27,256	609,246
Unassigned:	946,515	-	-	-	-	946,515
Total Fund Balances	<u>\$ 966,418</u>	<u>\$ 564,144</u>	<u>\$ 161,802</u>	<u>\$ 17,846</u>	<u>\$ 27,256</u>	<u>\$ 1,737,466</u>
Fund Balances:						
Nonspendable	\$ 19,903	\$ -	\$ -	\$ -	\$ -	\$ 19,903
Restricted	-	564,144	161,802	17,846	27,256	771,048
Unassigned	946,515	-	-	-	-	946,515
Total Fund Balances	<u>\$ 966,418</u>	<u>\$ 564,144</u>	<u>\$ 161,802</u>	<u>\$ 17,846</u>	<u>\$ 27,256</u>	<u>\$ 1,737,466</u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position (Continued)

12. Net Position Flow Assumption

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

13. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the Village Council has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

14. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

15. Excess of Expenditures over Appropriations

For fiscal year ended September 30, 2016, expenditures exceeded appropriations in the following departments for the Stormwater Fund:

	Final <u>Budget</u>	<u>Actual</u>	Amount in Excess <u>of Final Budget</u>
Public works	\$ 52,900	\$ 145,222	\$ 92,322

The excess of expenditures were funded from the general fund

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Village is subject to various federal, state, and local laws and contractual regulations. The Village had no material violations of finance-related legal and contractual obligations, except as disclosed in the schedule of findings and responses.

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

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Transportation Tax	Transportation and roads
South Florida Water Management District	Grant Program Expenditures
Federal Forfeitures	Law Enforcement

For the fiscal year ended September 30, 2016, the Village complied, in all material respects, with these revenue restrictions.

NOTE 3 - DEPOSITS

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

NOTE 4 - RECEIVABLES/PAYABLES AND INTERFUNDS

The Village's receivables at September 30, 2016 were as follows:

	<u>General</u>	<u>Stormwater Fund</u>	<u>CITT Fund</u>	<u>Total</u>
Receivables:				
Waste Fees	\$ -	\$ 24,279	\$ -	\$ 24,279
Franchise Fees and Taxes	64,977	-	84,069	149,046
Grants and other	<u>6,775</u>	<u>-</u>	<u>-</u>	<u>6,775</u>
Total receivables	<u>\$ 71,752</u>	<u>\$ 24,279</u>	<u>\$ 84,069</u>	<u>\$ 180,100</u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4 - RECEIVABLES/PAYABLES AND INTERFUNDS (Continued)

Interfund balances as of September 30, 2016, were as follows:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	\$ 317,714	\$ 1,148,816
Street and Road Fund	595,089	34,394
CITT Fund	353,023	191,221
Stormwater Fund	310,289	213,919
Capital Projects Fund	222,322	222,322
Non-major Funds	<u>64,523</u>	<u>52,288</u>
Total	<u>\$ 1,862,960</u>	<u>\$ 1,862,960</u>

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

Interfund transfers for fiscal year ended September 30, 2016 were as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 7,000
CITT Fund	<u>7,000</u>	<u>-</u>
Total	<u>\$ 7,000</u>	<u>\$ 7,000</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund the statute or budget requires to expend them and (b) move unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Governmental activities:				
Capital Assets not being depreciated:				
Land	\$ 3,556	\$ -	\$ -	\$ 3,556
Construction in progress	9,080	145,222	-	154,302
Total capital assets, not being depreciated	<u>12,636</u>	<u>145,222</u>	-	<u>157,858</u>
Capital Assets being depreciated:				
Buildings	437,107	-	-	437,107
Furniture and equipment	366,799	13,175	-	379,974
Improvements	197,133	-	-	197,133
Infrastructure	3,483,147	-	-	3,483,147
Total capital assets, being depreciated	<u>4,484,186</u>	<u>13,175</u>	-	<u>4,497,361</u>
Less accumulated depreciation for:				
Building	(437,107)	-	-	(437,107)
Furniture and Equipment	(274,884)	(32,298)	-	(307,182)
Improvements	(112,744)	(9,663)	-	(122,407)
Infrastructure	(658,530)	(92,372)	-	(750,902)
Total accumulated depreciation	<u>(1,483,265)</u>	<u>(134,333)</u>	-	<u>(1,617,598)</u>
Total capital assets, being depreciated, net	<u>3,000,921</u>	<u>(121,158)</u>	-	<u>2,879,763</u>
Governmental activities capital assets, net	<u>\$ 3,013,557</u>	<u>\$ 24,064</u>	<u>\$ -</u>	<u>\$ 3,037,621</u>

Depreciation expense was charged to the following functions/programs of the Village:

General Government	\$ 120,899
Public Safety	13,434
Total depreciation expense – governmental activities	<u>\$ 134,333</u>

NOTE 6 - LONG TERM DEBT

Long-term debt activity for the fiscal year ended September 30, 2016 was as follows:

	Balance September 30, 2015	Additions	Deletions	Balance September 30, 2016	Due within one year
Compensated absences	\$ 117,369	\$ 59,606	\$ 46,382	\$ 130,593	\$ 19,589
Capital lease	28,149.00	-	14,074	14,075	14,075
Net Pension Liability	579,537	623,115	262,822	939,830	6,735
OPEB liability	43,084	9,098	1,723	50,459	-
Total	<u>\$ 768,139</u>	<u>\$ 691,819</u>	<u>\$ 325,001</u>	<u>\$ 1,134,957</u>	<u>\$ 40,399</u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS

Florida Retirement System Overview

The Village participates in the Florida Retirement System ("the FRS"), a cost-sharing, multiple-employer, public employee retirement plan, which covers all of the Village's full-time employees. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective October 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Village are eligible to enroll as members of the State- administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site.

http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected Village Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011 are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Plan Description (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

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

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Benefits Provided (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent 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 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2015 through June 30, 2016 were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (*)
FRS, Regular	3.00	7.26
FRS, Elected County Officers	3.00	42.27
FRS, Senior Management Service	3.00	21.43
FRS, Special Risk Regular	3.00	22.04
DROP- Applicable to members from all of the above classes	0.00	12.88

*Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04% for administrative costs of the Investment Plan.

The Village's contributions for FRS totaled \$117,288 for the fiscal year ended September 30, 2016.

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

At September 30, 2016, the Village reported a liability of \$721,281 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Village's proportionate share of the net pension liability was based on the Village's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating member. At June 30, 2016, the Village's proportionate share was 0.0029%, which was a decrease from its proportionate share of 0.0030% measured at June 30, 2015.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended September 30, 2016, the Village recognized pension expense of \$42,905 related to the Plan. In addition, the Village reported, in the government-wide financial statements, 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	\$ 55,227	\$ 6,716
Change of assumptions	43,635	-
Net difference between projected and actual earnings on FRS pension plan investments	186,442	-
Changes in proportion and differences between Village's FRS contributions and proportionate share of contributions	50,396	12,415
Village FRS contributions subsequent to measurement date	24,360	-
Total	\$ 360,060	\$ 19,131

The deferred outflows of resources related to pensions, totaling \$24,360, resulting from the Village's 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Deferred outflows/(inflows), net
2017	\$ 49,840
2018	49,840
2019	122,526
2020	81,321
2021	10,373
Thereafter	2,669

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (Continued)

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2016, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.65%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-Term Expected Rate of Return

The long-term expected rate of return on the 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 below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. 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	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real estate (property)	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.1%
	<u>100%</u>			
Assumed inflation-Mean			2.6%	1.9%

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

Discount Rate

The discount rate used to measure the net pension liability of the Plan was 7.60 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

Florida Retirement System Overview (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 7.60 percent, as well as what the Village's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (6.60 percent) or one percentage point higher (8.60 percent) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Village's proportionate share of the net pension liability	\$ 1,327,928	\$ 721,281	\$ 216,328

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report (see above).

Village Allocation

The Village's proportionate share of the Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2016, and pension expense / adjustment for the fiscal year ended September 30, 2016 was allocated as follows:

FRS PENSION					
	Percent Allocation	NET PENSION LIABILITY	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES	PENSION EXPENSE / ADJUSTMENT
Governmental Activities	100.00%	\$ (721,281)	\$ 360,060	\$ (19,131)	\$ 42,905

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

The Retiree Health Insurance Subsidy Program (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 the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided

For the fiscal year ended September 30, 2016 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, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

The Retiree Health Insurance Subsidy Program (HIS) (Continued)

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, 2016, the HIS contribution was 1.66 percent. The Village contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Village's contributions to the HIS Plan totaled \$9,784 for the fiscal year ended September 30, 2016.

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

At September 30, 2016, the Village reported a net pension liability of \$218,549 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Village's proportionate share of the net pension liability was based on the Village's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the Village's proportionate share was 0.0019 percent, which remained consistent from its proportionate share measured at June 30, 2015.

For the fiscal year ended September 30, 2016, the Village recognized pension expense of \$9,066 related to the HIS Plan. In addition, the Village reported, in the government-wide financial statements, deferred outflows or resources and deferred inflows of resources related to the HIS Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 498
Change of assumptions	34,296	-
Net difference between projected and actual earnings on HIS pension plan investments	111	-
Changes in proportion and differences between Village HIS contributions and proportionate share of HIS contributions	12,118	7,536
Village HIS contributions subsequent to measurement date	2,465	-
Total	\$ 48,990	\$ 8,034

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

The Retiree Health Insurance Subsidy Program (HIS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to pensions, totaling \$2,465, resulting from the Village's 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Deferred outflows/(inflows), net</u>	
2017	\$	6,964
2018		6,964
2019		6,943
2020		6,933
2021		6,671
Thereafter		4,016

Actuarial Assumptions

The HIS pension as of July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates	3.80%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability for the HIS Plan was 2.85 percent. 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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7 - RETIREMENT PLANS (Continued)

The Retiree Health Insurance Subsidy Program (HIS) (Continued)

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability calculated using a discount rate of 2.85 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (1.85 percent) or one percentage point higher (3.85 percent) than the current rate:

	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Village's proportionate share of the net pension liability	\$ 250,725	\$ 218,549	\$ 191,844

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 (see above).

Village Allocation

The Village's proportionate share of the HIS Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2016, and pension expense / adjustment for the fiscal year ended September 30, 2016 was as follows:

	HIS PLAN			
Percent Allocation	NET PENSION LIABILITY	DEFERRED OUTFLOW OF RESOURCES	DEFERRED INFLOW OF RESOURCES	PENSION EXPENSE / ADJUSTMENT
Governmental Activities	100% \$ (218,549)	\$ 48,990	\$ (8,034)	\$ 9,066

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

Plan Description. The Village provides health insurance benefits to its retired employees through a single-employer plan administered by the Village. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Village and eligible dependents, may continue to participate in the Village's fully-insured benefit plan for medical and prescription drug insurance coverage. The Village subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide 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 benefits provided under this defined benefit plan are provided for a retiree's lifetime (or until such time at which retiree discontinues coverage under the Village sponsored plans, if earlier).

Funding Policy. Currently, the Village's Other Post-Employment Benefits are unfunded. That is, the Village Council has not determined if a separate Trust Fund or equivalent arrangement will be established into which the Village would make contributions to advance-fund the obligation. For the 2015-16 fiscal year, there was no retiree receiving other postemployment benefits. Consequently, the Village did not provide any contributions toward the annual OPEB cost. Future retirees will be required to pay 100% of the blended premium to continue coverage under the Village's group health insurance program.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation. The Village has elected to calculate the annual required contribution of the employer (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 25 years.

Annual required contribution	\$	7,375
Interest on net OPEB obligation		1,723
Adjustment to annual required contribution		<u>(1,723)</u>
Annual OPEB cost		<u>7,375</u>
Contributions made	\$	-
Increase in net pension asset		7,375
Net OPEB obligation, beginning of year		<u>43,084</u>
Net OPEB obligation, end of year	\$	<u>50,459</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Schedule of Village Contributions
Three Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Amount Contributed	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 3,347	\$ -	0%	\$ 39,575
9/30/2015	\$ 3,509	\$ -	0%	\$ 43,084
9/30/2016	\$ 7,375	\$ -	0%	\$ 50,459

Funded Status and Funding Progress. As of the valuation date the plan assets were \$0, the actuarial accrued liability for benefits was \$66,647, the total unfunded actuarial liability is \$66,647, and the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$480,573, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 4.00% was used. An inflation rate of 2.80% was assumed. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at October 1, 2015 was 25 years. Health insurance trends start at 7.00% for the fiscal year ending in 2016, grading down to 4.25% at the ultimate trend rate by 2025.

As authorized by GASB 45, The Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring actuarial accrued liabilities and the ARC.

The following simplifying assumptions were made:

Retirement age for active employees — Retirement age for active employees have been determined as the earliest age eligible for normal retirement under Florida Retirement System. If the employees had already attained their normal retirement age as of the time when this calculation was performed, they were assumed to retire in the next year.

Active Member Marital status — Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 0%. For active employees, spouses' genders were assumed to be opposite to the members' genders and females were assumed 3 years younger than their spouses. Covered spouse data were collected for current retired plan members as of the valuation date, and were assumed to remain unchanged until the assumed death of the spouses.

Mortality — Life expectancies were based on the RP2000 Generational Combined Healthy Male and Female mortality tables projected from the year 2000 using Projection Scale AA.

Turnover — Non-group-specific age-based turnover data provided in GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health insurance premiums — Health insurance premiums for retirees in effect on the fiscal year ending date were used as the basis for calculation of the present value of total benefits to be paid.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL
						as a Percentage of Covered Payroll (b-a)/c
9/30/2010	\$ -	\$ 58,674	\$ 58,674	0%	\$ 526,878	11%
9/30/2013	-	29,970	\$ 29,970	0%	481,679	6%
9/30/2016	-	66,647	\$ 66,647	0%	480,573	14%

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 9 - RISK MANAGEMENT

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

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grants

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

Reimbursement of Grant Funds to the State of Florida

As a result of the project closeout and final reconciliation of several grant projects related to the 2005 hurricane related expenditures, the State of Florida Division of Emergency Management (State) determined that certain cost of clean-up activities which were funded by the State are ineligible and required the Village to refund the cost to the State. The total ineligible cost assessed by the State is approximately \$160,000, which the Village has not paid. The Village is disputing the amount with the State and the outcome is not certain as of September 30, 2016.

Lawsuits

The Village is a defendant in various other suits and claims incidental to its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's management that resolution of these matters will not have a material adverse effect on the financial condition of the Village.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 900,544	\$ 906,327	\$ 907,199	\$ 872
Franchise fees	118,755	118,755	107,500	(11,255)
Utility taxes	155,035	168,673	149,121	(19,552)
Charges for services	297,362	297,362	308,616	11,254
Intergovernmental	262,874	177,794	176,551	(1,243)
Licenses and permits	86,950	116,919	138,651	21,732
Fines and forfeitures	26,000	33,445	8,577	(24,868)
Interest and other	56,726	24,550	6,780	(17,770)
Total revenues	1,904,246	1,843,825	1,802,995	(40,830)
Expenditures:				
Current:				
General government				
Village council	38,120	38,120	33,415	4,705
Village Clerk	56,746	69,315	65,065	4,250
Public affairs	29,500	37,100	36,393	707
Administration and finance	308,112	441,362	429,667	11,695
Public safety	824,358	865,438	851,380	14,058
Building and code enforcement	25,183	25,183	23,015	2,168
Planning and zoning	103,981	169,498	163,675	5,823
Public works	552,567	390,749	383,419	7,330
Total expenditures	1,938,567	2,036,765	1,986,029	50,736
Excess of revenues over expenditures before other financing sources (uses)	(34,321)	(192,940)	(183,034)	9,906
Other financing sources:				
Transfers in	34,321	199,940	-	(199,940)
Transfers out	-	(7,000)	(7,000)	-
Total other financing sources	34,321	192,940	(7,000)	(199,940)
Net change in fund balance			(190,034)	(190,034)
Fund balances - beginning			1,156,452	
Fund balances, ending			\$ 966,418	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STREET AND ROAD FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 80,435	\$ 153,204	\$ 71,852	\$ (81,352)
Total revenues	<u>80,435</u>	<u>153,204</u>	<u>72,095</u>	<u>(81,109)</u>
Expenditures:				
Current:				
Public works	<u>80,435</u>	<u>153,204</u>	-	<u>153,204</u>
Total expenditures	<u>80,435</u>	<u>153,204</u>	-	<u>153,204</u>
Net change in fund balance			72,095	72,095
Fund balances - beginning			<u>492,049</u>	
Fund balances - ending			<u>\$ 564,144</u>	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CITT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 84,728	\$ 162,332	\$ 6,469	\$ (155,863)
Total revenues	84,728	162,332	6,469	(155,863)
Expenditures:				
Current:				
Public works	67,782	152,386	35,087	117,299
Total expenditures	67,782	152,386	35,087	117,299
Other financing sources:				
Transfers in	7,000	7,000	7,000	-
Total other financing sources	7,000	7,000	7,000	-
Net change in fund balance			(21,618)	(21,618)
Fund balances - beginning			183,420	
Fund balances - ending			\$ 161,802	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STORMWATER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Utility taxes	\$ 52,600	\$ 98,200	\$ -	\$ (98,200)
Intergovernmental	<u>-</u>	<u>-</u>	<u>49,053</u>	<u>49,053</u>
Total revenues	<u>52,600</u>	<u>98,200</u>	<u>49,053</u>	<u>(49,147)</u>
Expenditures:				
Public works	<u>52,600</u>	<u>52,600</u>	<u>145,222</u>	<u>(92,622)</u>
Total expenditures	<u>52,600</u>	<u>52,600</u>	<u>145,222</u>	<u>(92,622)</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>45,600</u>	<u>(96,169)</u>	<u>(141,769)</u>
Net change in fund balance			<u>(96,169)</u>	(96,169)
Fund balances - beginning			<u>114,015</u>	
Fund balances - ending			<u>\$ 17,846</u>	

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Notes to Budgetary Comparison Schedules

Annual budgets are adopted for all governmental funds on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriations lapse at fiscal year end.

The Village follows Chapter 80-274 of the state of Florida Statutes and its charter in establishing the budgetary data reflected in the financial statements. The budget process is as follows:

- Prior to August 1, the Village Manager submitted to the Village Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.
- The appropriated budget is prepared and adopted by fund, function, and department. Budgets are monitored within each department at the account level by the respective department head and the Village Manager. The Village's department heads may make transfers of appropriations within a department with approval of the Village Manager. Transfers of appropriations between departments require the additional approval of the Council. The legal level of budgetary control (i.e. the level at which expenditures may not exceed appropriations) is the department level for the general fund and the fund level for all other funds.
- The Village Council may make supplemental appropriations during the fiscal year by ordinance. Supplemental appropriations were \$98,128 for the General Fund, \$72,769 for the Street and Road Fund and \$84,604 for the CITT Fund during the fiscal year ended September 30, 2016.

VILLAGE OF EL PORTAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the FRS net pension liability	0.0029%	0.0030%	0.0028%
Village's proportionate share of the FRS net pension liability	\$ 721,281	\$ 382,454	\$ 168,412
Village's covered employee payroll	589,395	686,210	618,229
Village's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	122.38%	55.73%	27.24%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 117,288	\$ 72,191	\$ 60,460
FRS contribution in relation to the contractually required contribution	<u>117,288</u>	<u>72,191</u>	<u>60,460</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	589,395	686,210	618,229
FRS contribution as a percentage of covered employee payroll	19.90%	10.52%	9.78%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014, 2015 and 2016 are available.

VILLAGE OF EL PORTAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the HIS net pension liability	0.0019%	0.0019%	0.0017%
Village's proportionate share of the HIS net pension liability	\$ 218,549	\$ 197,083	\$ 163,285
Village's covered employee payroll	589,395	686,210	618,229
Village's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	37.08%	28.72%	26.41%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 9,784	\$ 7,387	\$ 5,982
HIS contribution in relation to the contractually required contribution	<u>9,784</u>	<u>7,387</u>	<u>5,982</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	589,395	686,210	618,229
HIS contribution as a percentage of covered employee payroll	1.66%	1.08%	0.97%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014, 2015 and 2016 are available.

VILLAGE OF EL PORTAL, FLORIDA
OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
9/30/2010	\$ -	\$ 58,674	\$ 58,674	0.0%	\$ 526,878	11%
9/30/2013	-	29,970	29,970	0.0%	481,679	6%
9/30/2016	-	66,647	66,647	0.0%	480,573	14%

COMBINING FINANCIAL STATEMENTS

VILLAGE OF EL PORTAL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Police Foreiture Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 15,021	\$ -	\$ 15,021
Due from other funds	<u>30,139</u>	<u>34,384</u>	<u>64,523</u>
Total assets	<u><u>45,160</u></u>	<u><u>34,384</u></u>	<u><u>79,544</u></u>
<u>LIABILITIES</u>			
Due to other funds	<u>28,837</u>	<u>23,451</u>	<u>52,288</u>
Total liabilities	<u><u>28,837</u></u>	<u><u>23,451</u></u>	<u><u>52,288</u></u>
<u>FUND BALANCES</u>			
Restricted	<u>16,323</u>	<u>10,933</u>	<u>27,256</u>
Total fund balances	<u><u>16,323</u></u>	<u><u>10,933</u></u>	<u><u>27,256</u></u>
Total liabilities and fund balances	<u><u>\$ 45,160</u></u>	<u><u>\$ 34,384</u></u>	<u><u>\$ 79,544</u></u>

VILLAGE OF EL PORTAL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>Police Foreiture Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Intergovernmental	\$ -	\$ 20,000	\$ 20,000
Total revenues	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Expenditures:			
Current:			
Parks and recreation	-	10,140	10,140
Total expenditures	<u>-</u>	<u>10,140</u>	<u>10,140</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>9,860</u>	<u>9,860</u>
Net change in fund balances	-	9,860	9,860
Fund balances - beginning	<u>16,323</u>	<u>1,073</u>	<u>17,396</u>
Fund balances - ending	<u>\$ 16,323</u>	<u>\$ 10,933</u>	<u>\$ 27,256</u>

COMPLIANCE SECTION



ALBERNI CABALLERO & FIERMAN, LLP

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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

Honorable Mayor, Village Council and Village Manager
Village of El Portal, 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, each major fund, and the aggregate remaining fund information of the Village of El Portal, Florida (the "Village"), as of and for the fiscal year ended September 30, 2016, 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 27, 2017.

Internal Control Over Financial Reporting

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

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

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

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. We consider the deficiency described in the accompany schedule of findings and responses as item 2015-02 to be a significant deficiency.

Honorable Mayor, Village Council and Village Manager
Village of El Portal, Florida

Compliance

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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-03 and 2015-05.

Village's Response to Findings and Recommendations

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

Purpose of this Report

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

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 27, 2017



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

Honorable Mayor and Members of the Village Council
Village of El Portal, Florida

Report on the Financial Statements

We have audited the financial statements of the Village of El Portal, Florida (the "Village"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 27, 2017.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 27, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the accompanying schedule of prior year findings.

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Village for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations are included in the accompanying schedule of findings and responses.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, such findings are included in the accompanying schedule of findings and responses.

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, City Council and applicable management, and is not intended to be and should not be and should not be used by anyone other than these specified parties.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 27, 2017



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

Honorable Mayor, Village Council and Village Manager
Village of El Portal, Florida

We have examined the Village of EL Portal, Florida, (the "Village") compliance with the requirements of Section 218.415 Florida Statutes during the fiscal year ended September 30, 2016. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 27, 2017

VILLAGE OF EL PORTAL, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

PRIOR YEAR COMMENTS AND STATUS

FINANCIAL STATEMENTS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2015 schedule of findings and responses:

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

- 2015-01 Bank reconciliations
- 2015-02 Policies and procedures
- 2015-03 Untimely Reporting
- 2015-05 Budgeting and Budget Amendments

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

- 2014-01 Internal Control over Financial Reporting
- 2015-04 Public Depositor Annual Report to the Chief Financial Officer
- 2015-06 Annual financial audit reports

OBSERVATIONS

The following addresses the status of the observations reported in the fiscal year ended September 30, 2015 schedule of findings and responses.

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

- 2015-07 Development and implementation of a disaster recovery policy

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

- 2013-01 Develop Instructions for Year-end Closing Procedures

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

I - CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS

2015-01 Bank Reconciliations

Criteria

Prudent practice would dictate that a formal bank reconciliation be performed each month prior to the end of the following with the appropriate review and sign off as evidence of the completeness, the accuracy and timeliness of the reconciliation. Review of the monthly bank reconciliations reduces the risk that errors, fraud or misuse of funds could go undetected and/or uncorrected.

Condition

During our audit of the fiscal year ended September 30, 2015, we reviewed the September 30, 2015 bank reconciliation for the Village's bank accounts. The audit disclosed that the bank reconciliation did not contain evidence of review or the date they were prepared. In addition, the Village's payroll bank reconciliation was not accurate as of September 30, 2015. Based on further inquiry, we noted that the bank reconciliations are not reviewed after being prepared by Management.

Cause

Proper supervision needs to be conducted over the bank reconciliation process.

Effect

Without bank reconciliations being reviewed timely for accuracy and completeness, the Village would not know if the cash position is accurate and whether or not there were errors, fraud or misuse of funds.

Recommendation

We recommend the Village implements internal controls associated with the review of bank reconciliations that will ensure reconciliations are reviewed on a monthly basis evidenced by the signature and date of both the preparer and reviewer. Monthly bank reconciliations must be reviewed within 30 days of the month end to ensure accuracy and completeness of cash balances reported by the Village.

Management's response

All bank statements are now initiated by the Finance Director when prepared and reviewed by the Village manager on a monthly basis

Current year status

During our audit of the fiscal year ended September 30, 2016, we noted that the bank reconciliations were not prepared and reviewed timely. This finding will be repeated.

Current year management's response

This finding was a result of non-adherence to Village policies and procedures by the previous Administration. The Village is currently following all policies and procedures. All bank reconciliations are prepared monthly, stamped "posted", dated by the CFO, reviewed and signed by the Village manager.

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (Continued)

I - CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (Continued)

SIGNIFICANT DEFICIENCY

2015-02 Policies and procedures

Criteria

The policies and procedures manual of the Village is the official document governing the conduct of business and includes policies and procedures conducive to good governance and superior stewardship of public funds. The purpose of the Manual is to provide detailed information on mandatory policies, procedures, and practices, along with accounting and administration guidelines for grants and other fiscal services.

Condition

During our testing, we noted that the Village did not have evidence for the implementation of certain procedures within its policy and procedures manual. For example, copies of bank deposit slips required for bank deposit procedures outlined in the manual could not be located during our review of internal controls over cash receipts. The purchasing policy requires that each price or cost analysis be documented in writing for purchases exceeding \$2,500. Such documentation was not performed for certain cash disbursements reviewed during the audit. Minutes of the Council meetings were not maintained for the months of April and July 2015.

Cause

Insufficient supervision over the implementation of established policies and procedures.

Effect

Internal control procedures documented in the manual are not being followed and therefore not effective.

Recommendation

We recommend that the Village implements its established policies and procedures

Management's response

The conditions noted resulted from a lack of adherence to internal controls by the previous administration. Under the new administration all internal controls detailed in the policies and procedures manual are being adhered.

Current year status

The Village did not have evidence for the implementation of certain procedures within its policy and procedures related to cash receipts and cash disbursements. This finding will be repeated.

Current year management's response

The conditions noted resulted from a lack of adherence to internal controls by the previous administration. Under the new administration all internal controls detailed in the policies and procedures manual are being adhered.

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

NON COMPLIANCE

2015-03 Untimely Reporting

CFDA 16.922 – Federal Equitable Sharing

Condition

During the audit for fiscal year ended September 30, 2015, we noted that the Village of El Portal did not submit the Federal Equitable Sharing Report within the 60 days after year end time period.

Criteria

The terms and conditions of the grant award require that the Village comply with the terms and conditions in the Guide to Equitable Sharing for State and Local Law Enforcement Agencies. Per Chapter X, section A of the Guide, State and local law enforcement agencies must submit the form within 60 days after the end of an agency's fiscal year, regardless of whether funds were received or maintained during the fiscal year. The report must be completed electronically and emailed to [aca.submit\(a\)usdoj.gov](mailto:aca.submit(a)usdoj.gov). Once the Village emails the report, the Affidavit/Signature page must be printed, signed, and faxed to the Asset Forfeiture and Money Laundering Section (AFMLS) of the Department of Justice.

Cause

Lack of Adequate internal controls over the completion, review, and submittal of the Federal Equitable Sharing Agreement and Certification.

Effect

The Federal Equitable Sharing Report was not completed, reviewed or remitted to the AFMLS. The delay in appropriately submitting this report has resulted in the Village potentially not being in compliance with the Reporting compliance requirement of the terms and conditions in the Guide to Equitable Sharing for State and Local Law Enforcement Agencies.

Recommendation

We recommend the Village enhance the internal controls over completion, review, and submittal of the Federal Equitable Sharing Agreement and Certification in order to ensure that all steps of the reporting process are completed within the 60 days after the end of an agency's fiscal year as denoted by the Guide to Equitable Sharing for State and Local Law Enforcement Agencies.

Management's response

The Village was not aware of the requirement to file this agreement. The agreement will be submitted for fiscal year 2015. For fiscal year 2016, the agreement will be submitted by November 30, 2016.

Current year status

During the audit, we noted that the Village had not submitted the Federal Equitable Sharing Report within the 60 days after year end time period. This finding will be repeated.

Current year management's response

The Village of El Portal has submitted a request to the Department of Justice to opt out of the Federal Equitable Sharing Program.

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

2015-05 Budgeting and Budget Amendments

Criteria

Florida Statutes section 166.241 states that the adopted budget must regulate expenditures of the municipality, and an officer of a municipal government may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget. In addition, Section 166.241(4), Florida Statutes (FS), provides that the governing body of each municipality at any time within a fiscal year or within 60 days following the end of the fiscal year may amend a budget for that year.

Condition

The Village incurred costs that were not approved as a formal budget amendment by the Council, creating expenditures in excess of budget. This is not in compliance with Florida Statutes section 166.241. The Village overspent its general fund budget in total by approximately \$192,000 primarily in the areas of the Village council (approximately \$1,500), Public affairs (approximately \$15,000), Administration and finance (approximately \$104,000), Public safety (approximately \$77,000), and Public works (approximately \$41,000).

Cause

The Village did not prepare a final budget amendment in order to have these over expenditures approved by Council as allowed by the Florida Statutes.

Effect

Without proper budget amendments, the Village is not in compliance with Florida Statute section 166.241.

Recommendation

We recommend that, in the future, the Village track the budget to actual results throughout the year and prepare appropriate budget amendments prior to November 30th after their fiscal year-end.

Management's response

The prior administration was deficient in not submitting a mid-year budget amendment to the Village Council for approval. Under the new administration, any required budget amendments will be submitted to the Village Council for approval within the required timeframe

Current year status

The Village overspent its stormwater fund budget by \$92,622 in Public works. This finding will be repeated.

Current year management's response

The fiscal year 2016 budget was prepared by the former Administration. The expenditures for Phase VI of the Storm Water Project should have been budgeted. Our previous CFO has rejoined the Village and implemented controls to ensure that all budgeted line items are recorded properly.

OBSERVATIONS

2015-07 Development and implementation of a disaster recovery policy

Observation

During the course of our audit we noted that the Village does not have a detailed written disaster recovery policy in place.

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (Continued)

I - CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (Continued)

OBSERVATIONS (Continued)

Recommendation

We recommend that the organization develop and implement a written disaster recovery policy that includes the following components:

- Location of, and access to, off-site storage
- A listing of all data files that would have to be obtained from the off-site storage location.
- Identification of a backup location with similar or compatible equipment.
- Responsibilities of various personnel in an emergency.
- Priority of critical applications and reporting requirements during the emergency period.

Management's response

The Village will develop a disaster recovery policy in the coming year and include it the Village policy and procedures manual.

Current year status

As of September 30, 2016, the Village had not developed and implemented a written disaster recovery policy.

Current year management response

The Village has developed a disaster recovery policy and will implement it the coming year and include it in the Village policy and procedures manual.