

VILLAGE OF EL PORTAL, FLORIDA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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, 2014, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2014, 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.

Emphasis of a Matter

As discussed in Note I to the financial statements, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of October 1, 2013. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information on pages 3-11 and 32-36, respectively, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 April 5, 2016, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 & Company, LLP
Coral Gables, Florida
April 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

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, 2014.

Financial Highlights

- The assets of the Village of El Portal exceeded its liabilities at the close of the most recent fiscal year by \$4,120,733 (net position). Of this amount, \$588,479 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$8,588. This increase is attributable to excess revenues over expenses for 2014.
- As of the close of the current fiscal year, the Village's general fund reported an ending fund balance of \$570,729, an increase of \$3,779 in comparison with the prior year. \$530,625 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 \$530,625 or 35 % of total general fund expenditures.

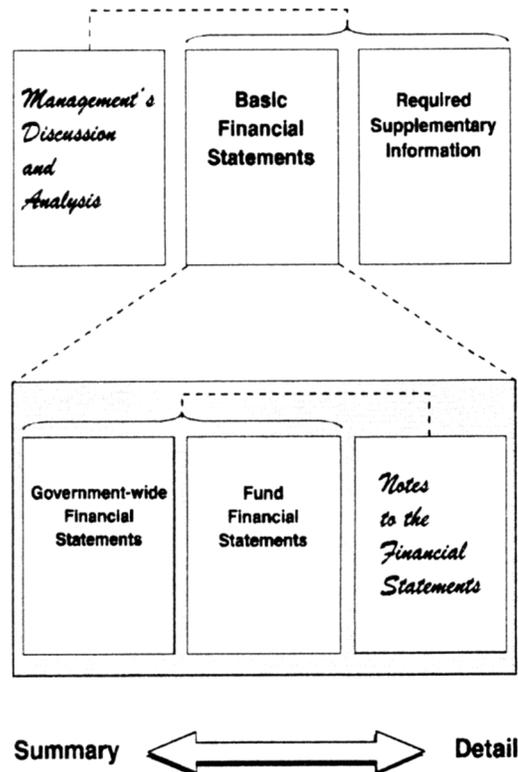
Overview of the Financial Statements

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, 2014

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, and liabilities and deferred inflows, 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 eight 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, special revenue 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 special revenue fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the 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, 2014

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 31 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 exceeded liabilities by \$ 4,120,733 at the close of the most recent fiscal year.

A portion of the Village's net position, \$3,060,639 or 74.27% 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, \$471,615 or 11.44% represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$588,479 or 14.28%, 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>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 1,412,293	\$ 1,263,290	\$ 149,003	11.79%
Capital assets, net	<u>3,060,639</u>	<u>3,116,500</u>	<u>(55,861)</u>	-1.79%
Total assets	<u>4,472,932</u>	<u>4,379,790</u>	<u>93,142</u>	2.13%
Current liabilities	194,200	124,492	69,708	55.99%
Long-term liabilities	<u>157,999</u>	<u>143,153</u>	<u>14,846</u>	10.37%
Total liabilities	<u>352,199</u>	<u>267,645</u>	<u>84,554</u>	31.59%
Net Position:				
Investment in capital assets	3,060,639	3,116,500	(55,861)	-1.79%
Restricted	471,615	577,016	(105,401)	-18.27%
Unrestricted	<u>588,479</u>	<u>418,629</u>	<u>169,850</u>	40.57%
Total net position	<u>4,120,733</u>	<u>4,112,145</u>	<u>8,588</u>	0.21%
Total Liabilities and Net Position	<u>\$4,472,932</u>	<u>\$4,379,790</u>	<u>\$ 93,142</u>	2.13%

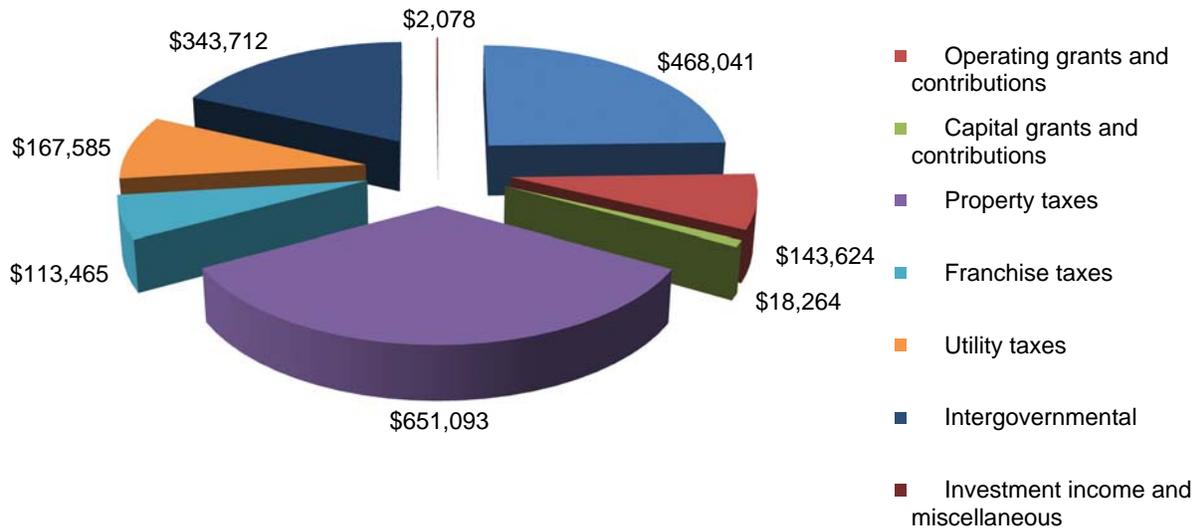
The Village's current assets increased by 11.79% mainly due to increases in cash and other assets and a reduction in accounts receivable. Total liabilities increased by 31.59%, with both current and long term liabilities showing increases. Both capital assets and the investment in capital assets decreased by approximately 1.79% during the fiscal year.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

Government-Wide Financial Analysis (Continued)

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 468,041	\$ 436,818	\$ 31,223	7.15%
Operating grants and contributions	143,624	226,480	(82,856)	-36.58%
Capital grants and contributions	18,264	186,736	(168,472)	-90.22%
General Revenues:				
Property taxes	651,093	698,935	(47,842)	-6.84%
Franchise taxes based on gross receipts	113,465	109,628	3,837	3.50%
Utility taxes	167,585	169,955	(2,370)	-1.39%
Intergovernmental (unrestricted)	343,712	295,527	48,185	16.30%
Investment income and miscellaneous	2,078	2,567	(489)	-19.05%
Total revenues	<u>\$1,907,862</u>	<u>\$2,126,646</u>	<u>\$ (393,064)</u>	<u>-18.48%</u>

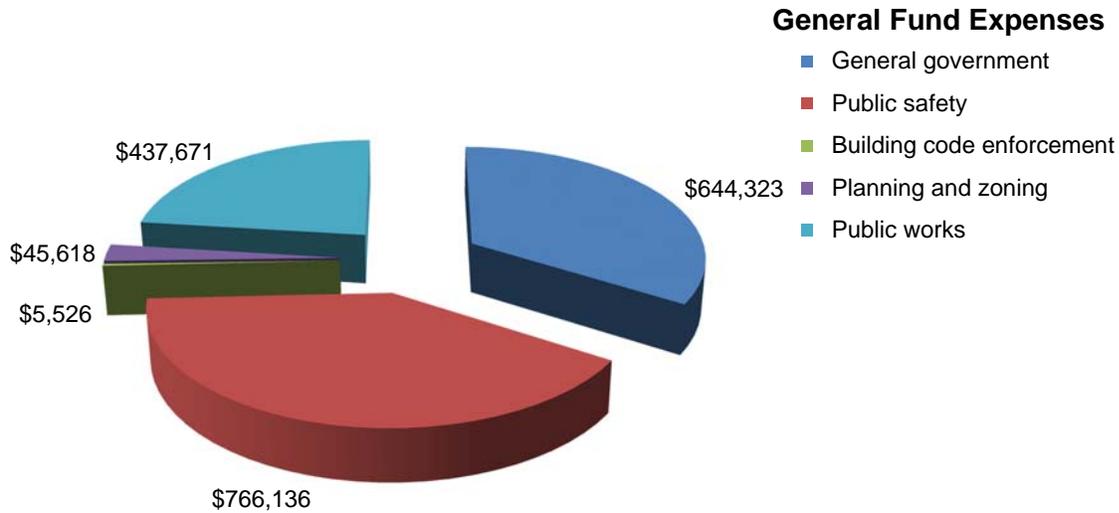
General Fund Revenues



VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

Government-Wide Financial Analysis (Continued)

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	\$ 644,323	\$ 582,902	\$ 61,421	10.54%
Public safety	766,136	841,021	(74,885)	-8.90%
Building code enforcement	5,526	4,661	865	18.56%
Planning and zoning	45,618	48,598	(2,980)	-6.13%
Public works	<u>437,671</u>	<u>413,453</u>	<u>24,218</u>	5.86%
Total expenses	<u>1,899,274</u>	<u>1,890,635</u>	<u>8,639</u>	0.46%
Change in net position	8,588	236,011	(227,423)	-96.36%
Beginning net position	<u>4,112,145</u>	<u>3,876,134</u>	<u>236,011</u>	
Ending net position	<u>\$4,120,733</u>	<u>\$4,112,145</u>	<u>\$ 8,588</u>	



The Village's net position increased by \$8,588 in the current fiscal year. Overall, revenues decreased by 18.48% mainly due to decreases in capital grants and contributions. There was a slight increase in expenses of 0.46% when compared to the previous year.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

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.

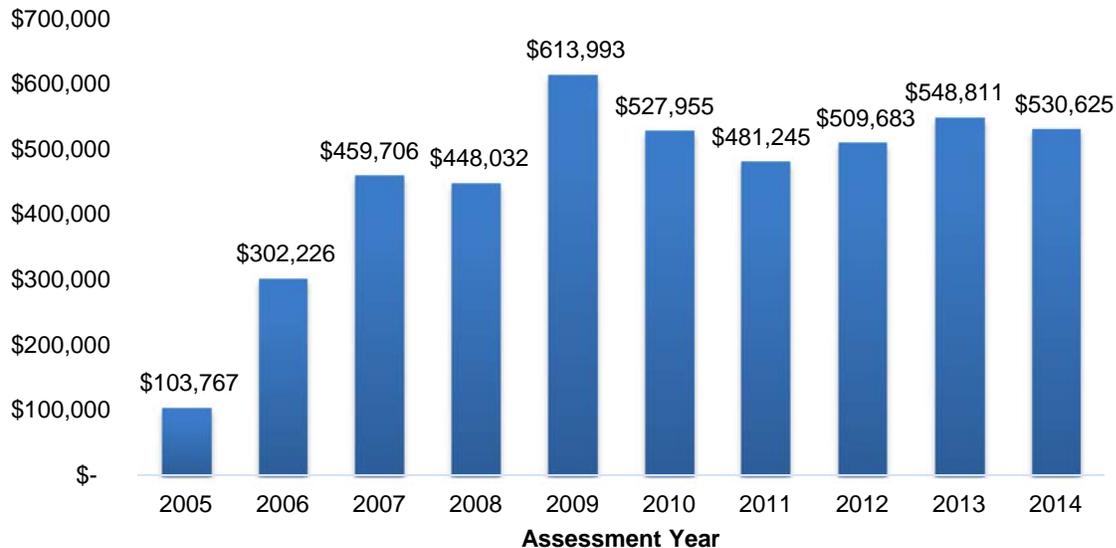
Governmental funds

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 \$570,729, an increase of \$3,779 or 0.67% in comparison with the prior year. \$530,625 constitutes *unassigned fund* balance, which is available for spending at the Village's discretion.

Unassigned Fund Balance



At the end of the current fiscal year, unassigned fund balance of the general fund was \$530,625. 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 32.55% of total general fund expenditures.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

Financial Analysis of the Government's Funds

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, 2014 and 2013, is shown below:

Summary of General Fund's condensed Balance Sheet

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$1,414,551	\$1,118,775	\$ 295,776	26.44%
Total liabilities	843,822	551,825	291,997	52.91%
Nonspendable fund balance	40,104	18,139	21,965	121.09%
Unassigned fund balance	530,625	548,811	(18,186)	-3.31%
Total fund balance	570,729	566,950	3,779	0.67%
Total liabilities and fund balance	<u>\$1,414,551</u>	<u>\$1,118,775</u>	<u>\$ 295,776</u>	26.44%

Increase 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 due to other funds offset by a decrease in accounts payable.

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

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>% Change</u>
Total Revenues	\$1,641,528	\$1,645,256	\$ (3,728)	-0.23%
Total Expenditures	1,630,219	1,597,692	32,527	2.04%
Excess of revenues over expenditures	11,309	47,564	(36,255)	-76.22%
Other financing sources	(7,530)	(687)	(6,843)	100%
Change in fund balance	3,779	46,877	(43,098)	-91.94%
Fund Balance, Beginning	566,950	520,073		
Fund Balance, Ending	<u>\$ 570,729</u>	<u>\$ 566,950</u>		

The fund balance of the Village's general fund increased by \$3,779 during the current fiscal year. The increase was mainly due to a decrease in expenditures.

Major Special Revenue Funds

- *Special Revenue Fund*
The Special Revenue Fund reported an increase in fund balance of \$84,557 to \$420,046 for the fiscal year. The increase is mainly due to local option gas taxes received net of expenditures.
- *CITT Project Fund*
The Citizens' Independent Transportation Trust (CITT) fund reported an increase in fund balance of \$10,789 to \$134,006. This due mainly to increase revenues received from the CITT net of expenditures required for maintenance of effort for transportation and transit projects from Miami-Dade County.
- *Capital Projects Fund*
The Capital Projects Fund reported a deficiency of expenditures over revenues of \$4,031. The capital expenditure incurred was due to additional expenditures on the design of the 2nd Avenue Project.
- *Stormwater Project Fund*
The Storm water Project Fund reported a decrease in fund balance of \$17,876 to \$81,847. This decrease is mainly due to increase in project spending.

Non-Major Special Revenue Funds

- *Parks and Recreation Fund*
The Parks and recreation fund reported a current year fund decrease in the amount of \$1,423 due to expenditures of \$1,423.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

Fund Budgetary Highlights

Budget vs. actual schedules are presented on page 32 for the General Fund, page 33 for the Special Revenue Fund, page 34 for the CITT Fund, and page 35 for the Storm Water Project Fund.

Capital Assets and Long Term Debt

As of September 30, 2014, the Village's investment in capital assets amounted to \$3,060,639 (net of accumulated depreciation). The decrease in capital assets for the current fiscal year of \$56,861 was due to current year additions of \$121,668 less current year depreciation of \$177,529.

More details relating to capital assets can be found on page 26 of the notes to the financial statements.

The Village's long term debt is the long term debt portion of compensated absences and the OPEB liability. More details relating to the Village's long-term debt can be found on pages 26-27 of the notes to the financial statements.

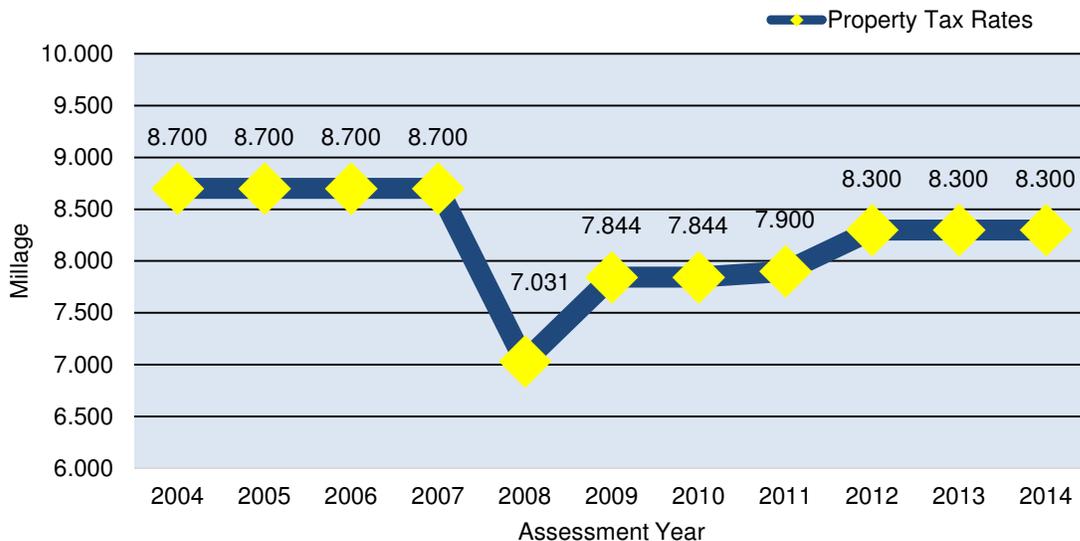
Economic Factors and Next Year's Budgets and Rates

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 2014 adopted General Fund budget are \$1,648,780, a decrease of \$12,413 or 0.76 percent from the fiscal year 2013 budgeted revenues of \$1,636,367. Decrease is due to mainly to decreases in utility tax revenues, fines and forfeitures revenues, licenses and permits revenues, and interest and other revenues.

Fiscal year 2014 budgeted expenditures are expected to be \$1,676,215, a decrease of \$11,099 or 0.66 percent from fiscal year 2013 budgeted expenditures of \$1,687,314. Decrease is due to slight decreases in various expenditures.

Property Tax Rates



VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

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, 2014

		Governmental <u>Activities</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	1,225,327
Accounts receivable - net		146,862
Other assets		40,104
Capital assets not being depreciated		108,224
Capital assets being depreciated, net		<u>2,952,415</u>
Total assets		<u>4,472,932</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities		156,015
Accrued payroll		38,184
Noncurrent liabilities:		
The amount due in more than one year		<u>157,999</u>
Total liabilities		<u>352,198</u>
<u>NET POSITION</u>		
Investment in capital assets		3,060,639
Restricted for:		
Public safety		40,104
Capital projects		431,511
Transit		134,006
Unrestricted		<u>454,474</u>
Total net position	\$	<u>4,120,734</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 644,323	\$ 22,114	\$ -	\$ -	\$ (622,209)
Public safety	766,136	10,624	-	-	(755,512)
Building and code enforcement	5,526	107,393	-	-	101,867
Planning and zoning	45,618	14,875	-	-	(30,743)
Public works	437,670	313,035	143,624	18,264	37,253
Total governmental activities	1,899,273	468,041	143,624	18,264	(1,269,344)
General revenues:					
Property taxes				\$	651,093
Utility taxes					167,585
Franchise fees based on gross receipts					113,465
Intergovernmental (unrestricted)					343,712
Investment and other income					2,078
Change in net position					8,589
Net position, beginning					4,112,145
Net position, ending				\$	4,120,734

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Major Funds					Non-major Governmental Funds	Total Governmental Funds
	<u>General</u>	Special Revenue <u>Fund</u>	<u>CITT</u>	Capital <u>Projects Fund</u>	Stormwater <u>Project Fund</u>		
<u>ASSETS</u>							
Cash and cash equivalents	\$ 1,108,188	\$ 54,175	\$ 46,875	\$ -	\$ 467	\$ 15,622	\$ 1,225,327
Accounts receivable - net	61,301	-	21,248	-	64,313	-	146,862
Prepays	40,104	-	-	-	-	-	40,104
Due from other funds	204,958	400,264	200,564	218,291	273,718	18,869	1,316,664
Total assets	<u>1,414,551</u>	<u>454,439</u>	<u>268,687</u>	<u>218,291</u>	<u>338,498</u>	<u>34,491</u>	<u>2,728,957</u>
<u>LIABILITIES</u>							
Accounts payable and accrued liabilities	46,359	-	2,365	2,148	105,143	-	156,015
Accrued payroll	38,185	-	-	-	-	-	38,185
Due to other funds	759,278	34,393	132,316	220,174	151,508	18,995	1,316,664
Total liabilities	<u>843,822</u>	<u>34,393</u>	<u>134,681</u>	<u>222,322</u>	<u>256,651</u>	<u>18,995</u>	<u>1,510,864</u>
<u>FUND BALANCES</u>							
Nonspendable	40,104	-	-	-	-	-	40,104
Restricted	-	420,046	134,006	-	81,847	15,496	651,395
Unassigned	530,625	-	-	(4,031)	-	-	526,594
Total fund balances	<u>570,729</u>	<u>420,046</u>	<u>134,006</u>	<u>(4,031)</u>	<u>81,847</u>	<u>15,496</u>	<u>1,218,093</u>
Total liabilities and fund balances	<u>\$ 1,414,551</u>	<u>\$ 454,439</u>	<u>\$ 268,687</u>	<u>\$ 218,291</u>	<u>\$ 338,498</u>	<u>\$ 34,491</u>	<u>\$ 2,728,957</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, 2014

Fund balances - total government funds (Page 14) \$ 1,218,093

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	4,398,651	
Less accumulated depreciation	<u>(1,338,012)</u>	
		3,060,639

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences	(118,424)	
OPEB liability	<u>(39,574)</u>	
		<u>(157,998)</u>

Net position of governmental activities (Page 12) \$ 4,120,734

VILLAGE OF EL PORTAL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Major Funds					Non-Major Governmental Funds	Total Governmental Funds
	General	Special Revenue Fund	CITT	Capital Projects Fund	Stormwater Project Fund		
Revenues:							
Property taxes	\$ 651,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 651,093
Franchise fees	113,465	-	-	-	-	-	113,465
Utility taxes	167,585	-	-	-	-	-	167,585
Charges for services	313,035	-	-	-	-	-	313,035
Intergovernmental	242,766	70,027	87,946	-	104,861	-	505,600
Licenses and permits	122,268	-	-	-	-	-	122,268
Fines and forfeitures	7,124	-	-	-	-	3,500	10,624
Interest and other	24,192	-	-	-	-	-	24,192
Total revenues	<u>1,641,528</u>	<u>70,027</u>	<u>87,946</u>	<u>-</u>	<u>104,861</u>	<u>3,500</u>	<u>1,907,862</u>
Expenditures:							
Current:							
General government	456,333	-	-	-	-	1,423	457,756
Public safety	746,049	-	-	-	-	-	746,049
Building and code enforcement	5,526	-	-	-	-	-	5,526
Planning and zoning	45,618	-	-	-	-	-	45,618
Public works	376,693	-	56,945	4,031	-	-	437,669
Capital outlay:							
Public works	-	-	13,212	-	122,737	-	135,949
Total expenditures	<u>1,630,219</u>	<u>-</u>	<u>70,157</u>	<u>4,031</u>	<u>122,737</u>	<u>1,423</u>	<u>1,828,567</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>11,309</u>	<u>70,027</u>	<u>17,789</u>	<u>(4,031)</u>	<u>(17,876)</u>	<u>2,077</u>	<u>79,295</u>
Other financing sources (uses):							
Transfers in	-	14,530	-	-	-	-	14,530
Transfers out	(7,530)	-	(7,000)	-	-	-	(14,530)
Total other financing sources (uses)	<u>(7,530)</u>	<u>14,530</u>	<u>(7,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,779	84,557	10,789	(4,031)	(17,876)	2,077	79,295
Fund balances - beginning	<u>566,950</u>	<u>335,489</u>	<u>123,217</u>	<u>-</u>	<u>99,723</u>	<u>13,419</u>	<u>1,138,798</u>
Fund balances - ending	<u>\$ 570,729</u>	<u>\$ 420,046</u>	<u>\$ 134,006</u>	<u>\$ (4,031)</u>	<u>\$ 81,847</u>	<u>\$ 15,496</u>	<u>\$ 1,218,093</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, 2014

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)	\$	79,295
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlays	135,949	
Less current year depreciation	<u>(177,529)</u>	
		(41,580)

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 assets.

OPEB liability	(3,347)	
Compensated absences	<u>(11,497)</u>	
		<u>(14,844)</u>

Change in net position of governmental activities (Page 13)	\$	<u>8,589</u>
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NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014

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.

Special revenue Fund – This fund is used to account for the proceeds of specific revenue sources legally restricted for expenditures for specified purposes.

Citizen's independent transportation Fund – 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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Implementation of Governmental Accounting Standards Board Statements

During the fiscal year ended September 30, 2014, the Village implemented the following GASB Statement that had an impact on the financial statements:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities.

E. Assets, liabilities and net position

1. Deposits and Investments

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. 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.

Waste fees receivable prior to 2004 which was the first year the County began to bill and collect the Village's waste fees, total \$243,148 and an allowance for uncollectible accounts has been recorded against those receivables of \$243,148.

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.

3. 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.

4. 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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities and net position (Continued)

4. Property Taxes (Continued)

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, 2014 was 8.3000 mills (\$8.3000 per \$1,000 of taxable assessed valuation).

5. 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 \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

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.

6. 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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities and net position (Continued)

6. Compensated Absences (Continued)

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.

7. Long-Term Obligations

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

8. 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.

9. Net Position/Fund Balance

Total equity as of September 30, 2014, 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 do not meet the definition of the other two categories.

As of September 30, 2014, 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. The Village Council is 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.

Unassigned — All other spendable amounts.

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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities and net position (Continued)

9. Net Position/Fund Balance (Continued)

	General Fund	Special Revenue Fund	CITT Fund	Capital Project Fund Fund	Stormwater Project Fund Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
Prepays	\$ 40,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,104
Restricted:							
Transit	-	-	134,006	-	-	-	134,006
Capital Projects	-	420,046	-	-	81,847	15,496	517,389
Unassigned:	<u>530,625</u>	<u>-</u>	<u>-</u>	<u>(4,031)</u>	<u>-</u>	<u>-</u>	<u>526,594</u>
Total Fund Balances	<u>\$ 570,729</u>	<u>\$ 420,046</u>	<u>\$ 134,006</u>	<u>\$ (4,031)</u>	<u>\$ 81,847</u>	<u>\$ 15,496</u>	<u>\$ 1,218,093</u>
Fund Balances:							
Nonspendable	\$ 40,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,104
Restricted	-	420,046	134,006	-	81,847	15,496	651,395
Unassigned	<u>530,625</u>	<u>-</u>	<u>-</u>	<u>(4,031)</u>	<u>-</u>	<u>-</u>	<u>526,594</u>
Total Fund Balances	<u>\$ 570,729</u>	<u>\$ 420,046</u>	<u>\$ 134,006</u>	<u>\$ (4,031)</u>	<u>\$ 81,847</u>	<u>\$ 15,496</u>	<u>\$ 1,218,093</u>

10. 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. The Village considers restricted net position to have been depleted before unrestricted-net position is applied.

11. 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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014, 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, 2014 were as follows:

	<u>General</u>	<u>Stormwater Fund</u>	<u>CITT Fund</u>	<u>Total</u>
Receivables:				
Waste Fees	\$ 243,148	\$ 30,644	\$ -	\$ 273,792
Franchise Fees and Taxes	45,384	-	21,248	66,632
Grants and other	<u>15,917</u>	<u>33,669</u>	<u>-</u>	<u>49,586</u>
Total receivables	<u>304,449</u>	<u>64,313</u>	<u>21,248</u>	<u>390,010</u>
Less: Allowance for uncollectibles	<u>(243,148)</u>	<u>-</u>	<u>-</u>	<u>(243,148)</u>
Net receivables	<u>\$ 61,301</u>	<u>\$ 64,313</u>	<u>\$ 21,248</u>	<u>\$ 146,862</u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 - RECEIVABLES/PAYABLES AND INTERFUNDS (Continued)

Interfund balances as of September 30, 2014, were as follows:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General Fund	\$ 204,958	\$ 759,277
Special Revenue Fund	400,264	34,393
CITT Fund	200,564	132,316
Stormwater Fund	273,718	151,598
Capital Projects Fund	218,291	220,174
Non-major Funds	<u>-</u>	<u>37</u>
Total	<u>\$ 1,297,795</u>	<u>\$ 1,297,795</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, 2014 were as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 7,530
Special Revenue Fund	14,530	
CITT Fund	<u>-</u>	<u>7,000</u>
Total	<u>\$ 14,530</u>	<u>\$ 14,530</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, 2014

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Governmental activities:				
Capital Assets not being depreciated:				
Land	\$ 3,556	\$ -	\$ -	\$ 3,556
Construction in progress	-	104,668	-	104,668
Total capital assets, not being depreciated	<u>3,556</u>	<u>104,668</u>	<u>-</u>	<u>108,224</u>
Capital Assets being depreciated:				
Buildings	437,107	-	-	437,107
Furniture and equipment	283,662	-	-	283,662
Improvements	191,177	-	-	191,177
Infrastructure	3,361,479	17,000	-	3,378,479
Total capital assets, being depreciated	<u>4,273,425</u>	<u>17,000</u>	<u>-</u>	<u>4,290,425</u>
Less accumulated depreciation for:				
Building	(437,107)	(60)	-	(437,167)
Furniture and Equipment	(245,890)	(9,162)	-	(255,052)
Improvements	(93,467)	(9,899)	-	(103,366)
Infrastructure	(384,017)	(158,408)	-	(542,425)
Total accumulated depreciation	<u>(1,160,481)</u>	<u>(177,529)</u>	<u>-</u>	<u>(1,338,010)</u>
Total capital assets, being depreciated, net	<u>3,112,944</u>	<u>(160,529)</u>	<u>-</u>	<u>2,952,415</u>
Governmental activities capital assets, net	<u>\$ 3,116,500</u>	<u>\$ (55,861)</u>	<u>\$ -</u>	<u>\$ 3,060,639</u>

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

General Government	\$ 157,442
Public Safety	20,087
Total depreciation expense – governmental activities	<u>\$ 177,529</u>

NOTE 6 - LONG TERM DEBT

Long-term debt activity for the fiscal year ended September 30, 2014 was as follows:

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
Compensated absences	\$ 106,925	\$ 48,337	\$ 36,838	\$ 118,424
OPEB liability	36,228	4,689	1,342	39,575
Total	<u>\$ 143,153</u>	<u>\$ 53,026</u>	<u>\$ 38,180</u>	<u>\$ 157,999</u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 - DEFINED BENEFIT PENSION PLAN

The Village participates in the Florida Retirement System (the "System"), a multiple-employer cost sharing Public Employee Retirement System ("PERS"). The Division of Retirement, Department of Administration of the State of Florida administers the System. All budgeted Village employees are eligible to participate in the System.

The 2011 Florida Legislative session passed Senate Bill 2100, making substantive changes to the FRS. The bill was signed into law effective July 1, 2011. The bill requires all FRS Investment and Pension Plan members to make 3% employee contributions on a pretax basis. Employees who are in the Deferred Retirement Option Program (DROP) are not required to pay employee contributions. The bill changes the annual interest rate of the DROP from 6.5% to 1.3% per year. Furthermore, the bill eliminates the cost-of-living adjustment (COLA) on FRS services earned on or after July 1, 2011. However, a reduced COLA will be calculated if a member's retirement or DROP participation date is effective on or after August 1, 2011.

Under the bill, the Pension Plan's vesting requirement changes from 6 years to 8 years. For new employees initially enrolled in the Pension Plan on or after July 1, 2011, those members will be vested upon completion of 8 years of creditable services. For existing employees, vesting will remain at 6 years of creditable service.

The bill also changed the Pension Plan's normal retirement date. For Special Risk Class, the age increases from 55 to 60 years of age, and the years of creditable service increases from 25 to 30 years. For all other classes, the age increases from 62 to 65 years of age, and the years of creditable service increases from 30 to 33 years. Upon vesting, those members are entitled to an annual retirement benefit payable monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State statute.

Early retirement may be taken any time after vesting; however, there is a five percent benefit reduction for each year prior to normal retirement age or date. The System also provides disability and survivor benefits.

Funding Policy. The Village required contribution rates are established by the Florida Legislature. Effective July 1, 2011 employees were required to pay 3% towards their retirement. The employer contribution for regular employees, senior management, and special risk members applicable to the last three fiscal years are as follows:

<u>Employer Contribution Rates</u>	<u>Regular Employees</u>	<u>Senior Management</u>	<u>Special Risk Members</u>
Effective 7/1/12	5.18%	6.30%	5.91%
Effective 7/1/13	6.95%	18.31%	35.96%
Effective 7/1/14	7.37%	21.14%	42.07%

The Village's contribution to the FRS for the last three years were as follows:

	<u>Employer contribution</u>	<u>Percentage contributed</u>
2014	\$ 90,442	97%
2013	\$ 60,570	97%
2012	\$ 61,171	97%

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Accrued Liability. The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to indicate the system’s funding status on a going concern basis, assets progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among public employee retirement systems and employers. The system does not make separate measurements of assets and pension benefit obligations of participating employers.

The System does not make separate measurements of assets and the actuarial accrued liability for individual employers. The actuarial liability, which is the actuarial present value of credited projected benefits, is a standardized disclosure measurement of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial accrued liability at June 30, 2014 for the System as a whole, determined through an actuarial valuation update performed as of that date, was \$160.1 billion. The System’s valuation assets were \$138.6 billion, leaving an under-funded actuarial accrued liability of approximately \$21.5 billion. Historical trend information showing the System’s progress in accumulating sufficient assets to pay benefits when due is presented in the System’s June 30, 2014 annual report.

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 2013-14 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.

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 27 years.

Annual required contribution	\$	3,240
Interest on net OPEB obligation		1,449
Adjustment to annual required contribution		<u>(1,342)</u>
Annual OPEB cost		<u>3,347</u>
Contributions made	\$	-
Increase in net pension asset		3,347
Net OPEB obligation, beginning of year		<u>36,228</u>
Net OPEB obligation, end of year	\$	<u><u>39,575</u></u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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 Pension Cost (APC)	Actual Contribution	%	% of Annual Pension Cost Contribution (APC)	Net Pension Obligation
9/30/2012	\$ 11,602	\$ -	-	0%	\$ 33,033
9/30/2013	\$ 3,195	\$ -	-	0%	\$ 36,228
9/30/2014	\$ 3,347	\$ -	-	0%	\$ 39,575

Funded Status and Funding Progress. As of the valuation date the plan assets were \$0, the actuarial accrued liability for benefits was \$29,970, the total unfunded actuarial liability is \$29,970, 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 \$481,679, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6%.

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.

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 September 30, 2014 was 27 years. Health insurance trends start at 8.00% for the fiscal year ending in 2014 and 7.50% for 2015, grading down to 5.00% at the ultimate trend rate by 2021.

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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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 20%. 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 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 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	0.0%	\$ 526,878	11%
9/30/2013	-	29,970	\$ 29,970	0.0%	481,679	6%

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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014.

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, 2014

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 697,273	\$ 697,273	\$ 651,093	\$ (46,180)
Franchise fees	118,300	118,300	113,465	(4,835)
Utility taxes	158,000	158,000	167,585	9,585
Charges for services	297,362	297,362	313,035	15,673
Intergovernmental	244,195	244,195	242,766	(1,429)
Licenses and permits	86,400	86,400	122,268	35,868
Fines and forfeitures	25,000	25,000	7,124	(17,876)
Interest and other	22,250	22,250	24,192	1,942
Total revenues	1,648,780	1,648,780	1,641,528	(7,252)
Expenditures:				
Current:				
General government				
Village council	22,800	22,800	22,797	3
Village Clerk	11,970	11,970	11,146	824
Public affairs	15,775	15,775	15,730	45
Administration and finance	398,969	398,969	406,660	(7,691)
Public safety	749,382	749,382	746,049	3,333
Building and code enforcement	6,175	6,175	5,526	649
Planning and zoning	46,450	46,450	45,618	832
Public works	424,694	424,694	376,693	48,001
Total expenditures	1,676,215	1,676,215	1,630,219	45,996
Excess of revenues over expenditures before other financing sources (uses)	(27,435)	(27,435)	11,309	38,744
Other financing sources:				
Transfer from (to) unappropriated fund balance	27,435	111,059	-	(111,059)
Transfers out	-	(83,624)	(7,530)	76,094
Total other financing sources	27,435	27,435	(7,530)	(34,965)
Net change in fund balance	-	-	3,779	\$ 3,779
Fund balances - beginning	-	-	566,950	
Fund balances, ending	\$ -	\$ -	\$ 570,729	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 58,637	\$ 58,637	\$ 70,027	\$ 11,390
Fines and forfeitures	-	-	-	-
Interest and other	-	-	-	-
Total revenues	58,637	58,637	70,027	11,390
Expenditures:				
Current:				
Public works	165,150	165,150	-	165,150
Total expenditures	165,150	165,150	-	165,150
Other financing sources:				
Transfers in	106,513	106,513	14,530	(91,983)
Transfers out	-	-	-	-
Total other financing sources	106,513	106,513	14,530	(91,983)
Net change in fund balance	-	-	84,557	\$ 84,557
Fund balances - beginning	-	-	335,489	
Fund balances - ending	\$ -	\$ -	\$ 420,046	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CITY
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 84,728	\$ 84,728	\$ 87,946	\$ 3,218
Total revenues	<u>84,728</u>	<u>84,728</u>	<u>87,946</u>	<u>3,218</u>
Expenditures:				
Current:				
Public works	<u>67,782</u>	<u>67,782</u>	<u>70,157</u>	<u>(2,375)</u>
Total expenditures	<u>67,782</u>	<u>67,782</u>	<u>70,157</u>	<u>(2,375)</u>
Other financing sources:				
Transfers in			-	-
Transfers out	<u>(16,946)</u>	<u>(16,946)</u>	<u>(7,000)</u>	<u>(9,946)</u>
Total other financing sources	<u>(16,946)</u>	<u>(16,946)</u>	<u>(7,000)</u>	<u>(9,946)</u>
Net change in fund balance	-	-	10,789	<u>\$ 10,789</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>123,217</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,006</u>	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STORMWATER
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Utility taxes	\$ 49,157	\$ 49,157	\$ -	\$ (49,157)
Intergovernmental	<u>-</u>	<u>-</u>	<u>104,861</u>	<u>104,861</u>
Total revenues	<u>49,157</u>	<u>49,157</u>	<u>104,861</u>	<u>55,704</u>
Expenditures:				
Public works	<u>87,544</u>	<u>87,544</u>	<u>122,737</u>	<u>(35,193)</u>
Total expenditures	<u>87,544</u>	<u>87,544</u>	<u>122,737</u>	<u>(35,193)</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>(38,387)</u>	<u>(38,387)</u>	<u>(17,876)</u>	<u>20,511</u>
Other financing sources:				
Transfer from unappropriated fund balance	<u>38,387</u>	<u>38,387</u>	<u>-</u>	<u>(38,387)</u>
Total other financing sources (uses)	<u>38,387</u>	<u>38,387</u>	<u>-</u>	<u>(38,387)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(17,876)</u>	<u>(17,876)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>99,723</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,847</u>	

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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. There were supplemental appropriations in the General Fund of \$83,624 for the fiscal year ended September 30, 2014.

COMBINING FINANCIAL STATEMENTS

VILLAGE OF EL PORTAL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>Police Foreiture Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 15,622	\$ -	\$ 15,622
Due from other funds	<u>4,486</u>	<u>14,383</u>	<u>18,869</u>
Total assets	<u>20,108</u>	<u>14,383</u>	<u>34,491</u>
<u>LIABILITIES</u>			
Due to other funds	<u>5,685</u>	<u>13,310</u>	<u>18,995</u>
Total liabilities	<u>5,685</u>	<u>13,310</u>	<u>18,995</u>
<u>FUND BALANCES</u>			
Restricted	<u>14,423</u>	<u>1,073</u>	<u>15,496</u>
Total fund balances	<u>14,423</u>	<u>1,073</u>	<u>15,496</u>
Total liabilities and fund balances	<u>\$ 20,108</u>	<u>\$ 14,383</u>	<u>\$ 34,491</u>

VILLAGE OF EL PORTAL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Police Foreiture Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Fines and forfeitures	\$ 3,500	\$ -	\$ 3,500
Total revenues	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Expenditures:			
Current:			
Parks and recreation	-	1,423	1,423
Total expenditures	<u>-</u>	<u>1,423</u>	<u>1,423</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>3,500</u>	<u>(1,423)</u>	<u>2,077</u>
Net change in fund balances	3,500	(1,423)	2,077
Fund balances - beginning	<u>10,923</u>	<u>2,496</u>	<u>13,419</u>
Fund balances - ending	<u>\$ 14,423</u>	<u>\$ 1,073</u>	<u>\$ 15,496</u>

COMPLIANCE SECTION



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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, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated April 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 to be material a weakness (2014-01).

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 to be a significant deficiency (2014-02).

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

Compliance and Other Matters

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

We noted other matters that we have reported in the schedule of findings and responses.

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
April 5, 2016



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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

We have audited the basic financial statements of the Village of El Portal, Florida (the "Village"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 5, 2016.

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. 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*. Disclosures in those reports, which are dated April 5, 2016, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- 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. In conjunction with our audit all findings and recommendations made in the preceding annual financial audit report have not been corrected, they are repeated as noted in the accompanying summary schedule of prior year audit findings.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., 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)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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

- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Village was incorporated in accordance with the laws of the State of Florida Chapter 19.799, § A of 1939. There are no component units related to the Village.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2013, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), 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.

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, and management of the Village, and is not intended to be and should not be used by anyone other than these specified parties.

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Coral Gables, Florida
April 5, 2016



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ACCOUNTANTS • ADVISORS

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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, 2014. 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, 2014.

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Coral Gables, Florida
April 5, 2016

**VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

I - CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS

2014-01 Internal Control over Financial Reporting

Criteria

Prudent policies include a formal closing process with supervisory Finance Department personnel being responsible for the review of transactions and balances recorded. Timeliness of closing procedures is crucial to proving accurate accounting data and financial information including interim and year-end financial statements.

Condition

During the course of our audit procedures there were multiple auditor adjusting entries proposed to correct errors from the start of the fieldwork which necessitated additional procedures and delayed the completion of the audit. There were numerous errors encountered in the recording of transactions.

Cause

Controls over transaction recording are not being implemented.

Effect

Multiple account balances were not properly stated increasing the risk of material misstatement.

Recommendation

We recommend a detailed general ledger account analysis of all accounts be performed on a monthly or quarterly basis in a timely manner. This analysis should be reviewed by a supervisory Finance Department staff to ensure accurate recording of transactions. An analytical review of account balances with the prior year balances prior to closing the books and records to facilitate determining any unusual transactions that need to be adjusted.

View of responsible officials and planned corrective actions

Management agrees with recommendation of the auditor. Going forward financial staff will prepare a quarterly analysis of accounts to ensure proper recording of transactions.

SIGNIFICANT DEFICIENCIES

2014-01 Journal Entries

Criteria

Adjusting journal entries should be approved by a designated member of management and contain descriptions and supporting documentation. This allows for a complete audit trail of journal entries posted.

Condition

During our review of the general journal entries, we noted that many entries lacked proper approval by a responsible official nor was there adequate supporting documents and proper explanations for the entries. All journal entries should be accompanied by full explanations and reference to adequate supporting document and proper approval.

Cause

Insufficient internal controls over the review and approval process.

Effect

Possible unauthorized or fraudulent transactions posted to the General Ledger. The Village has the responsibility to safeguard its assets from loss or misuse. In addition, when it comes time for the audit, if journal entries are not properly posted and the auditor must investigate and propose journal entries, this causes delays in the audit process. This significantly delayed the audit process.

Recommendation

We recommend that the Village implement internal controls and policies and procedures for the posting of journal entries to the Village's general ledger. We recommend the individual journal entries be approved by a responsible official prior to posting and approval be documented on paper copy of entries filed in sorted binders. We also recommend journal entries contain supporting documentation as well as affected account descriptions and purpose of entry. This will ensure a complete audit trail for transactions posted to the general ledger and ultimately the Village's financial statements.

View of Responsible Officials and Planned Corrective Actions

Management agrees with the observation and recommendation above. Going forward financial staff will present recommended entries and supporting documentation to Village Manager for review and approval prior to entries being posted into the accounting system. All documentation will be kept in sequence in electronic format on the Village shared drive for historical reference.

OTHER MATTER

II. PRIOR YEAR OTHER MATTER STATUS

The following addresses the status of the other matter reported in the fiscal year ended September 30, 2013 Schedule of Findings and Responses'

2013-1 Develop Instructions for Year-end Closing Procedures

Condition: To ensure effective completion of the annual year-end closing procedures and to ensure that the overall reporting timetable to management and legislative bodies are met, we recommend that formal closing instructions and related accounting practices be developed and, perhaps, included in the Village's accounting policies and procedures manual.

These instructions should include the following:

- The purpose of all closing procedures.
- Timetables outlining appropriate due dates.
- Sample formats.
- Instructions for schedules to be prepared.

Recommendation: We recommend that the timetable cover the period beginning with the preparation for pre-audit meetings through the completion of the data required for the financial statements. The procedures should also include a chronological listing of the original due dates for the item required and space should for notation of actual dates on which the item is completed. Such information will aide in management's review of the information and timely follow-up of matters questioned. The Finance Director should assign to one individual, the overall responsibility for monitoring each employee's compliance with the instructions.

Management Response (unaudited):

The Village's Finance Director will implement a year end checklist to ensure all deadlines and year end schedules are prepared on a timely basis.

CURRENT YEAR STATUS

The matter is repeated in the current year.

CURRENT YEAR RESPONSE

Management agrees with recommendation. A year end closing checklist will be developed and distributed to all departments to ensure all necessary steps are completed to ensure a smooth and complete year end closing prior to the commencement of the audit.