

VILLAGE OF EL PORTAL, FLORIDA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

VILLAGE OF EL PORTAL, FLORIDA
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SEPTEMBER 30, 2020

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INDEPENDENT AUDITORS' REPORT

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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of the Village's proportionate share of the net pension liability – FRS, schedule of the Village's contributions – FRS, schedule of the Village's proportionate share of the net pension liability – HIS, and schedule of the Village's contributions – HIS, and schedule of changes in total OPEB liability and related ratios – other post-employment benefits on pages 3-11 and 39-46, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,480,235 (net position).
- As of the close of the current fiscal year, the Village's general fund reported a deficit of \$662,278, an increase of \$308,602.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit of \$662,278.

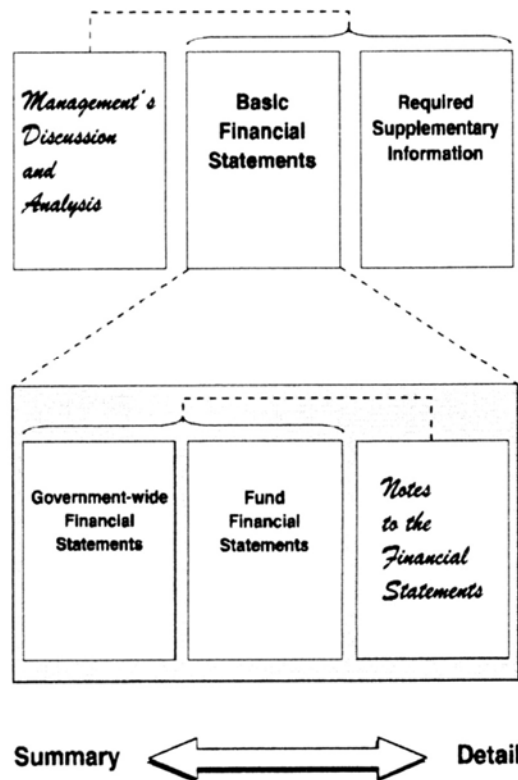
Overview of the Financial Statements

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, 2020

Basic Financial Statements

Government-wide financial statements

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

The Village maintains eight (8) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances, for the general fund, street and road fund, debt service fund, CITT fund, and stormwater fund which are considered to be major funds.

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

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

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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 38 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Village's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,480,235 at the close of the most recent fiscal year.

A portion of the Village's net position, \$2,198,238 or 88.63% reflects its investment in capital assets (e.g., land and equipment). The Village 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, \$2,495,586 or 100.62% represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, (\$2,213,589) represents the excess of expenditures over revenues.

VILLAGE OF EL PORTAL
STATEMENTS OF NET POSITION

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 2,070,632	\$ 1,725,790	\$ 344,842	19.98%
Capital assets, net	<u>3,448,238</u>	<u>3,638,427</u>	<u>(190,189)</u>	-5.23%
Total assets	<u>5,518,870</u>	<u>5,364,217</u>	<u>154,653</u>	2.88%
Total deferred outflows of resources	<u>765,086</u>	<u>545,715</u>	<u>219,371</u>	40.20%
Total assets and deferred outflows of resources	<u>6,283,956</u>	<u>5,909,932</u>	<u>374,024</u>	6.33%
Current liabilities	1,509,946	1,537,965	(28,019)	-1.82%
Long-term liabilities	<u>2,203,203</u>	<u>2,001,832</u>	<u>201,371</u>	10.06%
Total liabilities	<u>3,713,149</u>	<u>3,539,797</u>	<u>173,352</u>	4.90%
Total deferred inflows of resources	<u>90,572</u>	<u>177,305</u>	<u>(86,733)</u>	-48.92%
Net Position:				
Net investment in capital assets	2,198,238	2,388,427	(190,189)	-7.96%
Restricted	2,495,586	2,431,142	64,444	2.65%
Unrestricted	<u>(2,213,589)</u>	<u>(2,626,739)</u>	<u>413,150</u>	-15.73%
Total net position	<u>2,480,235</u>	<u>2,192,830</u>	<u>287,405</u>	13.11%
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,283,956</u>	<u>\$ 5,909,932</u>	<u>374,024</u>	6.33%

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

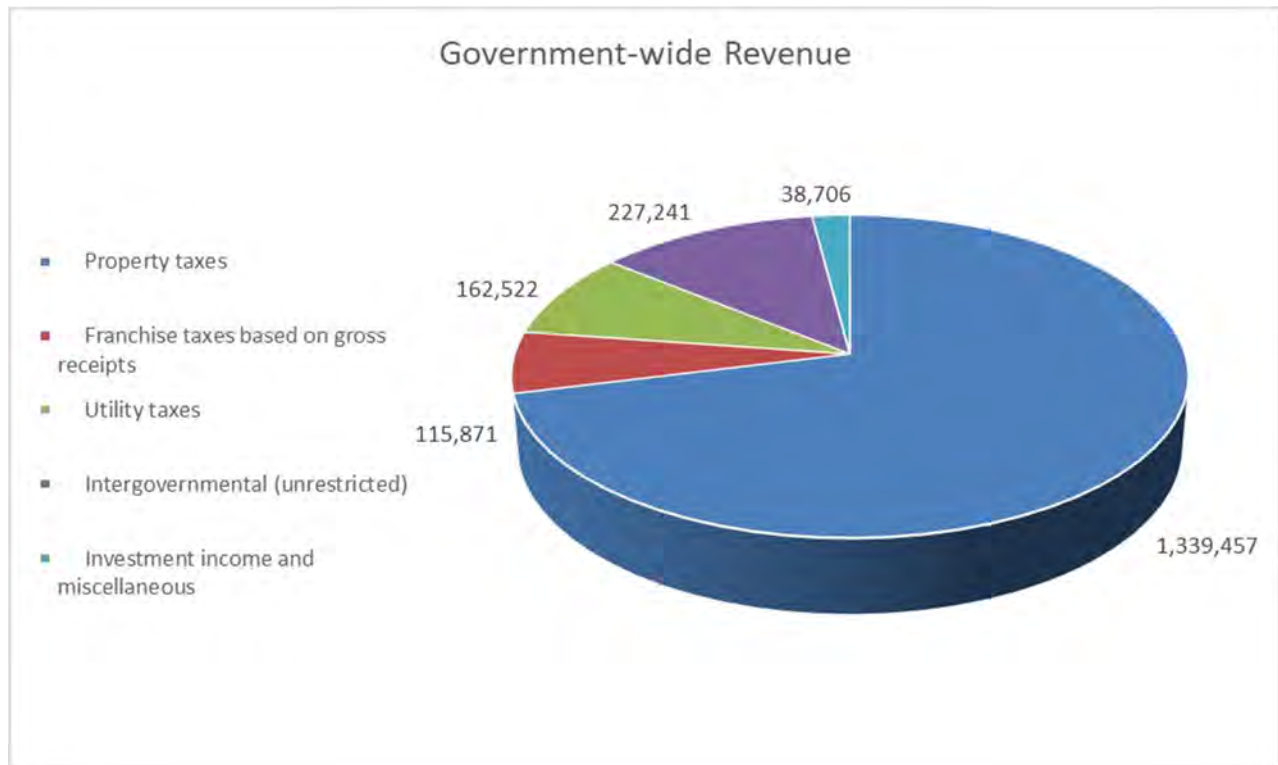
Government-Wide Financial Analysis (Continued)

Total liabilities increased by 4.90% due to an increase in net pension liability as estimated by the FRS actuary in the amount of \$567,116, a decrease in long term liabilities in the amount of \$365,745, and a decrease in current liabilities in the amount of \$28,019. Capital assets decreased by approximately 5.23% during the fiscal year. Variances in deferred outflows of resources and deferred inflows of resources are due to estimates evaluated the FRS actuaries as of June 30, 2020.

The Village's net position increased by \$287,405 in the current fiscal year. Overall, revenues increased by 2.50% mainly due to an increase in property values and a decrease in operating grants for public works. Overall, expenses increased by 13.11% mainly due to an increase in public safety expenses.

VILLAGE OF EL PORTAL
STATEMENTS OF CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 829,684	\$ 542,516	\$ 287,168	52.93%
Operating grants and contributions	126,148	756,956	(630,808)	-83.33%
Capital grants and contributions	348,000	-	348,000	100.00%
General Revenues:				
Property taxes	1,339,457	1,270,845	68,612	5.40%
Franchise taxes based on gross receipts	115,871	88,807	27,064	30.48%
Utility taxes	162,522	169,418	(6,896)	-4.07%
Intergovernmental (unrestricted)	227,241	253,669	(26,428)	-10.42%
Investment income and miscellaneous	38,706	27,686	11,020	39.80%
Total revenues	<u>\$ 3,187,629</u>	<u>\$ 3,109,897</u>	<u>\$ 77,732</u>	2.50%



VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Government-Wide Financial Analysis (Continued)

VILLAGE OF EL PORTAL
STATEMENTS OF CHANGES IN NET POSITION (CONTINUED)

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	\$ 988,181	\$ 941,547	\$ 46,634	4.95%
Public safety	1,045,133	883,892	161,241	18.24%
Building code enforcement	107,130	64,701	42,429	65.58%
Planning and zoning	188,608	189,363	(755)	-0.40%
Public works	507,148	496,590	10,558	2.13%
Interest	64,024	62,130	1,894	100.00%
Total expenses	<u>2,900,224</u>	<u>2,638,223</u>	<u>262,001</u>	9.93%
Change in net position	287,405	471,674	(184,269)	-39.07%
Beginning net position	<u>2,192,830</u>	<u>1,721,156</u>	<u>471,674</u>	27.40%
Ending net position	<u>\$2,480,235</u>	<u>\$2,192,830</u>	<u>\$ 287,405</u>	13.11%



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

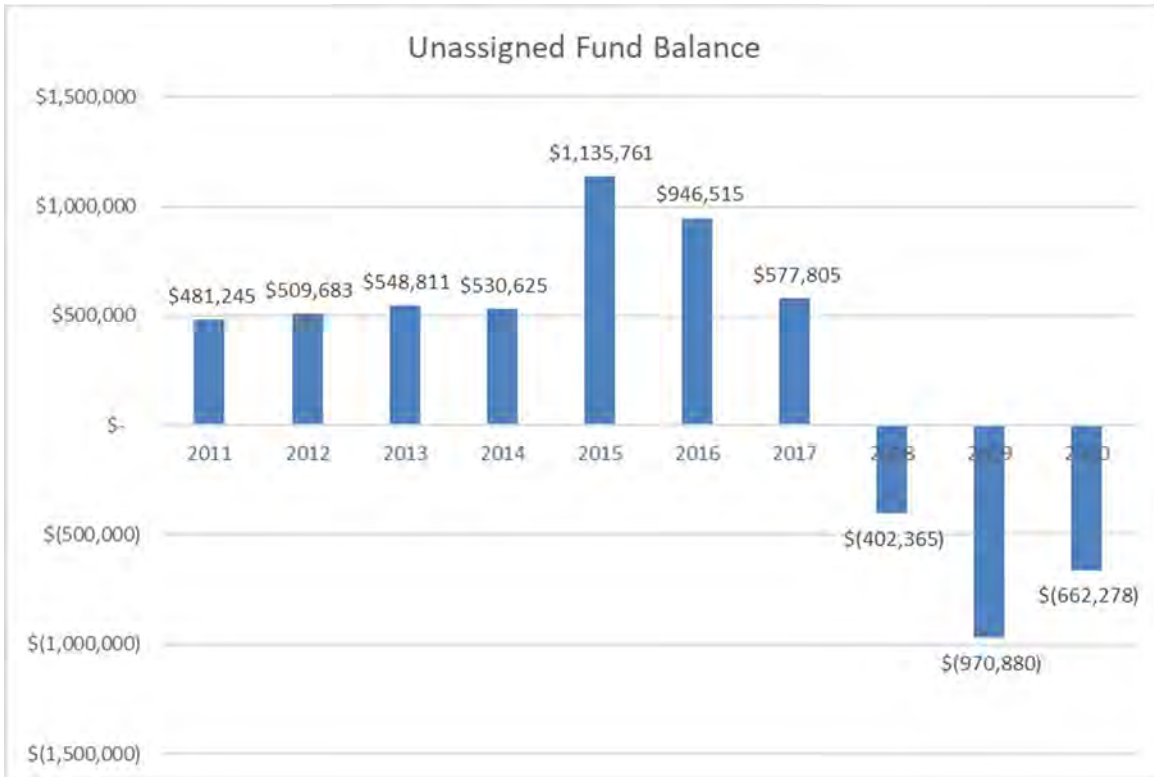
The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's 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 deficit unassigned fund balance of \$662,278 an increase of \$308,602 or 31.79% in comparison with the prior year. 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.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)



A summary of the general fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance for September 30, 2020 and 2019, is shown below:

Summary of General Fund's condensed Balance Sheet

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$1,619,428	\$1,327,181	\$ 292,247	22.02%
Total liabilities & deferred inflows of resources	<u>2,281,706</u>	<u>2,298,061</u>	<u>(16,355)</u>	-0.71%
Unassigned fund balance	<u>(662,278)</u>	<u>(970,880)</u>	<u>308,602</u>	-31.79%
Total fund balance	<u>(662,278)</u>	<u>(970,880)</u>	<u>308,602</u>	-31.79%
Total liabilities and fund balance	<u>\$1,619,428</u>	<u>\$1,327,181</u>	<u>\$ 292,247</u>	22.02%

Increase in total assets was mainly due to an increase in cash and cash equivalents.

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Total Revenues	\$2,675,767	\$2,910,281	\$ (234,514)	-8.06%
Total Expenditures	<u>2,367,165</u>	<u>2,241,330</u>	<u>125,835</u>	5.61%
Excess of revenues over expenditures	308,602	668,951	(360,349)	-53.87%
Other financing sources	-	<u>(1,253,720)</u>	<u>1,253,720</u>	-100.00%
Change in fund balance	308,602	(584,769)	893,371	-152.77%
Fund Balance, Beginning	<u>(970,880)</u>	<u>(386,111)</u>	<u>(584,769)</u>	151.45%
Fund Balance, Ending	<u>\$ (662,278)</u>	<u>\$ (970,880)</u>	<u>\$ 308,602</u>	-31.79%

The fund balance of the Village's general fund increased by \$308,602 during the current fiscal year. The increase was mainly due to an increase in ad valorem taxes collected and charges for services.

VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Financial Analysis of the Government's Funds (Continued)

Major Special Revenue Funds

- ***Street and Road Fund***
The Street and Road Fund reported an increase in fund balance of \$63,323 to \$816,668 for the fiscal year. The increase is mainly due to local option gas taxes received during the fiscal year.
- ***CITT Project Fund***
The Citizens' Independent Transportation Trust (CITT) fund reported an increase in fund balance of \$48,044 to \$472,781. This increase was mainly due to revenues received for maintenance of effort for transportation and transit projects from Miami-Dade County net of expenditures and receipt of deferred revenues from the prior year.
- ***Stormwater Fund***
The Stormwater Fund reported an increase in fund balance of \$13,244 to \$60,031. This increase is mainly due to grant revenues received.

Major Debt Service Fund

- ***Debt Service Fund***
The Debt Service Fund reported a decrease in fund balance of \$53,658 to \$1,132,098 for the fiscal year. The decrease is mainly due to a decrease in the outstanding debt service payments to be made.

Non-Major Special Revenue Funds

- ***Parks and Recreation Fund***
The Parks and recreation fund reported a decrease in its fund balance of \$720 to \$(21,650) for the fiscal year.
- ***Police Forfeiture Fund***
The Police forfeiture fund reported a decrease in its fund balance of \$6,509 to \$14,008 for the fiscal year.

Fund Budgetary Highlights

Budget vs. actual schedules are presented on page 39 for the General Fund, page 40 for the Street and Road Fund, page 41 for the CITT Fund, and page 42 for the Stormwater Fund.

Capital Assets and Long-Term Debt

As of September 30, 2020, the Village's capital assets amounted to \$3,448,238 (net of accumulated depreciation). The decrease in capital assets for the current fiscal year of \$190,189 was mainly due to the purchase of furniture and equipment of \$9,263 offset by current year depreciation of \$199,452. 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, OPEB liability, net pension liability and the capital lease. More details relating to the Village's long-term debt can be found on page 26 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 2020 for the adopted General Fund budget are \$2,275,122, a decrease of \$1,923,197 or 45.81% percent from the fiscal year 2019 budgeted revenues of \$4,198,319. The decrease is due to mainly to a decrease in franchise fees, utility taxes and charges for service revenues and a reimbursement from FEMA from hurricane Irma.

Fiscal year 2020 General Fund budgeted expenditures are expected to be \$2,202,663, an increase of \$91,385 or 4.33% percent from fiscal year 2019 budgeted expenditures of \$2,111,278. The increase is mainly due to an increase in public safety expenditures.

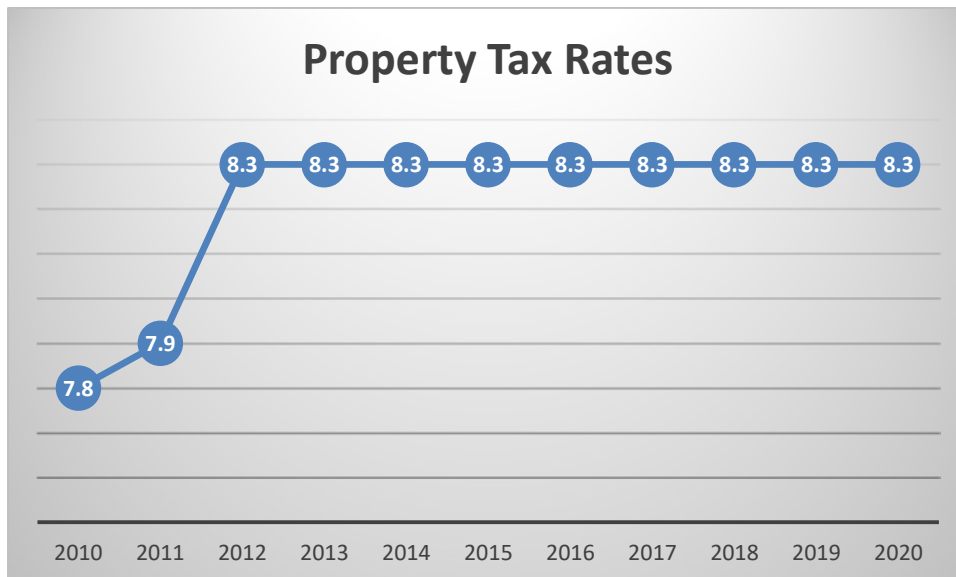
VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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

Actual taxes levied by the Village in 2020 reflected an increase of \$117,115, precipitated by an increase in property values of \$15,557,974 or 9.38% in property values as compared with 2019. Based on the current real estate market within the Village, it is anticipated that assessed values will continue to increase due to the desirability of the area and the close location to Greater Downtown Miami.



The graph below shows the millage rates over the past ten years as well as the projected for fiscal year 2020. The Village has kept the millage rate at 8.3 Mills per thousand dollars of property valuation since 2012. For many years, the Village, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.



VILLAGE OF EL PORTAL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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, 2020

		Governmental Activities
<u>ASSETS</u>		
Cash and cash equivalents	\$	1,350,261
Accounts receivable		720,371
Capital assets not being depreciated		920,581
Capital assets being depreciated, net		<u>2,527,657</u>
Total assets		<u>5,518,870</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension		<u>765,086</u>
Total deferred outflows of resources		<u>765,086</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities		186,473
Accrued payroll		64,421
Due in one year:		
Line of credit and loans payable		1,250,000
Net pension liability		2,801
Compensated absences		6,251
Due in more than one year:		
Loans payable		260,928
Net pension liability		1,861,903
Compensated absences		56,263
Total OPEB liability		<u>24,109</u>
Total liabilities		<u>3,713,149</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension		<u>90,572</u>
Total deferred inflows of resources		<u>90,572</u>
<u>NET POSITION</u>		
Investment in capital assets		2,198,238
Restricted for:		
Public safety		14,008
Stormwater		60,031
Debt service		1,132,098
Transit		1,289,449
Unrestricted		<u>(2,213,589)</u>
Total net position	\$	<u>2,480,235</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenue and</u> <u>Changes in Net Position</u>
					<u>Governmental</u> <u>Activities</u>
Governmental activities:					
General government	\$ 988,181	\$ -	\$ -	\$ -	\$ (988,181)
Public safety	1,045,133	3,175	-	-	(1,041,958)
Building and code enforcement	107,130	143,244	-	-	36,114
Planning and zoning	188,608	389,542	-	-	200,934
Public works	507,148	293,723	126,148	348,000	260,723
Interest	64,024	-	-	-	(64,024)
Total governmental activities	<u>\$ 2,900,224</u>	<u>\$ 829,684</u>	<u>\$ 126,148</u>	<u>\$ 348,000</u>	<u>(1,596,392)</u>
General revenues:					
					1,339,457
					162,522
					115,871
					227,241
					38,706
					<u>287,405</u>
					<u>2,192,830</u>
					<u>\$ 2,480,235</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Major Funds					Non-major Governmental Funds	Total Governmental Funds
	General Fund	Street and Road Fund	CITT Fund	Stormwater Fund	Debt Service Fund		
<u>ASSETS</u>							
Cash and cash equivalents	\$ 782,834	\$ 125,614	\$ 384,702	\$ 34,844	\$ 2,951	\$ 19,316	\$ 1,350,261
Accounts receivable	677,491	3,844	17,973	21,063	-	-	720,371
Due from other funds	159,103	703,359	265,290	26,413	1,181,710	224,113	2,559,988
Total assets	<u>1,619,428</u>	<u>832,817</u>	<u>667,965</u>	<u>82,320</u>	<u>1,184,661</u>	<u>243,429</u>	<u>4,630,620</u>
<u>LIABILITIES</u>							
Accounts payable and accrued liabilities	152,249	-	1,638	-	-	2,455	156,342
Accrued payroll	94,552	-	-	-	-	-	94,552
Due to other funds	2,034,905	16,149	185,466	22,289	52,563	248,616	2,559,988
Total liabilities	<u>2,281,706</u>	<u>16,149</u>	<u>187,104</u>	<u>22,289</u>	<u>52,563</u>	<u>251,071</u>	<u>2,810,882</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue - intergovernmental	-	-	8,080	-	-	-	8,080
Total liabilities and deferred inflows of resources	<u>2,281,706</u>	<u>16,149</u>	<u>195,184</u>	<u>22,289</u>	<u>52,563</u>	<u>251,071</u>	<u>8,080</u>
<u>FUND BALANCES</u>							
Restricted							
Public safety	-	-	-	-	-	14,008	14,008
Stormwater	-	-	-	60,031	-	-	60,031
Debt service	-	-	-	-	1,132,098	-	1,132,098
Transit	-	816,668	472,781	-	-	-	1,289,449
Unassigned	(662,278)	-	-	-	-	(21,650)	(683,928)
Total fund balances	<u>(662,278)</u>	<u>816,668</u>	<u>472,781</u>	<u>60,031</u>	<u>1,132,098</u>	<u>(7,642)</u>	<u>1,811,658</u>
Total liabilities and fund balances	<u>\$ 1,619,428</u>	<u>\$ 832,817</u>	<u>\$ 667,965</u>	<u>\$ 82,320</u>	<u>\$ 1,184,661</u>	<u>\$ 243,429</u>	<u>\$ 4,630,620</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, 2020

Fund balances - total government funds (Page 14) \$ 1,811,658

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	5,746,304	
Less accumulated depreciation	<u>(2,298,066)</u>	3,448,238

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

Line of credit	(1,250,000)	
State revolving loans payable	(260,928)	
Compensated absences	(62,514)	
Net pension liability	(1,864,704)	
Total OPEB liability	<u>(24,109)</u>	(3,462,255)

Deferred outflows of resources, deferred inflows of resources, and the net pension liability and total OPEB liability related to the Village's pension and OPEB plans and bonds are not expected to be liquidated with expendable available financial resources and therefore are not reported in the funds.

Deferred outflows of resources related to pensions	765,086	
Deferred inflows of resources related to pensions	(90,572)	
Revenue collected outside of the period availability	<u>8,080</u>	<u>682,594</u>

Net position of governmental activities (Page 12) \$ 2,480,235

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

	Major Funds					Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Street and Road Fund	CITT Fund	Stormwater Fund	Debt Service Fund		
Revenues:							
Property taxes	\$ 1,339,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,339,457
Franchise fees	115,871	-	-	-	-	-	115,871
Utility taxes	141,459	-	-	21,063	-	-	162,522
Charges for services	532,786	-	-	-	-	-	532,786
Intergovernmental	212,687	63,298	77,752	-	-	-	353,737
Licenses and permits	293,723	-	-	-	-	-	293,723
Fines and forfeitures	3,175	-	-	-	-	-	3,175
Grants, Contributions and Donations	-	-	-	348,000	-	-	348,000
Interest and other	36,609	25	1,744	188	19	121	38,706
Total revenues	<u>2,675,767</u>	<u>63,323</u>	<u>79,496</u>	<u>369,251</u>	<u>19</u>	<u>121</u>	<u>3,187,977</u>
Expenditures:							
Current:							
General government	745,838	-	-	-	-	-	745,838
Public safety	862,130	-	-	-	-	720	862,850
Building and code enforcement	105,191	-	-	-	-	-	105,191
Planning and zoning	168,828	-	-	-	-	-	168,828
Public works	475,244	-	31,452	(8,263)	-	-	498,433
Debt service:							
Principal retirement	-	-	-	355,479	-	-	355,479
Interest	-	-	-	10,427	53,677	-	64,104
Capital outlay:							
Public safety	2,633	-	-	-	-	6,630	9,263
Public works	7,301	-	-	700	-	-	8,001
Total expenditures	<u>2,367,165</u>	<u>-</u>	<u>31,452</u>	<u>358,343</u>	<u>53,677</u>	<u>7,350</u>	<u>2,817,987</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	<u>308,602</u>	<u>63,323</u>	<u>48,044</u>	<u>10,908</u>	<u>(53,658)</u>	<u>(7,229)</u>	<u>369,990</u>
Other financing sources (uses):							
Proceeds from debt	-	-	-	2,336	-	-	2,336
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,336</u>	<u>-</u>	<u>-</u>	<u>2,336</u>
Net change in fund balances	308,602	63,323	48,044	13,244	(53,658)	(7,229)	372,326
Fund balances - beginning of year	<u>(970,880)</u>	<u>753,345</u>	<u>424,737</u>	<u>46,787</u>	<u>1,185,756</u>	<u>(413)</u>	<u>1,439,332</u>
Fund balances - end of year	<u>\$ (662,278)</u>	<u>\$ 816,668</u>	<u>\$ 472,781</u>	<u>\$ 60,031</u>	<u>\$ 1,132,098</u>	<u>\$ (7,642)</u>	<u>\$ 1,811,658</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
SEPTEMBER 30, 2020

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)	\$	372,326
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital outlays	17,264	
Less current year depreciation	(199,452)	
Capital outlay which did not meet the threshold for capitalization	(8,001)	(190,189)
<p>The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payments	355,479	
Proceeds from debt	(2,336)	353,143
<p>Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
OPEB expense	34,379	
Pension expense	(261,012)	
Compensated absences expense	(20,894)	(247,527)
<p>Revenue collected outside of the period of availability is not available to pay for current period expenditures however it is available to pay long term obligations of the Village.</p>		
		(348)
Change in net position of governmental activities (Page 13)		\$ 287,405

See notes to basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The Village reports the following major governmental funds:

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

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

Citizens' Independent Transportation Trust Fund (CITT) – This fund accounts for the operating activities of the Village's use of Miami Dade County's CITT revenues.

Debt Service Fund – This fund accounts for the accumulation of resources and payment of principal and interest for the Village's long-term obligations.

Stormwater Fund – This fund accounts for grants and revenues received from Miami Dade County.

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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Cash Equivalents

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

2. Prepaid Items

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

3. Receivables and Payables

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

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

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

4. Property Taxes

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

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

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Village is established by the Village commission and the Miami-Dade County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Village for the fiscal year ended September 30, 2020 was 8.3000 mills (\$8.3000 per \$1,000 of taxable assessed valuation).

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 \$1,000 and an estimated useful life in excess of one year. Infrastructure assets are recorded as capital assets if they have an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has pension related amounts that qualify for reporting in this category on the government-wide statement of net position in the amount of \$765,086 at September 30, 2020.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows of resources (revenue) until that time. The Village has pension related amounts that qualify for reporting in this category on the government-wide statement of net position in the amount of \$90,572 at September 30, 2020.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Compensated Absences

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

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

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

9. Long-Term Obligations

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

10. Net Position/Fund Balance

Total equity as of September 30, 2020, is classified into three components of net position:

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

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Net Position/Fund Balance (Continued)

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

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

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

	General Fund	Street and Road Fund	CITT Fund	Stormwater Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Fund Balances:							
Restricted:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,008	\$ 14,008
Stormwater	-	-	-	60,031	-	-	60,031
Debt service	-	-	-	-	1,132,098	-	1,132,098
Transit	-	816,668	472,781	-	-	-	1,289,449
Unassigned:	(662,278)	-	-	-	-	(21,650)	(683,928)
Total Fund Balances	<u>\$ (662,278)</u>	<u>\$ 816,668</u>	<u>\$ 472,781</u>	<u>\$ 60,031</u>	<u>\$ 1,132,098</u>	<u>\$ (7,642)</u>	<u>\$ 1,811,658</u>

11. Net Position Flow Assumption

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

12. Fund Balance Flow Assumptions

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

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. 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.

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, 2020, the Village complied, in all material respects, with these revenue restrictions.

Deficits in fund balance – At September 30, 2020, the General Fund and the Parks and Recreation Fund had deficits in fund balance of \$662,278 and \$21,650, respectively. The deficit in the General Fund was due to initial costs incurred in the aftermath of Hurricane Irma. It is expected that once FEMA reimbursement is received the deficits will be eliminated.

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.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 – RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

The Village's receivables at September 30, 2020 were as follows:

	<u>General</u>	<u>Street and Road Fund</u>	<u>CITT Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Receivables:					
Franchise Fees and Taxes	\$ 79,635	\$ -	\$ 17,973	\$ -	\$ 97,608
Grants and other	597,856	3,844	-	21,063	622,763
Total receivables	<u>\$ 677,491</u>	<u>\$ 3,844</u>	<u>\$ 17,973</u>	<u>\$ 21,063</u>	<u>\$ 720,371</u>

Interfund balances as of September 30, 2020, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 159,103	\$ 2,034,905
Street and Road Fund	703,359	16,149
CITT Fund	265,290	185,466
Debt Service Fund	1,181,710	52,563
Stormwater Project Fund	26,413	22,289
Non-major Funds	224,113	248,616
Total	<u>\$ 2,559,988</u>	<u>\$ 2,559,988</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.

There were no interfund transfers for the fiscal year ended September 30, 2020.

NOTE 5 – CAPITAL ASSETS

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

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2020</u>
Governmental activities:				
Capital Assets not being depreciated:				
Land	\$ 3,556	\$ -	\$ -	\$ 3,556
Construction in progress	917,025	-	-	917,025
Total capital assets, not being depreciated	<u>920,581</u>	<u>-</u>	<u>-</u>	<u>920,581</u>
Capital Assets being depreciated:				
Buildings	437,107	-	-	437,107
Furniture and equipment	606,503	9,263	-	615,766
Improvements	289,703	-	-	289,703
Infrastructure	3,483,147	-	-	3,483,147
Total capital assets, being depreciated	<u>4,816,460</u>	<u>9,263</u>	<u>-</u>	<u>4,825,723</u>
Less accumulated depreciation for:				
Building	(437,107)	-	-	(437,107)
Furniture and Equipment	(463,616)	(74,630)	-	(538,246)
Improvements	(153,335)	(20,921)	-	(174,256)
Infrastructure	(1,044,556)	(103,901)	-	(1,148,457)
Total accumulated depreciation	<u>(2,098,614)</u>	<u>(199,452)</u>	<u>-</u>	<u>(2,298,066)</u>
Total capital assets, being depreciated, net	<u>2,717,846</u>	<u>(190,189)</u>	<u>-</u>	<u>2,527,657</u>
Governmental activities capital assets, net	<u>\$ 3,638,427</u>	<u>\$ (190,189)</u>	<u>\$ -</u>	<u>\$ 3,448,238</u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

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

General Government	\$ 179,507
Public Safety	19,945
Total depreciation expense – governmental activities	<u>\$ 199,452</u>

NOTE 6 – LINE OF CREDIT

On August 1, 2018, the Village executed a line of credit with Florida Community Bank in the amount of \$1,250,000. The interest rate is the Wall Street Journal Prime Rate and interest is due monthly. The maturity date for this line is July 31, 2019, when principal and interest is due and payable. The line of credit is pledged with Grant Proceeds and Ad Valorem revenues. The balance at September 30, 2020 was \$1,250,000.

NOTE 7 – LONG TERM DEBT

Long-term debt activity for the fiscal year ended September 30, 2020 was as follows:

	Balance			Balance	
	September 30, 2019	Additions	Deletions	September 30, 2020	Due within one year
Compensated absences	\$ 41,620	\$ 39,524	\$ 18,630	\$ 62,514	\$ 6,251
State revolving loans	614,071	2,336	355,479	260,928	-
Net pension liability	1,297,588	567,116	-	1,864,704	2,801
Total OPEB liability	58,488	-	34,379	24,109	-
Total	<u>\$ 2,011,767</u>	<u>\$ 608,976</u>	<u>\$ 408,488</u>	<u>\$ 2,212,255</u>	<u>\$ 9,052</u>

State Revolving Loans

In 2018, the Village began to participate in the Revolving Loan Fund Program administered by the State of Florida. This program allows local governments to enter into loan agreements with the Department of Environmental Protection under the State Revolving Loan Fund, for the construction of stormwater and wastewater management facilities. These loans have repayment terms of 20 years with a fixed interest rates of 1.16%. Principal and interest payments are due semi-annually on March 15 and September 15 related to the Village's outstanding Clean Water State Revolving Fund. The Village has an outstanding loan payable of \$260,928 at September 30, 2020.

NOTE 8 – RETIREMENT PLANS

Florida Retirement System Overview

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

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

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

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

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

Plan Description

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

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

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

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

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

Benefits Provided

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

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Benefits Provided (Continued)

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

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

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

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2019 through June 30, 2020 were as follows:

Class	Percentage of gross salary	
	Employee	Employer (*)
FRS, Regular	3.00	8.26
FRS, Elected Village Officers	3.00	48.70
FRS, Senior Management Service	3.00	24.06
FRS, Special Risk Regular	3.00	24.50
DROP - Applicable to members from all of the above classes	-	14.03

*Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

The Village's contributions for FRS totaled \$123,493 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the Village reported a liability of \$1,610,924 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Village's proportionate share of the net pension liability was based on the Village's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Village's proportionate share was 0.0037%, which was an increase from its proportionate share of 0.0032% measured at June 30, 2019.

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$375,702 related to the Plan. In addition, the Village reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,653	\$ -
Change of assumptions	291,628	-
Net difference between projected and actual earnings on FRS pension plan investments	95,916	-
Changes in proportion and differences between Village's FRS contributions and proportionate share of contributions	204,581	59,406
Village FRS contributions subsequent to measurement date	31,743	-
Total	\$ 685,521	\$ 59,406

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

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

The deferred outflows of resources related to pensions, totaling \$31,743, resulting from the Village's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Deferred outflows/(inflows), net
2021	123,844
2022	175,333
2023	147,967
2024	104,157
2025	43,071
Thereafter	\$ -

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2020, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	<u>100%</u>			
Assumed inflation-Mean			2.4%	1.7%

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

Discount Rate

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

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

The following represents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the Village's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (5.80 percent) or one percentage point higher (7.80 percent) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Village's proportionate share of the net pension liability	\$ 2,572,375	\$ 1,610,924	\$ 807,916

Pension Plan Fiduciary Net Position

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

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Florida Retirement System Overview (Continued)

Village Allocation

The Village's proportionate share of the Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2020, and pension expense/adjustment for the fiscal year ended September 30, 2020 was allocated as follows:

	FRS Pension			
	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense/ Adjustment
Governmental Activities	\$ 1,610,924	\$ 685,521	\$ 59,406	\$ 375,702

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided

For the fiscal year ended September 30, 2020 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution was 1.66 percent. The Village contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Village's contributions to the HIS Plan totaled \$11,977 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the Village reported a net pension liability of \$253,780 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Village's proportionate share of the net pension liability was based on the Village's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Village's proportionate share was 0.0208 percent, which is an increase from its proportionate share of 0.0018 percent measured at June 30, 2019.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

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

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

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$24,849 related to the HIS Plan. In addition, the Village reported, in the government-wide financial statements, deferred outflows or resources and deferred inflows of resources related to the HIS Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,381	\$ 196
Change of assumptions	27,289	14,756
Net difference between projected and actual earnings on HIS pension plan investments	203	-
Changes in proportion and differences between Village HIS contributions and proportionate share of HIS contributions	38,570	16,214
Village HIS contributions subsequent to measurement date	3,122	-
Total	<u>\$ 79,565</u>	<u>\$ 31,166</u>

The deferred outflows of resources related to pensions, totaling \$3,122, resulting from the Village's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Deferred outflows/(inflows), net</u>
2021	10,859
2022	7,496
2023	4,207
2024	5,083
2025	8,669
Thereafter	8,963

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions

The HIS pension as of July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates	2.21%

Mortality rates were based on the Generational RP-2010 with Projection Scale MP-2018 tables

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

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

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

The following presents the Village's proportionate share of the net pension liability calculated using a discount rate of 2.21 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Village's proportionate share of the net pension liability	\$ 293,358	\$ 253,780	\$ 221,385

Pension plan fiduciary net position

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

Village Allocation

The Village's proportionate share of the HIS Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2020, and pension expense/adjustment for the fiscal year ended September 30, 2020 was as follows:

	HIS Plan			
	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense/ Adjustment
Governmental Activities	\$ 253,780	\$ 79,565	\$ 31,166	\$ 24,849

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – RETIREMENT PLANS (CONTINUED)

The proportionate share of the Village’s proportionate share of the net pension liability, deferred outflow of resources, deferred inflow of resources, and pension expense for all plans is summarized as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability	\$ 1,610,924	\$ 253,780	\$ 1,864,704
Deferred outflows of resources	685,521	79,565	765,086
Deferred inflows of resources	59,406	31,166	90,572
Pension expense/expenditure	375,702	24,849	400,551

NOTE 9 – 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 2019-2020 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.

Total OPEB Liability

The Village’s total OPEB liability of \$24,109 was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Service cost	\$ 5,451
Interest on the Total OPEB Liability	1,758
Differences between expected and actual experience	(40,714)
Changes in assumptions and other inputs	<u>(874)</u>
Net change in Total OPEB Liability	(34,379)
Total OPEB Liability, beginning of year	<u>58,488</u>
Total OPEB Liability, end of year	<u><u>\$ 24,109</u></u>

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of Total OPEB Liability

The following presents the plan's total OPEB liability, calculated using a discount rate of 2.41%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease	Current Discount Rate Assumption	1% Increase
<u>1.41%</u>	<u>2.41%</u>	<u>3.41%</u>
\$ 26,188	\$ 24,109	\$ 22,160

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
<u>21,172</u>	<u>24,109</u>	<u>27,575</u>
\$ 21,172	\$ 24,109	\$ 27,575

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

GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets. Since the plan is currently unfunded, the net OPEB liability is equal to the total OPEB liability.

The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, not including the impact of employer contributions, adjusted for deferred recognition of the liability.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan provisions (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.

As authorized by GASB Statement No. 75, the Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring the costs and liabilities.

VILLAGE OF EL PORTAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Methods and Assumptions (Continued)

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	2.41%
Salary Increases	3.00%
 Retirement Age	 Age 57. If the employees had already attained age 57 as of the time this calculation was performed, they were assumed to retire one year after the valuation date.
Mortality	RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA.
Healthcare Cost Trend Rates	6.50% for FY beginning 2020, 6.25% for FY beginning 2021 and then gradually decreasing to an ultimate trend rate of 4.00%.
Other Information: Notes	Changes in assumptions and other inputs reflected in the schedule of changes in the Total OPEB Liability include: <ul style="list-style-type: none"> - discount rate changed to 2.41% (from 2.75%) - premiums were updated based on information provided - updated inflation and healthcare cost trend rates as described above

There were no benefit changes during the year.

NOTE 10 – 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, 2020

NOTE 11 – 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 \$1,640,491, 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, 2020.

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.

NOTE 12 – SUBSEQUENT EVENT

On February 23, 2022, the Village issued a Capital Improvement Refunding Revenue Note, Series 2022 in the amount of \$700,000 for the purpose of refunding the Village's outstanding line of credit. The maturity date of the note is February 23, 2023 bearing interest at 6.26%.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 1,323,483	\$ 1,323,483	\$ 1,339,457	\$ 15,974
Franchise fees	76,920	76,920	115,871	38,951
Utility taxes	134,644	134,644	141,459	6,815
Charges for services	146,180	146,180	532,786	386,606
Intergovernmental	243,000	243,000	212,687	(30,313)
Licenses and permits	299,795	299,795	293,723	(6,072)
Fines and forfeitures	30,000	30,000	3,175	(26,825)
Interest and other	<u>21,100</u>	<u>21,100</u>	<u>36,609</u>	<u>15,509</u>
Total revenues	<u>2,275,122</u>	<u>2,275,122</u>	<u>2,675,767</u>	<u>400,645</u>
Expenditures:				
General government				
Village council	42,219	42,219	22,324	19,895
Village clerk	109,809	109,809	140,603	(30,794)
Public affairs	21,300	21,300	17,961	3,339
Administration and finance	522,673	522,673	564,950	(42,277)
Public safety	871,340	871,340	864,763	6,577
Building and code enforcement	60,500	60,500	105,191	(44,691)
Planning and zoning	183,111	183,111	168,828	14,283
Public works	<u>391,711</u>	<u>391,711</u>	<u>482,545</u>	<u>(90,834)</u>
Total expenditures	<u>2,202,663</u>	<u>2,202,663</u>	<u>2,367,165</u>	<u>(164,502)</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>72,459</u>	<u>72,459</u>	<u>308,602</u>	<u>236,143</u>
Other financing sources:				
Transfers out	<u>(72,459)</u>	<u>(72,459)</u>	-	<u>72,459</u>
Total other financing sources	<u>(72,459)</u>	<u>(72,459)</u>	-	<u>72,459</u>
Revenues over (under) expenditures and other financing sources (uses)	-	-	308,602	308,602
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>308,602</u>	<u>\$ 308,602</u>
Fund balance - beginning of year			<u>(970,880)</u>	
Fund balance - end of year			<u>\$ (662,278)</u>	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STREET AND ROAD FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 75,200	\$ 75,200	\$ 63,298	\$ (11,902)
Interest and other	-	-	25	25
Total revenues	<u>75,200</u>	<u>75,200</u>	<u>63,323</u>	<u>(11,877)</u>
Expenditures:				
Current:				
Public works	<u>35,000</u>	<u>35,000</u>	-	<u>35,000</u>
Total expenditures	<u>35,000</u>	<u>35,000</u>	-	<u>35,000</u>
Excess of revenues over expenditures	<u>40,200</u>	<u>40,200</u>	<u>63,323</u>	<u>-</u>
Net change in fund balance	<u>\$ 40,200</u>	<u>\$ 40,200</u>	<u>63,323</u>	<u>\$ 23,123</u>
Fund balance - beginning of year			<u>753,345</u>	
Fund balance - end of year			<u>\$ 816,668</u>	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CITIZENS' INDEPENDENT TRANSPORTATION TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 70,600	\$ 70,600	\$ 77,752	\$ 7,152
Interest and other	-	-	1,744	1,744
Total revenues	<u>70,600</u>	<u>70,600</u>	<u>79,496</u>	<u>8,896</u>
Expenditures:				
Public works	-	-	31,452	(31,452)
Total expenditures	<u>-</u>	<u>-</u>	<u>31,452</u>	<u>(31,452)</u>
Excess of revenues over expenditures	<u>70,600</u>	<u>70,600</u>	<u>48,044</u>	<u>(22,556)</u>
Other financing sources:				
Transfers out	<u>(47,200)</u>	<u>(47,200)</u>	-	<u>(47,200)</u>
Total other financing sources	<u>(47,200)</u>	<u>(47,200)</u>	-	<u>(47,200)</u>
Revenues over expenditures and other financing sources (uses)	<u>23,400</u>	<u>23,400</u>	<u>48,044</u>	<u>24,644</u>
Net change in fund balance	<u>\$ 23,400</u>	<u>\$ 23,400</u>	<u>48,044</u>	<u>\$ 24,644</u>
Fund balance - beginning of year			<u>424,737</u>	
Fund balance - end of year			<u>\$ 472,781</u>	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STORMWATER FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Utility Taxes	\$ 32,000	\$ 32,000	\$ 21,063	\$ (10,937)
Grants, Contributions and Donations	-	-	348,000	348,000
Interest and other	-	-	8,451	8,451
Total revenues	32,000	32,000	377,514	345,514
Expenditures:				
Debt Service:				
Principal	-	-	355,479	355,479
Interest	-	-	10,427	10,427
Capital outlay:				
Public Works	-	-	700	700
Total expenditures	-	-	366,606	366,606
Excess of revenues over expenditures	32,000	32,000	10,908	(21,092)
Other financing sources:				
Transfers out	(32,000)	(32,000)	-	(32,000)
Proceeds from debt	-	-	2,336	(2,336)
Total other financing sources	(32,000)	(32,000)	2,336	(34,336)
Revenues over expenditures and other financing sources (uses)	-	-	13,244	13,244
Net change in fund balance	\$ -	\$ -	13,244	\$ 13,244
Fund balance - beginning of year			46,787	
Fund balance - end of year			\$ 60,031	

See notes to budgetary comparison schedule.

VILLAGE OF EL PORTAL, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2020

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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 resolution. There were no supplemental appropriations made during the fiscal year ended September 30, 2020.
- For the fiscal year ended September 30, 2020, expenditures exceeded appropriations in the following:

General Fund - Village clerks	\$ 30,794
General Fund - Administration and finance	42,277
General Fund - Building and code enforcement	44,691
General Fund - Public works	90,834

The majority of the variances were caused by unbudgeted costs related to unforeseen circumstances and occurrences during the year. It is expected that these deficits will be eliminated when the Village is reimbursed from FEMA for Hurricane Irma related expenditures.

VILLAGE OF EL PORTAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the FRS net pension liability	0.0037%	0.0032%	0.0027%	0.0033%	0.0029%	0.0030%	0.0028%
Village's proportionate share of the FRS net pension liability	\$ 1,610,924	\$ 1,097,990	\$ 819,800	\$ 980,519	\$ 721,281	\$ 382,454	\$ 168,412
Village's covered payroll	723,232	618,774	535,082	559,830	491,535	502,470	439,248
Village's proportionate share of the FRS net pension liability as a percentage of its covered payroll	222.74%	177.45%	153.21%	175.15%	146.74%	76.11%	38.34%
FRS Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.69%	84.88%	92.00%	96.09%

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 123,493	\$ 98,859	\$ 77,567	\$ 109,183	\$ 117,288	\$ 72,191	\$ 60,460
FRS contribution in relation to the contractually required contribution	<u>123,493</u>	<u>98,859</u>	<u>77,567</u>	<u>109,183</u>	<u>117,288</u>	<u>72,191</u>	<u>60,460</u>
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	754,577	634,092	568,804	589,021	529,647	504,205	446,454
FRS contribution as a percentage of covered payroll	16.37%	15.59%	13.64%	18.54%	22.14%	14.32%	13.54%

Note: The amounts presented for each fiscal year were determined as of September 30. The schedules are presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014 through 2020 are available.

VILLAGE OF EL PORTAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the HIS net pension liability	0.0021%	0.0018%	0.0017%	0.0020%	0.0019%	0.0019%	0.0017%
Village's proportionate share of the HIS net pension liability	\$ 253,780	\$ 182,043	\$ 182,043	\$ 210,020	\$ 218,549	\$ 197,083	\$ 163,285
Village's covered payroll	723,232	618,774	535,082	559,830	491,535	504,205	446,454
Village's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.09%	29.42%	34.02%	37.51%	44.46%	39.09%	36.57%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 12,526	\$ 9,906	\$ 9,327	\$ 9,778	\$ 8,792	\$ 7,387	\$ 5,982
HIS contribution in relation to the contractually required contribution	<u>12,526</u>	<u>9,906</u>	<u>9,327</u>	<u>9,778</u>	<u>8,792</u>	<u>7,387</u>	<u>5,982</u>
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	754,577	634,092	568,804	589,021	529,647	504,205	446,454
HIS contribution as a percentage of covered payroll	1.66%	1.56%	1.64%	1.66%	1.66%	1.47%	1.34%

Note: The amounts presented for each fiscal year were determined as of September 30. The schedules are presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending September 30, 2014 through 2020 are available.

VILLAGE OF EL PORTAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 5,451	\$ 4,656	\$ 4,708
Interest	1,758	2,031	1,670
Differences between expected and actual experience	(40,714)	-	-
Changes of assumptions or other inputs	(874)	3,433	(1,021)
Net change in total OPEB liability	<u>\$ (34,379)</u>	<u>\$ 10,120</u>	<u>\$ 5,357</u>
Total OPEB liability-beginning	<u>58,488</u>	<u>48,368</u>	<u>43,011</u>
Total OPEB liability-ending	<u>\$ 24,109</u>	<u>\$ 58,488</u>	<u>\$ 48,368</u>
Covered-employee payroll	\$ 569,215	\$ 552,636	\$ 888,347
Total OPEB liability as a percentage of covered-employee payroll	4.24%	10.58%	5.44%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, plans should present information for those years for which information is available.

COMBINING FINANCIAL STATEMENTS

VILLAGE OF EL PORTAL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Police <u>Forfeiture Fund</u>	Parks and <u>Recreation Fund</u>	Capital <u>Projects Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 19,316	\$ -	\$ -	\$ 19,316
Due from other funds	<u>7,697</u>	<u>-</u>	<u>216,416</u>	<u>224,113</u>
Total assets	<u>27,013</u>	<u>-</u>	<u>216,416</u>	<u>243,429</u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	-	2,455	-	2,455
Due to other funds	<u>13,005</u>	<u>19,195</u>	<u>216,416</u>	<u>248,616</u>
Total liabilities	<u>13,005</u>	<u>21,650</u>	<u>216,416</u>	<u>251,071</u>
<u>FUND BALANCES</u>				
Restricted				
Public safety	14,008	-	-	14,008
Unassigned	<u>-</u>	<u>(21,650)</u>	<u>-</u>	<u>(21,650)</u>
Total fund balances	<u>14,008</u>	<u>(21,650)</u>	<u>-</u>	<u>(7,642)</u>
Total liabilities and fund balances	<u>\$ 27,013</u>	<u>\$ -</u>	<u>\$ 216,416</u>	<u>\$ 243,429</u>

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

	<u>Police Forfeiture Fund</u>	<u>Parks and Recreation Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Interest and other	\$ 121	\$ -	\$ -	\$ 121
Total revenues	<u>121</u>	<u>-</u>	<u>-</u>	<u>121</u>
Expenditures:				
Current:				
Public safety	-	720	-	720
Capital outlay:				
Public safety	6,630	-	-	6,630
Public works	-	-	-	-
Total expenditures	<u>6,630</u>	<u>720</u>	<u>-</u>	<u>7,350</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(6,509)</u>	<u>(720)</u>	<u>-</u>	<u>(7,229)</u>
Net change in fund balances	(6,509)	(720)	-	(7,229)
Fund balances - beginning of year	<u>20,517</u>	<u>(20,930)</u>	<u>-</u>	<u>(413)</u>
Fund balances - end of year	<u>\$ 14,008</u>	<u>\$ (21,650)</u>	<u>\$ -</u>	<u>\$ (7,642)</u>

COMPLIANCE SECTION



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

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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 31, 2022.

Internal Control Over Financial Reporting

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

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 questioned costs, 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 Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-02 and 2020-01 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and described in the accompanying schedule of findings and responses as item 2019-04.

Village's Response to Findings

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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 31, 2022

VILLAGE OF EL PORTAL, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

PRIOR YEAR COMMENTS AND STATUS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2020 schedule of findings and responses:

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

- 2019-01 Internal Control Over Financial Reporting
- 2019-02 Journal Entries
- 2019-04 Annual Financial Audits

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

- 2018-02 Untimely Reporting – Public Depositor Annual Report to the Chief Financial Officer
- 2019-03 Deteriorating Financial Condition

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS

2019-01 Internal Control Over Financial Reporting

Criteria

Prudent timely completion and review of account reconciliations and closure of accounting periods provides the ability to apply proper fiscal management/oversight. Municipalities should have adequate staffing to provide for a formal review of general ledger activity and account balances periodically to identify potential concerns and imbalances throughout fund activity. Additionally, a position to provide approval of entries including periodic reporting to Finance Director or management.

Condition

Timely preparation and accurate account reconciliations is key to maintaining adequate control over financial reporting. During the performance of our fieldwork procedures, we noted several misstatements throughout the audit in the areas of revenues, accounts receivable, and debt suggesting the financial information provided was not complete and not fully adjusted.

Cause

Insufficient controls in place to ensure appropriate review of financial reporting and timely closure of accounting periods. Insufficient records kept for reviews and approvals by management for transactions.

Effect

We identified several misstatements during the course of our audit and provided them to management, who made the corrections to the appropriate accounts and reconciliations. Without proper review, the effects may lead to misappropriation of assets, delays in financial reporting, and material misstatements.

Recommendation

We recommend the Village evaluate internal controls in place in the finance department to provide for timely accounting period closure and proper review of account activity.

View of responsible officials and planned corrective actions

The Village has recognized major deficiencies in its Finance Department and hired a new CFO in December 2021. He is currently reviewing the internal control and procedures of the municipality. New policies and procedures will be implemented prior to fiscal year end of 2022.

SIGNIFICANT DEFICIENCIES

2019-02 Journal Entries

Criteria

Journal entry transactions should be prepared by one individual and reviewed by another individual in management to ensure accuracy and to provide a system of internal control for recording this type of transactions.

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (CONTINUED)

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

2019-02 Journal Entries (Continued)

Condition

During our performance of audit planning procedures for the fiscal year ended September 30, 2020, journal entry testing procedures were performed and disclosed that the Village does not have a formal review process in place to ensure journal entries have a preparer and a separate approver.

Cause

Improper internal controls in place to ensure journal entries are properly reviewed and approved.

Effect

Without proper review of journal entry transactions, the Village would be exposed to material misstatements due to improper recordings in addition to possible fraud or misuse of funds.

Recommendation

We recommend that the Village implement internal controls associated with the review of journal entry transactions to ensure proper preparation and approval.

View of responsible officials and planned corrective actions

The Village has recognized major deficiencies in its Finance Department and hired a new CFO in December 2021. He is currently reviewing the internal control and procedures of the municipality. New policies and procedures will be implemented prior to fiscal year end of 2022.

2020-01 Bank Reconciliations

Criteria

During the performance of our audit planning procedures for the fiscal year ended September 30, 2020, we noted bank reconciliations are not being reviewed by an appropriate member of management after preparation.

Condition

Timely preparation and accurate account reconciliations is key to maintaining adequate control over financial reporting. During the performance of our fieldwork procedures, we noted several misstatements throughout the audit in the areas of revenues, accounts receivable, and debt suggesting the financial information provided was not complete and not fully adjusted.

Cause

Insufficient controls in place to ensure appropriate review of financial reporting and timely closure of accounting periods. Insufficient records kept for reviews and approvals by management for transactions.

Effect

We identified several misstatements during the course of our audit and provided them to management, who made the corrections to the appropriate accounts and reconciliations. Without proper review, the effects may lead to misappropriation of assets, delays in financial reporting, and material misstatements.

VILLAGE OF EL PORTAL, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (CONTINUED)

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

2020-01 Bank Reconciliations (Continued)

Recommendation

We recommend the Village evaluate internal controls in place in the finance department to provide for timely accounting period closure and proper review of account activity.

View of responsible officials and planned corrective actions

The Village hired a new CFO in December 2021 to correct the major deficiencies in the Finance Department. Since then, he has been able to correct the issue. Bank reconciliations are being done in a more timely manner.

NONCOMPLIANCE

2019-04 Annual Financial Audits

Criteria

Florida Statutes section 218.39 states that local government entity shall have an annual financial audit of its accounts and records completed within 9 months after the end of its fiscal year by an independent certified public accountant retained by it and paid from its public funds.

Condition

The Village did not complete its annual financial audit for the fiscal year ended September 30, 2020 within 9 months after year end.

Cause

The Village had an improper set of internal controls in place to guarantee proper and timely closing for financial reporting.

Effect

The Village is not in compliance with Florida Statute section 218.39.

Recommendation

We recommend that the Village implements the proper set of internal control to be able to ensure correct and timely completion of financial reporting activities and the timely issuance of audited financial reports.

View of responsible officials and planned corrective actions

The Village is in the process of “catching up” on their annual audits and plans to be in compliance for the fiscal year 2022 audit.

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

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

Report on the Financial Statements

We have audited the financial statements of the Village of El Portal, Florida (the "Village"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated October 31, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 31, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as described in the Summary Schedule of Prior Audit Findings.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Financial Condition and Management (Continued)

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

Additional Matters

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

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 31, 2022



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

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

We have examined the Village of El Portal, Florida, (the "Village") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2019 to September 30, 2020. Management is responsible for the Village's compliance with those specified requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Village's compliance with specified requirements. In our opinion, the Village complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2019 to September 30, 2020.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
October 31, 2022