

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

PREPARED BY  
FINANCE DEPARTMENT

# VILLAGE OF BISCAYNE PARK, FLORIDA

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>I. FINANCIAL SECTION</b>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Fund	19
Statement of Revenues, Expenses and Changes in Net Position-Proprietary Fund	20
Statement of Cash Flows - Proprietary Fund	21
Notes to Basic Financial Statements	22-48
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	49
Budgetary Comparison Schedule – Roads Fund	50
Budgetary Comparison Schedule - CITT Special Revenue Fund	51
Notes to Budgetary Comparison Schedules	52
Schedule of the Village's Proportionate Share of the Net Pension Liability - Florida Retirement System Plan	53
Schedule of the Village's Contributions - Florida Retirement System Pension Plan	54
Schedule of the Village's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan	55
Schedule of the Village's Contributions - Health Insurance Subsidy Pension Plan	56
Schedule of Funding Progress and Employer Contributions - Other Post-Employment Benefits	57
Combining Financial Statements:	
Combining Balance Sheet - Non-major Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds	59
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual	
Nonmajor Governmental Fund - Police Forfeiture Special Revenue Fund	60
Capital Improvement Fund	61

**VILLAGE OF BISCAYNE PARK, FLORIDA**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>II. COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62-63
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	64-65
Summary Schedule of Prior Audit Finding	66
Schedule of Findings and Responses	67-70
Independent Accountants' Report on a Compliance with the Requirements of Section 218.415 Florida Statutes	71

---

---

**FINANCIAL SECTION**

---

---

---

---

**INDEPENDENT AUDITORS' REPORT**

---

---



CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Village Commission, and Village Manager  
Village of Biscayne Park, Florida

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 and the, Budgetary Comparison Schedules, Schedule of the Village's Proportionate Share of the Net Pension Liability for the Florida Retirement System Pension Plan, Schedule of the Village's Contributions Florida Retirement System Pension Plan, Schedule of the Village's Proportionate Share of the Net Pension Liability Health Insurance Subsidy Pension Plan, Schedule of the Village's Contributions Health Insurance Subsidy Pension Plan and the Schedule of Funding Progress-Other Post Employment Benefits on pages 49 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2018, 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  
Coral Gables, Florida  
May 31, 2018

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**

---



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

As management of the Village of Biscayne Park, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Biscayne Park (the Village) for the fiscal year ended September 30, 2016. Readers are encouraged to consider the information presented here in conjunction with the auditors' reports, the basic financial statements, the notes to the financial statements, and the supplementary information.

**Financial Highlights**

- At September 30, 2016, the assets and deferred outflows of the Village of Biscayne Park exceeded its liabilities and deferred inflows by \$2,817,459 (*net position*). Of this amount, \$3,214,043 was invested in capital assets, net of related debt. Additionally, \$531,935 was restricted by law, agreements, or for capital projects. The Village had a negative unrestricted net position of \$927,764 in its unrestricted net position.
- During the fiscal year 2015, the Village implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68.)* These statements change the way pension obligations are reported in the Village's financial statements, so that the Village's net pension liability is now reported for the first time directly in the government-wide financial statements and in the enterprise fund financial statements, as applicable. Fiscal year 2016 did not require additional adjustments and comparisons are impacted.
- During the fiscal year 2016, net position increased by a net of \$244,901. The increase is attributable to current year results of operations.
- At September 30, 2016, the Village of Biscayne Park's general fund reported an ending fund balance of \$963,438, an increase of \$103,696 as compared with the prior year. Of the total fund balance, approximately \$921,999 or 96% of this total amount is available for spending at the government's discretion (*unassigned fund balance*). The unassigned fund balance represents 63% of total general fund operating expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village of Biscayne Park's basic financial statements. The Village of Biscayne Park's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

- The *Statement of Net Position* presents information on all of the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the Village of Biscayne Park, 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 government'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).

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**Overview of the Financial Statements (Continued)**

Government-wide financial statements (Continued)

Both of the government-wide financial statements distinguish functions of the Village of Biscayne Park that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Biscayne Park include general government, public safety, public works, parks and recreation, code enforcement, and building, planning, and zoning. The business-type activities of the Village include sanitation.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Biscayne Park, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Village of Biscayne Park can be divided into two categories: governmental funds and proprietary funds.

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 cash flow and 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 and the impact on short term cash flow requirements to meet basic on-going operations. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Biscayne Park maintains five (6) individual 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 balance for the general fund, the Citizens Independent Transportation Trust (CITT) fund and the capital improvements fund, the Roads Fund which are considered major funds. Data from the other two (2) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 to 18 of this report. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements on pages 58 to 59 of this report.

Proprietary funds

The Village of Biscayne Park maintains one proprietary or enterprise fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses an enterprise fund to account for its sanitation operations. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 19 to 21 of this report.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**Overview of the 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 may be found on pages 22 to 48 of this report.

**Government-wide Financial Analysis**

Summary of net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

- Net results of activities will impact (increase/decrease) current assets and unrestricted net position.
- Borrowing for capital will increase current assets and long-term debt.
- Spending borrowed proceeds on new capital will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the net investment in capital assets.
- Spending of non-borrowed current assets on new capital will reduce current assets and increase capital assets and will reduce unrestricted net position and increase net investments in capital assets.
- Principal payment on debt will reduce current assets, reduce long-term debt, and reduce unrestricted net position and increase net investments in capital assets.
- Reduction of capital assets through depreciation will reduce capital assets and reduce net investments in capital assets.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**Government-wide Financial Analysis (Continued)**

At September 30, 2016 the Village of Biscayne Park governmental activities' assets and deferred outflows exceeded liabilities and deferred inflows by \$2,817,459. The Village's net position of \$3,214,043 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, \$531,935 represents resources that are subject to restrictions on how they may be used. There is a negative unrestricted net position of \$928,519 stemming from statutory pension financial representation.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,673,389	\$ 1,246,832	\$ 65,577	\$ 122,893	\$ 1,738,966	\$ 1,369,725
Capital assets, net	3,261,761	2,891,343	-	-	3,261,761	2,891,343
Total assets	<u>4,935,150</u>	<u>4,138,175</u>	<u>65,577</u>	<u>122,893</u>	<u>5,000,727</u>	<u>4,261,068</u>
Deferred outflows of resources	<u>780,821</u>	<u>207,321</u>	<u>-</u>	<u>-</u>	<u>780,821</u>	<u>207,321</u>
Other liabilities	2,188,270	1,325,681	64,822	114,628	2,253,092	1,440,309
Long-term debt	<u>652,927</u>	<u>589,658</u>	<u>-</u>	<u>-</u>	<u>652,927</u>	<u>589,658</u>
Total liabilities	<u>2,841,197</u>	<u>1,915,339</u>	<u>64,822</u>	<u>114,628</u>	<u>2,906,019</u>	<u>2,029,967</u>
Deferred inflow of resources	<u>57,315</u>	<u>226,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,008</u>
Net investments in capital assets	3,214,043	2,477,472	-	-	3,214,043	2,477,472
Restricted	531,935	407,932	-	-	531,935	407,932
Unrestricted	<u>(928,519)</u>	<u>(681,255)</u>	<u>755</u>	<u>8,265</u>	<u>(927,764)</u>	<u>(672,990)</u>
Total net position	<u>\$ 2,817,459</u>	<u>\$ 2,204,149</u>	<u>\$ 755</u>	<u>\$ 8,265</u>	<u>\$ 2,818,214</u>	<u>\$ 2,212,414</u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**Government-wide Financial Analysis (Continued)**

Summary of net position (Continued)

Net investment in capital assets increased by \$463,869 as compared with prior fiscal year. This increase relates to principal payments on towards property improvements.

Restricted net position increased to \$531,935 in fiscal year 2016 from \$407,932 in fiscal year 2015 due to funds received for transportation and transit projects.

Governmental activities

Financial activities for the fiscal year are reported below. Key indicators, including revenues and expenditures by category are presented below:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 271,664	\$ 384,393	\$ 495,577	\$ 604,462	\$ 767,241	\$ 988,855
Operating grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	1,534,063	1,365,615	-	-	1,534,063	1,365,615
Utility taxes	357,317	367,510	-	-	357,317	367,510
Franchise fees	168,895	152,436	-	-	168,895	152,436
Intergovernmental (unrestricted)	673,976	1,448,111	-	-	673,976	1,448,111
Miscellaneous	<u>73,537</u>	<u>136,663</u>	<u>-</u>	<u>62,182</u>	<u>73,537</u>	<u>198,845</u>
Total revenues	<u>3,079,452</u>	<u>3,854,728</u>	<u>495,577</u>	<u>666,644</u>	<u>3,575,029</u>	<u>4,521,372</u>
Expenses:						
General government	895,704	995,956	-	-	895,704	995,956
Public safety	1,418,190	1,223,924	-	-	1,418,190	1,223,924
Physical environment	416,847	373,669	-	-	416,847	373,669
Culture and recreation	163,721	163,468	-	-	163,721	163,468
Sanitation	-	-	414,086	584,757	414,086	584,757
Interest on long-term debt	<u>21,580</u>	<u>4,291</u>	<u>-</u>	<u>-</u>	<u>21,580</u>	<u>4,291</u>
Total expenses	<u>2,916,042</u>	<u>2,761,308</u>	<u>414,086</u>	<u>584,757</u>	<u>3,330,128</u>	<u>3,346,065</u>
Excess (deficiency) in net position before transfers	163,410	1,093,420	81,491	81,887	244,901	1,175,307
Transfers	<u>89,237</u>	<u>95,381</u>	<u>(89,237)</u>	<u>(95,381)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>252,647</u>	<u>1,188,801</u>	<u>(7,746)</u>	<u>(13,494)</u>	<u>244,901</u>	<u>1,175,307</u>
Net position, beginning	2,204,149	2,282,458	8,265	21,759	2,212,414	2,304,217
Prior period adjustment of (See Note 15)	<u>360,663</u>	<u>(1,267,110)</u>	<u>236</u>	<u>-</u>	<u>360,899</u>	<u>(1,267,110)</u>
Net position as restated	<u>2,564,812</u>	<u>1,015,348</u>	<u>8,501</u>	<u>21,759</u>	<u>2,573,313</u>	<u>1,037,107</u>
Net position, ending	<u>\$ 2,817,459</u>	<u>\$ 2,204,149</u>	<u>\$ 755</u>	<u>\$ 8,265</u>	<u>\$ 2,818,214</u>	<u>\$ 2,212,414</u>

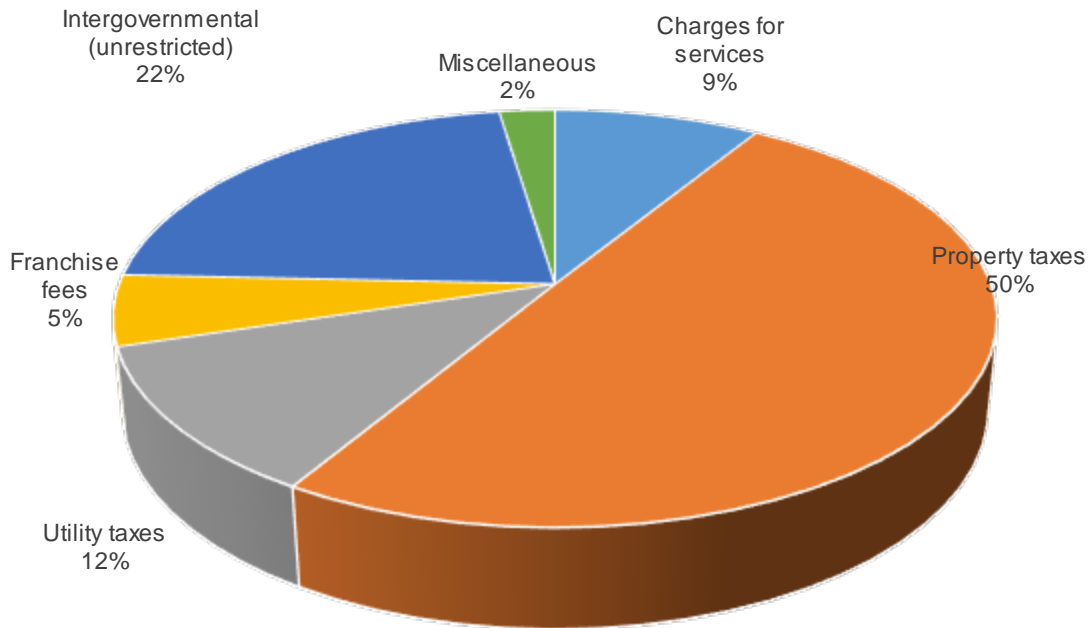
**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**Government-wide Financial Analysis (Continued)**

Governmental activities (Continued)

For fiscal year 2016, total revenues increased by \$53,299 or 2% as compared to prior year. The increase in revenues was mainly due to growth in all General Revenues categories, primarily growth in the tax roll.

Total expenses increased \$41,767 or 2%. The marginal increase in total expenses was attributable to various factors from operating activities as salaries, insurance, and consulting services.



Business-type activities

The Village of Biscayne Park has one business-type activity, Sanitation. This enterprise fund was established to account for the service fees and expenses related to weekly trash pickup, weekly bulk waste pickup and special bulk pick-ups. Changes in Proprietary funds are explained on page 10 of this report.

**Financial Analysis of the Government's Funds**

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

Governmental funds

The focus of the Village of Biscayne Park'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, the *Unassigned Fund Balance* may serve as a useful measure of the government's net resources available for spending at the end of a fiscal year.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**Financial Analysis of the Government's Funds (Continued)**

Governmental funds (Continued)

As of the end of the current fiscal year, the Governmental Funds for the Village of Biscayne Park reported combined ending fund balances of \$1,241,407. Of this amount, \$654,119 reflects Unassigned Fund Balance, which is available for spending at the government's discretion. The remainder of the fund balance, \$41,439 is Non-spendable, Restricted or Assigned Fund Balances indicating that it is not available for new spending as those dollars have already been committed or are not in spendable form. The Non-spendable Fund Balance of \$41,439 is comprised of inventories and prepayments. The Restricted Fund Balance of \$531,935 pertains to remaining balance of funds received from collection of Gas Taxes and Transportation Surtax usage which are restricted for transportation and transit related activities and \$13,914 assigned for debt service. The total Fund Balances show a net increase of \$63,020 as compared to the prior fiscal 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. The Unassigned Fund Balance represents 26.14% of total General Fund expenditures, while total fund balance represents 22.73% of that same amount.

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

Summary of General Fund Balance Sheet  
As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percent Change</u>
Total assets	\$ 1,543,311	\$ 1,175,548	\$ 367,763	31.28%
Total liabilities	579,873	390,516	189,357	48.49%
Nonspendable and restricted	41,439	54,119	(12,680)	-23.43%
Unassigned fund balance	<u>921,999</u>	<u>730,913</u>	<u>191,086</u>	26.14%
Total fund balance	<u>963,438</u>	<u>785,032</u>	<u>178,406</u>	22.73%
Total liabilities and fund balance	<u>\$ 1,543,311</u>	<u>\$ 1,175,548</u>	<u>\$ 367,763</u>	31.28%

Summary of General Fund Statement of Revenues,  
Expenditures, and Changes in Fund Balance  
As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percent Change</u>	
Total revenues	\$ 2,673,860	\$ 2,619,920	\$ 53,940	2.06%	2%
Total expenditures	<u>2,517,236</u>	<u>2,474,828</u>	<u>42,408</u>	1.71%	2%
Excess of revenues over expenditures	156,624	145,092	96,348	66.40%	66%
Other financing sources (uses)	<u>(52,928)</u>	<u>6,947</u>	<u>(59,875)</u>	-861.88%	-662%
Change in fund balance	103,696	152,039	36,473	23.99%	32%
Fund balance, beginning	<u>859,742</u>	<u>632,993</u>	<u>226,749</u>	35.82%	36%
Fund balance, ending	<u>\$ 963,438</u>	<u>\$ 785,032</u>	<u>\$ 178,406</u>	22.73%	23%

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**Financial Analysis of the Government's Funds (Continued)**

Other major governmental funds

The Village of Biscayne Park has three other major funds, the CITT Fund, the Roads Fund and the Capital Improvements Fund. The fund balance at September 30, 2016 for the CITT Transportation Fund increased by approximately 104,500 from 2015 to 2016 representing the excess of revenues received from CITT over expenditures. Revenues exceeded expenditures in the Road Fund by approximately \$6,000 for 2016. Expenditures for the Capital Improvements fund for the year ended September 30, 2016 exceeded revenues by \$336,242 due primarily to the completion of the Village Hall and Log Cabin renovation.

Proprietary funds

The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Sanitation Fund at the end of 2016 totaled \$8,265 compared to \$21,759 in 2015, a decrease of \$13,494 compared to the prior year. Revenues decreased by \$108,885 from \$604,462 in 2015 to \$495,577 in 2016, representing a decrease of 18%. Expenses decreased from \$584,757 in 2015 to \$414,086 in 2016, a decrease of \$170,671 or 29%. The decrease in revenues and expenses are the result of the Village entering into an agreement with Waste Pro of Florida to operate the sanitation department.

**General Fund Budgetary Highlights**

The final budget expenditures and the actual amounts were over in the building and code enforcement, non-departmental and debt service. The excess expenditure in the departments was largely due to increase in buildings permits issued which increase inspection expenditures, the budgetary comparison schedules and notes to the schedule are presented for the general fund, the Roads fund and the CITT fund on pages 49 through 52 of this report.

Capital assets

The Village of Biscayne Park's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounts to \$3,547,002 (net of accumulated depreciation). This investment in capital assets includes Village-owned buildings, land, equipment and other infrastructure (sidewalks and drainage systems). The following table summarizes the components of the Village's investments in capital assets.

Increases in capital assets during fiscal year 2016 include primarily costs associated with the completion of the Village Hall and Log Cabin renovation in the amount of approximately 1,874,676. Additional information on the Village of Biscayne Park's capital assets may be found in Note 6 on page 37 of this report.

Capital Assets as of September 30, 2016 and 2015  
(net of depreciation)

Classification	Governmental Activities		Business-type Activities		Total		Percent Change
	2016	2015	2016	2015	2016	2015	
Land	\$ 157,490	\$ 157,490	\$ -	\$ -	\$ 157,490	\$ 157,490	0%
Building	2,417,565	552,993	-	-	2,417,565	552,993	337%
Infrastructure	719,456	723,936	-	-	719,456	723,936	-1%
Furniture and equipment	124,740	244,869	-	-	124,740	244,869	-49%
Construction in progress	127,751	1,548,183	-	-	127,751	1,548,183	-92%
Total capital assets	<u>\$ 3,547,002</u>	<u>\$ 3,227,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,547,002</u>	<u>\$ 3,227,471</u>	10%



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

**General Fund Budgetary Highlights (Continued)**

Long-term debt

At September 30, 2016, the Village of Biscayne Park had \$323,959 in long-term debt pertaining to the balance of the loan payable and capital leases. Additional information on the Village's long-term debt may be found in Note 7 on page 35 of this report.

**Economic Factors and Next Year's Budgets and Rates**

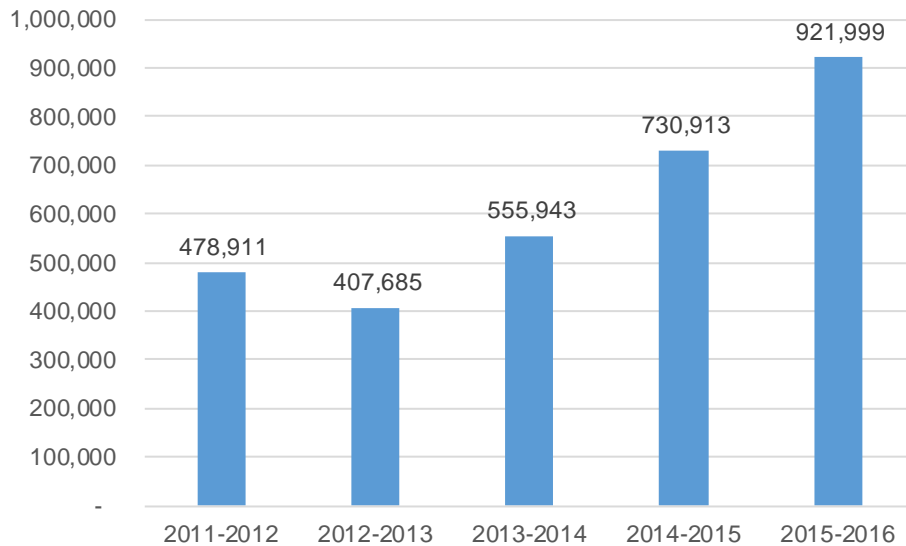
The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utility 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.

The Village of Biscayne Park is a residential, single-family community with no commercial component. Property taxes comprise approximately 57% of total general fund revenues. As such, the Village relies heavily on the property values of single family homes. Property tax revenues increased by \$168,448 and collection of delinquent property and other taxes was approximately \$45,000.

At September 30, 2016, unassigned fund balance in the General Fund was \$921,999 as compared to unassigned fund balance of \$730,913 in 2015, an increase of \$191,086.

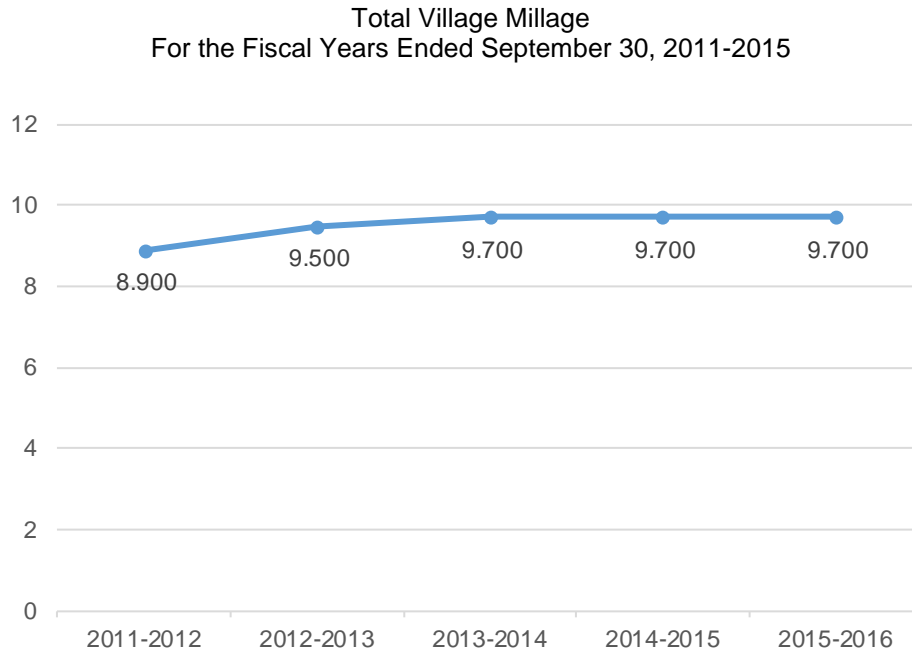
General Fund Unrestricted/Unassigned Surplus  
For the Fiscal Years Ended September 30, 2011-2016

Millage rates are limited to 10 mills by state law. The graph below shows the Village of Biscayne Park millage rates from 2011 to 2016. For fiscal year 2015-16, the Village Commission held the millage rate at 9.7 mills, the same rate that was set for the previous fiscal year.



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2016**

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



The Village faces 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, while at the same time maintaining both its unrestricted surplus and current millage rate. Due to the growth in the property tax roll, the Village was able to maintain the millage rate at the same level as the previous fiscal year at 9.7 mills. The increase in collection of ad valorem revenues was \$168,448 or 12.3% over fiscal year 2016. Expenditures decreased from \$2,761,308 in 2015 to 2,516,595 in 2016, a decrease of \$244,712 or 9%.

**Requests for Information**

This financial report is designed to provide a general overview of the Village of Biscayne Park's finances for all those with an interest in the Village's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Department at:

**VILLAGE OF BISCAYNE PARK**  
Finance Department  
640 Northeast 114<sup>th</sup> Street  
Biscayne Park, Florida 33161

---

---

## **BASIC FINANCIAL STATEMENTS**

---

---

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 637,803	\$ -	\$ 637,803
Investments	11,277	-	11,277
Accounts receivable, net	204,027	8,588	212,615
Internal balances	(56,989)	56,989	-
Prepays	41,439	-	41,439
Restricted assets:			
Cash and cash equivalents	550,591	-	550,591
Capital assets:			
Non-depreciable capital assets:			
Land	157,490	-	157,490
Construction in progress	127,751	-	127,751
Total non-depreciable capital assets	<u>285,241</u>	<u>-</u>	<u>285,241</u>
Depreciable capital assets:			
Building	2,771,622	-	2,771,622
Furniture and equipment	1,706,886	-	1,706,886
Infrastructure	1,150,013	-	1,150,013
Less: accumulated depreciation	<u>(2,366,760)</u>	<u>-</u>	<u>(2,366,760)</u>
Net depreciable capital assets	<u>3,261,761</u>	<u>-</u>	<u>3,261,761</u>
Total capital assets	<u>3,547,002</u>	<u>-</u>	<u>3,547,002</u>
Total assets	<u>4,935,150</u>	<u>65,577</u>	<u>5,000,727</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>780,821</u>	<u>-</u>	<u>780,821</u>
Total deferred outflows of resources	<u>780,821</u>	<u>-</u>	<u>780,821</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	72,477	64,822	137,299
Accrued payroll and benefits	53,354	-	53,354
Noncurrent liabilities:			
Net pension liability	2,015,939	-	2,015,939
Due within one year	46,500	-	46,500
Due in more than one year	<u>652,927</u>	<u>-</u>	<u>652,927</u>
Total liabilities	<u>2,841,197</u>	<u>64,822</u>	<u>2,906,019</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>57,315</u>	<u>-</u>	<u>57,315</u>
Total deferred inflows of resources	<u>57,315</u>	<u>-</u>	<u>57,315</u>
<u>NET POSITION</u>			
Net investment in capital assets	3,214,043	-	3,214,043
Restricted for:			
Transportation	531,935	-	531,935
Unrestricted	<u>(928,519)</u>	<u>755</u>	<u>(927,764)</u>
Total net position	<u>\$ 2,817,459</u>	<u>\$ 755</u>	<u>\$ 2,818,214</u>

See notes to basic financial statements

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Program Revenues		Net (Expense) Revenue and		
Functions/Programs	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
Primary government:					
Governmental activities:					
General government	\$ 895,704	\$ -	\$ (895,704)	\$ -	\$ (895,704)
Public safety	1,418,190	235,331	(1,182,859)	-	(1,182,859)
Physical environment	416,847	-	(416,847)	-	(416,847)
Culture and recreation	163,721	36,333	(127,388)	-	(127,388)
Interest expense	21,580	-	(21,580)	-	(21,580)
Total governmental activities	2,916,042	271,664	(2,644,378)	-	(2,644,378)
Business-type activity:					
Sanitation	414,086	495,577	-	81,491	81,491
Total primary government	\$ 3,330,128	\$ 767,241	(2,644,378)	81,491	(2,562,887)
General revenue:					
Property taxes			1,534,063	-	1,534,063
Utility taxes			357,317	-	357,317
Franchise fees			168,895	-	168,895
Intergovernmental (unrestricted)			673,976	-	673,976
Investment and miscellaneous income			73,537	-	73,537
Transfers			89,237	(89,237)	-
Total general revenues and transfers			2,897,025	(89,237)	2,807,788
Change in net position			252,647	(7,746)	244,901
Net position, beginning, as previously reported			2,204,149	8,265	2,212,414
Prior period adjustment (See Note 15)			360,663	236	360,899
Net position, beginning, as restated			2,564,812	8,501	2,573,313
Net position, ending			\$ 2,817,459	\$ 755	\$ 2,818,214

See notes to basic financial statements

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Roads Fund	CITT Fund	Capital Improvement Fund		
<u>ASSETS</u>						
Cash and cash equivalents	\$ 637,803	\$ -	\$ 500,967	\$ -	\$ 49,624	\$ 1,188,394
Investments	11,277	-	-	-	-	11,277
Accounts receivable, net	149,219	13,047	41,761	-	-	204,027
Due from other funds	703,573	304,934	6,241	58,431	-	1,073,179
Prepays	41,439	-	-	-	-	41,439
Total assets	<u>\$ 1,543,311</u>	<u>\$ 317,981</u>	<u>\$ 548,969</u>	<u>\$ 58,431</u>	<u>\$ 49,624</u>	<u>\$ 2,518,316</u>
<u>LIABILITIES</u>						
Accounts payable and other current liabilities	\$ 68,337	\$ 526	\$ -	\$ -	\$ -	\$ 68,863
Accrued payroll and benefits	50,521	2,833	-	-	-	53,354
Other liabilities	3,614	-	-	-	-	3,614
Due to other funds	457,401	123,325	187,421	308,432	53,589	1,130,168
Total liabilities	<u>\$ 579,873</u>	<u>\$ 126,684</u>	<u>\$ 187,421</u>	<u>\$ 308,432</u>	<u>\$ 53,589</u>	<u>\$ 1,255,999</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Revenues	\$ -	\$ -	\$ 20,910	\$ -	\$ -	\$ 20,910
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,910</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Prepays	\$ 41,439	\$ -	\$ -	\$ -	\$ -	\$ 41,439
Restricted for:						
Transportation	-	191,297	340,638	-	-	531,935
Assigned for:						
Debt service	-	-	-	-	13,914	13,914
Unassigned	921,999	-	-	(250,001)	(17,879)	654,119
Total fund balances	<u>963,438</u>	<u>191,297</u>	<u>340,638</u>	<u>(250,001)</u>	<u>(3,965)</u>	<u>1,241,407</u>
Total liabilities and fund balances	<u>\$ 1,543,311</u>	<u>\$ 317,981</u>	<u>\$ 548,969</u>	<u>\$ 58,431</u>	<u>\$ 49,624</u>	<u>\$ 2,518,316</u>

See notes to basic financial statements

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

Fund balances - total governmental funds (page 15) \$ 1,241,407

Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	5,913,762	
Less: accumulated depreciation	<u>(2,366,760)</u>	
		3,547,002

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

Capital Leases	(176,332)	
Loan payable	(332,959)	
Compensated Absences	(114,881)	
OPEB liability	<u>(75,255)</u>	
		(699,427)

Revenue collected outside of the period of availability is not available to pay for current period expenditures and therefore, is a deferred inflow in the funds. 20,910

Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds (2,015,939)

Deferred outflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting 780,821

Deferred inflows of resources related to pensions are not recognized in the governmental funds; however, they are reported in the statement of net position under full accrual accounting (57,315)

(1,292,433)

Net position of governmental activities (Page 13) \$ 2,817,459

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Roads Fund	CITT Fund	Capital Improvement Fund		
<b>REVENUES:</b>						
Property taxes	\$ 1,534,063	\$ -	\$ -	\$ -	\$ -	\$ 1,534,063
Franchise fees	168,895	-	-	-	-	168,895
Utility taxes	279,014	78,303	-	-	-	357,317
Charges for services	36,333	-	-	-	-	36,333
Intergovernmental	370,448	28,980	127,845	125,793	-	653,066
Licenses and permits	181,767	-	-	-	-	181,767
Fines and forfeitures	53,564	-	-	-	-	53,564
Interest	644	-	-	-	-	644
Miscellaneous	49,132	23,761	-	-	-	72,893
Total revenues	<u>2,673,860</u>	<u>131,044</u>	<u>127,845</u>	<u>125,793</u>	<u>-</u>	<u>3,058,542</u>
<b>EXPENDITURES:</b>						
Current						
General government	746,306	-	-	-	276	746,582
Public safety	1,275,355	-	-	-	7,817	1,283,172
Physical environment	234,873	112,277	23,260	-	-	370,410
Culture and recreation	147,731	-	-	-	-	147,731
Debt service:						
Principal	24,706	11,502	-	-	17,041	53,249
Interest	5,630	1,098	-	-	14,852	21,580
Capital outlay	82,635	-	-	462,035	-	544,670
Total expenditures	<u>2,517,236</u>	<u>124,877</u>	<u>23,260</u>	<u>462,035</u>	<u>39,986</u>	<u>3,167,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>156,624</u>	<u>6,167</u>	<u>104,585</u>	<u>(336,242)</u>	<u>(39,986)</u>	<u>(108,852)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Capital lease	82,635	-	-	-	-	82,635
Transfers in	89,237	-	-	192,400	32,400	314,037
Transfers out	(224,800)	-	-	-	-	(224,800)
Total other financing sources (uses)	<u>(52,928)</u>	<u>-</u>	<u>-</u>	<u>192,400</u>	<u>32,400</u>	<u>171,872</u>
Net change in fund balances	<u>103,696</u>	<u>6,167</u>	<u>104,585</u>	<u>(143,842)</u>	<u>(7,586)</u>	<u>63,020</u>
<b>Beginning of year as previously reported</b>	785,032	171,775	236,157	(106,159)	3,621	1,090,426
Prior period adjustment (See note 15)	74,710	13,355	(104)	-	-	87,961
<b>Beginning of year as restated</b>	<u>859,742</u>	<u>185,130</u>	<u>236,053</u>	<u>(106,159)</u>	<u>3,621</u>	<u>1,178,387</u>
Fund Balance, end of year	<u>\$ 963,438</u>	<u>\$ 191,297</u>	<u>\$ 340,638</u>	<u>\$ (250,001)</u>	<u>\$ (3,965)</u>	<u>\$ 1,241,407</u>

See notes to basic financial statements



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Amounts reported for governmental activities in the statement of activities (on page 14) are different because:

Net change in fund balances - total governmental funds (page 17)		\$ 63,020
--	--	-----------

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlays meeting the capitalization threshold	534,271	
Less current year depreciation	<u>(217,348)</u>	
		316,923

The issuance of long-term debt (e.g. bonds, leases, notes) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments	53,249	
Capital lease issuance	<u>(82,635)</u>	
		(29,386)

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.	<u>20,910</u>	
		20,910

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

Change in compensated absences	3,708	
Change in OPEB liability	(18,057)	
Changes in net pension liability and other deferral amounts	<u>(104,471)</u>	
		(118,820)

Change in net position of governmental activities (page 14)		<u>\$ 252,647</u>
---	--	-------------------

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2016**

	Business-type Activity Enterprise Fund <u>Sanitation</u>
<u>ASSETS</u>	
Current assets:	
Accounts receivable, net	\$ 8,588
Due from Other Funds	<u>194,894</u>
Total current assets	<u>203,482</u>
Total assets	<u>203,482</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and other current liabilities	64,822
Due to other funds	<u>137,905</u>
Total current liabilities	<u>202,727</u>
Total liabilities	<u>202,727</u>
<u>NET POSITION</u>	
Unrestricted	<u>755</u>
Total net position	<u>\$ 755</u>

See notes to basic financial statements

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Business-type Activity Enterprise Fund <u>Sanitation</u>
Operating revenues:	
Charges for services	\$ 495,577
Total operating revenues	<u>495,577</u>
Operating expenses:	
Operations and maintenance	<u>414,086</u>
Total operating expenses	<u>414,086</u>
Operating Income	81,491
Nonoperating revenues (expenses):	
Gain on disposal of capital assets	-
Total nonoperating revenues	<u>-</u>
Income before contributions and transfers	<u>81,491</u>
Contributions and transfers:	
Transfers out	<u>(89,237)</u>
Net contributions and transfers	<u>(89,237)</u>
Change in net position	(7,746)
Net position, beginning, as previously reported	8,265
Prior period adjustment (See Note 15)	<u>236</u>
Net position, beginning	<u>8,501</u>
Net position, end of year	<u>\$ 755</u>

See notes to basic financial statements

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

		Business-type Activity Enterprise Fund <u>Sanitation</u>
Cash flows from operating activities:		
Cash received from customers, governments and other funds	\$	439,895
Cash paid for interfund services used		112,998
Cash paid to suppliers		<u>(463,656)</u>
Net cash provided by operating activities		<u>89,237</u>
Cash flows from non-capital financing activities:		
Transfers out		<u>(89,237)</u>
Net cash (used in) noncapital financing activities		<u>(89,237)</u>
Net increase in cash and cash equivalents		-
Cash and cash equivalents, October 1		<u>-</u>
Cash and cash equivalents, September 30	\$	<u><u>-</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	<u>81,491</u>
Adjustment to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		(8,588)
Due from other funds		(47,094)
Increase (decrease) in:		
Accounts payable		(49,570)
Due to other funds		<u>112,998</u>
Total adjustments		<u>7,746</u>
Net cash provided by operating activities	\$	<u>89,237</u>

---

---

## **BASIC FINANCIAL STATEMENTS**

---

---

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of the Village of Biscayne Park, Florida's (the "Village") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

The Village is a municipal corporation governed by an elected mayor and four-member commission under a Commission-Manager form of government. The Village is located in Miami-Dade County, Florida and was incorporated in 1933. The Village provides the following services to its residents - general government, public safety, building code enforcement, physical environment and culture and recreation.

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39 and 61, 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 primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity 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 financial benefits to, or impose specific financial burdens on the Village. Based on the application of these criteria, there was one entity evaluated for inclusion in the Village's reporting entity.

Discretely Presented - Biscayne Park Foundation, Inc. (the "Foundation") is a non-profit foundation created by the Village through passing of Ordinance 2007-08 on April 10, 2007, as its fundraising arm. The Foundation is intended to enhance the Village's opportunities to raise monies through special events, sponsorship, donation and grants exclusively for charitable, educational, and scientific purposes which include raising the educational and social levels of its residents to foster and promote community-wide interest and concern for the history and preservation of the Village. The Foundation is a separate legal entity and is governed by a separate board consisting of three to five members, nominated and appointed by the Village Commission for a term of five (5) years. Currently, the Village Commission serves as the Foundation's governing board. The Foundation has approximately \$7,290 cash in bank at September 30, 2016 and has no significant transactions during the year ended September 30, 2016, as such; the Foundation has not been presented in the Village's financial statements. The Foundation does not publish individual component unit financial statements.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 activities of the primary government. All interfund activities except interfund services provided and used, have 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 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

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

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

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

The Village reports the following major governmental funds:

*General Fund*

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

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

Roads Fund

The Road Fund supplements the work of the Village's Public Works department. The funds are provided by Local Gas Tax revenues. These monies are used in the maintenance and improvement of streets and roads that serve the residents.

CITT Fund

This fund accounts for the proceeds of revenues from Citizen Independent Transportation Trust (CITT) of Miami Dade that is legally restricted for transportation and transit related activities.

Capital Improvements Fund

This fund accounts for the capital projects of the Village for designated development areas.

The Village reports the following major proprietary fund:

Sanitation Fund

This fund accounts for solid waste fees charged to customers for solid waste services.

Additionally, the Village reports the following nonmajor funds:

Police Forfeiture Fund

Police Forfeiture funds are generated when the Village obtains a final judgement regarding property that was used during the commission of a crime. The police department obtains the value of the property through sale or retention. The use of police forfeiture funds is directed by Florida State Revenues and under the authority of the Police Chief and review by the Village Attorney.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of long-term debt principal and interest.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of administrative expense between the General Fund and Sanitation Fund. Elimination of these charges would distort the direct costs and program revenues for various functions concerned.

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



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

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

**D. Pronouncements Implemented in the Current Year**

GASB Statement 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This pronouncement did not have a significant impact on the Villages financial statements.

GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of GASB 76 have been implanted in the fiscal year ended September 30, 2016 financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes additional not disclosure requirements for qualified external investment pools that measure all of their investments at amortized cost for financial reporting purposes for governments that participate in those pools. The Village has implemented the pronouncement for fiscal year ended September 30, 2016. See note 3 for further details.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Net Position**

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

State statutes require all deposits of the Village, including demand deposit accounts, time deposit accounts and money market accounts be held in institutions designated by the Treasurer of the State of Florida as "qualified depositories" and accordingly, are covered by a collateral pool as required by that statute.

Investments for the Village are reported at fair value. The Village's investment in the State Board of Administration Investment Pool is in the Florida Prime. The Florida Prime is considered a SEC 2A-7-like fund, thus reported at its fair value of its position in the pool, which is the same as its value of the pool shares.

2. Receivables and Payables - Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e, the current portion of interfund loans) or as "advances to/from other funds" (i.e, the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as a "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

All other receivables include amounts due for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred based on the accounting basis required for that fund.

All trade receivables are shown net of an allowance for uncollectible accounts. Allowances for uncollectible receivables are based upon historical trend and the aging of the receivables.

3. Inventory and Prepaid Items - Inventories of governmental funds, which consist of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased (consumption method). The inventories of supplies, diesel fuel and gasoline are recorded at cost using the moving average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Net Position (Continued)**

4. Restricted Assets - Proceeds from police forfeiture funds, transportation tax, local option gas taxes and debt service are classified as restricted in the government wide financial statements and in the Special Revenue Funds, Capital Improvement and Debt Service Fund since these resources are specifically earmarked for law enforcement, transportation, capital projects and debt service purposes only.
5. Property Taxes - Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Village by Miami-Dade County (the County) on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

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

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Village is established by the Village commission and the Miami-Dade County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Village for the fiscal year ended September 30, 2016, was 9.7 mills (\$9.70 per \$1,000 of taxable assessed valuation).

6. Capital Assets - Capital assets, which include land, property, equipment, construction in progress and infrastructure assets (e.g., roads, sidewalks, culverts, light poles, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$750 for equipment and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as they are completed.

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

	<u>Years</u>
Buildings	20-40
Improvements other than buildings	5-10
Infrastructure	5-10
Furniture and equipment	5

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

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Net Position (Continued)**

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 represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Village has pension amounts that qualify for reporting in this category on the government-wide statement of net position in the amount of \$780,821.

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 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 amounts that qualify for reporting in this category in the amount of \$57,315.

8. Compensated Absences - It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for these compensated absences is recorded as a long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences that have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement), while the proprietary funds report the liability as it is incurred. For governmental activities, compensated absences are generally liquidated by the General Fund.
9. Long-Term Obligations - In the government-wide financial statements, long-term debt and long-term obligations are reported as liabilities in the statement of net position.
10. Equity Classifications - Equity is classified as net position and displayed in three components:

- Net investment in capital assets

This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- Restricted net position

This classification consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

- Unrestricted net position

This classification consists of all other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Net Position (Continued)**

10. Equity Classifications - The Village follows GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

- Nonspendable fund balance  
Amounts that cannot be spent either because they are not in spendable form (such as inventory) or because they are legally or contractually required to be maintained intact.
- Restricted fund balance  
Amounts constrained to specific purposes by their providers (such as granters, Village Code, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance  
Amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Commission) through passing of an ordinance. To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- Assigned fund balance  
Amounts the Village intends to use for a specific purpose. Intent can be expressed by the management of the Village.
- Unassigned fund balance  
Amounts that are available for any purpose in the general fund, which are not included in any other spendable classifications.

When an expenditure is incurred for the purpose for which both restricted and unrestricted funds are available, the Village considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Commission or Village Manager has provided otherwise in its commitment or assigned actions.

The Village will maintain a minimum unassigned fund balance in the General Fund, at each fiscal year end, ranging from 15% to 20% of the following year's projected budgeted expenditures and outgoing transfers. In any fiscal year where the Village is unable to maintain a 15% minimum level of fund balance as required in this section, the Village manager shall prepare and submit in conjunction with the proposed budget a plan for expenditure reductions and/or revenue increases necessary to restore the minimum requirements. As part of the annual budget process, the Commission will review and if necessary, amend the plan submitted by the Village Manager for restoring the amounts of unassigned fund balance to the required minimum levels. Any deficit in the required minimum amount must be restored no later than the end of the second fiscal year following the occurrence.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Net Position (Continued)**

11. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, the estimates may ultimately differ from actual results.
12. Pensions - For purposes of measuring Net Pension Liability, deferred outflows of resources, and deferred inflows of resources relating to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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. Except as reported in the schedule of findings and recommendations, the Village has no material violations of finance-related legal and contractual obligations.

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, and streets
Transportation tax	Transportation and roads
Federal forfeitures	Law enforcement

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**Governmental and Proprietary Funds**

As of September 30, 2016, the Village's carrying amount of deposits was approximately \$1,188,394. Bank balances before reconciling items were \$1,227,005 at that date, the total of which is collateralized or insured with securities held by the Village or by its agent in the Village's name as discussed below.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All of the Village's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposit Act*. Under this Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**Governmental and Proprietary Funds (Continued)**

The Village's investment policy allows the following investments: U.S. Government obligations, U.S. agency obligation, U.S. instrumentality obligations, Certificate of Deposits, Savings and Loan Association Deposits, Investment-grade obligation of State, provincial and local governments and public authorities, money market mutual funds regulated by Securities and Exchange Commission and whose portfolios consist only of domestic securities, and Local Government Surplus Funds Trust Fund, or any intergovernmental, investment pool authorized through the Florida Interlocal Cooperation Act.

As of September 30, 2016, the Village had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating</u>
State Board of Administration - Florida PRIME	<u>11,277</u>	AAAm
	<u>\$ 11,277</u>	

The State Board of Administration (SBA) administers the Florida PRIME, which is a governmental investment pool governed by Chapter 19-7 of the Florida Administrative Code and Chapter 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village does not have a written policy on interest rate risk since it does not have any investments with long term maturity. The dollar weighted average days to maturity (WAM) of SBA-Florida PRIME at fiscal year-end was 50 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM. The weighted average life (WAL) a Florida PRIME at September 30, 2016 is 70 days.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investments in the Florida PRIME (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form. The Florida PRIME is administered by the SBA, who provides regulatory oversight. The Village's investment in the Florida PRIME was rated AAAM by Standard and Poor's as of September 30, 2016.

Concentration of Credit Risk - There are no limits on the amount that may be invested in money market funds or with the SBA.

Custodial Credit Risk - For an investment custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment. The Village's investments in money market funds and the State Board of Administration (SBA) Florida PRIME (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**Governmental and Proprietary Funds (Continued)**

Custodial Credit Risk (Continued) - In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Village's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures our financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements to serve to limit a participant's daily access to 100 percent of their account value.

**NOTE 4 - RECEIVABLES/PAYABLES**

**Receivables**

Receivables at September 30, 2016, consisted of franchise fees and other receivables. The Village's receivables at September 30, 2016, were as follows:

	Franchise Fees and <u>Other Taxes</u>	<u>Other</u>	<u>Total</u>
Governmental Funds:			
General Fund	\$ 106,504	\$ 42,715	\$ 149,219
Road Fund	12,994	53	13,047
CITT Fund	41,761	-	41,761
Proprietary Funds:			
Sanitation Fund	<u>8,588</u>	-	<u>8,588</u>
Total Governmental Funds	<u>\$ 169,847</u>	<u>\$ 42,768</u>	<u>\$ 212,615</u>

**Payables**

Accounts payable and other liabilities at September 30, 2016 were as follows:

	<u>Vendor</u>	Due to Other <u>Governments</u>	<u>Others</u>	<u>Total</u>
Governmental Funds:				
General Fund	\$ 43,107	\$ 1,529	\$ 23,701	\$ 68,337
Roads Fund	-	-	526	526
Total Governmental Funds	<u>\$ 43,107</u>	<u>\$ 1,529</u>	<u>\$ 24,227</u>	<u>\$ 68,863</u>
Proprietary Funds:				
Sanitation Fund	\$ -	\$ 64,822	\$ -	\$ 64,822
Total Proprietary Funds	<u>\$ -</u>	<u>\$ 64,822</u>	<u>\$ -</u>	<u>\$ 64,822</u>



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 5 - INTERFUND RECEIVABLES/PAYABLES/TRANSFERS**

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

	Payable Fund						Total
	General Fund	Road Fund	CITT Fund	Capital Improvements Fund	Sanitation Fund	Nonmajor Funds	
<u>Receivable Fund</u>							
General Fund	\$ -	\$ 123,325	\$ 128,990	\$ 308,432	\$ 89,237	\$ 53,589	\$ 703,573
Road Fund	256,266				48,668		304,934
CITT Fund	6,241						6,241
Capital Improvements Fund			58,431				58,431
Sanitation Fund	194,894						194,894
	<u>\$ 457,401</u>	<u>\$ 123,325</u>	<u>\$ 187,421</u>	<u>\$ 308,432</u>	<u>\$ 137,905</u>	<u>\$ 53,589</u>	<u>\$ 1,268,073</u>

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

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

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 89,237	\$ 224,800
Capital Improvement Fund	192,400	-
Debt Service Fund	32,400	-
Total Governmental Funds	<u>314,037</u>	<u>224,800</u>
Proprietary Funds:		
Sanitation Fund	-	89,237
Total Proprietary Funds	-	<u>89,237</u>
Total Governmental and Proprietary Funds	<u>\$ 314,037</u>	<u>\$ 314,037</u>

Interfund transfers allow for appropriate allocation of resources when one fund is providing resources for another or a project calls for multiple sources of funds. Interfund transfers are used to move unrestricted revenues collected to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 6 - CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 157,490	\$ -	\$ -	\$ 157,490
Construction in progress	<u>1,548,183</u>	<u>454,244</u>	<u>(1,874,676)</u>	<u>127,751</u>
Total capital assets not being depreciated	<u>1,705,673</u>	<u>454,244</u>	<u>(1,874,676)</u>	<u>285,241</u>
Capital assets being depreciated:				
Building	896,946	1,874,676	-	2,771,622
Infrastructure	1,150,013	-	-	1,150,013
Furniture and equipment	* <u>1,624,251</u>	<u>82,635</u>	-	<u>1,706,886</u>
Total capital assets being depreciated	<u>3,671,210</u>	<u>1,957,311</u>	<u>-</u>	<u>5,628,521</u>
Less accumulated depreciation for:				
Building	(343,953)	(10,104)	-	(354,057)
Infrastructure	(426,077)	(4,480)	-	(430,557)
Furniture and equipment	** <u>(1,379,382)</u>	<u>(202,764)</u>	-	<u>(1,582,146)</u>
Total accumulated depreciation	<u>(2,149,412)</u>	<u>(217,348)</u>	<u>-</u>	<u>(2,366,760)</u>
Total capital assets being depreciated, net	<u>1,521,798</u>	<u>1,739,963</u>	<u>-</u>	<u>2,989,059</u>
Governmental activities capital assets, net	<u>\$3,227,471</u>	<u>\$2,194,207</u>	<u>\$(1,874,676)</u>	<u>\$ 3,547,002</u>

\*Beginning balance was increased by \$66,647 to include two (2) capital leases at September 30, 2015.

\*\*Beginning balance was reduced by \$272,702 due to capital assets being over depreciated in prior year.

Depreciation expense for the governmental funds was charged to functions/programs of the Village as follows:

General Government	\$ 116,066
Public Safety	76,222
Physical Environment	17,435
Culture and Recreation	<u>7,625</u>
Total Depreciation Expense - Governmental Activities	<u>\$217,348</u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 7 - CAPITAL LEASES/LONG-TERM DEBT**

Capital leases are those which are determined to have passed substantially all of the risks and benefits of ownership to the lessee. The Village entered into various lease agreements to finance the acquisition of vehicles.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

<u>Fiscal Year End</u>	<u>Governmental Activities</u>
2017	\$ 57,558
2018	50,131
2019	40,945
2020	33,405
2021	<u>13,434</u>
Total minimum lease payments	195,473
Less: amount representing interest	<u>(19,140)</u>
Present value of minimum lease payments	<u>\$ 176,333</u>

The following schedule shows the leased assets capitalized as of September 30, 2016, by major asset class:

	<u>Capital Assets</u>
Equipment	\$ 254,628
Less: accumulated depreciation for entity-wide	<u>85,398</u>
	<u>\$ 169,230</u>

On May 11, 2015, the Village entered into a bank loan in the amount of \$350,000 for the construction of the Public Safety and Administration Annex and the restoration of the historic Village Hall log cabin. The loan bears interest at a rate of 4.25% and principal and interest payments of \$15,946 are due semi-annually for 15 years. The loan matures on May 11, 2030. The loan is secured by a portion of the Village's Half Cent Sales Tax Revenue from the State of Florida.

The bank loan requires the Village to maintain a Debt Service Fund account to have sufficient funds to pay the semi-annual payments of principal and interest due in connection with the loan. In addition the Village is required to open a control account with City National Bank of Florida and deposit all the monies and proceeds received by the Village in connection with the Half Cent Sales Tax into the control account. The Village is not in compliance with the control account requirement. The bank subsequently waived non-compliance with the requirement through April 14, 2017 and on May 23, 2017 the bank amended the control agreement and pledge and security agreement under similar terms and conditions.

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 17,780	\$ 14,112	\$ 31,893
2018	18,552	13,341	31,893
2019	19,358	12,535	31,893
2020	20,198	11,695	31,893
2021	21,075	10,818	31,893
2022-2026	119,920	39,544	159,464
2027-2030	<u>116,076</u>	<u>11,496</u>	<u>127,572</u>
	<u>\$ 332,959</u>	<u>\$ 113,541</u>	<u>\$ 446,500</u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 7 - CAPITAL LEASES/LONG-TERM DEBT (Continued)**

Changes in general long-term debt during the year were as follows:

	Beginning			Ending	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
Capital leases	\$ 129,893	\$ 82,635	\$ (36,195)	\$ 176,333	\$ 50,302
Loan payable	350,000	-	(17,041)	332,959	17,041
Compensated absences	118,589	90,958	(94,666)	114,881	28,720
OPEB liability	57,198	18,057	-	75,255	12,338
Total governmental activities	<u>\$ 655,680</u>	<u>\$ 191,650</u>	<u>\$ (147,902)</u>	<u>\$ 699,428</u>	<u>\$ 108,401</u>

**NOTE 8 - RESTRICTED ASSETS**

The balances of the restricted cash account in the governmental activities at September 30, 2016 pertain to the following:

<u>Fund</u>	<u>Restricted for</u>	<u>Amount</u>
CITT Fund	Transportation and transit	\$ 500,967
Debt Service Fund	Debt service	13,914
Police Forfeitures Fund	Public safety	35,710
		<u>\$ 550,591</u>

**NOTE 9 - FLORIDA RETIREMENT SYSTEM**

All new hire full-time or part-time employees working in a regularly established position for the City are automatically enrolled in the statewide Florida Retirement System (FRS), a multiple-employer, cost-sharing defined benefit plan. The FRS is totally administered by the State of Florida. The Village previously made an irrevocable election to participate in the FRS, a state-administered retirement system. All rates, benefits and amendments are established by the State of Florida through its legislative body.

**Plan Description**

Membership in the FRS is required for all full-time and part-time employees working in regularly established positions for state agencies, county governments, district school boards, state universities, and state community colleges; or cities, independent special districts, metropolitan planning districts, and public charter schools that make an irrevocable election to participate. Most Pension Plan members (including renewed members), and State Community College Optional Retirement Program participants may elect to participate in the FRS Investment Plan. Florida Retirement System Pension Plan members who retired and chose to participate in the Deferred Retirement Option Program (DROP) are not eligible to become members of the FRS Investment Plan.

**Type of Benefit**

The Florida Retirement System Pension Plan (FRS) is a cost-sharing, multiple-employer qualified defined benefit plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by municipalities, special districts, charter schools, and metropolitan planning organizations is optional.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Average Final Compensation (AFC)**

For members initially enrolled in the FRS before July 1, 2011, average final compensation (AFC) is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, AFC is the average of the eight highest fiscal years of salary earned during covered employment.

The following chart shows the percentage value for each year of service credit earned in relation to the general classes of membership that the Village participates in.

<u><b>Class, Initial Enrollment, and Retirement Age / Years of Service</b></u>	<u><b>% Value</b></u>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Special Risk Regular</b>	
Service from December 1,1970 through September 30,1974	2.00
Service on or after October 1,1974	3.00
<b>Elected County Officers</b>	
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
<b>Senior Management Service Class</b>	2.00

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

**Vesting**

The system provides for vesting of benefits, regardless of membership class, after six years of creditable service for members who are enrolled on or after July 1, 2001 through June 30, 2011 and eight years of creditable service for members who are enrolled on or after July 1, 2011. Vesting for the FRS Investment Plan occurs when an employee completes one year of service in the FRS Investment Plan.

**Service Retirement**

Normal retirement age in the regular, senior management service and elected officers' classes is 62 for members enrolled before July 1, 2011 and 65 for members enrolled on or after July 1, 2011. In the special risk service class, normal retirement age is 55 for members enrolled before July 1, 2011 and 60 for members enrolled on or after July 1, 2011. If a member is vested but has not reached normal retirement age, early retirement can be taken. The amount of the retirement benefit will be reduced 5% for each year prior to normal retirement.

Benefits are computed on the basis of age and/or years of service, average final compensation and service credit. The system also provides for death and disability benefits.

State law provides for all eligible FRS members to elect to participate in the Deferred Retirement Option Program (DROP). The DROP allows an employee to retire and defer their monthly retirement benefit to an interest-bearing account, for up to a maximum of sixty months, and to continue employment with the City. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive payment of the accumulated DROP benefits, and direct receipt, thereafter, of the FRS monthly retirement benefit.

**Funding Policy**

Contributions to the FRS are made by the Village as a percentage of covered payrolls. Effective July 1, 2012, state law instituted a requirement that employees in all classes make a contribution to the FRS of 3.00% of their covered payroll, in addition to the employer's contribution. The required contribution rates in effect at year end for the Village were 7.26% for regular class employees, 21.43% for senior management service class employees, 22.04% for special risk class employees, and 42.27% for elected officers' class. Additionally, the Village was required to contribute 12.88% for all DROP participants. These rates include the normal cost and unfunded actuarial liability contributions and the 1.26 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

**Funding Policy (Continued)**

The contribution requirements of covered payroll and actual contributions made for fiscal year 2016 and the two preceding years were as follows:

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Contribution requirements:			
Employer	\$ 173,554	\$ 170,111	\$ 154,243
Employee	<u>33,638</u>	<u>35,805</u>	<u>35,991</u>
Total contribution requirements	<u>\$ 207,192</u>	<u>\$ 205,916</u>	<u>\$ 190,234</u>
Contributions made (100%)	\$ 207,192	\$ 205,916	\$ 190,234
Total covered payroll	\$ 1,226,479	\$ 1,232,576	\$ 1,287,457
Percent of contributions to total covered payroll	16.9%	16.7%	14.8%

The FRS issues a comprehensive annual financial report including a statement of financial condition, historical and statistical information and an actuarial report. A copy can be obtained from the State of Florida, Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877 -377 -1737  
<http://www.dms.myflorida.com>

**Net Pension Liability**

The components of the collective net pension liability of all of the participating employers for each defined benefit plan for the measurement date of June 30, 2016, are shown below (in thousands):

	<u>FRS</u>	<u>HIS</u>
Total pension liability (A)	\$ 167,030,999	\$ 11,768,445
Plan fiduciary net position (B)	<u>(141,780,921)</u>	<u>(113,859)</u>
Net pension liability (A-B)	<u>\$ 25,250,078</u>	<u>\$ 11,654,586</u>
Plan fiduciary net position as percentage of total pension liability	84.88%	0.97%

The total pension liability for each plan was determined by the Plan's actuary and reported in the Plan's valuations dated July 1, 2015. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. Each Plan's fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

**Net Pension Liability (Continued)**

The Village reported a liability of \$2,015,939 for its proportionate share of the net pension liability. The details of the proportionate shares are as follows:

FRS Pension Plan:

Employer Contribution for Pension Plan Funding for <u>Prior Period</u>	Proportion at Prior Measurement <u>Date</u>	Employer Contribution for Pension Plan Funding for <u>Current Period</u>	Proportion at Current Measurement <u>Date</u>	Employer Proportionate Share of Net Pension Liability/(Asset) <u>at Prior Measurement Date</u>	Employer Proportionate Share of Net Pension Liability/(Asset) <u>at Measurement Date</u>
\$ 141,320	0.005796350%	\$ 150,286	0.006162631%	\$ 748,676	\$ 1,556,069

FRS Retiree Health Insurance Subsidy (HIS) Program:

Employer Contribution for Pension Plan Funding for <u>Prior Period</u>	Proportion at Prior Measurement <u>Date</u>	Employer Contribution for Pension Plan Funding for <u>Current Period</u>	Proportion at Current Measurement <u>Date</u>	Employer Proportionate Share of Net Pension Liability/(Asset) <u>at Prior Measurement Date</u>	Employer Proportionate Share of Net Pension Liability/(Asset) <u>at Measurement Date</u>
\$ 15,765	0.004124158%	\$ 20,225	0.003945825%	\$ 420,599	\$ 459,870

**Basis of Allocation**

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions for employers that were members of the FRS and HIS during fiscal years 2014/2015 and 2015/2016. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense. For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

**Actuarial Methods and Assumptions**

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

**Actuarial Methods and Assumptions (Continued)**

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2016, using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.60%. 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. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2015:

HIS: The total pension liability is calculated on a single equivalent discount rate as required by GASB Statement No. 67. The discount rate used was updated from 3.80% to 2.85% reflecting the change during the fiscal year in the Bond Buyer General Obligation 20-year Bond municipal bond index. That index was originally approved for use in HIS GASB 67 calculation by the 2014 Actuarial Assumption Conference.

In general, the discount rate for calculating the total pension liability under GASB 67 is equivalent 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 plan sponsor. The discount rates used at the two dates differ due to changes in the applicable municipal bond rate.

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016, the FRS Actuarial Assumptions' conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which provides consulting for the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

**Long-Term Expected Rate of Return (Continued)**

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real estate (property)	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.1%
Assumed Inflation - mean			2.6%	1.9%

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

**Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2016.

FRS Pension Plan:

	FRS		
	1% Decrease <u>6.60%</u>	Current Discount Rate <u>7.60%</u>	1% Increase <u>8.60%</u>
Total pension liability	\$ 11,602,263	\$ 10,293,503	\$ 9,204,134
Less: fiduciary net position	\$ 8,737,434	\$ 8,737,434	\$ 8,737,434
Net pension liability	<u>\$ 2,864,828</u>	<u>\$ 1,556,069</u>	<u>\$ 466,700</u>

FRS Retiree Health Insurance Subsidy (HIS) Program:

	HIS		
	1% Decrease <u>1.85%</u>	Current Discount Rate <u>2.85%</u>	1% Increase <u>3.85%</u>
Total pension liability	\$ 532,067	\$ 464,362	\$ 408,170
Less: fiduciary net position	\$ 4,493	\$ 4,493	\$ 4,493
Net pension liability	<u>\$ 527,575</u>	<u>\$ 459,870</u>	<u>\$ 403,678</u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

**Pension Expense and Deferred Outflows/(Inflows) of Resources**

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized as pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments - amortized over five years. Contributions to the pension plans from employers are not included in collective pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2016, was 6.3 years for FRS and 7.2 years for HIS. The pension expense recognized during the year by the Village amounted to \$237,268 and \$38,209 for FRS and HIS respectively.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 9 - FLORIDA RETIREMENT SYSTEM (Continued)**

**Pension Expense and Deferred Outflows/(Inflows) of Resources (Continued)**

The components of deferred outflows and inflows of resources schedules for the fiscal year ended September 30, 2016, are presented below for each plan.

FRS Pension Plan			
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	<u>Total</u>
Changes in:			
Contributions, subsequent to measurement date	\$ 40,722	\$ -	\$ 40,722
Assumptions/inputs	94,138	-	94,138
Projected/actual earnings	402,225	-	402,225
Experience expected/actual	119,145	(14,488)	104,657
Changes in proportion, NPL	<u>43,533</u>	<u>(21,560)</u>	<u>21,973</u>
	<u>\$ 699,763</u>	<u>\$ (36,048)</u>	<u>\$ 663,715</u>
HIS Program			
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	<u>Total</u>
Changes in:			
Contributions, subsequent to measurement date	\$ 4,824	\$ -	\$ 4,824
Assumptions/inputs	72,170	-	72,170
Projected/actual earnings	228	-	228
Experience expected/actual	-	(1,047)	(1,047)
Changes in proportion, NPL	<u>3,836</u>	<u>(20,220)</u>	<u>(16,384)</u>
	<u>\$ 81,058</u>	<u>\$ (21,267)</u>	<u>\$ 59,791</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<u>Fiscal Year End</u>	<u>FRS Expense</u>	<u>HIS Expense</u>
2016	\$ 85,095	\$ 10,249
2017	85,095	10,249
2018	241,907	10,204
2019	168,515	10,183
2020	31,409	7,738
Thereafter	<u>10,972</u>	<u>6,344</u>
Total	<u>\$ 622,993</u>	<u>\$ 54,967</u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Village of Biscayne Park 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 or its major component unit 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 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 fiscal year ending September 30, 2016, there were no retirees or dependents receiving other postemployment benefits. Consequently, the Village made no actual contributions towards the annual OPEB cost. Current and future retirees are required to pay 100% of the blended premium to continue coverage under the Village's group health insurance program.

**Annual OPEB Cost and Net OPEB Obligation**

The Village has elected to calculate the annual required contribution of the employer (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The Village's annual other postemployment benefit cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 25 years. Changes in the Village's net OPEB obligation to the retirees as of September 30, 2016 are as follows:

Annual required contribution	\$ 18,057
Interest on net OPEB obligation	2,288
Adjustment to annual required contribution	<u>(2,288)</u>
Annual OPEB cost	18,057
Employer contribution	-
Interest on employer contribution	<u>-</u>
Increase in net OPEB obligation	18,057
Net OPEB obligation, beginning of year	<u>57,198</u>
Net OPEB obligation, end of year	<u><u>\$ 75,255</u></u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year ending September 30, 2016 were as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Amount</u> <u>Contributed</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
9/30/2014	\$ 7,615	\$ -	0%	\$ 49,583
9/30/2015	\$ 7,615	\$ -	0%	\$ 57,198
9/30/2016	\$ 18,057	\$ -	0%	\$ 75,255

**Funded Status and Funding Progress**

As of the valuation date, the actuarial value of plan assets was \$0, the actuarial accrued liability for benefits was \$106,535, the total unfunded actuarial liability was \$106,535, and the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) was 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$1,042,141, and the ratio of the unfunded actuarial accrued liability to the covered payroll was approximately 10%.

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

**Methods and Assumptions**

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

A discount rate of 4.00% was assumed. An inflation rate of 3.00% was assumed. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at October 1, 2015 was 25 years. Healthcare cost trend rates start at 11.00% for the fiscal year ending in 2016 (to reflect actual premium increases), then 6.50% for the fiscal year ending 2017 and grading down to 4.25% (i.e., the ultimate trend rate) for the fiscal year ending September 30, 2025.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 11 - RISK MANAGEMENT**

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

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

**NOTE 12 - 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.

**Lawsuits**

The Village is a defendant in various suits and claims incidental to its operations. The ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of the Village's attorney that the Village has sufficient insurance coverage to cover any claims or liabilities, which may arise from such action and the resolution of the matter, will not have a material adverse effect on the financial condition of the Village.

**NOTE 13 - COMMITMENTS**

On June 2, 2014, the Village entered into an agreement with Waste Pro of Florida, Inc. for solid waste and recycling collection services to be provided to the Village. The initial term of the agreement is five years, and the term may be extended for up to two additional five year terms. The terms of the agreement grant Waste Pro exclusive franchise and the sole obligation to operate and maintain comprehensive garbage, trash and other refuse collection including roll-off and removal system and service as well as recycling collection systems for residential customers in and for the Village. In exchange, Waste Pro agrees to pay the Village an 11 % franchise fee, which shall be adjusted on October 1, 2016 and each subsequent year based on Consumer Price Index changes and the Fuel Index as specified in the agreement. The total rate increase in a given year shall be capped at 5%. Waste pro will also share 20% of recycling rebates derived from the sale of recyclables with the Village.

**NOTE 14 - DEFICITS IN FUND BALANCE**

At September 30, 2016 the Police Forfeiture Fund and Capital Improvement Fund had a deficit fund balance of \$17,879 and \$250,001 respectively. The Village expects to fund this deficit with transfers from the General Fund in subsequent years.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 15 - PRIOR PERIOD ADJUSTMENT**

In fiscal year 2016, the Village recorded prior period adjustments to correct revenues recorded in the incorrect period and corrections made to the beginning balances of accounts receivable, prepaid expenses, and accounts payable.

	Government-Wide Financial Statements			
	Governmental		Business-type	
	Activities		Activities	
Net position, beginning, as previously reported	\$	2,204,149	\$	8,265
Correction of accounts payable, prepaid expenses, and receivables		19,707		236
Correction of revenues in incorrect period		68,254		-
Correction of accumulated depreciation		<u>272,702</u>		-
Net position, beginning, as restated	\$	<u>2,564,812</u>	\$	<u>8,501</u>

	Fund Financial Statements			
	General Fund	Roads Fund	CITT Fund	Sanitation Fund
Correction of accounts payable, prepaid expenses, and receivables	\$ 19,704	\$ 107	\$ (104)	\$ 236
Correction due to revenues recorded in incorrect period	<u>55,006</u>	<u>13,248</u>	<u>-</u>	<u>-</u>
Net effect due to correction of an error	<u>74,710</u>	<u>13,355</u>	<u>(104)</u>	<u>236</u>
Change in net position/fund balance (as applicable), preceding period	<u>152,039</u>	<u>(11,617)</u>	<u>75,500</u>	<u>(13,494)</u>
Corrected change in net position/fund balance (as applicable), preceding period	<u>\$ 226,749</u>	<u>\$ 1,738</u>	<u>\$ 75,396</u>	<u>\$ (13,258)</u>



---

---

**REQUIRED SUPPLEMENTARY INFORMATION**

---

---

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final Budget		Final Budget
				Positive/(Negative)
<b>Revenues:</b>				
Property taxes	\$ 1,331,461	\$ 1,474,664	\$ 1,534,063	\$ 59,399
Franchise fees	161,283	169,339	168,895	(444)
Utility taxes	255,732	244,626	279,014	34,388
Intergovernmental	351,194	333,106	370,448	37,342
Licenses and permits	87,250	108,612	181,767	73,155
Fines and forfeitures	41,500	61,569	53,564	(8,005)
Charges for services	25,900	30,700	36,333	5,633
Miscellaneous	46,450	63,925	49,776	(14,149)
Total revenues	<u>2,300,770</u>	<u>2,486,541</u>	<u>2,673,860</u>	<u>187,319</u>
<b>Expenditures:</b>				
<b>Current</b>				
<b>General government</b>				
Village Commission	23,718	23,818	21,312	(2,506)
Administration	353,409	320,867	311,096	(9,771)
Non-departmental	430,781	407,876	413,898	6,022
Total general government	<u>807,908</u>	<u>752,561</u>	<u>746,306</u>	<u>(6,255)</u>
<b>Public safety</b>				
Police	1,081,851	1,009,816	1,082,566	72,750
Building	202,996	212,634	192,789	(19,845)
Physical environment	196,457	281,409	234,873	(46,536)
Culture and recreation	167,483	134,685	147,731	13,046
<b>Debt service</b>				
Principal	-	-	24,706	24,706
Interest	-	-	5,630	5,630
Capital Outlay	-	-	82,635	82,635
Total expenditures	<u>2,456,695</u>	<u>2,391,105</u>	<u>2,517,236</u>	<u>126,131</u>
Excess (deficiency) of revenues over (under) expenditures	(155,925)	95,436	156,624	61,188
<b>Other financing (uses):</b>				
Capital lease	-	-	82,635	82,635
Transfers in	98,730	289,364	89,237	(200,127)
Transfers out	-	-	(224,800)	(224,800)
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	<u>(57,195)</u>	<u>384,800</u>	<u>103,696</u>	<u>(281,104)</u>
Net change in fund balance	<u>(57,195)</u>	<u>384,800</u>	<u>103,696</u>	<u>(281,104)</u>
<b>Beginning of year as previously reported</b>			785,032	
Prior period adjustment (See note 15)			<u>74,710</u>	
<b>Beginning of year as restated</b>			<u>859,742</u>	

See note to budgetary comparison schedules

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - ROADS FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final Budget</u>		<u>Final Budget</u>
				<u>Positive/(Negative)</u>
<b>Revenues:</b>				
Gas Taxes	\$ 77,405	\$ 78,406	\$ 78,303	\$ (103)
Intergovernmental	25,326	25,555	28,980	3,425
Other Income	22,609	23,173	23,761	588
Total revenues	<u>125,340</u>	<u>127,134</u>	<u>131,044</u>	<u>3,910</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Physical environment	144,302	127,134	112,277	(14,857)
Debt service	-	-	-	-
Principal	-	-	11,502	11,502
Interest	-	-	1,098	1,098
Total expenditures	<u>144,302</u>	<u>127,134</u>	<u>124,877</u>	<u>(2,257)</u>
Excess (deficiency) of revenues over (under) expenditures	(18,962)	-	6,167	6,167
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	<u>(18,962)</u>	<u>-</u>	<u>6,167</u>	<u>6,167</u>
Net change in fund balance	<u>(18,962)</u>	<u>-</u>	<u>6,167</u>	<u>6,167</u>
<b>Beginning of year as previously reported</b>			171,775	
Prior period adjustment (See note 15)			<u>13,355</u>	
<b>Beginning of year as restated</b>			<u>185,130</u>	
Fund Balance, end of year			<u>\$ 191,297</u>	

See note to budgetary comparison schedules

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - CITT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final Budget</u>		<u>Final Budget</u>
				<u>Positive/(Negative)</u>
Revenues:				
Intergovernmental	110,094	120,153	127,845	7,692
Total revenues	<u>110,094</u>	<u>120,153</u>	<u>127,845</u>	<u>7,692</u>
Expenditures:				
Current:				
Physical environment	110,094	96,123	23,260	(72,863)
Total expenditures	<u>110,094</u>	<u>96,123</u>	<u>23,260</u>	<u>(72,863)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>24,030</u>	<u>104,585</u>	<u>80,555</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	<u>-</u>	<u>24,030</u>	<u>104,585</u>	<u>80,555</u>
Net change in fund balance	<u>-</u>	<u>24,030</u>	<u>104,585</u>	<u>80,555</u>
<b>Beginning of year as previously reported</b>			236,157	
Prior period adjustment (See note 15)			<u>(104)</u>	
<b>Beginning of year as restated</b>			<u>236,053</u>	
Fund Balance, end of year			<u>\$ 340,638</u>	

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted for all of the Village's governmental funds and the enterprise fund on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year-end.

The Village follows the State of Florida Statutes and its charter in establishing the budgetary data reflected in the financial statements. The budget process is as follows:

- a. The Village Manager prepares a budget showing the cost of each department for each budget year. Prior to the Commission's first public hearing on the proposed budget required by state law, the Village Manager issues a budget summary setting forth the proposed cost of each individual department and reflecting the personnel for each department, the purposes therefore, and the amount of any contingency and carryover funds. The Commission shall by ordinance adopt the annual budget on or before the last day of September.
- b. *Supplemental appropriations.* If, during any fiscal year, revenues in excess of those estimated in the annual budget are available for appropriation, the Commission may by ordinance make supplemental appropriations for the fiscal year up to the amount of such excess.
- c. *Reduction of appropriations.* If, at any time during the fiscal year, it appears probable to the Village Manager that the revenues available will be insufficient to meet the amounts appropriated, she/he shall report to the Commission in writing without delay, indicating the estimated amount of the deficit, and his/her recommendations as to the remedial action to be taken. The Village Commission shall then take such action, as it deems appropriate, to prevent any deficit spending not covered by adequate unappropriated financial resources including reserves.
- d. The Village's department heads recommend transfers of appropriations within a department with approval of the Village Manager and Finance Director.
- e. Transfers of appropriations between departments require the additional approval of the Commission. 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.

During the fiscal year, the Village Commission approved by ordinance several budget changes on the department level.

Expenditures exceeded the budget in the General Fund for the fiscal year ended September 30, 2016 for the following department level, which is the legally controlled level of appropriations:

<u>General Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Police Department	\$ 1,009,816	\$ 1,112,902	\$ 103,086
General Government	407,876	413,898	6,022
Parks and Recreation	134,685	147,731	13,046
Principal	-	24,706	24,706
Interest	-	5,630	5,630
Capital Outlay	-	82,635	82,635
<u>Road Fund</u>			
Principal	-	11,502	11,502
Interest	-	1,098	1,098

The excess expenditure in the departments listed above had several causes were funded by available fund balance.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
**SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Village's proportion of the net pension liability	0.006162631%	0.005796350%	0.00590023%
The Village's proportionate share of the net pension liability	\$ 1,556,069	\$ 748,676	\$ 360,001
The Village's covered-employee payroll	1,226,479	1,232,576	1,287,457
The Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.87%	60.74%	27.96%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
**SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 173,554	\$ 170,111	\$ 154,243
Contributions in relation to the contractually required contributor	<u>(173,554)</u>	<u>(170,111)</u>	<u>(154,243)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Village's covered-employee payroll	\$ 1,226,479	\$ 1,232,576	\$ 1,287,457
Contributions as a percentage of covered-employee payroll	14.15%	13.80%	11.98%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**  
**SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Village's proportion of the net pension liability	0.006162631%	0.005796350%	0.005900231%
The Village's proportionate share of the net pension liability	\$ 1,556,069	\$ 748,676	\$ 360,001
The Village's covered-employee payroll	\$ 1,226,479	\$ 1,232,576	\$ 1,287,457
The Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.87%	60.74%	27.96%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.



**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**  
**SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 33,638	\$ 35,805	\$ 35,991
Contributions in relation to the contractually required contributor	<u>(33,638)</u>	<u>(35,805)</u>	<u>(35,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Village's covered-employee payroll	\$ 1,226,479	\$ 1,232,576	\$ 1,287,457
Contributions as a percentage of covered-employee payroll	2.74%	2.90%	2.80%

Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFITS (OPEB)**  
**SEPTEMBER 30, 2016**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll (b-a)/(c)
9/30/2010	\$ -	\$ 57,840	\$ 57,840	0.0%	\$ 1,147,141	5.0%
9/30/2013	\$ -	\$ 44,017	\$ 44,017	0.0%	\$ 1,102,498	4.0%
10/1/2015	\$ -	\$ 66,436	\$ 66,436	0.0%	\$ 1,042,141	6.4%

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 7,615	\$ -	0%	\$ 49,583
9/30/2015	7,615	-	0%	57,198
9/30/2016	18,057	-	0%	75,255

---

---

**COMBINING FINANCIAL STATEMENTS**

---

---

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	<u>Police Forfeiture Fund</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	35,710	13,914	49,624
Total assets	<u>\$ 35,710</u>	<u>\$ 13,914</u>	<u>\$ 49,624</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	53,589	-	53,589
Total liabilities	<u>53,589</u>	<u>-</u>	<u>53,589</u>
<u>FUND BALANCES</u>			
Assigned for:			
Debt service	\$ -	\$ 13,914	\$ 13,914
Unassigned	(17,879)	-	(17,879)
Total fund balances	<u>(17,879)</u>	<u>13,914</u>	<u>(3,965)</u>
Total liabilities and fund balances	<u>\$ 35,710</u>	<u>\$ 13,914</u>	<u>\$ 49,624</u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Police</u> <u>Forfeiture Fund</u>	<u>Debt Service</u> <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:			
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Others	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
General government:	183	93	276
Public safety	7,817	-	7,817
Debt service:			
Principal	-	17,041	17,041
Interest	-	14,852	14,852
Total expenditures	<u>8,000</u>	<u>31,986</u>	<u>39,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,000)</u>	<u>(31,986)</u>	<u>(39,986)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>32,400</u>	<u>32,400</u>
Total other financing sources (uses)	<u>-</u>	<u>32,400</u>	<u>32,400</u>
Net change in fund balances	<u>(8,000)</u>	<u>414</u>	<u>(7,586)</u>
Fund balances, beginning	<u>(9,879)</u>	<u>13,500</u>	<u>3,621</u>
Fund balances, ending	<u>\$ (17,879)</u>	<u>\$ 13,914</u>	<u>\$ (3,965)</u>

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUND**  
**POLICE FORFEITURE FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	with
	Original	Final Budget		Final Budget Positive/ (Negative)
Revenues:				
Fines and forfeitures	500	500	-	(500)
Total revenues	500	500	-	(500)
Expenditures:				
Current:				
General Government	25	-	183	183.00
Public Safety	475	500	7,817	7,317
Total expenditures	500	500	8,000	7,500
Excess (deficiency) of revenues over (under) expenditures	-	-	(8,000)	7,000
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	-	(8,000)	7,000
Net change in fund balance	-	-	(8,000)	7,000
Fund Deficit, beginning of year			(9,879)	
Fund Deficit, end of year			\$ (17,879)	

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)**  
**BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final Budget		Final Budget
				Positive/(Negative)
Revenues:				
Intergovernmental	-	-	125,793	125,793
Total revenues	-	-	125,793	125,793
Expenditures:				
Current:				
Capital Outlay	-	-	462,035	462,035
Total expenditures	-	-	462,035	462,035
Excess (deficiency) of revenues over (under) expenditures	-	-	(336,242)	(336,242)
Other financing sources (uses):				
Transfers in	192,400	192,400	192,400	-
Transfers out	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	192,400	192,400	(143,842)	(336,242)
Net change in fund balance	192,400	192,400	(143,842)	(336,242)
Fund Deficit, beginning of year			(106,159)	
Fund Deficit, end of year			<u>\$ (250,001)</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**

To the Honorable Mayor, Village Commission, and Village Manager  
Village of Biscayne Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Biscayne Park, Florida (the "Village"), as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 31, 2018.

**Internal Control over Financial Reporting**

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

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

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

A significant deficiency is a deficiency, or 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 schedule of finding's and responses as items 2016-01 and 2016-02 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-03.

### **The Village's Response to Findings**

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

### **Purpose of this Report**

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

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Coral Gables, Florida  
May 31, 2018

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

To the Honorable Mayor, Village Commission, and Village Manager  
Village of Biscayne Park, Florida

**Report on the Financial Statements**

We have audited the basic financial statements of the Village of Biscayne Park, Florida (the "Village"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated May 31, 2018.

**Auditors' Responsibility**

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

**Other 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*; Summary Schedule of Prior Audit Findings, 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 schedules, which are dated May 31, 2018.

**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 not been taken to address the recommendation made in the preceding annual financial audit report and therefore the finding is repeated as item 2015-01.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Village was created pursuant to the constitution of the State of Florida, Home Rule Charter of Miami-Dade County, Article 5, Section 5.05. The Village has one component unit that was not included in the financial statements due to the insignificance to the primary government but has been disclosed in the notes to the financial statements.

**Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Village has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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.

### **Financial Condition (Continued)**

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

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

### **Annual Financial Report**

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

### **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 state awarding agencies, Members of the Village Commission and management of the Village, 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  
Coral Gables, Florida  
May 31, 2018

**VILLAGE OF BISCAYNE PARK, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDING**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**PRIOR YEAR COMMENTS AND STATUS**

**FINANCIAL STATEMENTS**

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

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

- 2015-01 Financial Accounting and Reports (modified and repeated)

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

- None

**VILLAGE OF BISCAYNE PARK**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**I. Current Year Financial Statement Findings and Recommendations**

**Material Weakness**

**2015-01 Financial Accounting and Reporting**

**Condition:**

Several instances of transactions that were not properly recorded in the general ledger were identified during the 2016 fiscal year audit. There was a lack of preparation of reconciliations of the account balances affected by the improperly recorded transactions, which resulted in misstatements in several account balances. The following errors were detected and corrected during the annual audit:

- 1) The accounts receivable balance was not properly stated primarily as a result of failure to record the correct amount of ad valorem tax revenue, and utility tax revenue, which also resulted in a misstatement of revenue.
- 2) The cost and accumulated depreciation balances of capital assets and related capital lease liability were not properly stated primarily as a result of failure to properly record additions and disposals of capital assets that occurred during the year. Depreciation expense was also recorded incorrectly as a result of the errors in the capital asset balances.
- 3) Accrued compensated absences was improperly recorded in the general fund as of September 30, 2016.
- 4) Subsidiary ledgers and supporting schedules for capital assets, did not agree to the general ledger.

**Cause:**

Due to the turnover experienced during the year and the lack of personnel with governmental accounting knowledge within the accounting department, the Village was unable to maintain adequate books and records and did not have internal controls over financial reporting in place that would ensure the review of significant accounts and activity on a monthly basis in a manner that would prevent or detect a material misstatement in the financial statements.

**Effect:**

As a result of the errors detected in the account balances as summarized above, a significant amount of time and effort was spent by the Village personnel analyzing and adjusting the account balances. In addition, numerous adjusting entries were proposed and included as part of the audit process.

**VILLAGE OF BISCAYNE PARK**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**Recommendation:**

We recommend that the Village perform an in-depth review of the Village's internal controls over financial reporting and implement the necessary changes to prevent or detect material misstatements in the financial statements in a timely manner. We recommend detailed monthly analysis of all cash receipts and disbursements transactions to ensure accuracy of the accounts used. We recommend monthly preparation and review of financial statements in comparison with budget, and investigation of any unexpected variances which possible could have resulted from incorrect postings of revenues and expenditures. We also recommend management to implement proper closing procedures to ensure all supporting schedules agree to the general ledger. These procedures should include timetables outlining appropriate due dates, sample formats and instructions for schedules to be prepared.

**Views of Responsible Officials and Planned Corrective Action:**

Due to turnover of both the Village Managers and Financial staff, the 2015 audit was not completed until May of 2017. As a result, the findings from 2015 were not implemented in the FY2016. With the addition of Governmental Management Services (GMS) in late 2017, we have stabilized our financial department and have addressed these issues.

**Significant Deficiencies**

**2016-01 Journal Entries**

**Criteria:**

Best practices dictate that journal entries are preferably prepared and reviewed by an appropriate reviewer, and signed as evidence of the date of preparation and review.

**Condition:**

During the performance of our audit planning procedures for the fiscal year ended September 30, 2016, we reviewed selected journal entries for the months of October 2015 as well as January, March, May and August 2016 for various accounts from the Village's general ledger. Our procedures disclosed that journal entries did not include evidence of review.

**Cause:**

Lack of internal controls associated with the review of the journal entries.

**Effect:**

Without journal entries being reviewed timely for accuracy, the Village would not know if the account balances in a point in time are accurate, whether there were errors, or potential fraud.

**Recommendation:**

We recommend the Village implement internal controls associated with the review of journal entries that will ensure journal entries are reviewed before they are entered into the Village's accounting system.

**VILLAGE OF BISCAYNE PARK**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**Views of Responsible Officials and Planned Corrective Action:**

As of 2017, staffing has been reorganized by contracting with GMS to handle finance for the Village. In prior years, as a Finance Director would leave the institutional knowledge and controls would leave with them. GMS is a larger firm that provides continuity of service with multiple staff members. Additionally, there have been turnover in Village Managers the past few years which limited oversight. Currently, the Village has a stable Financial Department and Village Manager to maintain oversight and controls.

**2016-02 Bank Reconciliations**

**Criteria:**

Based on best practices, bank reconciliations are preferable prepared and reviewed within 30 days from period end with the appropriate sign off as evidence of the completeness, the accuracy, and timeliness of the reconciliation. Properly reviewed bank reconciliations reduce the risk of errors, fraud, or possible misappropriations of assets.

**Condition:**

During our audit planning procedures for the fiscal year ended September 30, 2016, we reviewed the bank reconciliation for the month of May 2016 for the Village's Operating bank account. Bank reconciliation was prepared on June 7, 2016. The planning disclosed that there is no evidence of review of the bank reconciliation. Additionally, CFLG selected another bank reconciliation was prepared on January 12, 2016. CFLG noted the bank reconciliation also did not have evidence of review.

**Cause:**

Lack of internal controls over the review of bank reconciliations.

**Effect:**

Without bank reconciliations being reviewed timely for accuracy and completeness, the Village would not know if the cash position at a point in time is accurate and whether or not there were errors, fraud, or misuse of funds. In addition, unreconciled transactions could cause accounts to be over/understated.

**Recommendation:**

We recommend the Village implement internal controls associated with the review of bank reconciliations that will ensure reconciliations are prepared and reviewed within 30 days subsequent to the month end to ensure the accuracy and completeness of cash balances reported by the Village.

**Views of Responsible Officials and Planned Corrective Action:**

Due to turnover of both Village Managers and Financial staff, there was a lapse in preparation and reviews of bank reconciliations for 2016. With the stabilization of Manager and the contracting of GMS to handle our finance department, both of these issues will be addressed going forward. Bank reconciliations will be prepared and reviewed within 30 days.



**VILLAGE OF BISCAYNE PARK**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**Non-Compliance**

**2016-03 Annual Financial Audit Report**

**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 2016 within 9 months after year end.

**Cause:**

The Village did not have its annual financial audit for the fiscal year 2015 completed within the required period of 9 months after fiscal year end.

**Effect:**

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

**Recommendation:**

We recommend that, in the future, the Village completes its annual financial audits within 9 months after its fiscal year end.

**View of Responsible Officials and Planned Corrective Actions:**

Due to turnover of both Village Managers and Financial staff, the Village is late delivering the 2016 Audit. This was further delayed by a change of audit firms and the effects of Hurricane Irma as well. The Village Manager and Commission have been in constant contact with JLAC to keep them posted on progress throughout the year. With the stabilization of staffing in the Village, the contracting of GMS to act as finance department and the contract with Caballero, Fierman, Llerena & Garcia, LLP to perform the audit, we are prepared to complete the 2016 audit and begin immediately on the 2017 audit. Moving forward, the Village will be compliant with Florida Statute section 218.39.



CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF  
SECTION 218.415 FLORIDA STATUTES**

To the Honorable Mayor, Village Commission, and Village Manager  
Village of Biscayne Park, Florida

We have examined the Village of Biscayne Park's compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2015 to September 30, 2016. Management of the Village of Biscayne Park (the "Village") responsible for the Village's compliance with the 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 of Biscayne Park complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Village of Biscayne Park 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, Village of Biscayne Park complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017.

This report is intended solely for the information and use of management, the Mayor, the Village Commission, 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  
Coral Gables, Florida  
May 31, 2018