

**VILLAGE OF EL PORTAL, FLORIDA**

**BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

# VILLAGE OF EL PORTAL, FLORIDA

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**INDEPENDENT AUDITORS' REPORT**

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Alberni, Caballero  
& Company, L.L.P.

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of El Portal, Florida (the "Village") as of and for the fiscal year ended September 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of El Portal, Florida as of September 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 2010 on our consideration of the Village's internal control over financial reporting and our tests of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The Management's Discussion and Analysis and the Budgetary Comparison Schedules, listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of state financial assistance projects is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of state financial assistance projects have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Alberni Caballero & Company, LLP*

January 29, 2010  
Coral Gables, Florida

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

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## Management's Discussion and Analysis

As management of the Village of El Portal, we offer readers of the Village of El Portal (the Village) financial statements this narrative overview and analysis of the financial activities of the Village of El Portal for the fiscal year ended September 30, 2009.

### Financial Highlights

- The assets of the Village of El Portal exceeded its liabilities at the close of the most recent fiscal year by \$3,374,490 (net assets). Of this amount, \$518,543 (*unrestricted net assets*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets increased by \$783,104. This increase is attributable to excess revenues over expenses for 2009.
- As of the close of the current fiscal year, the Village of El Portal general fund reported an ending fund balance of \$613,993, an increase of \$162,382 in comparison with the prior year. The \$613,993 is all available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$613,993 or 35.4% of total general fund expenditures.

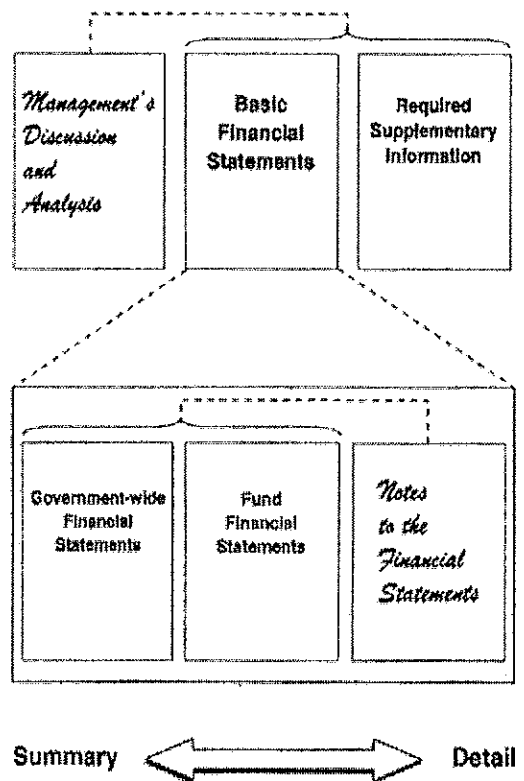
### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



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

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the Village include public works, police, and general administration services.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

The Village maintains five governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the four special revenue funds; all are considered to be a major funds.

The Village adopts an annual appropriated budget for its general fund, stormwater projects fund, seawall project fund, CITT fund and the special revenue fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11 to 14 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 23 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded liabilities by \$3,731,342 at the close of the most recent fiscal year.

A portion of the Village's net assets, \$2,243,895 or 66%, reflects its investment in capital assets, net of related debt (e.g., land and equipment). The Village of El Portal uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the Village's net assets, \$612,052 or 23.62%, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$518,543 or 15.36%, may be used to meet the government's on-going obligations to citizen's and creditors.

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

**VILLAGE OF EL PORTAL  
STATEMENTS OF NET ASSETS**

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 1,428,637	\$ 1,037,690	\$ 390,947	37.67%
Restricted assets	40,758	63,455	(22,697)	(35.76%)
Capital assets, net	<u>2,251,947</u>	<u>1,734,637</u>	<u>517,310</u>	<u>29.82%</u>
Total assets	<u>3,721,342</u>	<u>2,835,782</u>	<u>885,560</u>	<u>31.22%</u>
Current liabilities	243,350	142,247	101,103	71.07%
Long-term liabilities	<u>103,502</u>	<u>102,149</u>	<u>1,353</u>	<u>1.32%</u>
Total liabilities	<u>346,852</u>	<u>244,396</u>	<u>102,456</u>	<u>41.92%</u>
Net Assets:				
Invested in capital assets, net of related debt	2,243,895	1,711,042	532,853	31.14%
Restricted	612,052	507,285	104,767	20.65%
Unrestricted	<u>518,543</u>	<u>373,059</u>	<u>145,484</u>	<u>38.99%</u>
Total net assets	<u>\$ 3,374,490</u>	<u>\$ 2,591,386</u>	<u>\$ 783,104</u>	<u>30.22%</u>
Total liabilities and net assets	<u>\$ 3,721,342</u>	<u>\$ 2,835,782</u>	<u>\$ 885,560</u>	<u>31.22%</u>

The Village's current assets increased by 37% mainly due to increases in cash offset by an increase in accounts payable of 71%. Capital assets and the net investment in capital assets increased by approximately 29.8% during the fiscal year mainly due to the completion of phases II & III of the Stormwater Project, the seawall project costs, and the purchase of police vehicles. Liabilities increased by 41.92% mainly due to timing of accruals.

**VILLAGE OF EL PORTAL  
STATEMENTS OF CHANGES IN NET ASSETS**

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 427,437	\$ 479,764	\$ (52,327)	(10.90%)
Operating grants and contributions	73,943	82,650	(8,707)	(10.53%)
Capital grants and contributions	557,139	242,457	314,682	129.78%
General Revenues:				
Property taxes	919,378	919,840	(462)	(.05)%
Franchise taxes	129,213	142,028	(12,815)	(9.02)%
Utility taxes	217,414	165,463	51,951	31.39%
Intergovernmental	281,432	428,240	(146,808)	(34.28%)
Investment income and miscellaneous	<u>9,220</u>	<u>27,101</u>	<u>(17,881)</u>	<u>(65.97)%</u>
Total revenues	<u>2,615,176</u>	<u>2,487,543</u>	<u>127,633</u>	<u>5.13%</u>

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
Expenses:				
General government	508,959	576,502	(67,543)	(11.77%)
Public safety	716,021	871,901	(155,880)	(17.87%)
Building code enforcement	33,093	58,663	(25,570)	(43.58%)
Planning and zoning	49,484	37,953	11,531	(30.38%)
Public works	<u>524,515</u>	<u>535,577</u>	<u>(11,062)</u>	<u>(2.06%)</u>
	<u>1,832,072</u>	<u>2,080,596</u>	<u>(248,524)</u>	<u>(11.94%)</u>
Change in net assets	783,104	406,947	<u>\$ 376,157</u>	<u>92.43%</u>
Beginning net assets (restated- 2007)	<u>2,591,386</u>	<u>2,184,439</u>		
Ending net assets	<u>\$ 3,374,490</u>	<u>\$ 2,591,386</u>		

The Village's net assets increased by \$783,104 in the current fiscal year, the increase was mainly due to capital purchases of approximately \$557,139 which were capitalized. Overall, revenues decreased due to decreases in property tax values as compared to the prior year and decreases in intergovernmental funds due to the current state of the economy. Capital grants increased due to the completion of Phases II & III of the Stormwater Project and capital expenses incurred on the Seawall Project. Expenses decreased mainly due to cost reductions.

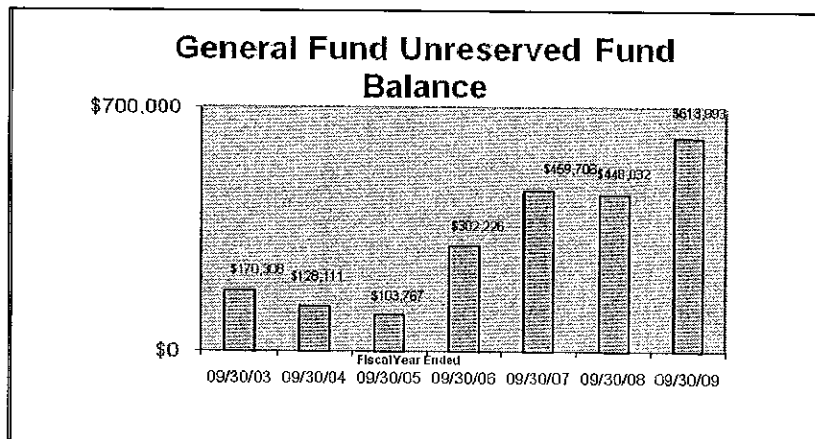
#### Financial Analysis of the Government's Funds

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

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

#### General Fund

The general fund is the main operating fund of the Village. At the end of the current fiscal year, the Village's general fund reported a fund balance of \$613,993, an increase of \$162,382 in comparison with the prior year. 100% of this total amount (\$613,993) constitutes *unreserved fund* balance, which is available for spending at the Village's discretion.



At the end of the current fiscal year, unreserved fund balance of the general fund was \$613,993. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 35 percent of total general fund expenditures, while total fund balance represents 70.7 percent 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, 2009 and 2008, is shown below:

*Summary of General Fund's condensed Balance Sheet*

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 988,920	\$ 640,452	\$ 348,468	54.41%
Total liabilities	374,927	188,839	186,088	98.54%
Reserved fund balance	-	3,581	(3,581)	(100%)
Unreserved fund balance	613,993	448,032	165,961	37.04%
Total fund balance	613,993	451,613	162,380	35.96%
Total liabilities and fund balance	\$ 989,920	\$ 640,452	\$ 349,468	54.57%

Increases in total assets were mainly in cash and receivables as a result of the current year's operations, increases in liabilities were due to increases in accounts payable and accrued expenditures.

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

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
Total Revenues	\$ 1,804,777	\$ 2,028,757	\$ (223,980)	(11.04%)
Total Expenditures	1,734,047	2,080,243	(346,196)	(16.64%)
Excess of revenues over expenditures	139,960	(51,486)	191,446	371.84%
Other financing sources	22,420	14,741	7,679	52.09%
Change in fund balance	162,380	(36,745)	\$ 199,925	544.08%
Fund Balance, Beginning	451,613	488,358		
Fund Balance, Ending	\$ 613,993	\$ 451,613		

The fund balance of the Village's general fund increased by \$162,380 during the current fiscal year. The increase was mainly due to expense cost reductions.

**Special Revenue Fund**

Net assets of the Special Revenue Fund decreased by \$195,109 during the current year mainly due to transfers out to other funds of \$232,265. The majority of the transfer was for the creation of the new CITT fund and transferring accumulated funds to that new fund.

**CITT Project Fund**

The Citizens' Independent Transportation Trust (CITT) fund was created during 2009 to report the expenditures and revenues received for transportation and transit projects from Miami-Dade County. The new fund reported a transfer of \$219,277 from the special revenue fund and general fund representing the balance which had been accumulated in the Special Revenue Fund of CITT funds and also the current year MOE transfer of \$7,000 from the General Fund.

**Seawall Project Fund**

The Seawall Project Fund's reported capital expenditures of approximately \$24,753 which were funded by the grant with the South Florida Water Management District.

**Stormwater Project Fund**

The Stormwater Project Fund's reported capital expenditures of approximately \$532,386 which were funded by the grant with the South Florida Water Management District for the Village's stormwater project.

### Fund Budgetary Highlights

Budget vs. actual schedules are presented in page 24 for the General Fund, page 25 for the Special Revenue Fund, page 26 for the CITT Fund, page 27 for the Seawall Project Fund and page 28 for the Stormwater Project Fund.

### Capital Assets and long term debt

As of September 30, 2009, the Village's investment in capital assets amounted to \$2,251,947 (net of accumulated depreciation). The total increase in capital assets for the current fiscal year was approximately \$517,310 mainly due to capital expenditures related to the Stormwater and Seawall Projects.

More details relating to capital assets can be found in page 21 of the footnotes.

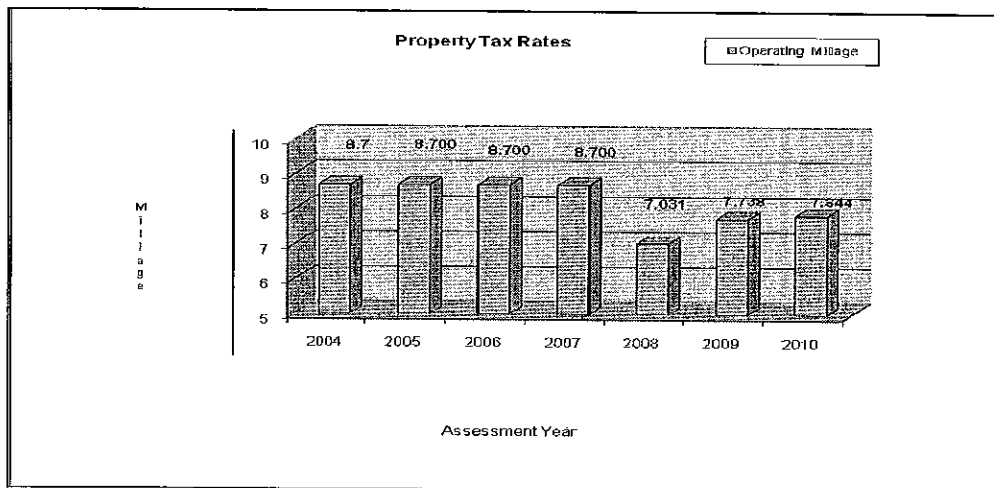
The Village's only long term debt is the long term debt portion of compensated absences and capital leases for several police vehicles. More details relating to the Village's long-term debt can be found in page 20 of the footnotes.

### Economic Factors and Next Years 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, utilities services, etc.) and fees (franchise, building permits, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from the county, state and federal governments.

Revenues in fiscal year 2010 adopted General Fund budget are \$1,779,704, a decrease of \$220,074 or 11.00 percent from the fiscal year 2009 budgeted revenues of \$1,999,778. Decrease is due to decreases in property values, intergovernmental revenues and franchise fee revenues.

Fiscal year 2010 budgeted expenditures are expected to be \$1,797,775, a decrease of \$80,751 or 4.3 percent decrease from fiscal year 2009 budgeted expenditures of \$1,878,526. Decrease is due to cost cutting measures implemented by the Village Manager.



### Requests for Information

This financial report is designed to provide a general overview of the Village of El Portal's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 500 Northeast 87th Street, El Portal, Florida 33138.

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## **BASIC FINANCIAL STATEMENTS**

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**VILLAGE OF EL PORTAL, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

<u>ASSETS</u>	Governmental <u>Activities</u>
Cash and cash equivalents	\$ 802,174
Restricted cash and cash equivalents	40,758
Accounts receivable - net	615,825
Other assets	10,638
Capital assets:	
Land	3,556
Construction in progress	1,388,167
Building	437,107
Improvements	161,486
Furniture and equipment	467,229
Infrastructure	572,885
Total capital assets	3,030,430
Less accumulated depreciation	(778,483)
Total capital assets - net	2,251,947
Total assets	3,721,342
<u>LIABILITIES</u>	
Accounts payable	231,501
Accrued payroll	11,849
Noncurrent liabilities:	
The amount due in one year	8,052
The amount due in more than one year	95,450
Total liabilities	346,852
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	2,243,895
Restricted for:	
Public safety	7,693
Capital projects	341,130
Transportation	158,872
Transit	104,357
Unrestricted	518,543
Total net assets	3,374,490
Total liabilities and net assets	\$ 3,721,342

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2009

Functions/programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 508,959	\$ 19,584	\$ -	\$ (489,375)
Public safety	714,786	37,106	-	(677,680)
Building and code enforcement	33,093	26,509	-	(6,584)
Planning and zoning	49,484	49,666	-	182
Public works	524,515	294,572	73,943	401,139
Interest on long-term debt	1,235	-	-	(1,235)
Total governmental activities	<u>1,832,072</u>	<u>427,437</u>	<u>73,943</u>	<u>(773,553)</u>

General revenues:

Property taxes	\$ 919,378
Utility taxes	217,414
Franchise fees on gross receipts	129,213
Intergovernmental (unrestricted)	281,432
Investment and other income	9,220
Change in net assets	<u>783,104</u>
Net assets, Beginning	2,591,386
Net assets, Ending	<u>\$ 3,374,490</u>

See notes to basic financial statements.

VILLAGE OF EL PORTAL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009

	Major Funds					Total Governmental Funds
	General	Special Revenue Fund	CITI	Seawall Project Fund	Stormwater Project Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 802,174	\$ -	\$ -	\$ -	\$ -	\$ 802,174
Restricted cash and cash equivalents	-	36,539	-	-	4,219	40,758
Accounts receivable - net	176,108	6,571	16,715	258,183	158,248	615,825
Other assets	10,638	-	-	-	-	10,638
Due from other funds	-	211,295	246,514	-	-	457,809
Total assets	\$ 988,920	\$ 254,405	\$ 263,229	\$ 258,183	\$ 162,467	\$ 1,927,204
<b>LIABILITIES</b>						
Accounts payable	\$ 231,501	\$ -	\$ -	\$ -	\$ -	\$ 231,501
Accrued payroll	11,849	-	-	-	-	11,849
Due to other funds	131,577	-	-	258,183	68,049	457,809
Total liabilities	374,927	-	-	258,183	68,049	701,159
<b>FUND BALANCES</b>						
Reserved for:						
Public safety	-	7,693	-	-	-	7,693
Capital projects	-	246,712	-	-	94,418	341,130
Transportation	-	-	158,872	-	-	158,872
Transit	-	-	104,357	-	-	104,357
Unreserved, reported in:						
General fund, undesignated	613,993	-	-	-	-	613,993
Total fund balances	613,993	254,405	263,229	-	94,418	1,226,045
Total liabilities and fund balances	\$ 988,920	\$ 254,405	\$ 263,229	\$ 258,183	\$ 162,467	\$ 1,927,204

See notes to basic financial statements.

**VILLAGE OF EL PORTAL, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

Fund balances - total government funds (Page 11) \$ 1,226,045

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

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

Governmental capital assets	3,030,430
Less accumulated depreciation	(778,483)

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

Capital leases	(8,052)
Compensated absences	<u>(95,450)</u>

Net assets of governmental activities (Page 9) \$ 3,374,490

**VILLAGE OF EL PORTAL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Major Funds					Total Governmental Funds
	General	Special Revenue Fund	CITI	Seawall Project Fund	Stormwater Project Fund	
<b>Revenues:</b>						
Property taxes	\$ 919,378	\$ -	\$ -	\$ -	\$ -	\$ 919,378
Franchise fees	129,213	-	-	-	-	129,213
Utility taxes	171,352	-	-	46,062	-	217,414
Charges for services	314,201	-	-	-	-	314,201
Intergovernmental	222,273	59,159	73,943	24,753	532,386	912,514
Licenses and permits	76,175	-	-	-	-	76,175
Fines and forfeitures	32,244	4,817	-	-	-	37,061
Interest and other	9,171	31	-	-	18	9,220
<b>Total revenues</b>	<u>1,874,007</u>	<u>64,007</u>	<u>73,943</u>	<u>24,753</u>	<u>578,466</u>	<u>2,615,176</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	474,149	3,100	100	-	-	477,349
Public safety	677,414	612	-	-	-	678,026
Building and code enforcement	33,093	-	-	-	-	33,093
Planning and zoning	49,484	-	-	-	-	49,484
Public works	473,890	15,994	29,891	-	4,740	524,515
Debt service:						
Interest	1,235	-	-	-	-	1,235
Principal retirement	15,543	-	-	-	-	15,543
Capital outlay:						
General government	9,239	-	-	-	-	9,239
Public safety	-	7,145	-	-	-	7,145
Public works	-	-	-	24,753	527,646	552,399
<b>Total expenditures</b>	<u>1,734,047</u>	<u>26,851</u>	<u>29,991</u>	<u>24,753</u>	<u>532,386</u>	<u>2,348,028</u>
<b>Excess of revenues over expenditures before other financing sources (uses)</b>	<u>139,960</u>	<u>37,156</u>	<u>43,952</u>	<u>-</u>	<u>46,080</u>	<u>267,148</u>
<b>Other financing sources (uses):</b>						
Transfers	22,422	(232,265)	219,277	-	(9,434)	-
<b>Total other financing sources (uses)</b>	<u>22,422</u>	<u>(232,265)</u>	<u>219,277</u>	<u>-</u>	<u>(9,434)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>162,382</u>	<u>(195,109)</u>	<u>263,229</u>	<u>-</u>	<u>36,646</u>	<u>267,148</u>
<b>Fund balances - beginning</b>	<u>451,611</u>	<u>449,514</u>	<u>-</u>	<u>-</u>	<u>57,772</u>	<u>958,897</u>
<b>Fund balances - ending</b>	<u>\$ 613,993</u>	<u>\$ 254,405</u>	<u>\$ 263,229</u>	<u>\$ -</u>	<u>\$ 94,418</u>	<u>\$ 1,226,045</u>

See notes to basic financial statements.

**VILLAGE OF EL PORTAL, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

Net change in fund balances - total government funds (Page 13)	\$	267,148
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlays	\$ 568,783	
Less current year depreciation	<u>(51,474)</u>	517,309
<p>The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments on capital leases		15,543
Compensated absences		<u>(16,896)</u>
Change in net assets of governmental activities (Page 10)	\$	<u>783,104</u>

See notes to basic financial statements.

**VILLAGE OF EL PORTAL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**a. Financial Reporting Entity**

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

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

**b. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Village has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**c. Measurement focus, basis of accounting, and financial statement presentation**

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

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

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

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds. The Village reports the following major governmental funds:

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

The **special revenue fund** is used to account for the proceeds of specific revenue sources legally restricted for expenditures for specified purposes.

The **citizens independent transportation fund** accounts for the operating activities of the Village's use of Miami Dade County's CITT revenues.

The **seawall project fund** is used to account for expenditures relating to the Village's Seawall/Canal Bank Stabilization Project funded through a grant from the South Florida Water Management District.

The **stormwater project fund** is used to account for expenditures relating to the Village's Local Flood Mitigation Project funded through a grant from the South Florida Water Management District.

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

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

**d. Assets, liabilities and net assets**

**1. Deposits and Investments**

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

**2. Receivables and Payables**

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

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

Waste fees billed prior to 2004; which was the first year the County began to bill and collect the Village's waste fees total approximately \$246,205 and an allowance for uncollectible accounts has been recorded against those receivables of \$246,205.

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

**3. Restricted Assets**

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

**4. Property Taxes**

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

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, 2009 was 7.7377 mills (\$7.7377 per \$1,000 of taxable assessed valuation).

**5. Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, culverts, light poles, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

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

	<u>Years</u>
Buildings	10-40
Improvements other than buildings	12-20
Infrastructure	25-50
Vehicles	5-15
Furniture and equipment	5-25

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

**6. Compensated Absences**

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

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

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

**7. Long-Term Obligations**

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

**8. Grant Revenue**

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

## 9. Fund Balance/Net Assets

In the fund financial statements, the governmental funds report reservations of the fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The description of each reserve indicates the purpose for which each is intended. Designations of fund balance represent tentative management plans that are subject to change.

Unreserved, undesignated fund balance is the portion of the fund balance available for any lawful use.

In the government-wide financial statements, net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described.

- Net assets invested in capital assets, net of related debt, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets.
- Net assets are reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors.
- Unrestricted net assets are net assets that do not meet the definitions of the classifications previously described.

## 10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 collectibility of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

For the year ended September 30, 2009, the Village complied, in all material respects, with these revenue restrictions.

**III. DEPOSITS**

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State of Florida Chief Financial Officer, to hold public funds. Under Florida law, the State Chief Financial Officer requires all Florida qualified public depositories to deposit with the Chief Financial Officer or another banking institution eligible collateral. In the event of a failure of a qualified depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

**IV. RECEIVABLES/PAYABLES**

**Receivables**

Receivables at September 30, 2009, consisted of franchise fees, taxes and receivables arising from waste fee charges. The Village's receivables at September 30, 2009 were as follows:

	<u>Waste Fees</u>	<u>Franchise Fees and Taxes</u>	<u>Other</u>	<u>Allowance</u>	<u>Totals</u>
General Fund	\$246,205	\$176,108	\$ -	\$(246,205)	\$176,108
Special Revenue Fund	-	6,571	-	-	6,571
CITT	-	16,715	-	-	16,715
Seawall Project Fund	-	-	258,183	-	258,183
Stormwater Project Fund	-	-	158,248	-	158,248
	<u>\$246,205</u>	<u>\$199,394</u>	<u>\$416,431</u>	<u>\$(246,205)</u>	<u>\$615,825</u>

Interfund balances as of September 30, 2009, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$131,577
Special Revenue Fund	211,295	-
CITT	246,514	-
Seawall Project Fund	-	258,183
Stormwater Project Fund	-	68,049
	<u>\$457,809</u>	<u>\$457,809</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, 2009 were as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$22,422	\$ -
Special Revenue Fund	-	232,265
CITT Fund	219,277	-
Stormwater Project Fund	-	9,434
	<u>\$ 241,699</u>	<u>\$241,699</u>

- Transfer of \$212,277 to the CITT fund was to establish the fund and was transferred in from the Special Revenue Fund.
- Transfer of \$7,000 to the CITT from the General Fund was for the Maintenance of Effort requirement by the General Fund to the CITT.
- Transfer of \$19,988 from the Special Revenue Fund to the General Fund was to reimburse the General Fund for expenditures paid on behalf of the CITT fund before its creation.

- Transfer of \$9,434 from the Stormwater to the General Fund was to reimburse the General Fund for expenditures reimbursed from a grant of the South Florida Water Management District.

## V. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,556	\$ -	\$ -	\$ 3,556
Construction in progress	<u>835,770</u>	<u>552,399</u>	-	<u>1,388,169</u>
Total capital assets not being depreciated	<u>839,326</u>	<u>552,399</u>	-	<u>1,391,725</u>
Capital assets being depreciated:				
Building	437,107	-	-	437,107
Improvements	159,486	2,000	-	161,486
Infrastructure	572,885	-	-	572,885
Furniture and equipment	<u>452,754</u>	<u>14,385</u>	-	<u>467,139</u>
Total capital assets being depreciated	<u>1,622,232</u>	<u>16,385</u>	-	<u>1,638,617</u>
Less accumulated depreciation for:				
Building	(392,496)	(11,647)	-	(404,143)
Improvements	(3,338)	(5,798)	-	(9,136)
Furniture and equipment	<u>(331,086)</u>	<u>(34,029)</u>	-	<u>(365,115)</u>
Total accumulated depreciation	<u>(726,920)</u>	<u>(51,474)</u>	-	<u>(778,394)</u>
Total capital assets being depreciated, net	<u>895,312</u>	<u>(35,089)</u>	-	<u>860,223</u>
Governmental activities capital assets, net	<u>\$1,734,638</u>	<u>\$517,310</u>	\$ -	<u>\$2,251,947</u>

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

General government	\$17,445
Public Safety	<u>34,029</u>
Total depreciation expense – governmental activities	<u>\$51,474</u>

## VI. CAPITAL LEASES

The Village entered into three lease agreements for the purchase of police vehicles totaling approximately \$94,000. The lease agreements qualified as capital leases for accounting purposes and, therefore, have been capitalized and a liability has been recorded at the net present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 were as follows:

<u>Year ending September 30</u>	
2010	\$8,450
Total minimum lease payments	8,450
Less: amount representing interest	<u>(398)</u>
Present value of minimum lease payments	<u>\$8,052</u>

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

	Balance September <u>30, 2008</u>			Balance September <u>30, 2009</u>	
	<u>Additions</u>	<u>Deletions</u>		<u>Due Within One year</u>	
Compensated absences	\$ 78,554	\$16,896	\$ -	\$95,450	\$ -
Capital leases	<u>23,595</u>	<u>-</u>	<u>15,543</u>	<u>8,052</u>	<u>8,052</u>
	<u>\$102,149</u>	<u>\$ 16,896</u>	<u>\$15,543</u>	<u>\$103,502</u>	<u>\$8,052</u>

## VII. DEFINED BENEFIT PENSION PLAN

*Plan Description.* All of the Village's full-time employees participate in the Florida Retirement System (FRS), a multiple employer cost sharing public employee retirement system, administered by the Florida Legislature and available to governmental units within Florida. The FRS provides vesting after six years of creditable service. Members are eligible for normal retirement after vesting (10 years or more creditable service for regular members). Early retirement may be taken anytime, but there is a five percent benefit reduction for each year prior to normal retirement age (less than 30 years service or 62 years of age for regular members).

*Funding Policy.* Plan members do not contribute. The Village contribution rates ranged from 8.74% to 19.81% of covered payroll. Article X, Section 14 of the State Constitution and Part VII, Chapter 112 of the Florida Statutes provide the authority to amend the contribution rates and obligations.

The Village's contributions for the Florida Retirement System for the last three years which were equal to the required contribution for each year were as follows:

<u>September 30,</u>	<u>Required Contribution</u>	<u>Contribution Rates</u>
2009	\$108,000	8.74% - 19.81%
2008	\$117,000	8.74% - 19.81%
2007	\$136,000	8.74% - 19.81%

The most recent actuarial report was prepared as of July 1, 2008. Section 121.031(3) of the Florida Statutes requires that an actuarial review of the FRS be performed biannually. The conclusions of the review are included in the annual report of the FRS.

The Florida Retirement System issues a financial report that includes the financial statements and other statistically relevant financial information. That report may be obtained from the State of Florida, Division of Retirement, 2639 N. Monroe Street, Tallahassee, Florida 32399 or by calling (850) 488-2879.

## VIII. 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.

The Village participates in Miami Dade County's self insured workmen's compensation program. Premiums are billed annually and are based on the Village's claim history.

## IX. COMMITMENTS AND CONTINGENCIES

### Grants

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

### Lawsuits

The Village is a defendant in various other suits and claims incidental to its operations. Two of these lawsuits are being defended by the League of Cities and by law the Village's exposure is capped at \$100,000 per lawsuit. Although the Village believes that the exposure is much less, it is the opinion of the Village that it has sufficient insurance coverage to cover any claims or liabilities, which may arise from such actions and the resolution of these matters. However, the ultimate effect of these cases cannot be ascertained at this time. If the Village's defense was to fail and payment of the full \$100,000 per claim was required, these cases would have a material adverse effect on the financial condition of the Village.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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VILLAGE OF EL PORTAL, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 929,882	\$ 929,882	\$ 919,378	\$ (10,504)
Franchise fees	133,062	133,062	129,213	(3,849)
Utility taxes	156,126	156,126	171,352	15,226
Charges for services	345,000	388,000	314,201	(73,799)
Intergovernmental	246,958	246,958	222,273	(24,685)
Licenses and permits	75,750	75,750	76,175	425
Fines and forfeitures	-	-	32,244	32,244
Interest	-	-	9,171	9,171
Miscellaneous	70,000	70,000	-	(70,000)
Total revenues	<u>1,956,778</u>	<u>1,999,778</u>	<u>1,874,007</u>	<u>(125,771)</u>
Expenditures:				
Current:				
General government				
Village council	23,769	24,769	21,548	3,221
Public affairs	21,200	34,700	34,305	395
Administration and finance	426,834	430,334	427,535	2,799
Public safety	757,012	742,512	694,192	48,320
Building and code enforcement	66,787	42,191	33,093	9,098
Planning and zoning	46,450	51,450	49,484	1,966
Public works	506,570	552,570	473,890	78,680
Total expenditures	<u>1,848,622</u>	<u>1,878,526</u>	<u>1,734,047</u>	<u>144,479</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>108,156</u>	<u>121,252</u>	<u>139,960</u>	<u>18,708</u>
Other financing sources:				
Transfer from (to) unappropriated fund balance	(108,156)	(124,676)	-	124,676
Transfers	-	3,424	22,422	18,998
Total other financing sources	<u>(108,156)</u>	<u>(121,252)</u>	<u>22,422</u>	<u>143,674</u>
Net change in fund balance	-	-	162,382	<u>\$ 162,382</u>
Fund balances, October 1	-	-	451,611	
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,993</u>	

See notes to budgetary comparison schedule.

**VILLAGE OF EL PORTAL, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 198,600	\$ 198,600	\$ 59,159	\$ (139,441)
Fines and forfeitures	12,000	12,000	4,817	(7,183)
Interest and other	3,000	3,000	31	(2,969)
Total revenues	<u>213,600</u>	<u>213,600</u>	<u>64,007</u>	<u>(149,593)</u>
Expenditures:				
Current:				
General government	4,500	4,500	3,100	1,400
Public safety	45,000	45,000	7,757	37,243
Public works	<u>188,600</u>	<u>188,600</u>	<u>15,994</u>	<u>172,606</u>
Total expenditures	<u>238,100</u>	<u>238,100</u>	<u>26,851</u>	<u>211,249</u>
Other financing sources:				
Transfers	<u>24,500</u>	<u>24,500</u>	<u>(232,265)</u>	<u>(256,765)</u>
Total other financing sources	<u>24,500</u>	<u>24,500</u>	<u>(232,265)</u>	<u>(256,765)</u>
Net change in fund balance	-	-	(195,109)	<u>\$ (195,109)</u>
Fund balances, October 1	-	-	449,514	
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,405</u>	

See notes to budgetary comparison schedule.

**VILLAGE OF EL PORTAL, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CITY**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 73,943	\$ (16,057)
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>73,943</u>	<u>(16,057)</u>
Expenditures:				
Current:				
General government	-	-	100	(100)
Public works	<u>90,000</u>	<u>90,000</u>	<u>29,891</u>	<u>60,109</u>
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>29,991</u>	<u>60,009</u>
Other financing sources:				
Transfers	<u>-</u>	<u>-</u>	<u>219,277</u>	<u>(219,277)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>219,277</u>	<u>(219,277)</u>
Net change in fund balance	-	-	263,229	<u>\$ 263,229</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,229</u>	

See notes to budgetary comparison schedule.

**VILLAGE OF EL PORTAL, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEAWALL PROJECT FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 975,000	\$ 975,000	\$ 24,753	\$ (950,247)
Total revenues	<u>975,000</u>	<u>975,000</u>	<u>24,753</u>	<u>(950,247)</u>
Expenditures:				
Current:				
Public works	<u>975,000</u>	<u>975,000</u>	<u>24,753</u>	<u>950,247</u>
Total expenditures	<u>975,000</u>	<u>975,000</u>	<u>24,753</u>	<u>950,247</u>
Other financing sources:				
Transfer from unappropriated fund balance	-	-	-	-
Transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	\$ -
Fund balances, October 1	-	-	-	
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See notes to budgetary comparison schedule.

**VILLAGE OF EL PORTAL, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**STORMWATER PROJECT FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Utility taxes	\$ -	\$ -	\$ 46,062	\$ 46,062
Intergovernmental	570,000	570,000	532,386	(37,614)
Interest and other	-	-	18	18
Total revenues	<u>570,000</u>	<u>570,000</u>	<u>578,466</u>	<u>8,466</u>
Expenditures:				
Current:				
Public works	<u>570,000</u>	<u>566,576</u>	<u>532,386</u>	<u>34,190</u>
Total expenditures	<u>570,000</u>	<u>566,576</u>	<u>532,386</u>	<u>34,190</u>
Other financing sources:				
Transfers	-	(3,424)	(9,434)	6,010
Total other financing sources	<u>-</u>	<u>(3,424)</u>	<u>(9,434)</u>	<u>6,010</u>
Net change in fund balance	-	-	36,646	<u>36,646</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>57,772</u>	
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,418</u>	

See notes to budgetary comparison schedule.

**VILLAGE OF EL PORTAL, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**Notes to Budgetary Comparison Schedule**

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

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

- Prior to August 1, the Village Manager submitted to the Village Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.
- The appropriated budget is prepared and adopted by fund, function, and department. Budgets are monitored within each department at the account level by the respective department head and the Village Manager. The Village's department heads may make transfers of appropriations within a department with approval of the Village Manager. Transfers of appropriations between departments require the additional approval of the Council. The legal level of budgetary control (i.e. the level at which expenditures may not exceed appropriations) is the department level.

The Village Council may make supplemental appropriations during the fiscal year by ordinance. There were supplemental appropriations for the fiscal year ended September 30, 2009 totaling \$29,904, which were funded with increases in revenues.

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**COMPLIANCE SECTION**

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

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

We have audited the financial statements of the governmental activities, and each major fund of the Village of El Portal, Florida (the "Village") as of and for the fiscal year ended September 30, 2009, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated January 29, 2010. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting, listed as items 2006-2, 2005-7, and 2004-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies above, none are considered to be material weaknesses.

Compliance and Other Matters

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

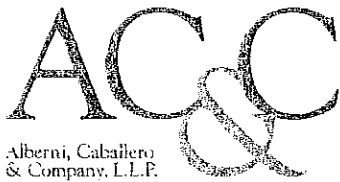
The Village's responses to the findings and recommendations identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted other matters that we have reported in the schedule of findings and responses as required by the Auditor General of the State of Florida.

Pursuant to Chapter 119, Florida Statutes, this report is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Village's Council, management, others within the Village, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Company, LLP*

January 29, 2010  
Coral Gables, Florida



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550 RULES OF THE AUDITOR  
GENERAL OF THE STATE OF FLORIDA**

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

**Compliance**

We have audited the compliance of the Village of El Portal (the "Village") with the types of compliance requirements described in the State of Florida Department of Financial Services' State Projects Compliance Supplement that are applicable to each of its major State projects for the fiscal year ended September 30, 2009. The Village's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State Project is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General of the State of Florida. Those standards and Chapter 10.550, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village's compliance with those requirements.

In our opinion, the Village of El Portal complied, in all material respects, with the requirements referred to above that are applicable to its major State project for the fiscal year ended September 30, 2009.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State projects. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

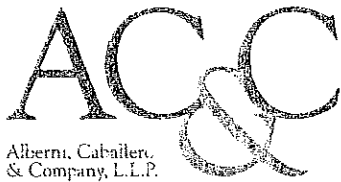
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Pursuant to Chapter 119, Florida Statutes, this report is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Village's Council, management, others within the Village, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
January 29, 2010



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## MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

We have audited the financial statements of the Village of El Portal, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated January 29, 2010.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over financial reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Project and on Internal Control over Compliance, and Schedule of Findings and Responses. Disclosures on those reports and schedule, which are dated January 29, 2010, should be considered in conjunction with this management letter

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

- ❖ 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 significant findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.
- ❖ Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village of El Portal, Florida complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit. Those findings and recommendations are noted below under the heading Current Year Findings and Recommendations.
- ❖ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the following matters required to be disclosed:
  - Status of Prior Year Findings and Recommendations: **No. 2008-1, No. 2006-2, 2005-7 and 2004-3**
  - Current Year Findings and Recommendations: **No. 2009-1, 2009-2 and 2009-3**
- ❖ Section 10.554(1)(i)6., 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 the management letter, unless disclosed in the notes to the financial statements. The Village was incorporated in accordance with the laws of the State of Florida Chapter 19.799, § A of 1939. There are no component units related to the Village.
- ❖ Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village of El Portal, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- ❖ Section 10.554(1)(i)7.b., Rules of the Auditor General, that we determine if the annual financial report for the Village of El Portal, Florida for the fiscal year ended September 30, 2009, 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, 2009. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Sections 10.554(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, Village Council, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

We wish to thank the Village of El Portal, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

*Alberni Caballero & Company, LLP*

January 29, 2010  
Coral Gables, Florida

**VILLAGE OF EL PORTAL, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE PROJECTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<u>State Agency/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
<i>State of Florida Department of Environmental Protection</i>			
Statewide Surface Water Restoration and Wastewater Project Stormwater Grant	37.039	LP6877	<u>\$532,386</u>
<b>Total State of Florida Department of Environmental Protection</b>			<u>\$532,386</u>

The accompanying notes are an integral part of this schedule

**VILLAGE OF EL PORTAL, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE PROJECTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

1. GENERAL

The schedule of expenditures of State financial assistance projects included herein represents all of the state financial assistance projects of the Village of El Portal ("Village") over which the Village exercised direct operating control for the fiscal year ended September 30, 2009.

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of State financial assistance projects includes the State project grant activity of the Village and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

**VILLAGE OF EL PORTAL, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Non-compliance material to financial statements noted?	No

**State Financial Assistance**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida?	No

Identification of major programs:

<u>Program</u>	<u>CSFA #</u>
Statewide Surface Water Restoration and Wastewater Project	<u>37.039</u>

Dollar threshold used to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low risk auditee?	Yes

**VILLAGE OF EL PORTAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**II. CURRENT YEAR RECOMMENDATIONS**

**OTHER MATTERS**

**2009-1 Use of Enterprise Fund for Sanitation Operations**

**Condition:**

The use of an enterprise fund is recommended to account for and report any activity or service for which a fee is charged to external users for those services. The Village currently charges a fee for sanitation services and records the revenue and expenditures related to this service in the general fund. We believe that recording these services within the general fund and together with all other public works activity does not provide the Village a true accounting on whether the fees charged for these services is covering the costs to provide these services. By creating a separate enterprise fund for the Village's solid waste operations, it will be able to match the fees charged with the costs to provide these services. There are also additional costs, such as administrative costs, that are being subsidized by the general fund and by separating the solid waste operations into a separate enterprise funds these costs will also be reflected as part of the solid waste operations.

**Recommendation:**

We recommend that the Village establish a separate enterprise fund to account for its solid waste operations.

**Management's Response:**

The Village will evaluate the viability of setting up an enterprise fund

**2009-2 Implementation of Governmental Accounting Standards Board Statement No. 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions**

**Condition:**

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions," which provides guidance on all aspects of OPEB reporting by employers. The requirements of this statement are effective for fiscal periods beginning after December 15, 2006, for government with annual revenues of \$100 million or more; for fiscal periods beginning after December 15, 2007, for government with total annual revenues of \$10 million or more but less than \$100 million; and for fiscal periods beginning after December 15, 2008, for governments with total annual revenues of less than \$10 million. For the Village, this Statement is effective for the fiscal year ended September 30, 2010.

**Recommendation:**

We recommend that the Village obtain a thorough understanding of the requirements and initiate planning for implementation of GASB Statement No.45 in a prudent manner.

**Management's Response:**

The Village is looking into the most cost effective manner in which to implement GASB Statement No. 45.

**VILLAGE OF EL PORTAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**II. CURRENT YEAR RECOMMENDATIONS (Continued)**

**OTHER MATTERS (Continued)**

**2009-3 Develop an Information Technology Disaster Recovery Plan to Ensure Continued Operations and Review of Current Accounting Software**

**Condition:**

During the current year's audit, we noted that the Village does not have an adequate IT Disaster Recovery Plan or data backup procedures. A contingency plan to ensure the continued operation of data processing in the event of a localized disaster or hardware failure has not been developed. Should the need for backup processing arise, adequate planning can prevent serious delays.

We also recommend that the Village review its current accounting software as it appears to be outdated and causes additional work for the City's personnel. Currently, licenses and permits are reported through Quickbooks and then those Quickbooks reports are entered into the Village's general ledger accounting software (FUNDEZ). FUNDEZ does not have the capabilities to handle the reporting and billing for licenses and permits. Also, the current program does not have the capabilities of maintaining inventory of the Village's capital assets or tracking compensated absences for its employees. The reporting of capital assets and compensated absences are handled manually in a Microsoft Excel spreadsheet. The use of three systems to maintain the Village's general ledger provides inefficiencies and duplication of efforts.

**Recommendation:**

To avoid severe impairment to the Village's computer operations in the event of a prolonged failure or localized disaster, we recommend that the Village establish the following:

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

We also recommend that the Village review its existing accounting software and analyze the cost of purchasing a new system compared to the time savings and efficiencies of continuing the use of its current system.

**Management's Response:**

The Village currently has data backup procedures in place. The Village has purchased a backup server to augment its existing server in the event of a crash. The backup server gives the Village a complete disaster recovery solution. Furthermore, in order to protect its data the Village now stores all of its data in secure remote storage facilities in Phoenix and Baltimore.

The Village is currently evaluating accounting software solutions specifically designed for governmental agencies and expects to implement a solution in the next fiscal year.

**VILLAGE OF EL PORTAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**III. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**SIGNIFICANT DEFICIENCY**

**2008-1 Expenditures in Excess of Appropriations**

**Condition:**

During our compliance testing, we noted that Section 4.07 of the Village's Code states that "No line item within the approved fiscal year appropriation shall be overspent without Council approval.

For the year ended September 30, 2008, expenditures exceeded appropriations in the Public Works department of the General Fund by \$43,352. These overexpenditures were funded with franchise fees and available fund balance.

**Effect:**

The Village is not in compliance with Section 4.07 of its' Code.

**Recommendation:**

We recommend that the Village comply with Section 4.07 of its' Code and obtain Council approval for future overexpenditures or recommend budget amendments for those line items. We also recommend that the Village prepare separate budgets for its other special revenue funds, such as the Seawall Project Fund and the Stormwater Project Fund and not combine those budgets under one Special Revenue Funds budget.

**Current Year Status:**

There were no expenditures in excess of appropriations for the current year. **This recommendation will not be repeated.**

**2006-2 Policies and Procedures Manual**

**Condition:**

During our testing, we noted that the Village has a written policies and procedures manual; however, we noted that certain procedures are not being followed. For example, the accounts payable procedures detailed in the manual and the procedure requiring approval of bank reconciliations are not being followed. In addition, a policy in the manuals calls for the City Clerk to maintain the personnel files and account for compensated absences, which has not been done.

**Effect:**

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

**Recommendation:**

We recommend that the Village review its current policies and procedures manual and whether it applies to its current organizational structure and staff duties. The manual should be updated for any changes in the Village's policies and procedures.

**Current Year Status:**

The Village is following the bank reconciliation procedures detailed in the manual; however, other areas of the manual still need to be updated for changes in the Village's operating structure. During 2008, we also noted that the Credit Card policy documented in the policies and procedures manual should also be updated to reflect current practice. **This finding will be repeated.**

**Corrective Action:**

The Village's policies and procedures manual will be updated in the next fiscal year to reflect the changes in the Village's organizational structure and staff duties.

### III. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### OTHER MATTERS

##### 2005-7 Physical Count of Capital Assets

During our testing of capital assets we noted that the Village had not performed a physical count of its capital assets for several years.

##### **Recommendation:**

We recommend that the Village perform a physical count of its capital assets for the fiscal year ending September 30, 2007.

##### **Current Year Status:**

The Village performed a physical count of its capital assets for the fiscal year ended September 30, 2008; however, it was not reconciled to the general ledger. **This recommendation will be repeated.**

##### **Management Response:**

The Village has completed the physical count of its capital assets and will reconcile this subsidiary ledger with the general ledger in the coming fiscal year. The village will be implementing a new accounting system in the coming fiscal year which includes a fixed asset module. All capital assets will be entered and tracked in the new system.

##### 2004-3 Develop a Strategic Plan

##### **Condition:**

Strategic Planning is a tool that any group of people such as a municipality, association, government body, business, agency, council or special interest group can use to proactively plan their future. Strategic planning represents a process that examines where your organization is now, where you want it to be, and how you are going to get there. Strategic planning involves your community or group in visioning your preferred future and produces a flexible plan or road map of strategies derived from internal discussions and external sources of input and steers your government in a focused direction for future success. During our audit, we noted that while the Village of El Portal is a growing community, both in terms of population and property tax base, the Village does not currently have a strategic plan in place in order to proactively plan for the Village's future.

##### **Effect:**

This condition will result in the Village not being able to effectively plan and manage its future growth and economic development.

##### **Recommendation:**

We recommend that the Village develop a strategic plan that would benefit the Village as it plans and manages future growth. A well developed strategic plan can benefit a municipality whether it is new, large, expanding or mature and small. It can help management define the strategic goals for the Village and provide a road map showing how these goals can be achieved. A strategic plan can help management and employees remain focused on the goals and keep them from being side-tracked by daily problems and distractions. A strategic plan can provide a yardstick against which future performance can be measured by management, citizens and credit agencies. Additionally, a strategic plan can help management define the organizational culture to be communicated to employees, residents, suppliers and others.

##### **Current Year Status:**

This recommendation was implemented during 2009 with the adoption of the Village's Comprehensive Plan. **This recommendation will not be repeated.**

**VILLAGE OF EL PORTAL, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**IV. CURRENT YEAR FINDINGS AND RECOMMENDATIONS ON EXPENDITURES OF STATE FINANCIAL ASSISTANCE PROJECTS**

**NONE**