

**VILLAGE OF EL PORTAL, FLORIDA**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

# VILLAGE OF EL PORTAL, FLORIDA

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**INDEPENDENT AUDITORS' REPORT**

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Alberni, Caballero  
& Castellanos, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

4649 PONCE DE LEON BLVD.  
SUITE 404  
CORAL GABLES, FL 33146 - 2118  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

## 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, each major fund and the aggregate remaining fund information of the Village of El Portal, Florida (the Village) as of and for the fiscal year ended September 30, 2008, 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 an 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, 2008, 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 March 7, 2009 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements 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.

*Albano Caballero & Castellanos LLP*

March 7, 2009  
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, 2008.

### Financial Highlights

- The assets of the Village of El Portal exceeded its liabilities at the close of the most recent fiscal year by \$2,591,386 (net assets). Of this amount, \$373,059 (*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 \$406,947. This increase is attributable to excess revenues over expenses for 2008.
- As of the close of the current fiscal year, the Village of El Portal general fund reported an ending fund balance of \$451,613, a decrease of \$36,745 comparison with the prior year. Approximately \$448,032 of this total amount is 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 \$448,032 or 22% of total general fund expenditures.
- The Village's other two major funds (Special Revenue Fund and Seawall Project Fund) reported fund balances of \$449,514 and -0-; respectively. All of the fund balance of the Special Revenue fund is restricted for either capital projects, public safety or transit related purposes.

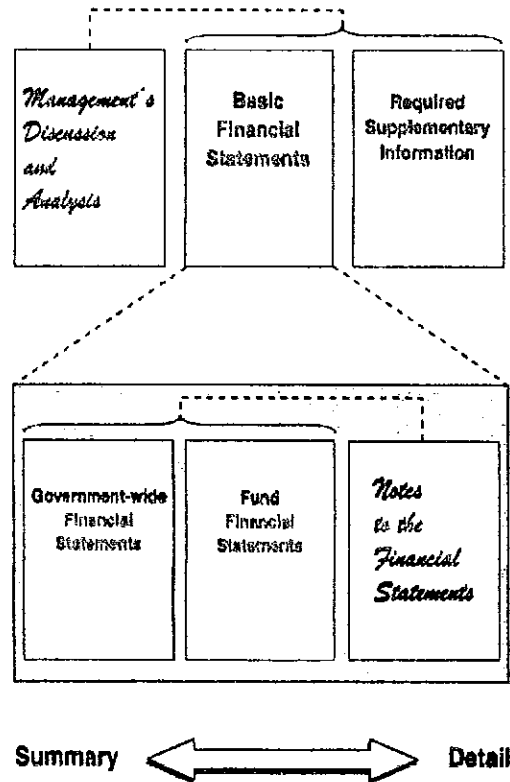
### OVERVIEW OF THE FINANCIAL STATEMENTS

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 Village has no business-type activities.

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 four 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, the seawall project fund and the special revenue fund; which are considered to be major funds.

The Village adopts an annual appropriated budget for all its governmental funds. 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 \$2,591,386 at the close of the most recent fiscal year.

A portion of the Village's net assets, \$1,711,042 or 70%, 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, \$507,285 or 20%, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$373,059 or 14%, 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.

<b>VILLAGE OF EL PORTAL STATEMENTS OF NET ASSETS</b>				
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 1,037,690	\$ 862,396	\$ 175,294	20.33%
Restricted assets	63,455	62,669	786	1.25%
Capital assets, net	<u>1,734,637</u>	<u>1,470,476</u>	<u>264,161</u>	<u>17.96%</u>
Total assets	<u>2,835,782</u>	<u>2,395,541</u>	<u>440,241</u>	<u>39.54%</u>
Current liabilities	142,247	96,430	45,817	47.51%
Long-term liabilities	<u>102,149</u>	<u>114,672</u>	<u>(12,523)</u>	<u>-10.92%</u>
Total liabilities	<u>244,396</u>	<u>211,102</u>	<u>33,294</u>	<u>36.59%</u>
Net Assets:				
Invested in capital assets, net of related debt	1,711,042	1,439,722	271,320	18.85%
Restricted	507,285	340,276	167,009	49.08%
Unrestricted	<u>373,059</u>	<u>404,441</u>	<u>(31,382)</u>	<u>-7.76%</u>
Total net assets	<u>\$ 2,591,386</u>	<u>\$ 2,184,439</u>	<u>\$ 406,947</u>	<u>60.17%</u>

The Village's current assets increased by 20% mainly due to increases in accounts receivable for amounts owed by the SFWMD of \$233,430 and Miami Dade County of \$141,537. Capital assets and the net investment in capital assets increased by approximately 18% during the fiscal year mainly due to the seawall project costs, new playground shade structure and the purchase of police vehicles. Liabilities increased by 37% mainly due to timing of accruals.

<b>VILLAGE OF EL PORTAL STATEMENTS OF CHANGES IN NET ASSETS</b>				
	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 479,764	\$ 557,452	\$ (77,688)	-13.94%
Operating grants and contributions	82,650	43,528	39,122	89.88%
Capital grants and contributions	242,457	405,742	(163,285)	-40.24%
General Revenues:				
Property taxes	919,840	1,072,204	(152,364)	-14.21%
Franchise taxes	142,028	126,732	15,296	12.07%
Utility taxes	165,463	270,574	(105,111)	-38.85%
Intergovernmental	428,240	370,018	58,222	15.73%
Investment income	<u>27,101</u>	<u>48,784</u>	<u>(21,683)</u>	<u>-44.45%</u>
Total revenues	<u>2,487,543</u>	<u>2,895,034</u>	<u>(407,491)</u>	<u>-34.00%</u>

Expenses:

General government	\$ 565,392	\$ 515,787	\$ 49,605	9.62%
Public safety	882,476	947,277	(64,801)	-6.84%
Building code enforcement	59,218	53,075	6,143	11.57%
Planning and zoning	37,953	47,426	(9,473)	-19.97%
Public works	<u>535,557</u>	<u>526,598</u>	<u>8,979</u>	<u>1.70%</u>
	<u>2,080,596</u>	<u>2,090,163</u>	<u>(9,567)</u>	<u>-0.46%</u>
Change in net assets	406,947	804,871	<u>\$ (397,924)</u>	<u>-49.44%</u>
Beginning net assets	<u>2,184,439</u>	<u>1,379,568</u>		
Ending net assets	<u>\$ 2,591,386</u>	<u>\$ 2,184,439</u>		

The Village's net assets increased by \$406,947 in the current fiscal year; the increase was mainly due to capital purchases of approximately \$323,000 which were capitalized and \$146,537 was reimbursed by the County. Overall, revenues decreased due to decreases in property tax values and a decrease in the millage rate as compared to the prior year. Also, decreases in intergovernmental funds due to the current state of the economy. Capital grants decreased due to the completion of Phase I of the Stormwater Project and decrease in capital expenses on the Seawall Project. Expenses decreased mainly due to cost reduction measures taken by Village management.

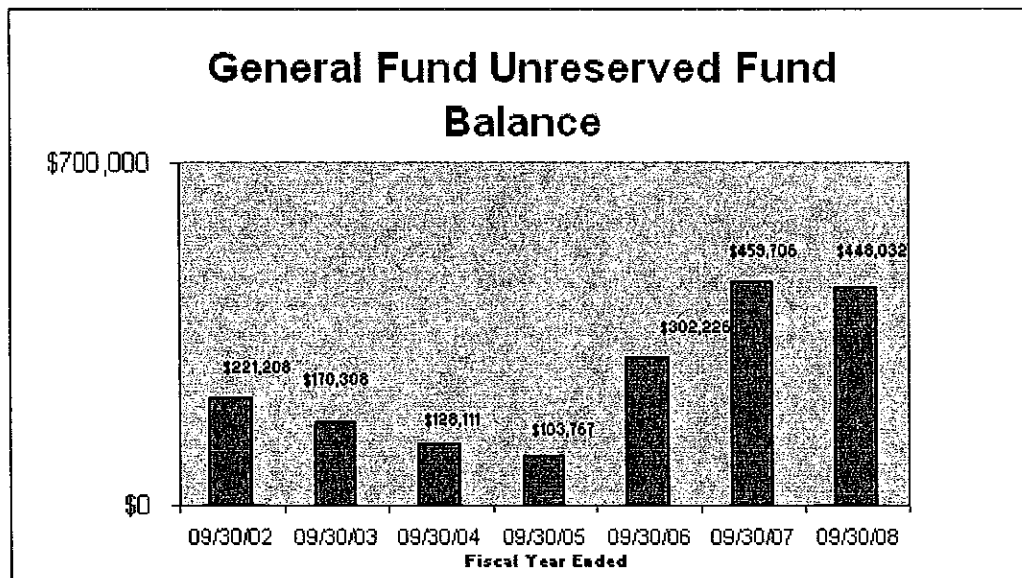
#### Financial Analysis of the Government's Funds

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 \$451,613 a decrease of \$36,745 in comparison with the prior year. Approximately 99% of this total amount (\$448,032) constitutes *unreserved fund balance*, which is available for spending at the Village's discretion. The remainder of the fund balance (\$3,581) is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenses.



At the end of the current fiscal year, unreserved fund balance of the general fund was \$448,032. 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 22 percent of total general fund expenditures, while total fund balance represents 22 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, 2008 and 2007, is shown below:

*Summary of General Fund's condensed Balance Sheet*

	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 640,452	\$ 660,999	\$ (20,547)	-3.11%
Total liabilities	188,839	172,640	16,199	9.38%
Reserved fund balance	3,581	28,653	(25,072)	-87.50%
Unreserved fund balance	448,032	459,706	(11,674)	-2.54%
Total fund balance	451,613	488,359	(36,746)	-7.52%
Total liabilities and fund balance	\$ 640,452	\$ 660,999	\$ (20,547)	-3.11%

Decreases in total assets were mainly in cash 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>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Total Revenues	\$ 2,028,757	\$ 2,372,756	\$ (343,999)	-14.50%
Total Expenditures	2,080,243	2,098,754	(18,511)	-0.88%
Excess of revenues over expenditures	(51,486)	274,002	(325,488)	-118.79%
Other financing sources	14,741	(91,100)	105,841	-116.18%
Change in fund balance	(36,745)	182,902	\$ (219,647)	-120.09%
Fund Balance, Beginning	488,359	305,457		
Fund Balance, Ending	\$ 451,614	\$ 488,359		

The fund balance of the Village's general fund decreased by \$36,745 during the current fiscal year. The decrease was the result of decreases in property values and millage rate and a decrease in expenditures. Expenses decreased mainly due to cost reduction measures taken by Village management.

**Special Revenue Fund**

The Special Revenue Fund's fund balance increased by approximately \$109,238, during the current fiscal year. The increase was mainly due to local option gas taxes and CITT funds from the County received which were not spent during the current year. The Village also received a grant from the County of approximately \$142,000 which was used to fund the construction of a shade structure for a playground.

**Seawall Project Fund**

The Seawall Project Fund's reported capital expenditures of approximately \$100,920 which were funded by the grant with the South Florida Water Management District.

**General Fund Budgetary Highlights**

Budget vs. actual schedules are presented in page 24 for the general fund and pages 25 and 26 for the Seawall Project Fund and Special Revenue fund (the Village's Major Funds).

### Capital Assets and long term debt

As of September 30, 2008, the Village's investment in capital assets amounted to \$1,734,637 (net of accumulated depreciation). The total increase in capital assets for the current fiscal year was approximately \$323,000, mainly due to capital expenditures related to the Seawall and new playground shade structure.

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

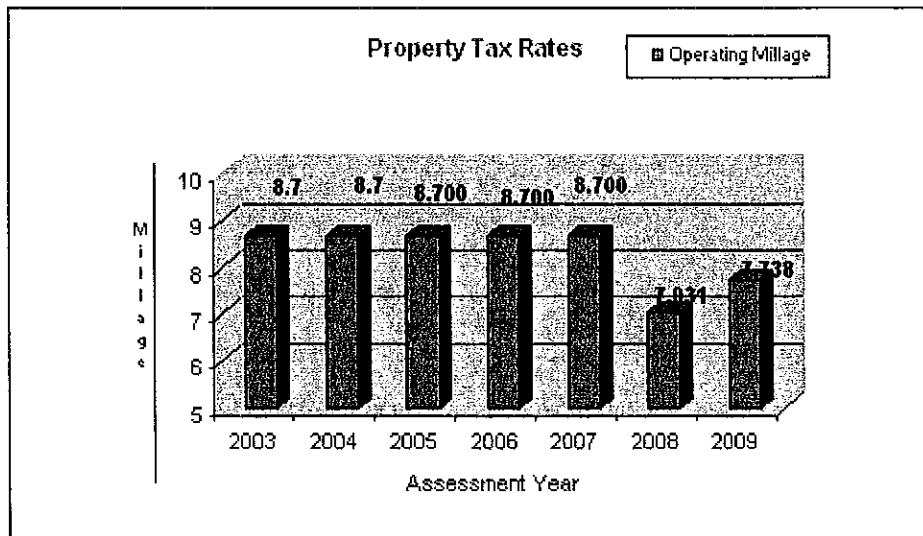
The Village's only long term debt is the long term debt portion of compensated absences and capital leases for several police vehicles. More details relating to the Village's long-term debt can be found in pages 21 and 22 of the footnotes.

### 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 2009 adopted General Fund budget are \$1,956,778 a decrease of \$111,056 or 5 percent from the fiscal year 2008 budgeted revenues of \$2,067,834. Decrease is due to a decrease in the property values from the previous year.

Fiscal year 2009 budgeted expenditures and transfers are expected to be \$1,956,778, a 10 percent decrease from fiscal year 2008. A continued decrease in expenditures to offset a decrease in revenues should enable the Village to maintain its future financial condition.



### 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, 2008

<u>ASSETS</u>	Governmental <u>Activities</u>
Cash and cash equivalents	\$ 522,316
Restricted cash and cash equivalents	63,455
Accounts receivable - net	511,793
Prepays	3,581
Capital assets:	
Land	3,556
Construction in progress	835,770
Building	437,107
Improvements	159,486
Furniture and equipment	452,843
Infrastructure	572,885
Total capital assets	2,461,647
Less accumulated depreciation	(727,010)
Total capital assets - net	1,734,637
Total assets	2,835,782
<u>LIABILITIES</u>	
Accounts payable	133,941
Accrued payroll	8,306
Noncurrent liabilities:	
The amount due in one year	15,543
The amount due in more than one year	86,606
Total liabilities	244,396
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	1,711,042
Restricted for:	
Public safety	7,693
Capital projects	406,058
Transit	93,534
Unrestricted	373,059
Total net assets	2,591,386
Total liabilities and net assets	\$ 2,835,782

See notes to basic financial statements

**VILLAGE OF EL PORTAL, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

<u>Functions/programs</u>	<u>Program Revenues</u>			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>		
Governmental activities:						
General government	\$ 565,392	\$ -	\$ -	\$ 141,537	\$ (423,855)	
Public safety	880,692	77,672	52,938	-	(750,082)	
Building and code enforcement	59,218	27,198	-	-	(32,020)	
Planning and zoning	37,953	75,577	-	-	37,624	
Public works	535,557	299,317	29,712	100,920	(105,608)	
Interest on long-term debt	1,784	-	-	-	(1,784)	
Total governmental activities	<u>2,080,596</u>	<u>479,764</u>	<u>82,650</u>	<u>242,457</u>	<u>(1,275,725)</u>	

General revenues:

Property taxes	\$ 919,840
Utility taxes	165,463
Franchise fees on gross receipts	142,028
Intergovernmental (unrestricted)	428,240
Investment and other income	<u>27,101</u>
Change in net assets	<u>406,947</u>
Net assets, October 1,	<u>2,184,439</u>
Net assets, September 30	<u>\$ 2,591,386</u>

See notes to basic financial statements

VILLAGE OF EL PORTAL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

	Major Funds			Non-major Governmental Fund Stormwater	Total Governmental Funds
	General	Special Revenue Fund	Seawall Project Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 510,970	\$ 11,346	\$ -	\$ -	\$ 522,316
Restricted cash and cash equivalents	-	34,392	-	29,063	63,455
Accounts receivable - net	125,901	141,537	233,430	10,925	511,793
Prepays	3,581	-	-	-	3,581
Due from other funds	-	262,239	-	17,783	280,022
Total assets	\$ 640,452	\$ 449,514	\$ 233,430	\$ 57,771	\$ 1,381,167
<b>LIABILITIES</b>					
Accounts payable	\$ 133,941	\$ -	\$ -	\$ -	\$ 133,941
Accrued payroll	8,306	-	-	-	8,306
Due to other funds	46,592	-	233,430	-	280,022
Total liabilities	188,839	-	233,430	-	422,269
<b>FUND BALANCES</b>					
Reserved for:					
Prepays	3,581	-	-	-	3,581
Public safety	-	7,693	-	-	7,693
Capital projects	-	348,287	-	57,771	406,058
Transit	-	93,534	-	-	93,534
Unreserved, reported in:					
General fund, undesignated	448,032	-	-	-	448,032
Total fund balances	451,613	449,514	-	57,771	958,898
Total liabilities and fund balances	\$ 640,452	\$ 449,514	\$ 233,430	\$ 57,771	\$ 1,381,167

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, 2008

Fund balances - total government funds (Page 11) \$ 958,898

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	2,461,647
Less accumulated depreciation	(727,010)

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

Capital leases	(23,595)
Compensated absences	<u>(78,554)</u>

Net assets of governmental activities (Page 9) \$ 2,591,386

VILLAGE OF EL PORTAL, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Major Funds			Non-Major	Total Governmental Funds
	General	Special Revenue Fund	Seawall Project Fund	Governmental Fund Stormwater	
<b>Revenues:</b>					
Property taxes	\$ 919,840	\$ -	\$ -	\$ -	\$ 919,840
Franchise fees	142,028	-	-	-	142,028
Utility taxes	165,463	-	-	-	165,463
Charges for services	299,317	-	-	-	299,317
Intergovernmental	324,645	278,551	100,920	49,231	753,347
Licenses and permits	102,775	-	-	-	102,775
Fines and forfeitures	55,655	22,017	-	-	77,672
Interest and other	19,034	7,225	-	842	27,101
<b>Total revenues</b>	<b>2,028,757</b>	<b>307,793</b>	<b>100,920</b>	<b>50,073</b>	<b>2,487,543</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	535,902	-	-	-	535,902
Public safety	852,320	3,498	-	-	855,818
Building and code enforcement	59,218	-	-	-	59,218
Planning and zoning	37,953	-	-	-	37,953
Public works	515,792	19,665	-	100	535,557
<b>Debt service:</b>					
Interest	1,784	-	-	-	1,784
Principal retirement	31,333	-	-	-	31,333
<b>Capital outlay:</b>					
General government	20,480	164,486	-	-	184,966
Public safety	25,461	10,906	-	-	36,367
Public works	-	-	100,920	1,635	102,555
<b>Total expenditures</b>	<b>2,080,243</b>	<b>198,555</b>	<b>100,920</b>	<b>1,735</b>	<b>2,381,453</b>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	(51,486)	109,238	-	48,338	106,090
<b>Other financing sources (uses):</b>					
Proceeds from capital lease	24,174	-	-	-	24,174
Transfers	(9,433)	-	-	9,433	-
<b>Total other financing sources (uses)</b>	<b>14,741</b>	<b>-</b>	<b>-</b>	<b>9,433</b>	<b>24,174</b>
<b>Net change in fund balances</b>	<b>(36,745)</b>	<b>109,238</b>	<b>-</b>	<b>57,771</b>	<b>130,264</b>
<b>Fund balances - beginning</b>	<b>488,358</b>	<b>340,276</b>	<b>-</b>	<b>-</b>	<b>828,634</b>
<b>Fund balances - ending</b>	<b>\$ 451,613</b>	<b>\$ 449,514</b>	<b>\$ -</b>	<b>\$ 57,771</b>	<b>\$ 958,898</b>

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, 2008

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)	\$	130,264
<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	\$ 323,888	
Less current year depreciation	<u>(51,060)</u>	272,828
Net effect of various miscellaneous transactions involving capital assets (ie: sales, trade-ins, capital outlay not meeting threshold)		(8,668)
<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>		
Proceeds from capital leases	(24,174)	
Principal payments on capital leases	<u>31,333</u>	7,159
Compensated absences		<u>5,364</u>
Change in net assets of governmental activities (Page 10)	\$	<u>406,947</u>

See notes to basic financial statements

**VILLAGE OF EL PORTAL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**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. 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 **seawall project fund** is used to account 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.

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 \$247,742 and an allowance for uncollectible accounts has been recorded against those receivables of \$247,742.

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. 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, 2008 was 7.0312 mills (\$7.0312 per \$1,000 of taxable assessed valuation).

## **4. 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 for equipment and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

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

	<u>Years</u>
Buildings	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.

**5. 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 is allowed to accumulate up to a maximum of sixty (60) days for administrative personnel and unlimited for police officers. Employees may convert up to three (3) days of unused sick leave to vacation during the following year.

**6. Long-Term Obligations**

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

**7. Grant Revenue**

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

**8. Fund Equity**

In the fund financial statements, governmental funds report reservations of 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 fund equity available for any lawful use.

**9. 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 governments, 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, 2008, the Village complied, in all material respects, with these revenue restrictions.

**Excesses of expenditures over appropriations**

For the year ended September 30, 2008, expenditures exceeded appropriations in the Public Works department of the General Fund by \$43,332. These overexpenditures were funded by available fund balance and franchise fees.

**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 cash and cash equivalents \$585,771 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, 2008, consisted of franchise fees, taxes and receivables arising from waste fee charges. The Village's receivables at September 30, 2008 were as follows:

	<u>Waste Fees</u>	<u>Franchise Fees and Taxes</u>	<u>Other</u>	<u>Allowance</u>	<u>Totals</u>
General Fund	\$247,742	\$125,901	\$ -	\$(247,742)	\$125,901
Seawall Project Fund	-	-	233,430	-	233,430
Special Revenue fund	-	-	141,537	-	141,537
Non Major Funds	-	<u>10,925</u>	-	-	<u>10,925</u>
	<u>\$247,742</u>	<u>\$136,826</u>	<u>\$374,967</u>	<u>\$(247,742)</u>	<u>\$511,793</u>

**Payables**

The Village's payables at September 30, 2008 were as follows:

	<u>Vendors</u>
General fund	<u>\$133,941</u>

**V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances as of September 30, 2008, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 46,592
Seawall Project Fund	-	233,430
Special revenue fund	262,239	-
Non Major Funds	<u>17,783</u>	-
	<u>\$280,022</u>	<u>\$280,022</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, 2008 were as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 9,433
Non Major Funds	<u>9,433</u>	-
	<u>\$ 9,433</u>	<u>\$ 9,433</u>

- The transfer from the General Fund to the Stormwater Project Fund was used to cover the Village's share of the costs for the stormwater project which was mainly paid from a grant of the South Florida Water Management District.

## VI. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 was as follows:

	Balance September 30, <u>2007</u>	Additions	Deletions	Balance September 30, <u>2008</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,556	\$ -	\$ -	\$ 3,556
Construction in progress	<u>733,215</u>	<u>102,555</u>	-	<u>835,770</u>
Total capital assets not being depreciated	<u>736,771</u>	<u>102,555</u>	-	<u>839,326</u>
Capital assets being depreciated:				
Building	437,107	-	-	437,107
Improvements	-	159,486	-	159,486
Infrastructure	572,885	-	-	572,885
Furniture and equipment	<u>399,663</u>	<u>53,180</u>	-	<u>452,843</u>
Total capital assets being depreciated	1,409,655	212,666	-	1,622,321
Less accumulated depreciation for:				
Building	(375,102)	(17,484)	-	(392,496)
Improvements	-	(3,338)	-	(3,338)
Furniture and equipment	<u>(300,848)</u>	<u>(30,238)</u>	-	<u>(331,086)</u>
Total accumulated depreciation	<u>(675,950)</u>	<u>(51,060)</u>	-	<u>(727,010)</u>
Total capital assets being depreciated, net	<u>733,705</u>	<u>161,606</u>	-	<u>895,311</u>
Governmental activities capital assets, net	<u>\$1,470,476</u>	<u>\$264,161</u>	<u>\$ -</u>	<u>\$1,734,637</u>

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

General government	\$20,822
Public Safety	<u>30,238</u>
Total depreciation expense – governmental activities	<u>\$51,060</u>

## VII. CAPITAL LEASES

The Village entered into several lease agreements for the purchase of police vehicles totaling approximately \$94,000. The lease agreements qualified as capital lease 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, 2008 were as follows:

Year ending September 30	
2009	\$16,778
2010	<u>8,450</u>
Total minimum lease payments	25,228
Less: amount representing interest	<u>(1,633)</u>
Present value of minimum lease payments	<u>\$23,595</u>

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

	Balance September 30,			Balance	Due
	<u>2007</u>	<u>Additions</u>	<u>Deletions</u>	September 30,	Within
				<u>2008</u>	<u>One year</u>
Compensated absences	\$ 88,335	\$ -	\$ 5,647	\$ 82,688	\$ -
Capital leases	<u>30,754</u>	<u>24,174</u>	<u>31,333</u>	<u>23,595</u>	<u>15,543</u>
	<u>\$119,089</u>	<u>\$24,174</u>	<u>\$36,980</u>	<u>\$106,283</u>	<u>\$15,543</u>

#### VIII. 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:

September 30,	Required Contribution	Contribution Rates
2008	\$117,000	8.74% - 19.81%
2007	\$136,000	8.74% - 19.81%
2006	\$100,000	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.

#### IX. 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.

**X. 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.

**Litigation**

The Village is currently a defendant in several pending claims and legal proceedings incidental to the operations of the Village. The Village is aggressively defending each action. The ultimate liability related to these claims is not presently determinable. Furthermore, it is the opinion of the Village's management and legal counsel that the final resolution of these claims and legal proceedings would not have a material adverse effect on the financial condition of the Village. Furthermore, the Village is protected by the caps on damages found in the Sovereign Immunity Statute of \$200,000 for all claims. The Florida Statute §768.28 contains a limited waiver of sovereign immunity to public entities. As a governmental entity, the Village is protected by the limit on damages of \$100,000 per person \$200,000 per claim.

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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, 2008

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property taxes	\$ 990,978	\$ 990,978	\$ 919,840	\$ (71,138)
Franchise fees	102,283	102,283	142,028	39,745
Utility taxes	198,694	152,904	165,463	12,559
Charges for services	328,500	328,500	299,317	(29,183)
Intergovernmental	270,879	270,879	324,645	53,766
Licenses and permits	107,500	107,500	102,775	(4,725)
Fines and forfeitures	-	6,242	55,655	49,413
Interest	36,000	36,000	19,034	(16,966)
Miscellaneous	33,000	45,000	-	(45,000)
Total revenues	2,067,834	2,040,286	2,028,757	(11,529)
<b>Expenditures:</b>				
Current:				
General government				
Village council	25,499	28,331	27,834	497
Public affairs	37,200	48,417	44,690	3,727
Village clerk	95,257	95,784	93,289	2,495
Administration and finance	353,648	391,416	390,569	847
Public safety	970,933	916,143	910,898	5,245
Building and code enforcement	65,191	60,791	59,218	1,573
Planning and zoning	45,950	41,550	37,953	3,597
Public works	458,560	472,460	515,792	(43,332)
Total expenditures	2,052,238	2,054,892	2,080,243	(25,351)
 Excess (Deficiency) of revenues over expenditures before other financing sources (uses)				
	15,596	(14,606)	(51,486)	(36,880)
 Other financing sources:				
Transfer from unappropriated fund balance	-	121,459	-	(121,459)
Proceeds from capital lease	-	-	24,174	24,174
Transfers	(15,596)	(106,853)	(9,433)	97,420
Total other financing sources	(15,596)	14,606	14,741	135
 Net change in fund balance				
	-	-	(36,745)	\$ (36,745)
 Fund balances, October 1				
	-	-	488,358	
 Fund balances, September 30				
	\$ -	\$ -	\$ 451,613	

See notes to budgetary comparison schedule

**VILLAGE OF EL PORTAL, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEAWALL PROJECT FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 100,920	\$ (299,080)
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>100,920</u>	<u>(299,080)</u>
Expenditures:				
Current:				
Public works	400,000	456,000	100,920	355,080
Total expenditures	<u>400,000</u>	<u>456,000</u>	<u>100,920</u>	<u>355,080</u>
Other financing sources:				
Transfers	-	56,000	-	56,000
Total other financing sources	<u>-</u>	<u>56,000</u>	<u>-</u>	<u>56,000</u>
Net change in fund balance	-	-	-	\$ <u>-</u>
Fund balances, October 1	-	-	-	
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

VILLAGE OF EL PORTAL, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$ 411,000	\$ 411,000	\$ 278,551	\$ (132,449)
Fines and forfeitures	2,000	2,000	22,017	20,017
Interest and other	<u>3,000</u>	<u>3,000</u>	<u>7,225</u>	<u>4,225</u>
Total revenues	<u>416,000</u>	<u>416,000</u>	<u>307,793</u>	<u>(108,207)</u>
<b>Expenditures</b>				
General government	249,000	249,000	164,486	84,514
Public safety	2,000	2,000	14,404	(12,404)
Public works	<u>184,957</u>	<u>215,853</u>	<u>19,665</u>	<u>196,188</u>
Total expenditures	<u>435,957</u>	<u>466,853</u>	<u>198,555</u>	<u>268,298</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	(19,957)	(50,853)	109,238	160,091
<b>Other financing sources</b>				
Transfers	<u>19,957</u>	<u>50,853</u>	-	<u>(50,853)</u>
Total other financing sources (uses)	<u>19,957</u>	<u>50,853</u>	-	<u>(50,853)</u>
Net change in fund balance	-	-	109,238	<u>\$ 109,238</u>
Fund balances - beginning	-	-	340,276	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,514</u>	

**VILLAGE OF EL PORTAL, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**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 by ordinance supplemental appropriations during the fiscal year. There were supplemental appropriations in the General Fund for the fiscal year ended September 30, 2008 totaling \$93,911.

For the year ended September 30, 2008, expenditures exceeded appropriations in the Public Works departments of the General Fund by \$43,332. These overexpenditures were funded by available fund balance and franchise fees.

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OTHER SUPPLEMENTARY INFORMATION

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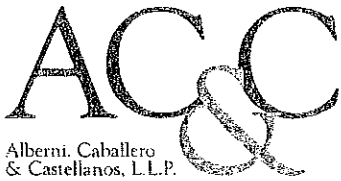
VILLAGE OF EL PORTAL, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
NONMAJOR GOVERNMENTAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Storm Water Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 550,000	\$ 550,000	\$ 49,231	\$ (500,769)
Interest and other	-	-	842	842
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>50,073</u>	<u>(499,927)</u>
Expenditures				
General government	-	-	-	-
Public Works	550,000	550,000	1,735	548,265
Total expenditures	<u>550,000</u>	<u>550,000</u>	<u>1,735</u>	<u>548,265</u>
Excess (Deficiency) of revenues over expenditures before other financing sources (uses)	-	-	48,338	48,338
Other financing sources				
Transfers	-	-	9,433	9,433
Total other financing sources (uses)	-	-	9,433	9,433
Net change in fund balance	-	-	57,771	\$ 57,771
Fund balances - beginning	-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,771</u>	

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**COMPLIANCE SECTION**

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Alberni, Caballero  
& Castellanos, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

4649 PONCE DE LEON BLVD.  
SUITE 404  
CORAL GABLES, FL 33146 - 2118  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

**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, each major fund and the aggregate remaining fund information of the Village of El Portal, Florida (the Village) as of and for the fiscal year ended September 30, 2008, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 7, 2009. 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 2008-1, and 2008-2.

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, listed as item 2008-1.

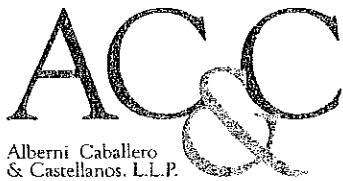
The Village's responses to the findings and recommendations identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.

This report is intended solely for the information and use of the Village 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.

*Alfonso Caballero & Castellanos LLP*

March 7, 2009  
Coral Gables, Florida



Alberni Caballero  
& Castellanos, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

4649 PONCE DE LEON BLVD.  
SUITE 404  
CORAL GABLES, FL 33146 • 2118  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

## 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, 2008, and have issued our report thereon dated March 7, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over financial reporting and on Compliance and Other Matters. Disclosures in that report, which are dated March 7, 2009, 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 and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- ❖ 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:

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

- Status of Prior Year Findings and Recommendations: No. 2006-2, 2006-5, 2005-7 and 2004-3
  - Current Year Findings and Recommendations: No. 2008-1
- 
- ❖ 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, we determined that the annual financial report for the Village of El Portal, Florida for the fiscal year ended September 30, 2008, 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, 2008. 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.

This management letter is intended solely for the information of the Village of El Portal, Florida and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified 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.

*Alborn Caballero & Castellanos LLP*

March 7, 2009  
Coral Gables, Florida

**VILLAGE OF EL PORTAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**I. CURRENT YEAR FINDING**

**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.

**Corrective Action:**

Solid waste Fees were budgeted and recorded Net of the franchise fees deducted from the Village's solid waste invoices. The Village now records its solid waste fees for the gross expenditure and records the offsetting franchise fee as revenue.

**VILLAGE OF EL PORTAL, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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

**SIGNIFICANT DEFICIENCIES**

**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

**2006-5 Waste Fee Receivable**

**Condition:**

During our testing, we noted that the receivable for waste fees collected by Miami Dade County on behalf of the Village is not reconciled for uncollected receivables by the County. Reports provided by the County do not report the amount billed on behalf of the Village only the amount collected. The Village has recorded the amount of waste fees collected by the County on a cash basis and not reflected the uncollected waste fees receivable in its books.

We also noted that the Village has not accounted for up to 5% in discounts and administrative fees offered and charged by the County for collection of the waste fees receivable and budgeted the entire amount as revenues.

**Effect:**

Waste fee revenues and receivables may be understated by only recording the amount collected by the County and the 2007 budgeted revenues may be overstated by including the entire billable amount in its budget.

**Recommendation:**

The Village should request reports from the County which detail by unit or address the amount of waste fees billed and collected for the fiscal year in order to properly account for waste fees billed and collected in the Village's books. The 2007 budget should be amended to reflect the 4% discounts offered for early payment by the County and the 1% administrative fee charged for collection.

**Current Year Status:**

The Village is now receiving monthly reports which show property tax and waste fees collected. **This finding will not be repeated.**

**VILLAGE OF EL PORTAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued)**

**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

**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 not implemented during 2008. **This recommendation will be repeated.**

**Management Response:**

The Village does have a Comprehensive Plan which addresses these issues. The El Portal Comprehensive Plan was last amended in 2002. Management is in the process of contracting with a third party vendor to update the plan.