

VILLAGE OF BISCAYNE PARK, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2001

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VILLAGE OF BISCAYNE PARK, FLORIDA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
 SEPTEMBER 30, 2001
 (WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000)

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	General Fund	Special Revenue Funds	Agency Fund	General Long Term Debt	General Fixed Assets	2001	2000
<u>ASSETS AND OTHER DEBITS</u>							
Cash	\$ 176,633	\$ 384,125	\$ -	\$ -	\$ -	\$ 560,758	\$ 652,619
Investments	1,274,023	-	-	-	-	1,274,023	920,528
Accounts receivable	66,903	-	-	-	-	66,903	39,533
Due from other funds	78,489	117,174	-	-	-	195,663	17,903
Restricted cash	-	-	21,696	-	-	21,696	21,203
Waste fees receivable - non current	170,170	-	-	-	-	170,170	219,434
Fixed assets	-	-	-	-	840,567	840,567	742,349
Amount to be provided for retirement of general long-term debt	-	-	-	64,191	-	64,191	-
Total assets and other debits	\$ 1,766,218	\$ 501,299	\$ 21,696	\$ 64,191	\$ 840,567	\$ 3,193,971	\$ 2,613,569
<u>LIABILITIES, FUND BALANCE AND OTHER CREDITS</u>							
Liabilities:							
Accounts payable	\$ 65,202	\$ 372	\$ -	\$ -	\$ -	\$ 65,574	\$ 38,261
Accrued compensated absences	70,528	-	-	-	-	70,528	12,528
Customer prepayments-Waste Fees	49,991	-	-	-	-	49,991	51,025
Due to other funds	117,174	60,587	17,902	-	-	195,663	17,903
Contractor refundable bonds	-	-	3,794	-	-	3,794	3,300
Capital lease liability	7,417	-	-	64,191	-	71,608	-
Total liabilities	310,312	60,959	21,696	64,191	-	457,158	123,017
Fund balance and other credits:							
Investment in general fixed assets	-	-	-	-	840,567	840,567	742,349
Reserved for long term waste fees receivable	170,170	-	-	-	-	170,170	219,434
Unreserved and undesignated	1,285,736	440,340	-	-	-	1,726,076	1,528,769
Total fund balances	1,455,906	440,340	-	-	840,567	2,736,813	2,490,552
Total liabilities, fund balances and other credits	\$ 1,766,218	\$ 501,299	\$ 21,696	\$ 64,191	\$ 840,567	\$ 3,193,971	\$ 2,613,569

The accompanying notes are an integral part of the general purpose financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
 (WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000)

	GOVERNMENTAL FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	General	Special		
	Fund	Revenue Funds	2001	2000
Revenues:				
Ad-Valorem taxes	\$ 1,080,038	\$ 92,017	\$ 1,172,055	\$ 1,049,990
Licenses and permits	61,748	-	61,748	44,720
Intergovernmental	186,793	65,841	252,634	275,939
Charges for services	557,094	-	557,094	538,295
Fines & forfeitures	36,334	2,213	38,547	23,848
Grants	66,293	-	66,293	-
Interest & miscellaneous	78,807	14,848	93,655	89,565
Total revenues	<u>2,067,107</u>	<u>174,919</u>	<u>2,242,026</u>	<u>2,022,357</u>
Expenditures:				
General government	449,565	87,649	537,214	484,528
Public safety	556,427	245	556,672	503,449
Building code enforcement	91,983	-	91,983	74,590
Physical environment	686,450	-	686,450	617,784
Culture and recreation	142,854	-	142,854	126,665
Capital outlay	118,486	22,318	140,804	-
Debt service:				
Principal	11,691	-	11,691	-
Interest	2,199	-	2,199	-
Total debt service	<u>13,890</u>	<u>-</u>	<u>13,890</u>	<u>-</u>
Total expenditures	<u>2,059,655</u>	<u>110,212</u>	<u>2,169,867</u>	<u>1,807,016</u>
Excess of revenues over expenditures	<u>7,452</u>	<u>64,707</u>	<u>72,159</u>	<u>215,341</u>
Other financing sources:				
Proceeds from capital leases	<u>75,882</u>	<u>-</u>	<u>75,882</u>	<u>-</u>
Excess of revenues over expenditures and other financing sources	<u>83,334</u>	<u>64,707</u>	<u>148,041</u>	<u>215,341</u>
Fund balance, October 1	1,372,572	375,633	1,748,205	1,532,862
Residual equity transfers in	-	-	-	44,609
Residual equity transfers out	-	-	-	(44,609)
Fund balance, September 30	<u>\$ 1,455,906</u>	<u>\$ 440,340</u>	<u>\$ 1,896,246</u>	<u>\$ 1,748,203</u>

The accompanying notes are an integral part of the general purpose financial statements

VILLAGE OF BISCAYNE PARK, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	General Fund			Road Fund Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 1,010,547	\$ 1,080,038	\$ 69,491	\$ 108,313	\$ 92,017	\$ (16,296)
Licenses and permits	38,180	61,748	23,568	-	-	-
Intergovernmental	241,511	186,793	(54,718)	3,980	65,841	61,861
Charges for services	514,395	557,094	42,699	-	-	-
Fines & forfeitures	17,000	36,334	19,334	-	-	-
Grants	-	66,293	66,293	4,500	-	(4,500)
Interest & miscellaneous	72,000	78,807	6,807	-	9,466	9,466
Total revenues	<u>1,893,633</u>	<u>2,067,107</u>	<u>173,474</u>	<u>116,793</u>	<u>167,324</u>	<u>50,531</u>
Expenditures:						
General government	421,305	449,565	(28,260)	144,609	86,894	57,715
Public safety	605,328	556,427	48,901	-	-	-
Building code enforcement	73,938	91,983	(18,045)	-	-	-
Physical environment	735,563	686,450	49,113	-	-	-
Culture and recreation	148,953	142,854	6,099	-	-	-
Capital outlay	-	118,486	(118,486)	-	22,318	-
Debt service:						
Principal	-	11,691	(11,691)	-	-	-
Interest	-	2,199	(2,199)	-	-	-
Total debt service	-	13,890	(13,890)	-	-	-
Total expenditures	<u>1,985,087</u>	<u>2,059,655</u>	<u>(74,568)</u>	<u>144,609</u>	<u>109,212</u>	<u>57,715</u>
Excess (deficiency) of revenues over expenditures	(91,454)	7,452	98,906	(27,816)	58,112	85,928
Other financing sources:						
Proceeds from capital leases	-	75,882	75,882	-	-	-
Excess of revenues over expenditures and other financing sources	<u>\$ (91,454)</u>	<u>\$ 83,334</u>	<u>\$ 174,788</u>	<u>\$ (27,816)</u>	<u>\$ 58,112</u>	<u>\$ 85,928</u>

The accompanying notes are an integral part of the general purpose financial statements

INDEPENDENT AUDITORS' REPORT

To Honorable Mayor and Commission Members
Village of Biscayne Park, Florida

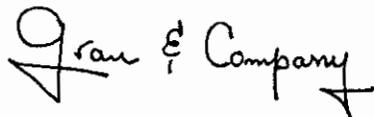
We have audited the accompanying general purpose financial statements of the Village of Biscayne Park, Florida ("the Village") as of and for the fiscal year ended September 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village, and the results of its operations for the fiscal 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 February 17, 2003, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining and individual fund statements listed in the table of contents are presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.



February 17, 2003

VILLAGE OF BISCAYNE PARK, FLORIDA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, 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. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Village are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

The Village has the following fund types and account groups:

Governmental funds are used to account for the Village's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses and interest are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the Village are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the Village and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

Governmental funds include the following fund types:

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

The **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

Fiduciary funds account for assets held by the Village in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the Village under the terms of a formal trust agreement.

The **agency funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Village holds for others in an agency capacity.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

b. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Account Groups

The **general fixed assets account group** is used to account for fixed assets not accounted for in proprietary or trust funds. The **general long-term account group** is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c. 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.

Investments are reported at fair value by quoted market prices. Investments with the State Board Investment Pool (2A-7 Pool) are reported at its fair value of its position in the pool, which is the same as its value of pool shares.

d. 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.

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

e. 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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

e. ***Property Taxes (Continued)***

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 year ended September 30, 2001 was 8.9 mills (\$8.9 per \$1,000 of taxable assessed valuation).

f. ***Fixed Assets***

Fixed assets used in governmental fund types of the Village are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group.

g. ***Compensated Absences***

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. All compensated absences are reported in the general fund since the liabilities are expected to be liquidated with current available financial resources.

h. ***Long-Term Obligations***

The Village reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

i. ***Fund Equity***

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. ***Use of Estimates***

The preparation of general purpose financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

k. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

l. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Village's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

m. New Pronouncements

The Village has adopted Governmental Accounting Standards Board (GASB) Statement No. 33, "*Accounting and Financial Reporting for Non-Exchange Transactions*," for its fiscal year ended September 30, 2001. Upon review of GASB Statement No. 33, management has determined that there is no impact upon the Town's current general purpose financial statements. Management will continue to monitor operations in order to ensure proper application of GASB Statement No. 33.

The City intends to adopt GASB Statement No 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*", GASB Statement 37, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus- an amendment of GASB Statements No. 21 and No. 34*", GASB Statement 38, "*Certain Financial Statement Note Disclosures*" and Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*" for its fiscal year ending September 30, 2004. Management has not yet completed the process of evaluating the impact that will result from adopting these statements and is therefore unable to disclose the effect it will have on the City's general-purpose financial statements.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

The budgetary process is prescribed by State of Florida Statutes and entails the preparation of budgetary documents within an established timetable. In September, the Village holds public hearings in order to adopt a budget for the ensuing fiscal year. The Village's budgetary process is

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

based on estimates of revenues and expenditures. The Village maintains legally adopted budgets for the General Fund and the Road Fund (a Special Revenue Fund).

Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations at the individual fund level. Amendments and supplements to the budget require Village Commission approval. Beginning fund balances, available for financing current appropriations, are considered in the budgetary process but are not included in the financial statements of the Governmental Fund Types as budgeted revenue. All appropriations lapse at year-end. Budget to actual comparisons are reflected in the General Fund and the Road Fund.

Budgets are prepared on the same basis of accounting as required for Governmental Fund Types and should be presented in the financial statements inclusive of all amendments to the original budgeted amounts and all approved amendments.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations

Expenditures exceeded the budget in the General Fund for the year ended September 30, 2001 by \$74,568 at the fund level, which is the legally controlled level of appropriations. These over expenditures were funded by available fund balance.

3. DEPOSITS AND INVESTMENTS

At year-end, the Village's carrying amount of deposits was \$582,454 and the bank balance was \$617,628. The Village's deposits are fully collateralized by federal depository insurance or by the State Treasurer collateral pool. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the government's name.

3. **DEPOSITS AND INVESTMENTS (CONTINUED)**

At September 30, 2001 the Village's investments, which totaled \$1,274,023, consisted of deposits in the Florida State Board of Administration (SBA) investment pool and as such were not subject to categorization.

4. **ACCOUNTS RECEIVABLE**

Receivables at September 30, 2001, consisted of taxes and receivables arising from waste fee charges. The following balances at September 30, 2001 represent the Village's receivables:

Taxes	\$ 15,378
Waste Fees	<u>221,695</u>
	<u>\$ 237,073</u>

Of the \$221,695 waste fees receivable, \$170,170 is not expected to be collected by the Village during fiscal 2002. Accordingly, the Village has established a reservation of fund balance for the long-term portion of the receivables. All receivables are considered fully collectible.

5. **FIXED ASSETS**

Charges in the general fixed assets during the year were as follows:

	Balance October 1, 2000	Additions	Deletions	Balance September 30, 2001
Land	\$ 9,351	\$ -	\$ -	\$ 9,351
Building	204,211	-	-	204,211
Furniture and equipment	<u>528,787</u>	<u>108,818</u>	<u>10,600</u>	<u>627,005</u>
	<u>\$ 742,349</u>	<u>\$ 108,818</u>	<u>\$ 10,600</u>	<u>\$ 840,567</u>

6. **LONG-TERM DEBT**

Capital leases

On March 20, 2001, the Village entered into a lease agreement for the purchase of a garbage truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at \$ 75,882 (the net present value of the future minimum lease payments as of inception date) in the general fixed assets account group.

6. **LONG-TERM DEBT (CONTINUED)**

Capital leases (Continued)

Future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2001 are as follows:

<u>September 30,</u>	
2002	\$ 27,800
2003	27,800
2004	<u>13,900</u>
Total minimum lease payments	69,500
Less: amount representing interest at 6.19%	<u>(5,309)</u>
Present value of minimum lease payments	<u>\$ 64,191</u>

The general long-term debt account group has been established to account for the unmatured long-term indebtedness of the Village, which will be retired using general government revenues.

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

	Balance September 30, <u>2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2001</u>
Capital lease	\$ <u>-</u>	\$ <u>75,882</u>	\$ <u>11,691</u>	\$ <u>64,191</u>

7. **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 is available to governmental units within Florida. The FRS provides vesting after ten 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 between 7.30% to 18.44% 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>
2001	\$ 115,951	7.30% - 18.44%
2000	108,386	9.15% - 21.43%
1999	124,000	9.15% - 21.43%

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The most recent actuarial report was prepared as of July 1, 2000. 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 relevant financial statistically 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.

8. 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 has there been any significant reductions in coverage.

9. CONTINGENCIES

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.

VILLAGE OF BISCAYNE PARK, FLORIDA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
SEPTEMBER 30, 2001

	<u>Road Fund</u>	<u>Police Forfeiture Fund</u>	<u>Municipal Building Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 242,228	\$ 10,661	\$ 131,236	\$ 384,125
Due from other funds	<u>116,674</u>	<u>500</u>	<u>-</u>	<u>117,174</u>
 Total assets	 <u>\$ 358,902</u>	 <u>\$ 11,161</u>	 <u>\$ 131,236</u>	 <u>\$ 501,299</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Accounts payable	\$ 372	\$ -	\$ -	\$ 372
Due to other funds	<u>60,342</u>	<u>245</u>	<u>-</u>	<u>60,587</u>
 Total liabilities	 <u>60,714</u>	 <u>245</u>	 <u>-</u>	 <u>60,959</u>
 Fund balance:				
Unreserved and undesignated	<u>298,188</u>	<u>10,916</u>	<u>131,236</u>	<u>440,340</u>
Total fund balance	<u>298,188</u>	<u>10,916</u>	<u>131,236</u>	<u>440,340</u>
 Total liabilities and fund balance	 <u>\$ 358,902</u>	 <u>\$ 11,161</u>	 <u>\$ 131,236</u>	 <u>\$ 501,299</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	Road Fund	Police Forfeiture Fund	Municipal Building Fund	Total
Revenues:				
Taxes	\$ 92,017	\$ -	\$ -	\$ 92,017
Intergovernmental	65,841	-	-	65,841
Fines & forfeitures	-	2,213	-	2,213
Interest & miscellaneous	9,466	373	5,009	14,848
Total revenues	<u>167,324</u>	<u>2,586</u>	<u>5,009</u>	<u>174,919</u>
Expenditures:				
General government	86,894	-	755	87,649
Public safety	-	245	-	245
Capital outlay	22,318	-	-	22,318
Total expenditures	<u>109,212</u>	<u>245</u>	<u>755</u>	<u>110,212</u>
Excess of revenues over expenditures	58,112	2,341	4,254	64,707
Fund balance, October 1	<u>240,076</u>	<u>8,575</u>	<u>126,982</u>	<u>375,633</u>
Fund balance, September 30	<u>\$ 298,188</u>	<u>\$ 10,916</u>	<u>\$ 131,236</u>	<u>\$ 440,340</u>

VILLAGE OF BISCAYNE PARK, FLORIDA
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

	<u>Balance</u> <u>October 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 2001</u>
<u>ASSETS</u>				
Cash	\$ 21,203	\$ 493	-	\$ 21,696
Total assets	<u>\$ 21,203</u>	<u>\$ 493</u>	<u>-</u>	<u>\$ 21,696</u>
 <u>LIABILITIES</u>				
Contractor refundable bonds payable	\$ 3,300	\$ 863	\$ 350	\$ 3,813
Due to other funds	<u>17,903</u>	<u>-</u>	<u>-</u>	<u>17,903</u>
Total liabilities	<u>\$ 21,203</u>	<u>\$ 863</u>	<u>\$ 350</u>	<u>\$ 21,716</u>

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

Honorable Mayor and Commission Members
Village of Biscayne Park, Florida

We have audited the general purpose financial statements of the Village of Biscayne Park, Florida (the Village) as of and for the fiscal year ended September 30, 2001, and have issued our report thereon dated February 17, 2003. 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.

Compliance

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 grants, non-compliance 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 instances of non-compliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as item 01-1, 01-2 and 00-9.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are identified in the accompanying schedule of findings and recommendations as items 01-1, 01-2, 00-2, 00-4, 00-5, 00-7, 00-8 and 00-9.

A material *weakness* is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the

Honorable Mayor and Commission Members
Village of Biscayne Park, Florida
Page 2

internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described in the accompanying management letter, we consider 00-2, 00-4 and 00-5 to be material weaknesses.

We also noted other matters that we have reported to management in the schedule of findings and recommendations accompanying this report.

This report is intended solely for the information and use of the Mayor, Commission members, management and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Company

February 17, 2003

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

Honorable Mayor and Commission Members
Village of Biscayne Park, Florida

We have audited the general purpose financial statements of the Village of Biscayne Park, Florida (the Village) as of and for the fiscal year ended September 30, 2001, and have issued our report thereon dated February 17, 2003.

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

The purpose of this letter is comment on those matters described in Rule 10.554(1)(j) required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the general purpose financial statements of the Village, as described in the first paragraph, we report on the following which is included on pages 20 through 30.

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

We previously reported on the Village's compliance and internal control over financial reporting in our report dated February 17, 2003 on page 17 and 18.

This report is intended for the information of management, Commission members of the Village of Biscayne Park, Florida, 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.

We wish to thank the Village of Biscayne Park, 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.



February 17, 2003

**VILLAGE OF BISCAYNE PARK, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2001**

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

01-1. Compliance with Section 166.241 (3) of the Florida Statutes

Section 166.241 (3) of the Florida Statutes states that "The governing body of each municipality shall adopt a budget each fiscal year. The budget must be adopted by ordinance unless otherwise specified in the respective municipality's charter. The amount available from taxation and other sources, including amounts carried over from prior fiscal years, must equal the total appropriations for expenditures and reserves. The budget must regulate expenditures of the municipality, and it is unlawful for any officer of a municipal government to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations." The Village did not adopt a budget for all of the special revenue funds, therefore, is not in compliance with the above mentioned Florida Statute.

Recommendation

We recommend that the Village comply with Section 166.241 (3) of the Florida Statutes and budget all of its governmental fund types.

Managements' Response

The Village has been made aware of State Statute requirements and will formally adopt an annual budget for all special revenue funds beginning in fiscal year 2004.

01-2 Bonds of City Officers and Employees

During our testing of compliance, we noted that under Article III Section 2 of the Village Charter "Bonds of City Officers and Employees", Commissioner of Finance is required to be bonded. We noted that the Commissioner of Finance is not bonded; therefore, the Village is not in compliance with Article III Section 2 of the Village Charter.

Recommendation

We recommend that the Village comply with Section 2 of its charter, and obtain surety bond for the Commissioner of Finance.

Managements' Response

The Village will present this matter to the Village Commission during their next scheduled meeting in order to advise the Commissioner of Finance of this requirement.

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

Other Matters

01-3 New Pronouncement

Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will create new information and will restructure much of the information that governments have presented in the past. These new requirements were developed to make annual financial reports more comprehensive and easier to understand and use. The new reporting model will include government-wide financial statements, as well as fund financial statements, and a management's discussion and analysis section. Implementation will be required for fiscal year ending September 30, 2004. However, many of the reporting requirements need to be addressed several years before the required implementation date.

Recommendation

We recommend the Village review the new requirements and plan accordingly.

Managements' Response

During fiscal 2002, the Village intends to begin reviewing the requirements of GASB Statement No. 34 and will take the appropriate action necessary to comply with the new reporting requirements. The Village has made a commitment to make sure all new requirements are implemented in FY 2003 with the hiring of a Finance Officer to assist the Village Clerk, thereby taking a step in the right direction. The Finance Officer and the Village Clerk will attend all training deemed necessary to address any and all deficiencies if any are found.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES

00-1 Preparation of Monthly Bank Reconciliations

During the performance of our audit, we noted that the Village was not preparing monthly bank reconciliations on a timely basis. The completion of monthly bank reconciliations is an essential element of the Villages fiduciary responsibility over the custody of public resources.

Recommendation

We recommend that the Village develop and adopt written policies and procedures, which require the timely completion of monthly bank reconciliations for all of its depository accounts. Management should also take steps to ensure that monthly bank reconciliations are completed in a timely manner and in accordance with established policies. Review of completed bank reconciliations by management will help ensure that these controls have been placed into operation and are being followed accordingly.

Current Year Status

As of September 30, 2001, the Village had commenced the preparation of monthly bank reconciliations as well as management review of completed reconciliations. Comment will not be repeated.

00-2 Cash Disbursements

During the performance of our tests over the Village's controls over cash disbursements, we noted a number of recurring deficiencies.

Of the twenty-eight disbursements selected for testing, the associated invoices were not canceled or clearly marked as paid for eleven of those disbursements, the Village personnel could not locate the documentary evidence associated with a formal check request or signed approval for five of the disbursements, no vendor invoices were provided for five of the disbursements and the canceled check for four of the disbursements were not located.

While no evidence was noted of any improprieties, lack of proper controls over cash disbursements could result in inaccurate and/or improper disbursements. Establishing and adhering to these controls is essential for the Village in meeting its fiduciary responsibility.

Recommendation

We recommend that the Village develop and adopt written policies and procedures over cash disbursements and the associated maintenance of supporting documentation. In all cases management oversight and involvement is essential in ensuring that these controls are being followed and adhered to.

Current Year Status

Based on the results of our testing for the current year, we noted similar findings as in the previous year. It appears that the Village has not established controls over cash disbursements for the year ended September 30, 2001. Comment will be repeated.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

MATERIAL WEAKNESSES CONTINUED

00-2 Cash Disbursements (Continued)

Managements' Response

As of October 2001, the Village has begun the process of ensuring that supporting documentation, for all cash disbursements, is obtained and properly stored. In addition, department heads are required to sign and code all invoices and/or check requests. The Finance Officer and/or Village Clerk review and approve, if appropriate.

00-3 Accounts Receivable

As a result of our test work over accounts receivable, we noted that the Village was not properly recording significant account balances. Based on our analysis and the analysis performed by the Village's management, a significant adjustment was recorded to equity and accounts receivable for amounts not recorded by the Village over a number of years. By not properly accounting for these amounts, the Village was not recognizing valuable available resources. These resources are considered essential in meeting the Village's obligations in providing services to its residents.

Recommendation

We recommend that the Village continue its efforts to analyze its activities and take steps to ensure that all receivable and associated revenues are being properly accounted for. Once amounts have been properly accounted for, the Village should develop and adopt written policies and procedures over the recognition of revenues and associated receivable balances. In addition, the policies should dictate that management review reports and ledgers on an ongoing basis in order to ensure proper recording of these amounts.

Current Year Status

During 2001 the Village contracted an assistant village clerk to monitor and maintain accounting of the Village's accounts receivable. Comment will not be repeated.

00-4 Purchasing and Accounts Payable

During our audit, we noted deficiencies in the Villages internal control over the purchasing and accounts payable function. These deficiencies resulted in numerous errors identified within the Village's books and accounting records. The following summarizes issues identified as a result of our tests:

1. The Village does not have written procurement policies for the acquisition of goods and/or services.
2. The Village does not have controls in place over the maintenance of vouchers nor does it perform cut off procedures to ensure that disbursements are accounted for in the proper period.
3. Numerous payable balances were identified which had carried forward from prior years with no change in account balances. This resulted in adjustments in the current year to write-off these amounts.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

MATERIAL WEAKNESSES CONTINUED

00-4 Purchasing and Accounts Payable (Continued)

4. There was no evidence that an accounts payable detail was prepared or any accruals recorded for the current year-liabilities. Liabilities were accrued as a result of the audit work performed at the end of the year.

It is important to note that maintaining controls over purchasing and payables is essential in ensuring that the Village does not post improper and/or unauthorized disbursements. In addition, these controls are essential to properly account and monitor all costs.

Recommendation

We recommend that the Village develop and adopt written policies and procedures over the administration of its purchasing and accounts payable function. Once in place, management should take steps to ensure that these policies are being adhered to and that any deviations are addressed and corrected immediately.

Current Year Status

Based on our audit, we noted that the Village had not established written policies and procedures over procurement as of September 30, 2001. Comment will be repeated.

Managements' Response

In regards to procurement, while not in written form or duly authorized by the Village Commission, the Village has policies over procurement of goods and services. The Village is currently in the process on working to obtain the necessary assistance in the development of policies and procedures over the procurement of goods and services as well as management of its accounts payable system.

00-5 Payroll

During the performance of our tests over payroll, we noted numerous deficiencies in the Village's internal control over payroll and associated personnel functions. The following summarizes our findings:

1. All salaried employees were not completing time sheets, which resulted in a lack of documentary evidence to support the hours worked for specific pay periods as well as vacation and/or sick hours taken.
2. Time sheets could not be located for certain hourly employees, which resulted in a lack of documentary evidence to support hours worked for specific pay periods as well as vacation and/or sick hours taken.
3. With the exception of the Police Department, personnel files were not complete or up to date and were lacking essential information on employee pay and other related matters.
4. Inquiries of management resulted in questions as to whether advanced vacation paid out to employees was being properly tracked and accounted for.

By not having these controls in place, the Village incurs the risk that improper and/or inaccurate payments could be made to employees.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

MATERIAL WEAKNESSES CONTINUED

00-5 Payroll (Continued)

Recommendation

We recommend that the Village take immediate steps to ensure that all employees properly complete their weekly time sheets. All employee files must be reviewed and necessary documentation brought current and up to date. After initiating these procedures, the Village should develop and adopt policies and procedures over payroll and associated functions. Management should take steps to ensure that these policies are properly followed and adhered to.

Current Year Status

During our audit, we noted that the Village continues to have similar deficiencies. In addition, there is also a lack of pay rate documentation in the employee files. Comment will be repeated.

Managements' Response

As of October 2001, the Village has begun the following procedures; 1) Salaried employees must provide for payroll accounting purposes a memorandum indicating their request and usage of vacation or sick hours, 2) the Village has begun the process of ensuring that weekly time records are properly obtained and stored, 3) the Village is in the process of updating all personnel files, 4) the Village is currently in the process of acquiring the necessary data to properly reconcile personnel leave records. Once reconciled, the balances will be tracked through the financial accounting system and reconciled on a regular basis.

REPORTABLE CONDITIONS

00-6 Petty Cash

During our audit of cash, we noted that there were no limits established over disbursements made from petty cash, the account was not reconciled on a regular basis and there were no requirements to vouch the petty cash payment for vouchers cashed to amounts written on the face of the voucher.

Recommendation

We recommend that management take steps to; place limits over amounts and the types of disbursements that can be made from petty cash, have someone independent of the petty cash function perform a monthly reconciliation, and ensure that all petty cash vouchers have clearly written amounts as well as descriptions for the purpose of the disbursement on the face of the voucher. Once these issues have been addressed, the Village should develop and adopt written policies and procedures over the administration of petty cash.

Current Year Status

Based on our audit, we noted that the Village has established controls over petty cash disbursements. Comment will not be repeated.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

REPORTABLE CONDITIONS (CONTINUED)

00-7 Fixed Assets

During our audit of fixed assets, we noted a number of issues associated with internal control. The following summarizes issues identified as a result of our procedures:

1. The Village has no written capitalization policy and instead leaves determination of which items to capitalize to department heads.
2. Changes in status of fixed assets (i.e. sale, obsolescence, etc.,) are not reported to finance for proper accounting of such changes.
3. Periodic reviews of insurance are not performed to ensure that coverages are sufficient based on fixed assets held by the Village.
4. The Village's fixed assets have not been tagged as Village property, a physical inventory is not being performed at least annually, and such inventory is not compared with physical records and discrepancies corrected.

Internal control over fixed assets is essential in helping the Village ensure that its fixed assets are being properly accounted for and that theft or other inappropriate activity is not occurring. By not having these controls in place, the Village is exposed to possible loss. In addition, the Village cannot ensure that it is meeting its fiduciary responsibility over the administration of public resources.

Recommendation:

We recommend that the Village develop and adopt written policies and procedures, which ensure fixed assets are being properly monitored and accounted for. In addition, management should take steps to ensure that these policies are adhered to and properly applied.

Current Year Status

During our audit of fixed assets, we noted that the physical inventory taken as of September 30, 2001 was not reconciled to the general ledger and various 2001 additions were not included in the physical inventory report. We also noted that assets are not being tagged, and written capitalization policies have not been established. The Village has not established controls over fixed assets as of September 30, 2001. Comment will be repeated.

Managements' Response

As of October 2001, the Village has performed a physical inventory of its fixed assets. The Village however, has not yet developed policies and procedures over capitalization of fixed assets and is in the process of obtaining the necessary assistance to develop such policies and procedures in addition to incorporating guidelines over the disposition of fixed assets and periodic review of insurance coverage.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

REPORTABLE CONDITIONS (CONTINUED)

00-8 Personnel Policies and Procedures

During the performance of our test work over payroll and our analysis of internal controls over payroll, we noted that the Village has not developed a written personnel policies and procedures manual. As a result, we noted that personnel policies were not consistent between departments of the Village. By not having written personnel policies, the Village is exposing itself to risks associated with potential claims from personnel related matters. In addition, employee duties and responsibilities are not defined resulting in inefficiencies in the Village's operations.

Recommendation

We recommend the Village develop and adopt a written personnel policies and procedures manual. Once written and adopted, Village management should take steps to ensure that these policies are being followed and adhered to.

Current Year Status

As of September 30, 2001, the Village had not established a written personnel manual. Comment will be repeated in FY2001.

Managements' Response

The Village Commission has begun the process of reviewing current personnel policies. Upon the completion of such review, it is the Village's intention to develop comprehensive personnel policies and procedures manual and formally adopt such document.

00-9 Compliance With Laws and Regulations

During the performance of our audit, we noted numerous violations with the Village's compliance with applicable laws and regulations. The following summarizes our findings for the current year:

1. There was no documentary evidence to support budget amendments or reappropriations for fiscal 2000. In addition, expenditures were made from the special revenue funds without proper appropriation of expenditures through the budget process.
2. A number of funds were reported within the prior financial statements with no documentary evidence as to the purpose for the establishment of these funds.
3. There are no formally adopted written policies and procedures to help ensure the Village complies with State laws and regulations.
4. The fiscal 2001 Annual Financial Report was not filed on time with the State in accordance with Section 218.32 of the Florida Statutes.
5. The fiscal 2001 audited annual financial statements were not filed on time with the State in accordance with Section 218.32(1)(d) of the Florida Statutes.

While no matters came to our attention, which would indicate that action had been taken against the Village for these violations, the possibility does exist, that action could be taken by the State if these violations are not addressed and properly corrected.

II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

REPORTABLE CONDITION (CONTINUED)

00-9 Compliance With Laws and Regulations (Continued)

Recommendation

We recommend the Village take immediate action in curing its existing violations with laws and regulations. Upon clearing these issues, the Village should take steps to develop and adopt formal written policies and procedures, which address compliance with all applicable laws and regulations. Management should also take steps to ensure that once established these policies and procedures be properly applied and adhered to.

Current Year Status

The Village is in the process of developing policies and procedures in order to comply with the violations noted above. Except for item 2 above, the same findings were noted during the current year. Comment will be repeated.

Management Response

The Village is reviewing various alternatives to acquire the necessary assistance in order to develop the necessary policies, procedures and guidelines in meeting its legal and statutory requirements. Once developed, the Village will take all actions necessary to ensure legal adoption of those documents.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

1. No inaccuracies, shortages, defalcations, fraud, or violations of laws, rules, regulations, or contractual provisions were reported in the preceding annual financial audit, except as reported in the accompanying schedule of findings and recommendations.
2. Recommendations made in the annual financial audit for the year ended September 30, 2000 were either implemented by the Village or listed in the accompanying schedule of findings and recommendations.
3. Recommendations to improve the Village's present financial management, accounting procedures and internal controls are accompanying this report in the schedule of findings and recommendations.
4. During the course of our audit, we noted the following:
 - I. Nothing came to our attention that caused us to believe the Village:
 - a. Made any illegal or improper expenditure.
 - b. Had shortages, defalcations and instances of fraud.
 - c. Was in violation of contractual provisions.
 - II. Matters came to our attention that caused us to believe the Village:
 - a. Was in violation of certain laws, rules and regulations.
 - b. Had improper and inadequate accounting procedures.
 - c. Failed to record financial transactions.
 - d. Had other inaccuracies.
5. The Village during fiscal year 2001, was not in a state of financial emergency as defined by Florida Statute, Section 218.5003 (1). The Village had no deficit fund balances for two consecutive years.
6. The Village was in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.
7. The annual financial report for the year ended September 30, 2001 has not been filed with the Department of Banking and Finance pursuant to Section 218.32 (1)(a), Florida Statutes. In addition, the September 30, 2001 audited financial statements have not been filed with the State Auditor General's Office in accordance with Chapter 218.321, Florida Statutes.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA (CONTINUED)

8. The Village of Biscayne Park, Florida (the "Village") is a municipal Corporation governed by an elected mayor and four member commission under a Mayor/ Commission form of government. The Village is located in Miami-Dade County, Florida, and was incorporated in 1933. The management or the Village's attorneys do not have available the legal authority under which the Village was created and is trying to obtain the information from the State.
9. During the course of our audit, we applied financial condition assessment procedures pursuant to Rule 10.566(8). It is management's responsibility to monitor the Village's financial condition, and our financial assessment, which was performed as of the Village's fiscal year end, was based on representations made by management and the review of the financial information provided by the Village. There were no findings regarding deteriorating financial conditions.