

09 JAN 15 3:05
RECIBIDO
UNIDAD DE CORREO
Carrillo Rm 3:05

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

Suite 152, PO Box 70250, San Juan, P.R. 00936-7250 • Phone (787) 756-8524, Fax (787) 274-0562

OK
Or

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

	<u>Pages</u>
PART I – FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements-Governmental Funds	
Balance Sheet	12-13
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities . . .	16
Statement of Revenues and Expenditures - Budget and Actual - General and Debt Service Funds	17
Notes to Basic Financial Statements	18-47

ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

Suite 152, PO Box 70250, San Juan, P.R. 00936-7250 • Phone (787) 756-8524, Fax (787) 274-0562

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS (CONTINUED)

	<u>Pages</u>
PART II – SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	49
Notes to Schedule of Expenditures of Federal Awards	50
Independent Auditors' Report on Compliance on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	51-52
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	53-55
Schedule of Findings and Questioned Costs	56-57
Schedule of Status of Prior Year Audit Findings and Questioned Costs	58

ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

Suite 152, PO Box 70250, San Juan, P.R. 00936-7250 • Phone (787) 756-8524, Fax (787) 274-0562

PART I - FINANCIAL SECTION

ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

Suite 152. PO Box 70250, San Juan, P.R. 00936-7250 • Phone (787) 756-8524, Fax (787) 274-0562



ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

CPA Orlando Luis Ortiz Cabrera
CPA Marco Antonio Rivera Zúñiga
CPA Luis Rivera Zúñiga
CPA Zoraida Cruz Claudio

Members:
American Institute of Certified
Public Accountants (AICPA)
Puerto Rico Board of Certified
Public Accountants
Management Consulting
Services Division

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Municipal Legislature
Municipality of Toa Alta
Toa Alta, Puerto Rico

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Municipality of Toa Alta, as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Municipality of Toa Alta as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the general and debt service funds, 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 our report dated December 19, 2008 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 Municipality's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Municipality. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

San Juan, Puerto Rico
December 19, 2008

Ortiz, Rivera, Rivera & Co.

The stamp 2363633 was affixed
to the original of this report.



**Commonwealth of Puerto Rico
Municipality of Toa Alta**

Management's Discussion and Analysis

Year Ended June 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Municipality of Toa Alta (the "Municipality") discussion and analysis has been designed with the followings goals:

- a) Assist the reader in focusing on significant financial issues,
- b) Provide an overview of the Municipality's financial activity,
- c) Identify changes in the Municipality's financial position (its ability to address the next and subsequent year challenges),
- d) Identify any material deviations from the financial plan (the approved budget), and;
- e) Identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the Municipality's financial statements.

FINANCIAL HIGHLIGHTS

- The Municipality net assets increase by \$3.8 million.
- In the fund financial statements, general fund revenues increased \$597 thousands, while governmental activities expenditures decreased \$1.83 million.
- The General Fund (the primary operating fund) reflected, on a current financial resource basis, a decrease of \$229 thousands of deficit.
- On a budgetary basis, actual revenues exceed actual expenditures by \$287,814.
- Capital expenditures amounted to \$6,385,981.

USING THIS ANNUAL REPORT

This annual report consists of a series of new financial statements with a change in the focus from previous financial statements. The new focus is on both the Municipality as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Municipality's accountability.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide users of the financial statements with a broad overview of the Municipality's finances in a manner similar to private-sector companies.

**Commonwealth of Puerto Rico
Municipality of Toa Alta**

Management's Discussion and Analysis

Year Ended June 30, 2008

The Statement of Net Assets presents information on all of the Municipality's assets and liabilities, with the difference between both 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 Municipality is improving or deteriorating.

The Statement of Activities presents information showing how the Municipality'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 the related cash flows. Thus, revenues and expenses are reported in the Statement of Activities that will only result in cash flows in future fiscal periods. The Statement of Activities is focused on both the gross and net cost of various activities, which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the Municipality's most significant funds, not the Municipality as a whole. The Municipality has only one kind of fund, which is the governmental fund.

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, Government Fund Financial Statements focus on near term inflows and outflows of spend able resources, as well as on balances of spend able resources available at the end of the fiscal year. Such information is useful in evaluating the Municipality's near term financial 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, users of the basic financial statements may better understand the long-term impact of the Municipality's near term financial decisions. Both of 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.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes [unless associated with a utility], etc.) have not been reported nor depreciated in government financial statements. GASB 34 requires that these assets be valued and reported within the governmental column of the Government-Wide Statements. Additionally, the government must elect to either (a)

**Commonwealth of Puerto Rico
Municipality of Toa Alta**

Management's Discussion and Analysis

Year Ended June 30, 2008

Depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The information about the condition and maintenance of condition of the government infrastructure assets should assist financial statement users in evaluating a local government and its performance over time. The Municipality has elected to depreciate infrastructure assets instead of using the modified approach.

FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Municipality's net assets totaled \$21.6 million at the end of 2008, compared to \$17.7 million at the end of the previous year.

The largest portion of the Municipality's net assets consists of the investment made throughout the years in capital assets such as land, buildings, equipment and infrastructure. The Municipality uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although, the Municipality's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the Debt Service Fund, since the capital assets themselves cannot be used to liquidate these liabilities. The amounts restricted for debt service represents another portion of the net assets, and these are resources subject to external restrictions for the purposes explained above.

The unrestricted deficit is the consequence of previous budgets which did not provide funding for incurred long-term obligations such as compensated absences and claims and judgments among others. Historically, such obligations have been budgeted on a pay as you go basis without providing funding for their future liquidation. Consequently, the Municipality cannot draw from its existing assets to provide services to its citizens and depends on its taxing ability to continue its operations. The restricted portion consists of monies reserved for debt service and future capital expenditures.

Current assets increase by \$18.9 million from the year 2008, mainly due to 15.0 millions in cash in bank and cash with fiscal agent amounting to \$7.8 million. Capital assets increased by \$5.0 million due to capital expenditures amounting to \$7.1 millions, net by depreciation of \$2.1 million.

**Commonwealth of Puerto Rico
Municipality of Toa Alta**

Management's Discussion and Analysis

Year Ended June 30, 2008

**Municipality of Toa Alta
Condensed Statement of Net Assets
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Current assets	\$ 25,799,733	\$ 13,577,997
Capital assets	32,993,160	26,479,975
Total assets	<u>58,792,893</u>	<u>40,057,972</u>
Current liabilities	6,715,672	4,638,402
Noncurrent liabilities	<u>30,521,821</u>	<u>26,054,467</u>
Total liabilities	<u>37,237,493</u>	<u>30,692,869</u>
Invested in capital assets, net of related debt	20,278,160	16,069,192
Restricted	13,838,013	3,967,136
Unrestricted	<u>(12,560,773)</u>	<u>(10,671,225)</u>
Total net assets	<u>\$ 21,555,400</u>	<u>\$ 9,365,103</u>

Changes in Net Assets

The Municipality's net assets increase by \$3.8 million. Approximately 63 percent of the Municipality's total revenue came from Taxes generated by the general fund. Federal Grants was 26.4 percent, while the State Contributions made 31.8 percent of the total revenues. The Municipality's expenses cover a range of services. The largest expenses were for general government, public works and health and welfare.

**Commonwealth of Puerto Rico
Municipality of Toa Alta**

Management's Discussion and Analysis

Year Ended June 30, 2008

FINANCIAL ANALYSIS OF THE MUNICIPALITY'S INDIVIDUAL FUNDS

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

Governmental Funds

The focus of the Municipality's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Municipality'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.

As of the end of the current fiscal year, the Municipality's governmental funds reported combined ending fund balances of \$18.8 millions, an increase of \$9.9 millions in comparison with the prior year. There are reservations of fund balance amounting to \$20.3 millions.

The general fund is included within the governmental funds; it is the chief operating fund of the Municipality. As of June 30, 2008, the general fund has a deficit of \$0.4 millions. The deficit decreased by \$228 thousands during fiscal year 2007-2008.

The key factor in the decrease of the deficit in the general fund was an increase in the due from other funds by expenditures made by general fund and reimbursement by the other funds. Some other factors affect the current operating such as revenues, particularly in the licenses, permits and other local taxes against the Municipality. Also the Municipal Licenses Taxes had a significant decrease, while the operating expenditures increased significantly during this period.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Municipality Council revised the Municipality's budget to reclassify certain expenditures among the different governmental functions. Such reclassifications were necessary to provide for the developments that affected the Municipality's finances.

Revenues of the current year had decrease by \$3.0 millions compared with the final budget. The main reason was that the licenses, permits and other local taxes had a significant decrease of \$2.9 millions compared with the final budget. Expenditures of current year had decrease by \$3.3 millions compared with the final budget. The main reason was the Municipality's internal controls of expenditures over the administrative offices for the General Government.

**Commonwealth of Puerto Rico
Municipality of Toa Alta**

Management's Discussion and Analysis

Year Ended June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Municipality's investment in capital assets as of June 30, 2008, amounts to \$45.7 million, net of accumulated depreciation of \$12.8 million, leaving a net book value of \$32.9 million. This investment in capital assets includes land, buildings, improvements, equipment, intangibles, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the Municipality's investment in capital assets for the current fiscal year was about 4% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$10.9 million for the year. Depreciation charges for the year totaled \$1.4 million.

The Municipality finances a significant portion of its construction activities through bond issuances. The proceeds from bond issuances designated for construction activities are committed in its entirety for such purposes and cannot be used for any other purposes. As of June 30, 2008 the Municipality has \$7.8 million of unexpended proceeds from bond issuances that are committed to future construction activities.

Debt Administration

The Puerto Rico Legislature has established a limitation for the issuance of general obligation municipal bonds and notes for the payment of which the good faith, credit and taxing power of each municipality may be pledged.

The applicable law also requires that in order for a municipality to be able to issue additional general obligation bonds and notes such municipality must have sufficient "payment capacity." Act No. 64 provides that a municipality has sufficient "payment capacity" to incur additional general obligation debt if the deposits in such municipality's Redemption Fund and the annual amounts collected with respect to such municipality's Special Additional Tax (as defined below), as projected by GDB, will be sufficient to service to maturity the municipality's outstanding general obligation debt and the additional proposed general obligation debt ("Payment Capacity").

The Municipality is required under applicable law to levy the Special Additional Tax in such amounts as shall be required for the payment of its general obligation municipal bonds and notes. In addition, principal of and interest on all general obligation municipal bonds and notes and on all municipal notes issued in anticipation of the issuance of general obligation bonds issued by the Municipality constitute a first lien on the

the Municipality's Basic Tax revenues would be available to make debt service payments on general obligation municipal bonds and notes to the extent that the Special

**Commonwealth of Puerto Rico
Municipality of Toa Alta**

Management's Discussion and Analysis

Year Ended June 30, 2008

Additional Tax levied by the Municipality, together with moneys on deposit in the Municipality's Redemption Fund, are not sufficient to cover such debt service. It has never been necessary to apply Basic Taxes to pay debt service on general obligation debt of the Municipality.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Municipality relies primarily on property and municipal taxes as well as federal grants to carry out the governmental activities. Historically, property and municipal taxes have been very predictable with increases of approximately five percent. Federal grant revenues may vary if new grants are available but the revenue also is very predictable.

Those factors were considered when preparing the Municipality's budget for the 2008-2009 fiscal years.

The most significant change between the budget for fiscal year 2006-2007 and the one for fiscal year 2007-2008 are the following:

The amount budgeted for Excise Tax on construction projects within the Municipality increased by \$2.0 millions. The increase is due to significant projects under construction or planned to begin construction during fiscal year 2008.

FINANCIAL CONTACT

The Municipality's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Municipality's finances and to demonstrate the Municipality's accountability. If you have questions about the report or need additional financial information, contact Mr. Juan Santos Figueroa, Municipality's Chief Financial Officer at the Finance Offices in the Central Town, Toa Alta, Puerto Rico at (787) 870-8494.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
STATEMENT OF NET ASSETS
JUNE 30, 2008**

<u>Assets</u>	<u>Governmental Activities</u>
Cash in bank (Notes 2 and 5)	\$ 15,002,087
Cash with fiscal agent (Notes 2 and 5)	7,842,101
Accounts receivable:	
Interest	135
Due from other agencies (Note 9)	2,955,410
Capital assets, net (Note 11)	<u>32,993,160</u>
 Total assets	 <u><u>\$ 58,792,893</u></u>
 <u>Liabilities and Net Assets</u>	
Liabilities	
Account payable and accrued liabilities	\$ 2,095,646
Due to other agencies (Note 12)	2,512,067
Deferred revenues (Note 13):	
Municipal license tax	1,085,802
Federal government	1,022,157
Noncurrent liabilities (Note 15):	
Due within one year	1,169,469
Due in more than one year	29,142,352
Claims and judgements	210,000
Total liabilities	<u>37,237,493</u>
Net Assets	
Investment in capital assets, net of related debt	20,278,160
Restricted for:	
Debt service	2,255,625
Capital project	7,856,294
Federal programs	3,726,094
Unrestricted	<u>(12,560,773)</u>
Total net assets	<u>21,555,400</u>
 Total liabilities and net assets	 <u><u>\$ 58,792,893</u></u>

The accompanying notes are an integral part of these basic financial statements.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
Primary Government:				
General government	\$ 7,442,275	\$ 4,778,502	\$ -	\$ (2,663,773)
Public safety	2,325,159		28,227	(2,296,932)
Public works	6,528,838		2,903,964	(3,624,874)
Culture and recreation	1,927,689			(1,927,689)
Health	2,602,013		156,008	(2,446,005)
Public housing and welfare	1,128,030		1,571,288	443,258
Economic development	3,058,265			(3,058,265)
Interest on long-term debt	675,994			(675,994)
Total primary government	<u>\$ 25,688,263</u>	<u>\$ 4,778,502</u>	<u>\$ 4,659,487</u>	<u>(16,250,274)</u>
General revenues:				
Property taxes (Note 6)				5,518,358
Municipal license tax (Note 7)				1,889,910
Sales and use tax (Note 8)				1,956,216
Grants and contributions not restricted to specific programs				9,722,630
Interest, fines and penalties				398,567
Miscellaneous				605,368
Total general revenues				<u>20,091,049</u>
Extraordinary item: loss on disposition of asset				<u>(1,527)</u>
Change in net assets				3,839,248
Net assets at beginning of year, as restated (Note 22)				<u>17,716,152</u>
Net assets at end of year				<u>\$ 21,555,400</u>

The accompanying notes are an integral part of these basic financial statements.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2008**

<u>Assets</u>	<u>General Fund</u>	<u>Las Acerolas Project Fund</u>	<u>Loans and Bonds Fund</u>	<u>Debt Services Fund</u>	<u>Loan Guarantee Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents (Notes 2 and 5)	\$ 541,721	\$ 2,388,700	\$ -	\$ -	\$ 7,856,294	\$ 4,215,372	\$ 15,002,087
Cash with fiscal agent (Notes 2 and 5)	4,368		4,056,553	2,255,625		1,525,555	7,842,101
Accounts receivable:							
Interest						135	135
Due from other agencies (Note 9)	2,389,687					565,723	2,955,410
Due from other funds (Note 10)	1,073,447					291,000	1,364,447
Total assets	\$ 4,009,223	\$ 2,388,700	\$ 4,056,553	\$ 2,255,625	\$ 7,856,294	\$ 6,597,785	\$ 27,164,180

The accompanying notes are an integral part of these basic financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2008

<u>Liabilities and Fund Balance (Deficit)</u>	<u>General Fund</u>	<u>Las Acerolas Project Fund</u>	<u>Loans and Bonds Fund</u>	<u>Debt Services Fund</u>	<u>Loan Guarantee Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities							
Account payable and accrued liabilities	\$ 388,187	\$ -	\$ 961,192	\$ -	\$ -	\$ 746,267	\$ 2,095,646
Due to other funds (Note 10)	291,000					1,073,447	1,364,447
Due to other agencies (Note 12)	2,482,247					29,820	2,512,067
Claims and judgements	210,000						210,000
Deferred revenues: (Note 13)							
Municipal licence tax	1,085,802						1,085,802
Federal government	-					1,022,157	1,022,157
Total liabilities	<u>4,457,236</u>	<u>-</u>	<u>961,192</u>	<u>-</u>	<u>-</u>	<u>2,871,691</u>	<u>8,290,119</u>
Fund Balances (Deficit)							
Reserved for:							
Encumbrances	960,682						960,682
Debt service				2,255,625			2,255,625
Capital projects	4,368	2,388,700	3,095,361		7,856,294		13,344,723
Unreserved fund balance	<u>(1,413,063)</u>					<u>3,726,094</u>	<u>2,313,031</u>
Total fund balance (deficit)	<u>(448,013)</u>	<u>2,388,700</u>	<u>3,095,361</u>	<u>2,255,625</u>	<u>7,856,294</u>	<u>3,726,094</u>	<u>18,874,061</u>
Total liabilities and fund balance (deficit)	<u>\$ 4,009,223</u>	<u>\$ 2,388,700</u>	<u>\$ 4,056,553</u>	<u>\$ 2,255,625</u>	<u>\$ 7,856,294</u>	<u>\$ 6,597,785</u>	<u>\$ 27,164,180</u>

The accompanying notes are an integral part of these basic financial statements.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
JUNE 30, 2008**

Total fund balances - governmental funds	\$ 18,874,061
Amounts reported for governmental activities in the statement of net assets are different because:	
• Capital assets, net used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	32,993,160
• Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 4)	<u>(30,311,821)</u>
Net assets of governmental activities	<u>\$ 21,555,400</u>

The accompanying notes are an integral part of these basic financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund	Las Acerolas Project Fund	Loans and Bonds Fund	Debt Services Fund	Loan Guarantee Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes (Note 6)	\$ 3,820,416	\$ -	\$ -	\$ 1,697,942	\$ -	\$ -	\$ 5,518,358
Municipal license taxes (Note 7)	1,889,910						1,889,910
Licenses, permits, and other local taxes	2,500,559						2,500,559
Sales and use taxes (Note 8)	923,038			224,961		808,217	1,956,216
Charges for services	2,276,450					1,493	2,277,943
Intergovernmental revenues (Note 14):							
Federal grants and contributions						4,659,487	4,659,487
State contributions	6,681,862					3,040,768	9,722,630
Interest, fines, and penalties	350,382			48,185			398,567
Other revenues	577,599					27,769	605,368
Total revenues	<u>19,020,216</u>	<u>-</u>	<u>-</u>	<u>1,971,088</u>	<u>-</u>	<u>8,537,734</u>	<u>29,529,038</u>
EXPENDITURES							
Current:							
General government	5,795,477				29,706	281,374	6,106,557
Public safety	2,135,852					134,154	2,270,006
Economic development						3,026,414	3,026,414
Public housing and welfare						1,128,030	1,128,030
Culture and recreation	1,365,792					275,044	1,640,836
Public works	5,001,905					831,968	5,833,873
Health	2,320,499					262,459	2,582,958
Capital outlays	1,895,988		1,994,971			2,495,022	6,385,981
Debt service:							
Principal				1,405,591			1,405,591
Interest and other		-		675,994			675,994
Total expenditures	<u>18,515,513</u>	<u>-</u>	<u>1,994,971</u>	<u>2,081,585</u>	<u>29,706</u>	<u>8,434,465</u>	<u>31,056,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>504,703</u>	<u>-</u>	<u>(1,994,971)</u>	<u>(110,497)</u>	<u>(29,706)</u>	<u>103,269</u>	<u>(1,527,202)</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	3,175,000		7,886,000		11,061,000
Transfers in	386,933			662,716		400,000	1,449,649
Transfers out	(662,716)	-		(58,779)		(728,154)	(1,449,649)
Total other financing sources	<u>(275,783)</u>	<u>-</u>	<u>3,175,000</u>	<u>603,937</u>	<u>7,886,000</u>	<u>(328,154)</u>	<u>11,061,000</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>228,920</u>	<u>-</u>	<u>1,180,029</u>	<u>493,440</u>	<u>7,856,294</u>	<u>(224,885)</u>	<u>9,533,798</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR AS RESTATED (Note 22)							
	<u>(676,933)</u>	<u>2,388,700</u>	<u>1,915,332</u>	<u>1,762,185</u>	<u>-</u>	<u>3,950,979</u>	<u>9,340,263</u>
FUND BALANCE (DEFICIT) AT END OF YEAR							
	<u>\$ (448,013)</u>	<u>\$ 2,388,700</u>	<u>\$ 3,095,361</u>	<u>\$ 2,255,625</u>	<u>\$ 7,856,294</u>	<u>\$ 3,726,094</u>	<u>\$ 18,874,061</u>

The accompanying notes are an integral part of these basic financial statements.

CAD
5/11/09

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds \$ 9,533,798

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

- Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 6,385,981
- Depreciation expense on capital assets is reported in the statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (1,414,056)
- Governmental funds report issuance of long-term debt as other financial sources because provides current financial resources. (11,061,000)
- Governmental funds report principal payments on long-term obligations as expenditures, whereas the principal payments reduces the long-term obligations in the statement of activities. 1,405,591
- Loss on disposition of assets is reported in the statement of activities, but do not require the use of current financial resources. (1,527)
- Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. (1,009,539)

Changes in net assets of governmental activities \$ 3,839,248

The accompanying notes are an integral part of these basic financial statements.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
STATEMENT OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL - GENERAL AND DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund				Debt Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Property taxes	\$ 3,696,355	\$ 3,696,355	\$ 3,667,064	\$ (29,291)	\$ 1,236,821	\$ 1,236,821	\$ 1,745,345	\$ 508,524
Municipal license taxes	2,457,620	2,457,620	1,865,243	(592,377)				
Licenses and permits	1,020,000	1,020,000	522,895	(497,105)				
Sales taxes	4,008,000	4,008,000	2,225,362	(1,782,638)				
Charges for services	2,256,302	2,256,302	2,271,224	14,922				
Intergovernmental revenues:								
State contributions	6,483,402	6,483,402	6,105,211	(378,191)				
Interest, fines, and penalties	220,000	220,000	409,161	189,161				
Other revenues	85,644	85,644	101,005	15,361				
Total revenues	<u>20,227,323</u>	<u>20,227,323</u>	<u>17,167,165</u>	<u>(3,060,158)</u>	<u>1,236,821</u>	<u>1,236,821</u>	<u>1,745,345</u>	<u>508,524</u>
EXPENDITURES								
Current:								
General government	9,633,330	10,009,729	7,451,896	2,557,833				
Public safety	2,429,630	2,231,597	2,135,852	95,745				
Public works	6,023,699	5,676,212	5,116,802	559,410				
Culture and Recreation	690,470	709,342	644,659	64,683				
Health and welfare	1,450,194	1,600,443	1,530,142	70,301				
Debt service:								
Principal and interest					1,236,821	1,236,821	1,418,087	(181,266)
Total expenditures	<u>20,227,323</u>	<u>20,227,323</u>	<u>16,879,351</u>	<u>3,347,972</u>	<u>1,236,821</u>	<u>1,236,821</u>	<u>1,418,087</u>	<u>(181,266)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,814</u>	<u>\$ 287,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,258</u>	<u>\$ 327,258</u>

The accompanying notes are an integral part of these basic financial statements.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. ORGANIZATION

The Municipality of Toa Alta, Puerto Rico (Municipality) was founded in 1751. The Municipality is a political legal entity with full legislative and administrative faculties in every affair of municipal character, with perpetual succession existence and legal identity, separate and independent from the central government of the Commonwealth of Puerto Rico. The Municipality provides a full range of services including: public safety, public works, culture, recreation, health and welfare, education and other miscellaneous services.

The Municipal Government comprises the executive and legislative branches. The executive power is exercised by the Mayor and the legislative by the Municipal Assembly. The members of these branches are elected every four years in the Puerto Rico general elections.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Municipality have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial information of the Municipality is presented in this report as follows:

- **Management's Discussion and Analysis** - Introduces the basic financial statements and provides an analytical overview of the Municipality's financial activities.
- **Government - Wide Financial Statements** - This reporting model includes financial statements prepared using full accrual of accounting for all of the government's activities. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt).
- **Statement of Net Assets** - The statement of net assets is designed to display the financial position of the Municipality, including capital assets and infrastructure.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The net assets of the Municipality will be broken down into three categories; invested in capital assets, net of related debt; restricted; and unrestricted.

- **Statement of Program Activities** - The government - wide statement of activities report expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function.
- **Budgetary comparison schedules** - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Under the new reporting model, the Municipality will continue to provide budgetary comparison information in their financial statements. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

The following is a summary of the more significant policies:

a. Reporting Entity

In evaluating how to define the Municipality for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the provisions of Statement No. 14, as amended by Statement No. 39, Determining whether Certain Organizations are Component Units" - an amendment of GASB Statement No. 14, "The Financial Reporting Entity," of the GASB. The basic, but not the only criterion for including a potential component unit within the reporting entity is if elected officials of a primary government appoint a voting majority of the entity's governing body, and if either one of the following conditions exists: the primary government can impose its will on the other entity or the potential exists for the other entity to (1) provide specific financial benefits to or (2) impose specific financial burdens on the primary government. A second criterion used in evaluating potential component units is if the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the financial statements misleading or incomplete.

GASB Statement No. 39 provided additional guidance to determine whether certain organization for which the primary government is not financially accountable should be reported as components units, A legally separate, tax-

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

exempt organization should be discretely presented as a component unit if all of the following criteria are met: (a) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (b) the primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization, and; (c) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

GAAP details two methods of presentation: blending the financial data of the component units' balances and transactions in a manner similar to the presentation of the Municipality's balances and transactions or discrete presentation of the component units' financial data in columns separate from the Municipality's balances and transactions. Based on the aforementioned criteria, the Municipality has no component units.

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 the activities of the Municipality. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

The fund financial statements segregate transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

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 government considers revenues to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Municipality considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The Municipality reports the following major governmental funds:

- General Fund

This is the operating fund of the Municipality and accounts for all financial resources, except those required to be accounted for in another fund.

- Las Acerolas Project Fund

This fund account the revenue resources for the Las Acerolas Project. The uses and limitations of the fund are specified by state statutes.

- Loans and Bonds Fund

This fund is used to account for the financial resources used for the construction of major capital facilities, financed with the proceeds of general obligation bonds. The uses and limitations of each capital project fund are specified by GDB statute.

- Debt Service Fund

This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

- Loan Guarantee Fund

This fund is used to account for the financial resources used for the construction of major capital facilities, financed with the proceeds of a loan guarantee under Section 108.

Private-section standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, licenses, permits, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 available for use, it is the government's policy to use restricted resources first, than unrestricted resources as they are needed.

d. Cash and Cash Equivalents, Cash with Fiscal Agent, and Certificates of Deposits

The Municipality's Finance Director is responsible for investing available resources. The Municipality is restricted by law to invest only in savings accounts and certificates of deposit with banks qualified as a depository of public funds by the Puerto Rico Treasury Department (PRTD) or in instruments of the Government Development Bank for Puerto Rico (GDB). The Municipality's policy is to invest any excess cash in certificates of deposits with institutions qualified by the PRTD. Earnings from these funds are recorded in the corresponding fund.

Cash with fiscal agent in the capital projects fund consists of unused proceeds from appropriations from bonds and notes issued for the acquisition and construction of major capital improvements. Cash with fiscal agent in the debt service fund represents special additional property tax collections retained by the Commonwealth of Puerto Rico and restricted for the payment of the Municipality's debt service, as established by law.

The Municipality considers all investments with an original maturity of three months or less to be cash equivalents.

e. Interfund Receivables and Payables

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

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

f. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation in capital assets is calculated on the straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>
Infrastructure	40 years
Buildings and building improvements	40 years
Works of art	10 years
Furniture and fixtures	5 years
Machinery and equipment	3-5 years

g. Reservation of Fund Balance

Reservations of fund balance represent portions of fund balances that are legally segregated for a specific future use or are not appropriated for expenditure. The Municipality has the following reservations of fund balance:

- Encumbrances

Represent future expenditures under purchase orders, contracts and other commitments. These committed amounts generally will become liabilities in future periods as the goods or services are received.

- Debt Service

Represents net assets available to finance future debt service payments.

- Capital Projects

Represents the reservation of amounts to be used for future expenditures for capital projects under contracts and other commitments. The committed amounts generally will become liabilities in future periods as the projects are completed.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

h. Risk Financing

The Municipality carries insurance to cover casualty, theft, tort claims and other losses. Insurance policies are negotiated by the Puerto Rico Treasury Department and costs are allocated among all the municipalities of Puerto Rico. Cost of insurance allocated to the Municipality and deducted from the gross property tax collections by the Municipal Revenue Collection Center (the "CRIM") for the year ended June 30, 2008 amounted to approximately \$279,414. The current insurance policies have not been cancelled or terminated. The CRIM also deducted approximately \$301,322 million for workers' compensation insurance covering all municipal employees.

i. Compensated Absences

Employees are entitled to 30 days vacations leave and 18 days sick leave per year. Sick leave is recorded as an expenditure in the year paid. Employees are entitled to payment of unused sick leave upon retirement if have been employed for at least 10 years in the municipal government. On July 1997, state Law 152 supra amended the Article 12.016, Section b (2) of the Municipal Law, authorizing the Municipality to pay any excess of vacations and sick leave accumulated over the maximum previously permitted by law. Calculations must be made until December 31 of every year. Excess of sick leave must be paid until March 31 next every natural year. Excess of vacations can be paid after July 1 of every fiscal year.

j. Future Adoption of Accounting Pronouncements

The Governmental Accounting Standards Board has issued the following statements that the Municipality has not yet adopted:

<u>Statement Number</u>	<u>Statement Name</u>	<u>Adoption Required in Fiscal Year</u>
51	Accounting and Financial Reporting for Intangible Assets	2009-10
52	Land and Other Real Estate Held as Investments by Endocuments	2008-09

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Statement Number</u>	<u>Statement Name</u>	<u>Adoption Required in Fiscal Year</u>
53	Accounting and Financial Reporting for Derivative Instruments	2009-10

The impact of these statements on the Municipality's financial statement has not yet been determined.

k. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. The most significant estimates consist of the contribution received from the Puerto Rico Electric Power Authority and the Municipal Revenue Collection Center caused by the delay of the notification of the actual revenues and expenditures to the presented in the financial statements of the agencies mentioned above.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Control

The Municipality's annual budget is prepared on the budgetary basis of accounting, which is not in accordance with GAAP, and represents departmental appropriations recommended by the Mayor and approved by the Municipal Legislature prior to the beginning of the fiscal year. Amendments to the budget require the approval of the Municipal Legislature. Transfers of appropriations within the budget, known as Mayor's Resolutions, do not require the approval of the Municipal Legislature.

The Municipality prepares its annual budget including the operations of the general and the debt service funds.

Revenues and Expenditures - Budget and Actual (Budgetary Basis), accordingly, includes only the operations of the general and the debt service funds. The

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

amounts budgeted under the Other Governmental Funds were excluded since they are received and expended over a period of time which generally exceeds the current year.

For budgetary purposes, encumbrance accounting is used. The encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The unencumbered balance of any appropriation at the end of the fiscal year will lapse at the end of such fiscal year. Other appropriations, mainly capital project appropriations, are continuing accounts for which the Municipal Legislature has authorized that an unspent balance from the prior year be carried forward and made available for current spending.

b. Budget/GAAP Reconciliation

The following schedule presents comparisons of the legally adopted budget with actual data on a budget basis. Because accounting principles applied for purposes of developing data on a budget basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of entity and timing differences in the excess of revenues and other financing sources over expenditures and other financing uses for the year ended June 30, 2008 is presented below for the general fund:

	<u>General Fund</u>
Excess of revenues over expenditures - budgetary basis	\$ 287,814
Entity differences:	
Non-budgeted revenues, net	777,622
Non-budgeted expenditures, net	(1,237,686)
Non-budgeted transfer in	(662,716)
Non-budgeted transfer out	58,779

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Prior year encumbrances recorded as Current year expenditures for GAAP basis	(\$ 413,415)
Current year encumbrances treated as current year expenditures for budgetary purposes	<u>960,682</u>
Excess of revenues over expenditures - GAAP Basis	<u>\$ 228,920</u>

c. Legal Compliance

The legal level of budgetary control is at the individual department level for general fund expenditures.

4. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between fund balance-governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the approximately \$30.3 million difference are as follows:

Bonds payable	\$21,796,168
Compensated absences	1,635,338
Landfill obligation	5,927,943
Claims and judgements	225,000
Other liabilities	<u>727,282</u>
Net adjustment to reduce fund balance governmental funds to arrive at net assets of governmental activities	<u>\$30,311,821</u>

5. DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of federal depository insurance. All securities pledged as collateral are held

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

by the Secretary of the Treasury of Puerto Rico. In addition, the Municipality maintains deposits with the Government Development Bank for Puerto Rico (GDB).

The deposits at GDB of approximately \$5.6 million that are restricted principally for capital projects, and the \$2.3 million in the debt service fund are uninsured and uncollateralized, as no collateral is required to be carried by governmental banks.

The Municipality maintains its deposits in three (3) banks located at Puerto Rico. All kind of deposit is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

The excess is covered by collateral provided by banks and held by the Treasury Department of the Commonwealth of Puerto Rico pursuant to applicable laws and regulations.

6. PROPERTY TAXES

The Municipal Revenues Collection Center (CRIM) of the Commonwealth of Puerto Rico is responsible by law for the assessment, levy and collection of all real and personal property taxes. The tax on personal property is self assessed by the taxpayer. The assessment is made in a return which must be filed with the CRIM by May 15 of each year. The tax on real property is assessed by the CRIM. The assessment is made as of January 1 of each year and is based on estimated current values of the property as of year 1957. The tax on personal property must be paid in full together with the return on or before May 15. The tax on real property is due in two equal installments in July 1 and January 1, following the assessment date.

The rates are 8.83% for real property and 6.83% for personal property. The composition is as follows:

	<u>Real</u>	<u>Personal</u>
Basic property	6.00%	4.00%
Additional special property - state	1.03%	1.03%
Additional special property - municipal	2.00%	2.00%
Discounts made by state to tax payer	< .20% >	< .20% >
	<u>8.83%</u>	<u>6.83%</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The Municipality's basic property tax rate represents the portion which is appropriated for general purposes and accounted for in the general fund.

The "Additional special property tax - municipal" is restricted for debt service and retained by GDB for such purposes and it is recorded as revenue in the Debt Service Fund when collected by the CRIM and reported to the Municipality.

The "Additional special property tax - state" is collected by the CRIM for the payment of principal and interest of general obligation bonds and certain other obligations issued by the state government.

Residential real property occupied by its owner is exempt by law from the payment of property taxes on the first \$15,000 of the assessed value. For such exempted amounts, the Department of Treasury assumes payment of the basic tax to the Municipality, except for property assessed at less than \$3,500, for which no payment is made. Revenue related to the basic tax on exempt property is recorded in the General Fund when payments are received from the CRIM.

Complete exemption from personal property taxes up to an assessment of \$50,000 is granted to merchants with an annual volume of net sales less than \$150,000.

Prior to the beginning of each fiscal year, the CRIM informs the Municipality of the estimated amount of property tax expected to be collected for the ensuring fiscal year. Throughout the year, the CRIM advances funds to the Municipality based on the initial estimated collections. The CRIM is required by law to prepare a settlement statement on a fiscal year basis, whereby a comparison is made between the amounts advanced to the Municipality and amounts actually collected from taxpayers. This settlement has to be completed on a preliminary basis not later than three months after fiscal year-end, and a final settlement made not later than six months after year ends. If the CRIM remits to the Municipality property tax advances, which are less than the tax actually collected, a receivable from the CRIM is recorded at June 30. However, if advances exceed the amount actually collected by the CRIM, a payable to the CRIM is recorded at June 30.

Currently, the Municipality has received the preliminary settlement from CRIM related to fiscal year 2007-08, but not the final settlement as the six months period after fiscal year ends, provided by law to CRIM to issue this, has not yet expired. Management believes, based in part on the experience from prior years, that when received, the

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

final settlement from CRIM will not show a significant difference from the preliminary settlement and that such difference, if any, will not have a material effect on the financial condition of the Municipality.

Based on the preliminary settlement already received, during the year ended June 30, 2008, the amount collected by CRIM exceeded the amount advanced by CRIM from taxpayers and charges for the same period by approximately \$145,172. Such amount is presented as due from CRIM in the accompanying financial statements. (See Note 9).

7. MUNICIPAL LICENSE TAX

Municipal license tax receivables are recorded in the fiscal year in which payment is due and, accordingly, represent taxes which are due and uncollected at June 30, 2008. The annual municipal license tax is determined based on the gross income of all commerce and industrial organizations who have operations in the Municipality of Toa Alta, and are not totally or partially exempt under the Industrial Incentive Law of Puerto Rico.

An annual return of business volume should be filed on or before April 15 of each year and payable in two equal installments due on July 1 and January 1. A discount of 5% is allowed when full payment is made on or before April 15. The rates of municipal license in the Municipality of Toa Alta, are as follows:

Financial institutions	=	1.5%
Other organizations	=	.5%

The amounts collected in advance are recorded as deferred revenues in the General Fund. The Municipality invoiced and collected in advance during the current year \$1,085,802, corresponding to the next fiscal year municipal license.

8. SALES AND USE TAXES

On July 29, 2007 the Commonwealth Legislature approved Act No. 80 ("Act 80") which imposed to all the Municipalities of Puerto Rico a uniform municipal sales and use tax of 1.5%. Effective August 1, 2007 1% of the 1.5% will be collected by the

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Municipalities and the remaining .5% of the 1.5% will be collected by the Puerto Rico Department of Treasury.

Act 80 also provides for restrictions on the use of the resources (including the .5 of 1.5% collected by the Commonwealth Government) to be invested in solid waste and recycling programs, capital improvements and health and public safety costs. Amount collected by the Commonwealth Government will be deposited in accounts or special funds in the Governmental Development Bank of Puerto Rico ("GDB"), subject to restrictions imposed and distributed as follows:

- a. .2% of the .5% will be deposited in a "Municipal Development Fund" to finance costs as restricted by the Act,
- b. .2% of the .5% will be deposited in a "Municipal Redemption Fund" to finance loans to municipalities subject to restrictions imposed by the Act and,
- c. .1% of the .5% will be deposited in a "Municipal Improvement Fund" to finance capital improvement projects; these funds will be distributed based on legislation from the Commonwealth's Legislature.

9. DUE FROM OTHER AGENCIES

Represents grants and contributions due from local and federal agencies:

Puerto Rico Electric Power of Authority	\$ 2,141,725
Municipal Revenue Collection Center	247,962
Puerto Rico Labor Department	135,881
U. S. Department of Housing and Urban Development	234,056
U. S. Department of Health and Human Services	41,300
Governmental Development Bank of Puerto Rico	145,370
Other governmental	<u>9,116</u>
 Total	 <u><u>\$ 2,955,410</u></u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

10. INTERFUND TRANSACTIONS

a. Due from/to Other Funds:

The due from and due to other fund balances as of June 30, 2008, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other governmental funds	\$1,073,447
Other governmental	General	<u>291,000</u>
Total		<u>\$1,364,447</u>

The balances resulted from the time lag 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.

b. Interfund Transfers:

Interfund transfers for the year ended June 30, 2008 consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Other Governmental	\$ 328,154
General	Debt Service	58,779
Debt Service	General	662,716
Other Governmental	Other Governmental	<u>400,000</u>
Total		<u>\$1,449,649</u>

The transfer from the general fund to the debt service fund of \$662,716 represents monies transferred to cover debt service payments as become due.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

11. CAPITAL ASSETS

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

Primary Government	Beginning Balance (As Restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 13,800,390	\$ -	\$ -	\$ 13,800,390
Construction in progress	1,940,793	2,302,629	2,155,574	2,087,848
Total capital assets, not being depreciated	<u>15,741,183</u>	<u>2,302,629</u>	<u>2,155,574</u>	<u>15,888,238</u>
Capital assets, being depreciated:				
Buildings and building improvements	7,386,086	4,778,163		12,164,249
Equipment and vehicles	9,348,867	269,689	572,989	9,045,567
Works of art	45,885			45,885
Furniture and fixtures	496,462		5,274	491,188
Infrastructure and infrastructure improvement	6,991,435	1,191,074		8,182,509
Total capital assets, being depreciated	<u>24,268,735</u>	<u>6,238,926</u>	<u>578,263</u>	<u>29,929,398</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,854,609	272,497		3,127,106
Equipment and vehicles	7,484,217	662,420	571,462	7,575,175
Works of art	43,391	2,052		45,443
Furniture and fixtures	388,935	42,184	5,274	425,845
Infrastructure and infrastructure improvement	1,216,004	434,903		1,650,907
Total accumulated depreciation	<u>11,987,156</u>	<u>1,414,056</u>	<u>576,736</u>	<u>12,824,476</u>
Total capital assets, being depreciated, net	<u>12,281,579</u>	<u>4,824,870</u>	<u>1,527</u>	<u>17,104,922</u>
Governmental activities capital assets, net	<u>\$ 28,022,762</u>	<u>\$ 7,127,499</u>	<u>\$ 2,157,101</u>	<u>\$ 32,993,160</u>

Depreciation expense was charged to functions/programs of the Municipality as follows:

General government	\$ 326,181
Public safety	55,153
Public works	694,965
Culture and recreation	286,853
Health and welfare	<u>50,904</u>
Total	<u>\$1,414,056</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

12. DUE TO OTHER AGENCIES

Puerto Rico Electric Power of Authority	\$ 2,141,725
Puerto Rico Labor Department	6,497
Puerto Rico General Services Administration	10,072
Puerto Rico Water and Sewer Authority	101,919
Puerto Rico Employees Association	14,546
Treasury Department	703
Retirement System Administration	206,785
U. S. Department of Housing and Urban Development	<u>29,820</u>
 Total	 <u><u>\$ 2,512,067</u></u>

13. DEFERRED REVENUES MUNICIPAL LICENSE TAX

The deferred revenues of approximately \$1.1 million in the general fund related to municipal license tax collected in fiscal year 2007-08 that will be earned in fiscal year 2008-09.

14. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues in the general and other governmental funds consist mainly of collections from the Commonwealth of Puerto Rico and the CRIM, payments in lieu of taxes from the Puerto Rico Electric Power Authority and federal financial assistance received from the federal government.

15. LONG-TERM DEBTS

Bonds and notes payable and other debt outstanding at June 30, 2008 are as follows:

a. Legal Debt Margin

The Municipality is subject to a legal debt margin requirement, which is equal to 10% of the total assessment of property located within the Municipality plus the balance of the special ad valorem taxes in the debt service fund. In addition, before any new bonds are issued, the revenues of the debt service fund should

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

be sufficient to cover the projected debt service requirement. Total property assessed value at June 30, 2008 amounted to approximately \$217 million. Long-term, except for the bonds payable, is paid with unrestricted funds.

b. Bonds and loans

\$330,000 series of 1995, payable in annual installments of \$5,000 to \$30,000 until July 2019, interest ranging from 6.11% to 8.21%.	\$ 235,000
\$485,000 series of 1995, payable in annual installments of \$5,000 to \$45,000 until July 2020, interest ranging from 4.70% to 6.63%.	365,000
\$205,000 series of 1996, payable in annual installments of \$5,000 to \$20,000 until July 2020, interest ranging from 4.70% to 6.63%.	145,000
\$400,000 series of 1997, payable in annual installments of \$10,000 to \$40,000 until July 1, 2016, interest ranging from 5.00% to 8.00%.	245,000
\$1,270,000 series of 1997, payable in annual installments of \$45,000 to \$135,000 until July 1, 2011, interest ranging from 4.70% to 6.63%.	490,000
\$1,230,000 series of 1997, payable in annual installments of \$15,000 to \$105,000 until July 1, 2021, interest ranging from 4.87% to 6.75%.	950,000
\$625,000 series of 1999, payable in annual installments of \$10,000 to \$55,000 until July 1, 2022, interest ranging from 4.87% to 6.56%.	500,000
\$505,000 series of 2001, payable in annual installments of \$5,000 to \$45,000 until July 1, 2025, interest ranging from 3.68% to 7.81%.	445,000

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

\$1,230,000 series of 2000, payable in annual installments from \$55,000 to \$145,000 until July 1, 2013, interest ranging from 2.70% to 7.81%.	\$ 725,000
\$810,000 series of 2001, payable in annual installments of \$55,000 to \$115,000 until July 1, 2010, interest ranging from 5.00% to 7.00%.	315,000
\$2,105,000 series of 2002, payable in annual installments of \$75,000 to \$230,000 until July 1, 2016, interest ranging from 3.21% to 5.00%.	1,540,000
\$245,000 series of 2004, payable in annual installments of \$30,000 to \$40,000 until July 1, 2009, interest ranging from 4.17% to 5.00%.	80,000
\$1,025,000 series of 2006, payable in annual installments of \$125,000 to \$170,000 until July 1, 2012, interest ranging from 4.17% to 4.63%.	770,000
\$2,275,000 series of 2007, payable in annual installments of \$35,000 to \$185,000 until July 1, 2031, interest ranging from 3.93% to 7.00%.	2,240,000
\$560,000 series of 2007, payable in annual installments of \$65,000 to \$95,000 until July 1, 2013, interest ranging from 3.93% to 7.00%.	495,000
\$1,335,000 series of 2008, payable in annual installments of \$145,000 to \$235,000 until July 1, 2014, interest ranging from 3.93% to 7.50%.	1,335,000
\$1,840,000 series of 2008, payable in annual installments of \$250,000 to \$365,000 until July 2014, interest ranging from 7.00% to 7.50%.	<u>1,840,000</u>
Total bonds and notes	<u>\$12,715,000</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The annual debt service requirements for the bonds and notes payable at June 30, 2008 are as follows:

	<i>Bonds and Notes</i>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 985,000	\$ 850,047
2010	1,315,000	706,656
2011	1,375,000	624,930
2012	1,350,000	541,256
2013	1,300,000	459,304
2014-2018	3,565,000	1,729,149
2019-2023	1,425,000	703,569
2024-2028	735,000	357,000
2029-2033	665,000	97,125
	<u>\$ 12,715,000</u>	<u>\$ 6,069,036</u>

c. Note Payable - CRIM - Law 42

Note payable of \$1,293,911 represents a repayment agreement with GDB and CRIM to repay the excess of property taxes advances from fiscal years up to 2001. The CRIM will retain the principal and interest from the property taxes advances. The amounts retained by CRIM will be remitted to GDB on July 1 of each year through 2032. The repayment agreement is payable in semi-annual aggregate principal installments of \$91,392 plus interest rate of 6.18%.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Debt service requirements in future years are as follows:

	<i>CRIM - Law 42</i>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 21,766	\$ 73,625
2010	23,134	72,257
2011	24,588	70,804
2012	26,132	69,258
2013	27,774	67,617
2014-2018	167,350	309,608
2019-2023	226,961	249,797
2024-2028	307,803	169,155
2029-2033	369,750	59,516
	<u>\$ 1,195,258</u>	<u>\$ 1,141,637</u>

d. Note Payable - CRIM (Law 146)

On July 1, 2007, the Municipality entered into a financing agreement with the CRIM in the amount of \$283,361, to finance delinquent property tax accounts sold to private investors, under the provision of Law No. 146 of October 11, 2001. The agreement is in the form of a nonrevolving line of credit bearing interest of 6.22% and is due on March 31, 2032. As described in Law No. 146, interest payments for the first 5 years will be financed through .48% of the net increase of subsidy provided by the Commonwealth of Puerto Rico's general fund. Also, during the first 5 years any collection from those delinquent accounts

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

will be credited to the loan principal. Debt service requirements in future years are as follows:

	<i>CRM - Law 146</i>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 11,334	\$ 16,920
2010	11,334	16,214
2011	11,334	15,510
2012	11,334	14,804
2013	11,334	14,100
2014-2018	56,670	59,922
2019-2023	56,670	42,298
2024-2028	56,670	24,672
2029-2033	45,347	7,048
	<u>\$ 272,027</u>	<u>\$ 211,488</u>

e. Note Payable - Section 108

Note payable of \$7.9 million due to the U. S. Department of Housing and Urban Development, payable in annual aggregate principal installments ranging from \$271,000 to \$658,000 plus interest which fluctuates from 2.62% to 5.42%. The notes is payable in August 2028.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The annual debt service requirements for the note at June 30, 2008 are as follows:

	<u>Section 108 Loan Guarantee</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ -	\$ 243,852
2010	-	383,348
2011	-	383,348
2012	271,000	378,687
2013	285,000	368,583
2014-2018	1,764,000	1,638,309
2019-2023	2,290,000	1,169,391
2024-2028	2,976,000	502,653
2029-2033	300,000	8,130
	<u>\$ 7,886,000</u>	<u>\$ 5,076,301</u>

As described in Note 6, the Municipality levies an annual special tax of 2.00% of the assessed value of real property. The proceed of this tax are required to be credited to the Debt Service Fund for payment of general obligation bonds and notes of the Municipality. The property taxes are collected and retained by the CRIM.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Primary Government	Beginning Balance (Restated)	Additions	Payments	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable	\$ 10,410,783	\$ 3,180,000	\$ 875,783	\$ 12,715,000	\$ 985,000
Note payable - CRIM Law 42	1,215,738		20,480	1,195,258	21,766
Note payable - Section 108	-	7,886,000		7,886,000	-
Total long-term debt	<u>11,626,521</u>	<u>11,066,000</u>	<u>896,263</u>	<u>21,796,258</u>	<u>1,006,766</u>
Other Long-term Liabilities:					
Landfill obligation	4,837,406	1,090,537		5,927,943	
PR Health Insurance Administration	325,820		325,820	-	-
Claims and judgements	225,000		-	225,000	-
Puerto Rico Solid Waste Authority	97,389		22,000	75,389	22,000
Puerto Rico Treasury Department	80,573		69,643	10,930	3,643
CRIM Law 146	283,361		11,334	272,027	11,334
CRIM Lims	313,881		80,531	233,350	80,531
Retirement System Administration	-	135,586		135,586	45,195
Compensated absences	1,851,922	-	216,584	1,635,338	-
Total other long-term liabilities	<u>8,015,352</u>	<u>1,226,123</u>	<u>725,912</u>	<u>8,515,563</u>	<u>162,703</u>
Total noncurrent liabilities, governmental activities	<u>\$ 19,641,873</u>	<u>\$ 12,292,123</u>	<u>\$ 1,622,175</u>	<u>\$ 30,311,821</u>	<u>\$ 1,169,469</u>

16. RETIREMENT PLAN

a. Plan Description

The Employee's Retirement System of the Government of Puerto Rico and its Instrumentalities (ERS) is the administrator of a cost-sharing multiple-employer retirement system established by the Commonwealth of Puerto Rico. The System was created under the Act 447, approved on May 15, 1951, as amended, and became effective on January 1, 1952.

ERS covers all regular employees of the Commonwealth of Puerto Rico and its instrumentalities and of certain municipalities and components units not covered by their own retirements systems.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Participation is mandatory except for members of the Legislature, Government Secretaries, Heads for Agencies and Public Instrumentalities, Assistants to the Governor, the Comptroller of Puerto Rico, Gubernatorial Board and Committee appointees and Experimental Service Station employees.

ERS provides retirement, death and disability benefits. Disability retirement benefits are available to members for occupational and non-occupational disabilities. Retirement benefits depend upon age at retirement and number of years of credited service. Benefits vest after ten years of plan participation.

Members who have attained an age of at least fifty-five (55) years and have completed at least twenty-five (25) years of creditable service or members who have attained an age of at least fifty-eight (58) years and have completed at least fifty-eight (58) years and have completed at least ten (10) years of creditable service, are entitled to an annual benefit, payable monthly for life.

The amounts of the annuity will be one and one-half percent of the average compensation multiplied by the number of years of creditable service up to twenty years, plus 2% of the average compensation multiplied by the number of years of creditable service in excess of twenty years. In no case the annuity will be less than \$200 per month.

Participants who have completed at least thirty (30) years of creditable service are entitled to receive the Merit Annuity. Participants who have not attained fifty-five (55) years of age will receive 65% of the average compensation or if they have attained fifty-five (55) years of age will receive 75% of the average compensation. Disability retirement benefits are available to members for occupational and non-occupational disability. However, for non-occupational disability a member must have at least ten (10) years of service.

No benefit is payable if the participant receives a refund of his accumulated contributions.

On September 24, 1999, an amendment to Act No. 447 of May 15, 1951, which created ERS, was enacted with the purpose of establishing a new pension program (System 2000). Employees participating in the current system as of December 31, 1999, may elect to stay in the defined benefit plan or transfer to the new program. Persons joining the Municipality on or after January, 2000, will only

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

be allowed to become members of System 2000. System 2000 will reduce the retirement age from 65 years to 60 for those employees who joined the current plan on or after April 1, 1990.

System 2000 is a hybrid defined contribution plan, also known as a cash balance plan. Under this new plan, there will be a pool of pension assets, which will be invested by ERS, together with those of the current defined benefit plan. Benefits at retirement age will not be guaranteed by the Commonwealth of Puerto Rico. The annuity will be based on a formula which assumes that each year the employee's contribution (with a minimum of 8.275% of the employee's salary upon to a maximum of 10%) will be invested in an account which will be either: (1) earn a fixed rate based on the two-year Constant Maturity Treasury Note or, (2) earn rate equal to 75% of the return of the ERS's investment portfolio (net of management fees), or (3) earn a combination of both alternatives. Participants will receive periodic account statements similar to those of defined contribution plans showing their accrued balances. Disability pensions will not be granted under System 2000. The employer's contribution (9.275% of the employee's salary) will be used to fund the current plan.

b. Contribution Requirements

Commonwealth legislation requires employees to contribute 5.775% of gross salary up to \$6,600 plus 8.275% of gross salary in excess of \$6,600. The Municipality's contributions are 9.275% of gross salary. Contributions' requirements are established by law. The actuarially determined contribution requirement and contributions actually made for the year ended June 30, 2008 was approximately \$464,426. The Municipality's payroll for employees covered by ERS was approximately \$5 million. The Municipality total payroll for all employees was approximately \$7.5 million.

Additional information on the ERS is provided in its financial statements for the year ended June 30, 2008, a copy of which can be obtained from the ERS, Minillas Station, PO Box 42003, San Juan, PR 00940.

17. RISK MANAGEMENT

The Risk Management Division of the Municipality's Legal Department is responsible of assuring that the Municipality's property is properly insured. Annually, the Risk

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Management Division compiles the information of all property owned and its respective market value. After evaluating this information, the Risk Management Division submits the data regarding the Municipality's properties to the Area of Public Insurance at the Department of the Treasury of the Commonwealth of Puerto Rico who is responsible for purchasing all property and casualty insurance policies of all municipalities.

18. LEASES

Operating Leases

Leasing arrangement with the Municipality as Lessor:

- a. Total income from leases during the year ended June 30, 2008 was approximately \$43,858.
- b. The Municipality retains title to its leased property. The lessee pays taxes, licenses, insurance, and maintenance costs of the leased assets.

Leasing arrangements with the Municipality as lessee:

The Municipality is obligated under noncancellable operational leases, with periods not longer than one year.

19. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS OBLIGATIONS

Commonwealth and Federal laws and regulations require the Municipality to place a final cover on its landfill when it stops accepting waste and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to the operating expenditures related to current activities of the landfill, an expense provision and related liability are being recognized based on future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The Municipality has performed a study of the activities that need to be implemented at the Municipality's landfill to comply with applicable laws and regulations. As a result of this study, the Municipality has recognized an estimated liability for future closure and post-closure care costs.

The recognition of this liability is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care/costs has an

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

outstanding balance of \$5.9 million as of June 30, 2008. The actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

20. CONTINGENCIES

- a. The Municipality receives Federal Grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursements would not be material.
- b. The Municipality is a defendant and/or co-defendant in various lawsuits which claims for actual damages. Some of these lawsuits are covered by insurance. The Municipality's management and outside counsels believe that it is probable that any potential liability that might exist, if any, in excess of the insurance, will not affect significantly the financial position of the Municipality.

21. COMMITMENTS

The Municipality of Toa Alta had several outstanding or planned construction projects as of June 30, 2008. These projects are evidenced by contractual commitments with contractors. The construction projects are commitments of the Capital Projects' funds that amounted to approximately \$17.1 million.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

22. RESTATEMENTS

a. Net Assets

The governmental fund balance and the net assets at beginning of year have been adjusted to reflect the following adjustments:

	<u>Governmental Funds</u>		<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	
Net assets at beginning of year, as previously reported	\$ (1,093,758)	\$ 3,967,136	\$ 9,365,103
Overstatement of accounts payable	416,825	-	416,825
Recognition of fixed assets not previously recorded			1,542,787
Understatement of accounts payable -Section 8		(16,157)	(16,157)
Overstatement of long-term debts			6,407,594
	<u> </u>	<u> </u>	<u> </u>
Net assets at beginning of year, as restated	<u>\$ (676,933)</u>	<u>\$ 3,950,979</u>	<u>\$ 17,716,152</u>

PART II - SINGLE AUDIT SECTION

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Housing and Urban Development (HUD)			
Direct programs:			
Community Development Block - Grants Entitlement Grants	14.218		\$ 2,213,562
Community Development Block Grant Program, Section 108, Loan Guarantee	14.248	B-06-MC-72-0017	29,706
Section 8 Housing Choice Vouchers	14.871		1,115,974
Municipality of San Juan:			
Housing Opportunities for Persons with AIDS	14.241		12,057
Subtotal U.S. Department of HUD			<u>3,371,299</u>
U.S. Department of Agriculture			
Pass-through the Education Department:			
Child and Adult Care Food Program	10.558		18,180
Subtotal U.S. Department of Agriculture			<u>18,180</u>
U.S. Department of Health and Human Services (HHS)			
Pass-through the Commonwealth of Puerto Rico Governor's Office (Elderly Affairs Office):			
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		86,402
Special Programs for the Aging Title III, Part C, Nutrition Services	93.045		69,605
Nutrition Services Incentive Program	93.053		52,073
Pass-through the Office of Administration for Children and Families			
Community Services Block Grant	93.571		17,810
Child and Care and Development Block Grant	93.575		264,967
Subtotal U.S. Department of HHS			<u>490,857</u>
U.S. Department of Homeland Security			
Direct program:			
Homeland Security Grant Program	97.067		42,402
Subtotal U.S. Department of Homeland Security			<u>42,402</u>
U.S. Department of Transportation			
Direct Program:			
Federal Transit Administration	20.500	PR-90-X042-02	690,402
Subtotal U.S. Department of Transportation			<u>690,402</u>
TOTAL			<u>\$ 4,613,140</u>

See notes to schedule of expenditures of federal awards.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Municipality of Toa Alta's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

2. BASIS OF PRESENTATION

The expenditures of the schedule are included in the Municipality's basic financial statements. The reconciliation of expenditures in the basic financial statements to the Schedule of Expenditures of Federal Awards is as follows:

	<u>Expenditures</u>
Total federal expenditures per schedule	\$ <u>4,913,140</u>
Federal expenditures per basic financial statements included within:	
Other Governmental Funds	\$ <u>4,913,140</u>



ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

CPA Orlando Luis Ortiz Cabrera
CPA Marco Antonio Rivera Zúñiga
CPA Luis Rivera Zúñiga
CPA Zoraida Cruz Claudio

Members:
American Institute of Certified
Public Accountants (AICPA)
Puerto Rico Board of Certified
Public Accountants
Management Consulting
Services Division

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

To the Honorable Mayor and
Municipal Legislature
Municipality of Toa Alta
Toa Alta, Puerto Rico

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Municipality of Toa Alta, as of and for the year ended June 30, 2008, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated December 19, 2008. 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 Municipality's internal control over financial reporting 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 Municipality's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control over financial reporting.

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 Municipality'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 Municipality's financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

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 Municipality's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality of Toa Alta'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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance which we have reported to management of the Municipality of Toa Alta in a separate letter dated December 19, 2008.

This report is intended solely for the information and use of the audit committee, Commissioner Office of Municipal Affairs, management and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

San Juan, Puerto Rico
December 19, 2008

The stamp 2363634 was affixed
to the original of this report.





ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

CPA Orlando Luis Ortiz Cabrera
CPA Marco Antonio Rivera Zúñiga
CPA Luis Rivera Zúñiga
CPA Zoraida Cruz Claudio

Members:
American Institute of Certified
Public Accountants (AICPA)
Puerto Rico Board of Certified
Public Accountants
Management Consulting
Services Division

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor
and Municipal Legislature
Municipality of Toa Alta
Toa Alta, Puerto Rico

Compliance

We have audited the compliance of Municipality of Toa Alta with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Municipality of Toa Alta's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Municipality of Toa Alta's management. Our responsibility is to express and opinion on Municipality of Toa Alta's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Municipality of Toa Alta's compliance with those requirements and performing such

other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Municipality of Toa Alta's compliance with those requirements.

In our opinion, Municipality of Toa Alta complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 08-1.

Internal Control over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the management, Commissioner Office of Municipal Affairs, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ortiz, Rivera, Rivera & Co.

San Juan, Puerto Rico
December 19, 2008

The stamp 2386819 was affixed
to the original of this report.



**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF AUDIT RESULTS

- a. The auditors' report expressed an unqualified opinion on the basic financial statements of the Municipality of Toa Alta.
- b. There were no significant deficiencies on internal controls over financial reporting.
- c. No instances of noncompliance material to the financial statements of Municipality of Toa Alta were disclosed during the audit.
- d. There were no significant deficiencies on internal controls over major programs.
- e. The auditors' report on compliance with requirements applicable to federal award programs for the Municipality of Toa Alta expressed an unqualified opinion.
- f. Audit findings' related to the major federal award programs for Municipality of Toa Alta are reported in number 3 of this schedule.
- g. The program tested as major program includes:
 - Community Development Block Grant - CFDA No. 14.218
 - Federal Transit Administration - CFDA No. 20.500
- h. The threshold for distinguishing types A and B programs was \$300,000.
- i. Municipality of Toa Alta was determined to be a low-risk auditee.

2. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT**

a. FTA Program - CFDA No. 20.500

● **Condition 08-1**

The Federal Program Office did not make the required financial status reports for the fiscal year ended June 30, 2008. The FTA program is reactivated on March 2008 and two financial reports were required until June 30, 2008.

Cause

The Federal Program Office is not aware with Federal Agency requirements.

Effect

The Municipality do not complied with federal regulation.

Criteria

49 CFR Ch. VI, 630.4 (b), reporting system, the financial status reports are required to monitor the program.

Recommendation

The Federal Program Office should complete the financial status reports as required.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF TOA ALTA
SCHEDULE OF STATUS OF PRIOR YEAR
AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The Municipality has not prior year findings.

PART III - CORRECTIVE ACTION PLAN

ORTIZ, RIVERA, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

Suite 152, PO Box 70250, San Juan, P.R. 00936-7250 • Phone (787) 756-8524, Fax (787) 274-0562



Hon. Luis R. Collazo Rivera
Alcalde

December 19, 2008

Cognizant or Oversight Agency for Audit:

Municipality of Toa Alta respectfully submits the following corrective action plan for the year ended June 30, 2008

Name and address of independent public accounting firm: Ortiz, Rivera, Rivera & Co., Suite 152, PO Box 70250, San Juan, Puerto Rico 00936-7250.

Audit period: Fiscal year ended June 30, 2008

The findings from the June 30, 2008 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FEDERAL AWARD PROGRAM AUDITS

Finding 08-1: FTA Program - CFDA No. 20.500

Reportable Condition: See Condition 08-1

Recommendation

The Federal Program Office should complete the financial status reports as required.

Action Taken

The Federal Program Office is in process to actualize the required financial status reports since received the first reimbursement of the federal funds on March 2008. The Federal Program Office is actually aware with the due date requisites to submit the reports.



If the Cognizant or Oversight Agency for Audit has questions regarding this plan, please call Luis Visaldén, Federal Programs Director, at (787) 870-1350.

Cordially,

A handwritten signature in black ink, appearing to read 'Luis Visaldén', with a long horizontal flourish extending to the right.

Luis Visaldén
Federal Programs Director
Municipality of Toa Alta



09 JAN 15 PM 3: 05
RECIBIDO
UNIDAD DE CORREO

Castro 9-137

Hon. Luis R. Collazo Rivera
Alcalde

13 de enero de 2009

Sr. Angel M. Castillo Rodríguez
Comisionado
OCAM
P.O. Box 70167
San Juan, P.R. 00936

Estimados señor Castillo:

Reciban un saludo cordial a nombre de todos los que laboramos en esta Administración Municipal.

Adjunto copia del "Single Audit Report" del Municipio de Toa Alta para el año fiscal terminado al 30 de junio de 2008, para su conocimiento y acción correspondiente.

Sin nada más que tratar por el momento, quedo a sus órdenes.

Cordialmente,

Juan Santos Figueroa
Director de Finanzas
Municipio de Toa Alta

JSF/

