Village of Pinecrest, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2006

VILLAGE OF PINECREST, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2006

Prepared by Gary S. Clinton, CPA, CPFO, Finance Director

VILLAGE OF PINECREST, FLORIDA

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VILLAGE OF PINECREST
DEPARTMENT OF FINANCE

Gary S. Clinton, CPA, CPFO
Finance Director

December 27, 2006

To the Honorable Mayor Gary C. Matzner
Members of the Village Council and Citizens of the Village of Pinecrest:

The Government Finance Officers Association recommends that local governments publish within (6) six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that recommendation, we hereby issue the comprehensive annual financial report of the Village of Pinecrest for the fiscal year ended September 30, 2006.

This report consists of management's representation concerning the finances of the Village of Pinecrest. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Pinecrest has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Pinecrest's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village of Pinecrest's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Pinecrest's financial statements have been audited by Rachlin Cohen & Holtz LLP a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Pinecrest for the fiscal year ended September 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village of Pinecrest's financial statements for the fiscal year ended September, 30, 2006, are fairly

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presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Village of Pinecrest's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Village of Pinecrest was incorporated on March 12, 1996 pursuant to Ordinance 95-207 adopted by the Miami Dade Board of County Commissioners on November 12, 1995. The Village of Pinecrest occupies a land area of 8 square miles and serves a population of 19,530. The Village of Pinecrest receives tax levies on real and personal properties located within its boundaries.

The Village of Pinecrest has operated under the Council-Manager form of government since its inception. Policy making and legislative authority are vested in a governing council consisting of the Mayor and four council members. The Council is responsible for among other things, adopting ordinances, adopting the budget, appointing the Village Manager and Village Clerk. The Village Manager is responsible for carrying out the policies and directives of the Council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments.

The Village of Pinecrest offers a wide range of services, including, police protection, maintenance of roadways, parks and recreation, building, planning and zoning and stormwater services. Certain services are provided through a legally separate fire & rescue department, the school system and Miami-Dade County.

The Village of Pinecrest has five major departments: Police, BPZ (Building, Planning and Zoning), Public Works, Parks & Recreation and General Government. General Government consists of the following sub-divisions; Village Council, Village Manager, Village Clerk, Finance and Village Attorney.

The annual budget serves as a foundation for the Village of Pinecrest financial planning and control. All departments of the Village are required to submit requests for appropriation to the Village Manager and these requests are the starting point for developing a proposed budget. The Village Manager then presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Village's fiscal year. The appropriated budget is prepared by fund and department. No department may expend in excess of amount appropriated for that department within an individual fund without the approval of the Village Manager. The Village Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Village Council. The Village Council

approves supplemental appropriations. Budget to actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted. The general fund, budget to actual report is presented in the required supplemental information section of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment with which the Village of Pinecrest operates.

Local economy. The Village of Pinecrest enjoys a favorable economic environment and local indicators point to continued stability. This medium sized municipality is an active community of involved citizens who take a genuine interest in the social, business, cultural and governing aspects of their Village. The Village is comprised of an affluent residential housing stock and several retail shopping malls. There is no industrial area in the community.

Long-term financial planning. The Village is in process of developing or planning several capital improvement projects. The Village purchased the historic Parrot Jungle and is renovating it as a municipal recreational and cultural historical center and gardens called Pinecrest Gardens. Flagler Park Grove will be developed in FY 2007 as a soccer venue. The construction of the Pinecrest Branch of the Miami-Dade County Library and Pinecrest Community Center began in September, 2006 and is scheduled for completion by September 30, 2007. A potable water master plan is underway with several expansions to the system undertaken in FY 2008 and anticipated complete in FY 2011. There will be a major road resurfacing project in 2010 and 2011.

Cash management policies and practices. The Village's Cash Management Policy has three elements: (1) funds are collected and deposited as quickly as possible; (2) cash is released at the last possible moment; and (3) investment objectives are safety of capital, liquidity of funds, and investment income yield, in that order. The Village's investment policy is consistent with local government investment policies delineated in chapter 218, Florida Statutes. Cash temporarily idle in the Village's bank operating account is invested in overnight repurchase agreements. The funds in the sweep account were properly collateralized in accordance with Chapter 280, Florida Statutes. Funds collected on credit cards are deposited in a separate account and transferred periodically to the Village's operating account. In addition, surplus cash is invested with the State of Florida Board of Administration Pooled Equity Fund.

Risk management. The Village is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Village participates in the Florida League of Cities Municipal Self Insurance Fund for workers' compensation, liability and property insurance.

Pension and other post-employment benefits. The Village of Pinecrest sponsors a defined contribution pension plan 401 (a) with the ICMA RC (International City/County Management Association, Retirement Corporation. Each full time employee contributes seven (7) % of his or her pay to the plan, which is matched by a thirteen (13) % Village contribution. In addition the Village sponsors a 457 deferred compensation plan in which the employees may contribute on a voluntary basis. A Retirement Health Savings Plan was established for all full time employees to participate in.

Additional information on the Village of Pinecrest pension arrangements and post-employment benefits can be found in Notes 3 (E) of the financial statements.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Pinecrest for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2005. This was the tenth year that the Village received this prestigious award. In order to be awarded a Certificate of Achievement, the government published as easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2005-2006 fiscal year. This was the ninth year that the Village received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the Village Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Pinecrest's finances.

Respectfully submitted,

Peter G. Lombardi
Village Manager

Gary S. Clinton
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

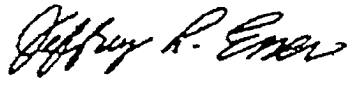
Village of Pinecrest

Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

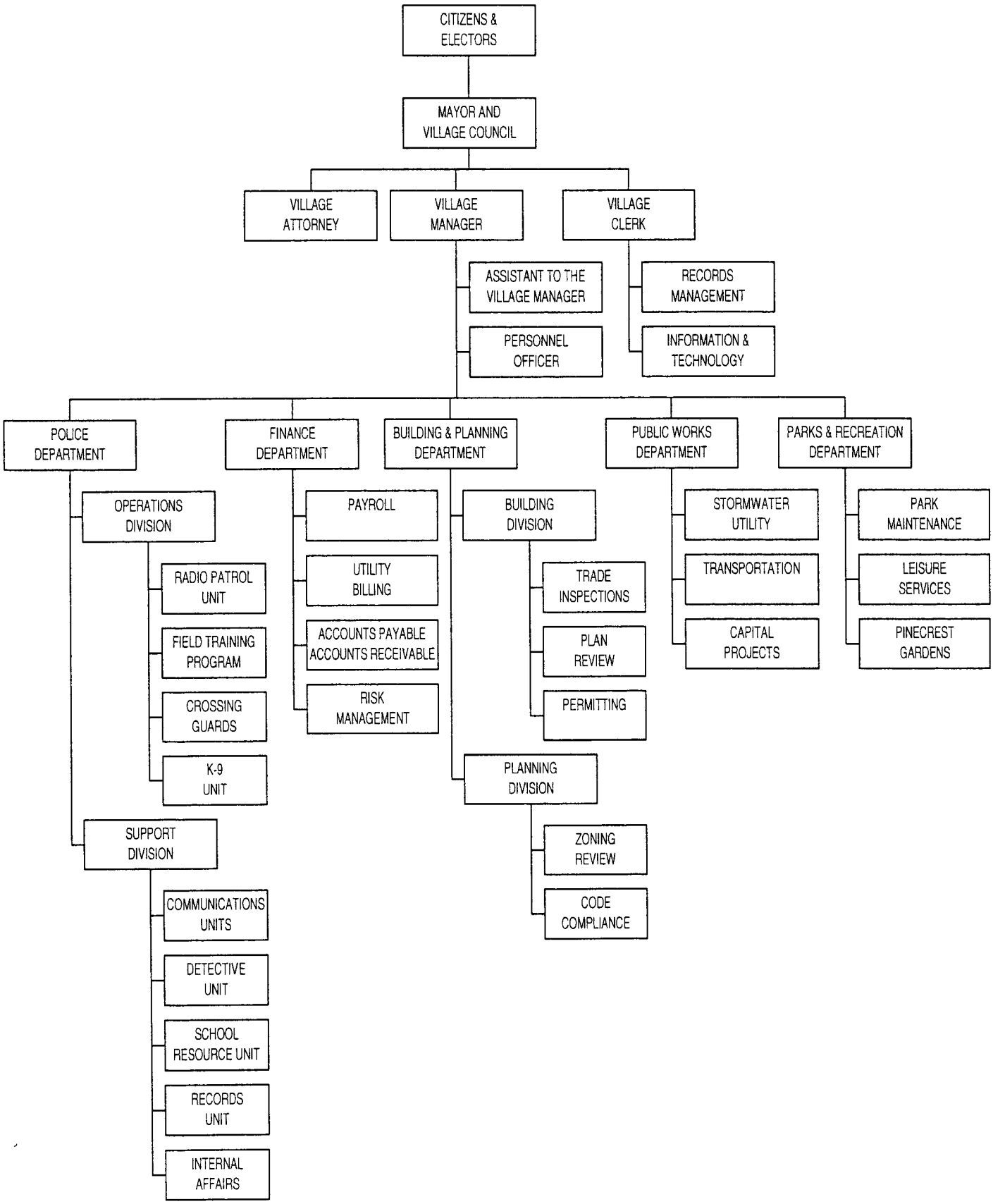
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting

President



Executive Director

Organizational Chart



VILLAGE OF PINECREST, FLORIDA

Village Council

Gary C. Matzner, *Mayor*
Robert Hingston, *Vice Mayor*
Cindie Blanck
Nancy L. Harter
Gail. D. Serota

Charter Officers

Peter G. Lombardi
Village Manager

Guido H. Inguanzo, Jr., CMC
Village Clerk

Cynthia A. Everett, P.A.
Village Attorney

Administrative Personnel

Angela T. Gasca, *Assistant to the Village Manager*
Leo Llanos, P.E., *Building Official*
Gary S. Clinton, CPA, CPFO, Finance Director
Loren C. Matthews, *Parks and Recreation Director*
Mayra Sauleda, Personnel Officer
James H. Holland, AICP, Planning Director
John R. Hohensee, *Police Chief*
Daniel Moretti, *Public Works Director*

Council – Manager Form of Government
Incorporated March 12, 1996

INCORPORATED 1996
village of
PINECREST
FLORIDA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Cohen &Holtz
Accountants Advisors

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, Village Council and Village Manager
Village of Pinecrest, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Pinecrest, Florida (the Village) as of and for the fiscal year ended September 30, 2006, which, collectively, comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2006 on our consideration of the Village of Pinecrest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Rachlin Cohen & Holtz LLP
One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ **Phone** 305.377.4228 ■ **Fax** 305.377.8331 ■ **www.rachlin.com**
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Management's Discussion and Analysis and the Required Supplementary Information on pages 3 to 10 and pages 32 to 34, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and 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. The information identified in the table of contents as the Introductory and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion thereon.

Rachlin Cohen & Holtz LLP

Miami, Florida
December 27, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

Management Discussion and Analysis

As management of the Village of Pinecrest, we offer the Village of Pinecrest's financial statements this narrative overview and analysis of the financial activities of the Village of Pinecrest for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the Village of Pinecrest exceeded its liabilities at the close of the most recent fiscal year by $124,292,497 (net assets). Of this amount, $10,949,055 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by $115,323. This decrease was largely a result of depreciation expenses.
- As of the close of the current fiscal year, the Village of Pinecrest's governmental funds reported combined ending fund balances of $14,684,295, an increase of $2,197,297 in comparison with the prior year. Approximately 66% of this total amount, $9,625,520 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $6,185,155 or 38% of total general fund expenditures.
- The Village of Pinecrest total debt decreased by $725,000 (4%) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements of the Village of Pinecrest are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Village of Pinecrest include general government, police, public works (including highways), parks, and planning and building. The government-wide financial statements report on only the Village of Pinecrest.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental run financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Village of Pinecrest maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, capital projects, 3 special revenue funds and a debt service fund. Only the general, transportation and capital projects funds are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual data for this nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

The Village of Pinecrest adopts an annual appropriated budget for its general fund as well as its other governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary fund. The Village of Pinecrest maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-

type activities in the government-wide financial statements. The Village of Pinecrest uses an enterprise fund to account for its Stormwater activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Stormwater Fund which is considered a major fund of the Village of Pinecrest.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the footnotes.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Pinecrest, assets exceeded liabilities by $124,292,497 at the close of the most recent fiscal year.

By far the largest portion of the Village of Pinecrest's net assets $124,292,497 (87 %) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Village of Pinecrest uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Pinecrest'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 other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Pinecrest's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	$ 15,694,547	$ 13,945,838	$1,462,481	$1,466,259	$ 17,157,028	$ 15,412,097
Capital assets	119,717,810	123,198,832	4,763,070	4,286,657	124,480,880	127,485,489
Total assets	$135,412,357	$137,144,670	$6,225,551	$5,752,916	$141,637,908	$142,897,586
Long term liabilities outstanding	$ 14,840,000	$ 15,590,000	$ -	$ -	$ 14,840,000	$ 15,590,000
Other liabilities	2,366,465	2,783,777	138,946	115,989	2,505,411	2,899,766
Total liabilities	$ 17,206,465	$ 18,373,777	$ 138,946	$ 115,989	$ 17,345,411	$ 18,489,766
Net assets	$118,205,892	$118,770,893	$6,086,605	$5,636,927	$124,292,497	$124,407,820
Invested in capital assets, net of related debt	$103,521,597	$106,283,895	$4,763,070	$4,286,657	$108,284,667	$110,570,552
Restricted	5,058,775	2,588,877	-	-	5,058,775	2,588,877
Unrestricted	9,625,520	9,898,121	1,323,535	1,350,270	10,949,055	11,248,391
Total net assets	$118,205,892	$118,770,893	$6,086,605	$5,636,927	$124,292,497	$124,407,820

The balance of unrestricted net assets $ 10,949,055 may be used to meet the government's ongoing obligations to citizens and creditors.

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

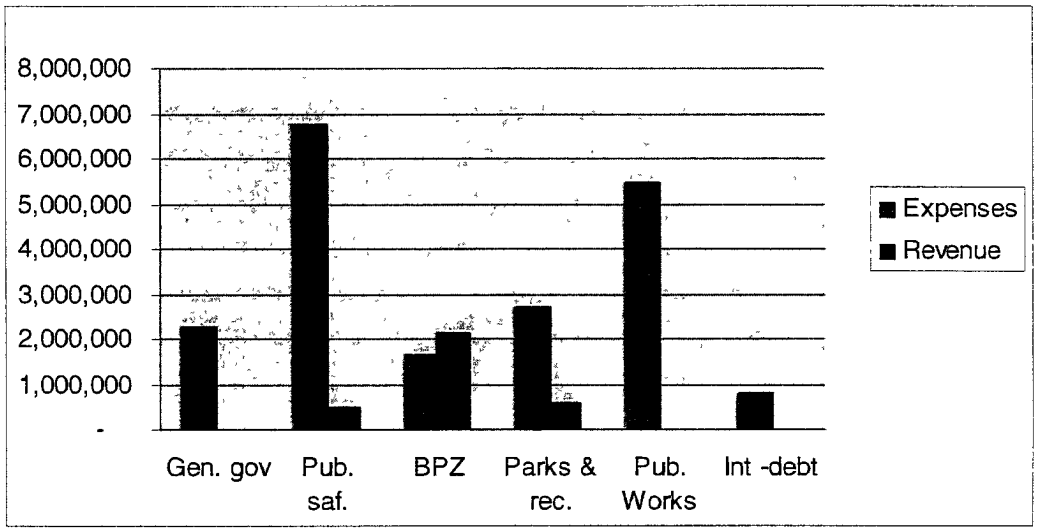
Governmental activities. Governmental activities decreased the Village of Pinecrest's net assets by $115,323, the majority of this accounted for by depreciation in the Public Works category. Key elements in the Changes in Net Assets activity are as follows:

Village of Pinecrest's Changes in Net Assets

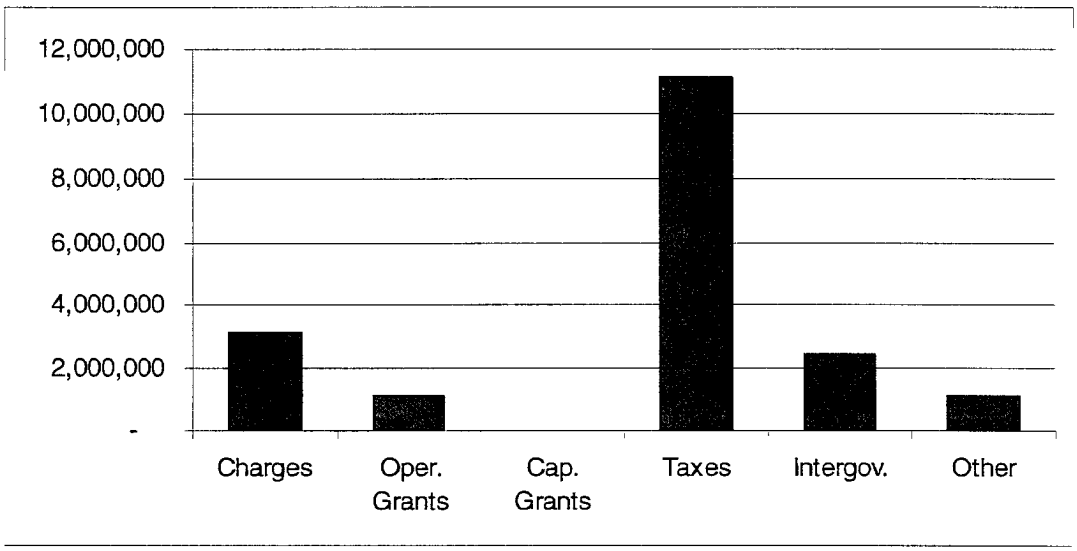
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	$ 3,157,806	$ 2,559,668	$ 355,470	$ 375,619	$ 3,513,276	$ 2,935,287
Operating grants and contributions	1,177,608	1,106,437	-	-	1,177,608	1,106,437
Capital grants and contributions	-	30,013	351,688	1,904,622	351,688	1,934,635
General revenues:						
Taxes	11,188,038	9,834,612	-	-	11,188,038	9,834,612
Other	3,555,187	3,338,177	48,419	21,700	3,603,606	3,359,877
Total revenues	19,078,639	16,868,907	755,577	2,301,941	19,834,216	19,170,848
Expenses:						
General government	2,264,779	2,456,878	-	-	2,264,779	2,456,878
Police	6,768,471	6,440,955	-	-	6,768,471	6,440,955
Building and zoning	1,641,088	1,572,788	-	-	1,641,088	1,572,788
Parks and recreation	2,706,295	2,502,745	-	-	2,706,295	2,502,745
Public works	5,481,480	5,239,412	-	-	5,481,480	5,239,412
Interest on long term debt	781,526	842,371	-	-	781,526	842,371
Stormwater	-	-	305,899	212,498	305,899	212,498
Total expenses	19,643,639	19,055,149	305,899	212,498	19,949,538	19,267,647
Increase (decrease) in net assets	(565,000)	(2,186,242)	449,678	2,089,443	(115,322)	(96,799)
Net assets, October 1	118,770,892	120,957,135	5,636,927	3,547,484	124,407,819	124,504,619
Net assets, September 30	$ 118,205,892	$ 118,770,893	$ 6,086,605	$ 5,636,927	$ 124,292,497	$ 124,407,820

- Taxes, $11,188,038 comprised (58 percent) of the total revenues, $19,078,639 during the fiscal year. Most of this category is property taxes, $7,117,028.
- Capital grants for business type activities comprised $351,688 as a result of the grant application strategy by the Village of Pinecrest instituted over the years.
- Operating grants and contributions accounted for $1,177,608 (6 %) of total revenues.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



For the most part, increases in expenses closely parallel inflation and growth in the demand for services. Additionally, the Village of Pinecrest's Park & Recreation Department developed additional recreational facilities in the Coral Pines Park.

Financial Analysis of the Government's Funds

The Village of Pinecrest used fund accounting to ensure and demonstrate compliance with finance related requirements.

Governmental funds. The focus of the Village of Pinecrest's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village of Pinecrest'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 Village of Pinecrest's governmental funds reported combined ending fund balances of $14,684,295, an increase of $2,197,297 in comparison with the prior year, $12,486,998. Approximate 66 % of this total amount - $9,625,520 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contract and purchase orders of the prior period ($159,630) or reserved for special revenue funds ($4,899,145).

The general fund is the chief operating fund of the Village of Pinecrest. At the end of the current fiscal year, unreserved fund balance of the general fund was $6,185,155. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 38 percent of total general fund expenditures, while total fund balance represents 38 percent of that same amount.

- The fund balance of the Village of Pinecrest's general fund increased by $1,062,184 during the current fiscal year.

The debt service fund has no fund balance. The government transfers the exact amount needed for both principal and interest payments each year. This year $725,000 was transferred into the fund for principal payments, an increase of $35,000. This year $783,310 was transferred into the fund for interest payments, a decrease of $26,088.

General Fund Budget Highlights

There were $190,000 is supplemental appropriations to the original budget and the final amended budget in General Government.

During the year, budgetary revenues exceeded budgetary expenditures adding $1,177,243 to fund balance.

Capital Asset and Debt Administration

Capital assets. The Village of Pinecrest's investment in capital assets for its governmental activities as of September 30, 2006, amounts to $119,548,700 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure –roads and sidewalks, infrastructure –stormwater system and construction in progress. The total decrease in the Village of Pinecrest's investment in capital assets for the current fiscal year was 2.8 percent.

Major capital asset events during the current fiscal year included the following:

- Stormwater system improvements.
- Renovations and improvements at Pinecrest Gardens.
- Design of the Library/Community Center.

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General government	$ 6,720,832	$ 6,836,498	$ -	$ -	$ 6,720,832	$ 6,836,498
Public safety	605,983	631,352	-	-	605,983	631,352
Building, planning & zoning	31,321	31,340	-	-	31,321	31,340
Parks	21,534,882	20,256,263	-	-	21,534,882	20,256,263
Public works	90,655,682	95,263,921	-	-	90,655,682	95,263,921
Stormwater	-	-	4,763,070	4,286,657	4,763,070	4,286,657
Totals	$ 119,548,700	$ 123,019,374	$4,763,070	$4,286,657	$ 124,311,770	$ 127,306,031

Additional information on the Village of Pinecrest's capital assets can be found in note 2C.

Long-term debt. At the end of the fiscal year, the Village of Pinecrest had total bonded debt outstanding of $15,590,000. The total debt is backed by the full faith and credit of the Village for which the Village is liable in the unlikely event of default.

Village of Pinecrest's Outstanding Debt
General Obligation Bonds

	Governmental Activities	
	2006	2005
General Obligation Bonds	$ 15,590,000	$ 16,315,000

The Village of Pinecrest decreased its total debt by $725,000 (4.4%) during the current fiscal year. There are three issues outstanding; Greer Park (formerly known as Pinecrest Park), $6,025,000 which matures in FY2019; Pinecrest Gardens (formerly known as the Parrot Jungle), $6,700,000 which matures in FY2022 and the Library/Community Center, $2,865,000 which matures in FY2024.

The last Village of Pinecrest issue $3,075,000 was made in conjunction with the Florida Municipal Loan Council $15,585,000 on July 1, 2004. These bonds were carried the following bond ratings:

- Moody's Investor Service – Aaa
- Standard & Poors – AAA
- Fitch - AAA.

Additional information on the Village of Pinecrest's long term debt can be found in note 2E.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Miami-Dade County/Fort Lauderdale is currently 3.1 %, which is a decrease from a rate of 4.0% a year ago. The Village of Pinecrest residents will have a lower unemployment rate than is reported for the county.
- Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unreserved fund balance increased to $6,185,155. The Village of Pinecrest has appropriated $1,334,290 of this amount for spending in the 2007 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the Village of Pinecrest's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 12645 Pinecrest Parkway, Pinecrest, Florida 33156.

BASIC FINANCIAL STATEMENTS

VILLAGE OF PINECREST, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 14,724,746	$1,391,867	$ 16,116,613
Accounts receivable, net	969,801	70,614	1,040,415
Capital assets, not depreciated:			
Land	17,423,144	-	17,423,144
Construction in progress	450,850	-	450,850
Capital assets, net of accumulated depreciation:			
Buildings	8,696,009	-	8,696,009
Improvements	2,340,274	-	2,340,274
Equipment	796,369	-	796,369
Infrastructure	89,842,054	4,763,070	94,605,124
Unamortized bond issue costs	169,110	-	169,110
Total assets	135,412,357	6,225,551	141,637,908
LIABILITIES			
Current liabilities:			
Accounts payable	643,861	90	643,951
Revenues collected in advance	-	138,856	138,856
Leases payable, due in one year	23,438	-	23,438
Compensated absences, due in one year	242,860	-	242,860
Bonds payable, due in one year	750,000	-	750,000
Non-current liabilities:			
Unearned revenues	429,183	-	429,183
Premium on bonds payable	210,009	-	210,009
Leases payable, due in more than one year	24,256	-	24,256
Compensated absences, due in more than one year	42,858	-	42,858
Bonds payable, due in more than one year	14,840,000	-	14,840,000
Total liabilities	17,206,465	138,946	17,345,411
NET ASSETS			
Invested in capital assets, net of related debt	103,521,597	4,763,070	108,284,667
Restricted for:			
Capital projects	5,037,713	-	5,037,713
Transportation and public safety programs	21,062	-	21,062
Unrestricted	9,625,520	1,323,535	10,949,055
Total net assets	$ 118,205,892	$6,086,605	$ 124,292,497

See notes to basic financial statements.

VILLAGE OF PINECREST, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Total
Governmental activities:							
General government	$ 2,264,779	$ -	$ -	$ -	$ (2,264,779)	$ -	$ (2,264,779)
Public safety	6,768,471	469,342	-	-	(6,299,129)	-	(6,299,129)
Building, planning and zoning	1,641,088	2,121,715	-	-	480,627	-	480,627
Parks and recreation	2,706,295	566,749	-	-	(2,139,546)	-	(2,139,546)
Public works	5,481,480	-	1,177,608	-	(4,303,872)	-	(4,303,872)
Interest on long-term debt	781,526	-	-	-	(781,526)	-	(781,526)
Total governmental activities	19,643,639	3,157,806	1,177,608	-	(15,308,225)	-	(15,308,225)
Business-type activities:							
Stormwater	305,899	355,470	-	351,688	-	401,259	401,259
Total business-type activities	305,899	355,470	-	351,688	-	401,259	401,259
Total	$ 19,949,538	$ 3,513,276	$ 1,177,608	$ 351,688	(15,308,225)	401,259	(14,906,966)
General revenues:							
Taxes					11,188,038	-	11,188,038
Intergovernmental grants not restricted to specific programs					2,445,521	-	2,445,521
Interest earnings					683,099	48,419	731,518
Miscellaneous					426,567	-	426,567
Total general revenues					14,743,225	48,419	14,791,644
Change in net assets					(565,000)	449,678	(115,322)
Net assets, October 1					118,770,892	5,636,927	124,407,819
Net assets, September 30					$ 118,205,892	$ 6,086,605	$ 124,292.497

See notes to basic financial statements.

VILLAGE OF PINECREST, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	General Fund	Transportation Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$6,341,808	$ 3,349,512	$5,018,235	$ 15,191	$ 14,724,746
Receivables, net	868,077	90,853	-	10,871	969,801
Due from other funds	5,000	-	-	-	5,000
Total assets	$7,214,885	$ 3,440,365	$5,018,235	$ 26,062	$ 15,699,547
LIABILITIES					
Liabilities:					
Accounts payable	$ 581,069	$ -	$ -	$ -	$ 581,069
Due to other funds	-	-	-	5,000	5,000
Deferred revenue	429,183	-	-	-	429,183
Total liabilities	1,010,252	-	-	5,000	1,015,252
FUND BALANCES					
Reserved for:					
Encumbrances	19,478	-	140,152	-	159,630
Capital projects	-	-	4,878,083	-	4,878,083
Special revenue funds	-	-	-	21,062	21,062
Unreserved, undesignated - reported in:					
General fund	6,185,155	-	-	-	6,185,155
Capital projects fund	-	3,440,365	-	-	3,440,365
Total fund balances	6,204,633	3,440,365	5,018,235	21,062	14,684,295
Total liabilities and fund balances	$7,214,885	$ 3,440,365	$5,018,235	$ 26,062	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	119,548,700
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(17,042,355)
Net assets of governmental activities	$ 118,205,892

See notes to basic financial statements.

VILLAGE OF PINECREST, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	General Fund	Transportation Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 11,188,038	$ -	$ -	$ -	$ 11,188,038
Licenses and permits	2,121,715	-	-	-	2,121,715
Intergovernmental	2,316,276	1,177,608	-	129,245	3,623,129
Charges for services	619,666	-	-	-	619,666
Fines and forfeitures	411,421	-	-	5,004	416,425
Interest	314,898	125,957	228,757	386	669,998
Miscellaneous	426,292	-	-	275	426,567
Total revenues	17,398,306	1,303,565	228,757	134,910	19,065,538
Expenditures:					
Current:					
General government	2,128,999	-	-	-	2,128,999
Public safety	6,586,827	-	-	148,369	6,735,196
Building, planning and zoning	1,639,499	-	-	-	1,639,499
Parks and recreation	2,551,981	-	1,432,196	-	3,984,177
Public works	759,790	112,270	-	-	872,060
Debt service:					
Principal	-	-	-	725,000	725,000
Interest	-	-	-	783,310	783,310
Total expenditures	13,667,096	112,270	1,432,196	1,656,679	16,868,241
Excess (deficiency) of revenues over (under) expenditures	3,731,210	1,191,295	(1,203,439)	(1,521,769)	2,197,297
Other financing sources (uses):					
Transfers in	264	-	1,173,876	1,521,374	2,695,514
Transfers out	(2,669,290)	(25,960)	-	(264)	(2,695,514)
Total other financing sources (uses)	(2,669,026)	(25,960)	1,173,876	1,521,110	-
Net change in fund balances	1,062,184	1,165,335	(29,563)	(659)	2,197,297
Fund balances, October 1	5,142,449	2,275,030	5,047,798	21,721	12,486,998
Fund balances, September 30	$ 6,204,633	$ 3,440,365	$ 5,018,235	$ 21,062	$ 14,684,295

See notes to basic financial statements.

VILLAGE OF PINECREST, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2006

Amounts reported for governmental activities in the statement of activities (Page 13) are different because:		
Net change in fund balances - total governmental funds (Page 14)		$ 2,197,297
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. This is the amount by which capital outlays exceeded depreciation in the current period.		
The details of the difference are as follows:		
Capital outlay	$1,811,745	
Depreciation	(5,113,399)	
Disposal of capital assets	(169,020)	
Net adjustment		(3,470,674)
The issuance of long-term debt (e.g., bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
The details of the difference are as follows:		
Issuance premium	13,101	
Issue costs	(10,348)	
Principal payments	725,000	
Accrued interest	1,784	
Capital lease	(8,224)	
Net adjustment		721,313
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
The detail of the difference is as follows:		
Compensated absences		(12,936)
Change in net assets of governmental activities (Page 12)		$ (565,000)

See notes to basic financial statements.

VILLAGE OF PINECREST, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUND

SEPTEMBER 30, 2006

	Stormwater Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$1,391,867
Receivables	70,614
Total current assets	1,462,481
Non-current assets:	
Capital assets, net	4,763,070
Total assets	6,225,551
LIABILITIES	
Current liabilities:	
Accounts payable	90
Deferred revenue	138,856
Total current liabilities	138,946
NET ASSETS	
Invested in capital assets	4,763,070
Unrestricted	1,323,535
Total net assets	$6,086,605

See notes to basic financial statements.

VILLAGE OF PINECREST, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Stormwater Fund
Operating revenues:	
Utility fees	$ 355,470
Total operating revenues	355,470
Operating expenses	
Cost of sales	216,529
Depreciation	89,370
Total operating expenses	305,899
Operating income	49,571
Nonoperating revenues:	
Intergovernment grants	351,688
Interest earnings	48,419
	400,107
Change in net assets	449,678
Total net assets, October 1	5,636,927
Total net assets, September 30	$6,086,605

See notes to basic financial statements.

VILLAGE OF PINECREST, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Stormwater Fund
Cash flows from operating activities:	
Cash received from customers and users	$ 349,523
Cash paid to suppliers	(218,306)
Net cash provided by operating activities	131,217
Cash flows from non-capital financing activities:	
Intergovernmental grants	1,334,944
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(565,783)
Cash flows from investing activities:	
Interest received	48,419
Decrease in cash and cash equivalents	948,797
Cash and cash equivalents, October 1	443,070
Cash and cash equivalents, September 30	$1,391,867
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 49,571
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	89,370
Change in operating assets and liabilities:	
(Increase) in accounts receivable	(30,681)
Increase in revenues collected in advance	24,734
(Decrease) in accounts payable	(1,777)
Total adjustments	81,646
Net cash provided by operating activities	$ 131,217

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Village of Pinecrest, incorporated on March 12, 1996 pursuant to Ordinance 95-207 adopted by the Miami-Dade Board of County Commissioners on November 12, 1995. The Village of Pinecrest occupies a land area of 8 square miles and serves a population of 19,530. The Village of Pinecrest receives tax levies on real and personal properties located within its boundaries. The Village of Pinecrest operates under a Council-Manager form of government and provides the following services: public safety (police), public works, building, planning and zoning, code enforcement, stormwater management, and parks and recreation. The basic financial statements of the Village of Pinecrest have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles.

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

B. Government-wide and fund financial statements

The government-wide financial statements (i. e., the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Village of Pinecrest. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 30 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. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village of Pinecrest reports the following major governmental funds:

- The general fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The capital projects fund receives transfers from the general fund as well as grants and accounts for purchases of land and improvements to the parks and buildings in the community.
- The transportation fund receives grants from the State of Florida and Miami-Dade County.

The Village reports its only proprietary fund as a major fund:

- The stormwater fund (an enterprise fund) accounts for the stormwater control activities of the community. Funds are received from business and residential users and used to maintain the stormwater collection system.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village of Pinecrest has elected not to follow subsequent private sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General Revenues include all taxes.

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

D. Assets, liabilities and net assets or equity

1. Deposits and investments

Cash and cash equivalents, which are cash and short-term investments with maturities of three months or less, include cash on hand, a repurchase agreement and investments with the State Board of Administration Investment Pool. Investments are reported at fair value.

2. Capital assets

Capital assets, which include property, land, equipment, and infrastructure assets (e. g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities and net assets or equity (Continued)

2. Capital assets (Continued)

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

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

- Buildings – 40 years
- Improvements – 15 years
- Equipment :
  - Cars – 5 years
  - Trucks – 10 years
  - Equipment – 5 years
  - Computer equipment – 3 years
- Infrastructure:
  - Roads – 25 years
  - Stormwater system – 50 years

3. Compensated absences

Village employees are granted vacation and sick leave in varying amounts based on length of service and the department that the employee services.

The Village's sick leave policy is to permit employees to accumulate earned but unused sick pay benefits. Such leave is accrued and reported as a fund liability when it is probable that the Village will compensate the employee in the following fiscal year. Unused sick pay is not paid at termination.

The Village's vacation policy is that earned vacation must be taken within one year of the employee's anniversary. Carryover is limited to two hundred and forty (240) hours. Unused vacation pay, if any, is paid with the employee's termination or retirement. Those amounts estimated to be liquidated with expendable available financial resources from the general fund are reported as expenditures and a fund liability of the general fund.

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities and net assets or equity (Continued)

4. Long-term obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts on debt issuances are reported as an other financing use. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

5. Property taxes

Property taxes for the current year were assessed and collected by Miami-Dade County and subsequently remitted to the Village. Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1. Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills ($10 per $1,000 of assessed taxable valuation). The millage rate assessed by the Village for the year ended September 30, 2006 was 2.40 mills.

The tax levy of the Village is established by the Village Council prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statures.

All real and tangible personal property taxes are due and payable on November 1, each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of the taxes due and Miami-Dade County also collects the taxes for the Village. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. There were no material delinquent property taxes at September 30, 2006.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities and net assets or equity (Continued)

6. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

7. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although theses estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The Village of Pinecrest had the following investments as of September 30, 2006

Investment	Maturities	Fair Value
Repurchase agreements		
Federal Home Loan Mortgage*	7/9/2018	$2,317,877

*This investment collateralizes the Village of Pinecrest repurchase agreement totaling $2,272,429.

The Village of Pinecrest also participates in the State Board of Administration (SBA) investment pool.

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (Continued)

Investments (Continued)

Credit Risk

The Village of Pinecrest has an investment policy that emphasizes the safety of principal while maintaining adequate liquidity to meet its needs. Investments are limited to the highest ratings by two of the nationally recognized statistical rating organizations (NRSRO) - (Standard and Poors and Moody's Investment Services). Investments in US Agencies are rated AAA and Aaa respectively. Excess funds are also sent to the SBA for their investment. The SBA does not have a rating from a NRSRO. This is the only external investment pool that the Village of Pinecrest can invest in.

Concentration Credit Risk

GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The investment in the Federal Home Loan Bank is 14.4%. Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk to the Village.

External investment pools are exempt from Concentration and Interest Rate Risk disclosures.

B. Receivables

Receivables as of September 30, 2006 for the Village's individual major and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Trans-portation	Other Nonmajor Governmental Funds	Storm-water	Total
Note receivable	$429,183	$ -	$ -	$ -	$ 429,183
Intergovernmental	108,072	90,853	10,871	-	209,796
Franchise and utility	227,134	-	-	-	227,134
Ad valorem taxes	46,094	-	-	-	46,094
Other	57,594	-	-	70,614	128,208
Gross receivables	868,077	90,853	10,871	70,614	1,040,415
Less allowance for doubtful accounts	-	-	-	-	-
Total receivables	$868,077	$ 90,853	$ 10,871	$70,614	$1,040,415

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

In December 2001, the Village executed a note receivable under a lease purchase agreement with Miami-Dade County School Board for land to be used as a parking lot. Under the terms of the agreement, the Village is to receive annual rentals, including interest of approximately $91,600, payable in monthly installments of approximately $7,600, including interest at 3.95% beginning in January, 2002 and through December 2011. The balance of the note receivable at September 30, 2006 of $429,183 is included in deferred revenues.

Future minimum lease payments reflecting principal to be received are as follows:

For the year ended September 30:	
2007	$ 76,131
2008	79,193
2009	82,378
2010	85,492
2011	89,139
2012	16,850
	$ 429,183

C. Capital assets

Capital asset activity for the year ended September 30, 2006 was as follows:

	Beginning Balance	Increases	Adjustments	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 16,177,529	$ 1,245,615	$ -	$ -	$ 17,423,144
Construction in progress	455,409	-	-	-	455,409
Total capital assets, not being depreciated	16,632,938	1,245,615	-	-	17,878,553
Capital assets, being depreciated:					
Buildings	9,245,032	-	(11,229)	-	9,233,803
Improvements	2,828,188	249,181	(30,789)	84,671	2,961,909
Equipment	2,155,372	316,949	(380,575)	84,349	2,007,397
Infrastructure	149,363,740	-	-	-	149,363,740
Total capital assets, being depreciated	163,592,332	566,130	(422,593)	169,020	163,566,849

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets (Continued)

	Beginning Balance	Increases	Adjustments	Decreases	Ending Balance
Less accumulated depreciation for:					
Buildings	(325,142)	(223,881)	11,229	-	(537,794)
Improvements	(490,463)	(166,520)	30,789	-	(626,194)
Equipment	(1,398,641)	(192,962)	380,575	-	(1,211,028)
Infrastructure	(54,991,650)	(4,530,036)	-	-	(59,521,686)
Total accumulated depreciation	(57,205,896)	(5,113,399)	422,593	-	(61,896,702)
Total capital assets, being depreciated, net	106,386,436	(4,547,269)	-	169,020	101,670,147
Governmental activities capital assets, net	$ 123,019,374	$ (3,301,654)	$ -	$ 169,020	$ 119,548,700
Business type activities:					
Capital assets being depreciated:					
Infrastructure	$ 7,104,127	$ 565,783	$ -	$ -	$ 7,669,910
Less accumulated depreciation for infrastructure	(2,817,470)	(89,370)	-	-	(2,906,840)
Total capital assets, being depreciated, net	4,286,657	476,413	-	-	4,763,070
Business type activities capital assets, net	$ 4,286,657	$ 476,413	$ -	$ -	$ 4,763,070

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	$ 125,492
Public safety	145,026
Public works	4,608,239
Building, planning, and zoning	9,986
Parks and recreation	224,656
Total depreciation expense, governmental activities	$5,113,399
Business type activities:	
Stormwater	$ 89,370
Total depreciation expense, business type activities	$ 89,370

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

D. Transfers

The composition of interfund transfers as of September 30, 2006, is as follows:

Transfers out	Transfers In	Amount	Transfer Purpose
General Fund	Debt service	$1,482,350	Provide debt service funds
General Fund	Hardwire	5,108	Establish new fund
General Fund	Wireless	7,956	Establish new fund
General Fund	Capital Fund	1,173,876	Provide capital projects funds
Police Forfeiture	General Fund	264	Police explorer funds
Transportation Fund	Debt service	25,960	Provide debt service funds
Total		$2,695,514	

There was a due to/from of $5,000 from the General Fund to the Wireless Fund.

E. Long-Term Debt

Florida Municipal Loan Revenue Bonds, Series 1999, Series 2002 and Series 2004. The Village of Pinecrest has issued three bond issues. The first issue was for $8,155,000 for the development of Pinecrest Park, the Village Hall and other capital improvement projects. The second issue was for $7,740,000 for the purchase and development of Parrot Jungle which is known as Pinecrest Gardens. The third issue is for the construction costs of the Library/Community Center at Pinecrest Gardens, $3,075,000. The bonds have an outstanding balance of $15,590,000, and are due in varying installments through July 1, 2024 and bear interest rates from 3.2% to 5.5% with interest paid semiannually. The principal and interest on these bonds are payable from a pledge of non-ad valorem revenues, as defined.

	Principal	Interest	Total
Fiscal year ended September 30:			
2007	$ 750,000	$ 760,862	$ 1,510,862
2008	780,000	731,212	1,511,212
2009	815,000	699,638	1,514,638
2010	845,000	665,873	1,510,873
2011	885,000	630,060	1,515,060
2012-2016	5,075,000	2,478,782	7,553,782
2017-2021	5,200,000	1,055,909	6,255,909
2022-2024	1,240,000	99,428	1,339,428
	$15,590,000	$7,121,764	$22,711,764

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

The Village leases a vehicle and office equipment under non-cancelable capital leases expiring in 2009. Total liability for such leases was $47,694 as of September 30, 2006. The future minimum lease payments for these leases are as follows:

Fiscal year ending September 30:	
2007	$23,438
2008	18,192
2009	6,064
Total minimum lese payments	47,694
Less amount representing interest	2,385
Present value of net minimum lease payments	45,309
Less current portion	23,438
Capital lease obligations excluding current portion	$21,871

Changes in long-term debt of governmental activities during the year are summarized as follows:

	Balance 9/30/05	Additions	Reductions	Balance 9/30/06	Due Within One Year
Bonds payable	$16,315,000	$ -	$ 725,000	$15,590,000	$ 750,000
Capital leases	39,470	25,816	17,592	47,694	23,438
Compensated absences	272,782	285,718	272,782	285,718	242,860
	$16,627,252	$ 311,534	$1,015,374	$15,923,412	$1,016,298

Compensated absences are paid from the General Fund in the form of vacation pay.

NOTE 3. COMMITMENTS AND CONTINGENCIES

A. Risk Management

The Village is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the Village carries insurance through the Florida League of Cities. There were no significant reductions in insurance coverage from the coverage in the prior year. There were no settled claims that have exceeded insurance coverage for each of the past three years.

NOTE 3. COMMITMENTS AND CONTINGENCIES (Continued)

B. Litigation

The Village is a defendant in various lawsuits incidental to its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's management and legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Village.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In the opinion of management, future disallowances of grant expenditures, if any, would not have a material adverse effect on the Village's financial condition.

D. Interlocal agreement

On June 17, 1997 the Village entered into an interlocal agreement with Miami-Dade County to pass thru the Village's share of the franchise fees on electricity collected by Florida Power and Light. Under this agreement, the County remitted $1,367,111 to the Village for the fiscal year ended September 30, 2006. This agreement will be in effect as long as the Ordinance establishing the collection of these fees is in place.

On July 17, 2003 the Village entered into another interlocal agreement with Miami-Dade County. Under this agreement, the County remitted $638,493 to the Village for the fiscal year ended September 30, 2006 for the purpose of providing transportation services within the Village. This agreement shall remain in effect as long as the County receives net proceeds from the ½ cent County Transit System Surtax as authorized by Miami-Dade County Ordinance No. 02-116 pursuant to the authority of Section 212.055(1) Florida. Statutes 2002.

E. Defined Contribution Plan

The Village of Pinecrest 401(a) Money Purchase Plan is a defined contribution plan established by the Village to provide benefits at retirement for its employees. All full time employees must be a member of the plan. Plan members are required to contribute 7% of base earnings for the plan year. The Village is required to contribute 13% of base earnings for each participant for the plan year. Plan provisions and contribution requirements are established and may be amended by the Village Council.

The Plan's assets are administered by ICMA Retirement Corporation. The Village does not exercise any control over the plan assets. Village contributions to the plan were $733,082. There are current year forfeitures of $69,639, of which $39,663 will be used in lieu of Village contributions in fiscal 2007. Employee contributions were $397,436 for the year ended September 30, 2006.

NOTE 3. COMMITMENTS AND CONTINGENCIES (Continued)

F. Construction Commitments

A construction commitment is defined as the difference between the contract price of a project and the amount paid on that contract through the fiscal year ended September 30, 2006. Outstanding construction commitments at September 30, 2006 are approximately $160,000 for projects which include the development of various park renovations and improvements. These projects are all fully funded.

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REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

VILLAGE OF PINECREST, FLORIDA

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Taxes:				
Ad valorem taxes	$ 7,073,210	$ 7,073,210	$ 7,117,029	$ 43,819
Franchise fees - electricity	1,073,640	1,073,640	1,463,495	389,855
Utility tax - electricity	1,655,930	1,655,930	1,744,716	88,786
Communications services tax	743,670	743,670	862,798	119,128
Total taxes	10,546,450	10,546,450	11,188,038	641,588
Licenses and permits	1,709,610	1,724,610	2,121,715	397,105
Intergovernmental revenue	1,696,260	1,871,260	2,316,276	445,016
Charges for services	513,460	513,460	619,666	106,206
Fines and forfeitures	185,850	185,850	411,421	225,571
Miscellaneous revenue				
Interest earnings	153,910	153,910	314,898	160,988
PHS parking rent	91,650	91,650	91,658	8
Other miscellaneous revenues	244,660	244,660	337,305	92,645
Total miscellaneous revenue	490,220	490,220	743,861	253,641
Total revenues	15,141,850	15,331,850	17,400,977	2,069,127
Expenditures:				
Current:				
General government	2,536,040	2,536,040	2,117,377	418,663
Public safety	7,389,310	7,389,310	6,600,867	788,443
Building and zoning	1,602,340	1,617,340	1,615,499	1,841
Parks and recreation	2,301,160	2,476,160	2,469,929	6,231
Public works	1,063,250	1,063,250	751,036	312,214
Total expenditures	14,892,100	15,082,100	13,554,708	(1,527,392)
Other financing sources (uses):				
Appropriation of prior years fund balance	2,392,210	2,392,210	-	2,392,210
Transfers in	27,330	27,330	264	27,066
Transfers out	2,669,290	2,669,290	2,669,290	-
Total other financing sources (uses)	(249,750)	(249,750)	(2,669,026)	2,419,276
Net change in fund balance	$ -	$ -	$ 1,177,243	$ 1,177,243

See notes to budgetary comparison schedule.

VILLAGE OF PINECREST, FLORIDA

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$1,087,210	$1,087,210	$1,177,608	$ 90,398
Interest	25,970	25,970	125,957	99,987
Total revenues	1,113,180	1,113,180	1,303,565	190,385
Expenditures:				
Current:				
Public works	1,194,140	1,194,140	112,270	1,081,870
Total expenditures	1,194,140	1,194,140	112,270	1,081,870
Excess (deficiency) of revenues over expenditures	(80,960)	(80,960)	1,191,295	1,272,255
Other financing sources (uses):				
Appropriation of prior year's fund balance	106,920	106,920	-	(106,920)
Transfers out	(25,960)	(25,960)	(25,960)	-
Total other financing sources (uses)	80,960	80,960	(25,960)	(106,920)
Net change in fund balance	$ -	$ -	$1,165,335	$1,165,335

See notes to budgetary comparison schedule.

VILLAGE OF PINECREST, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULES

FISCAL YEAR ENDED SEPTEMBER 30, 2006

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted for all of the governmental funds on a basis consistent with accounting principles generally accepted in the United States except for encumbrances.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Village Manager submits to the Council a proposed operating and capital budget for the ensuing year. The budget includes proposed expenditures and means of financing them.
b. Public hearings are conducted to obtain taxpayer comments.
c. Prior to October 1, the budget is legally enacted through the passage of a budget ordinance.
d. The Village Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. There were $190,000 of appropriations during the fiscal year ended September 30, 2006.
e. Formal budgetary integration is employed as a management control devise during the year for all of the funds.
f. The Village Manager is authorized to transfer part of all or an unencumbered appropriation within a department within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the Village Council. The classification detail at which expenditures may not legally exceed appropriations is at the FUND level.
g. Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are reappropriated in the following year's budget.
h. Budgeted amounts are as originally adopted or as amended. Individual type amendments are not material in relation to the original appropriations.

NOTE 2. RECONCILIATION OF BUDGETED AND ACTUAL RESULTS

The only funds with GAAP to Budgetary basis differences were the General and Capital Improvement Funds.

The following adjustments are necessary to present the actual data on a budgetary basis from the fiscal year ended September 30, 2006.

	General Fund	Capital Improvements Fund
Net change in fund balance - GAAP basis	$1,103,094	$ (12,127)
Expenditures on a budgetary basis (encumbrances) September 30, 2005	(134,537)	(157,588)
Expenditures on a budgetary basis (encumbrances) September 30, 2006	19,478	140,152
Net change in fund balance (budgetary basis)	$ 988,035	$ (29,563)

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COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Police education fund – This fund receives funds from judgments, donations and grants to be used to provide training to police department personnel.

Police forfeiture fund – This fund receives forfeited cash and assets of individuals involved in drug enforcement activities and must be used for police related services.

Hardwire fund – This fund receives funds derived from a tax on land based phone lines and is used to fund 911 services.

Wireless fund – This fund receives funds derived from a tax on cell phones and is used to fund 911 services

Debt Service Fund

Debt service fund - This fund is used to accumulate resources and distribute principal, interest and bond related issuance costs on long-term debt payable by the Village of Pinecrest.

VILLAGE OF PINECREST, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	Police Education Fund	Police Forfeiture Fund	Hardware Fund	Wireless Fund	Total Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS							
Cash and cash equivalents	$ 6,877	$ 603	$ 6,534	$ 1,177	$ 15,191	$ -	$ 15,191
Receivables, net	400	-	5,263	5,208	10,871	-	10,871
Total assets	$ 7,277	$ 603	$ 11,797	$ 6,385	$ 26,062	$ -	$ 26,062
LIABILITIES							
Due from other funds	$ -	$ -	$ -	$ 5,000	$ 5,000	$ -	$ 5,000
FUND BALANCES							
Reserved for encumbrances	-	-	-	-	-	-	-
Unreserved	7,277	603	11,797	1,385	21,062	-	21,062
Total fund balances	7,277	603	11,797	1,385	21,062	-	21,062
Total liabilities and fund balances	$ 7,277	$ 603	$ 11,797	$ 6,385	$ 26,062	$ -	$ 26,062

VILLAGE OF PINECREST, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Police Education Fund	Police Forfeiture Fund	Hardware Fund	Wireless Fund	Total Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:							
Intergovernmental	$ -	$ -	$ 63,874	$ 65,371	$ 129,245	$ -	$ 129,245
Fines and forfeitures	5,004	-	-	-	5,004	-	5,004
Interest	228	23	12	123	386	-	386
Miscellaneous	275	-	-	-	275	-	275
Total revenues	5,507	23	63,886	65,494	134,910	-	134,910
Expenditures:							
Current:							
Public safety	4,947	14,160	60,045	69,217	148,369	-	148,369
Public works	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	725,000	725,000
Interest	-	-	-	-	-	783,310	783,310
Total expenditures	4,947	14,160	60,045	69,217	148,369	1,508,310	1,656,679
Excess (deficiency) of revenues over (under) expenditures	560	(14,137)	3,841	(3,723)	(13,459)	(1,508,310)	(1,521,769)
Other financing sources (uses):							
Transfers in	-	-	7,956	5,108	13,064	1,508,310	1,521,374
Transfers out	(264)	-	-	-	(264)	-	(264)
Total other financing sources (uses)	(264)	-	7,956	5,108	12,800	1,508,310	1,521,110
Net change in fund balances	296	(14,137)	11,797	1,385	(659)	-	(659)
Fund balances, beginning	6,981	14,740	-	-	21,721	-	21,721
Fund balances, ending	$ 7,277	$ 603	$ 11,797	$ 1,385	$ 21,062	$ -	$ 21,062

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
POLICE EDUCATION FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fines and forfeitures	$ 3,490	$ 3,490	$ 5,004	$ 1,514
Interest	160	160	228	68
Donations	-	-	275	275
Total revenues	3,650	3,650	5,507	1,857
Expenditures:				
Public safety	10,990	10,990	4,947	6,043
Total expenditures	10,990	10,990	4,947	6,043
Deficiency of revenues over expenditures	(7,340)	(7,340)	560	7,900
Other financing sources (uses):				
Appropriation of prior year's fund balance	7,340	7,340	-	(7,340)
Transfers out	-	-	(264)	(264)
Total other financing sources (uses)	7,340	7,340	(264)	(7,604)
Net change in fund balance	$ -	$ -	$ 296	$ 296

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
POLICE FORFEITURE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Interest	$ 280	$ 280	$ 23	$ (257)
Total revenues	280	280	23	(257)
Expenditures:				
Public safety	14,160	14,160	14,160	-
Total expenditures	14,160	14,160	14,160	-
Deficiency of revenues over expenditures	(13,880)	(13,880)	(14,137)	(257)
Other financing sources (uses):				
Appropriation of prior year's fund balance	(13,880)	(13,880)	-	(13,880)
Total other financing sources (uses)	(13,880)	(13,880)	-	(13,880)
Net change in fund balance	$ -	$ -	$ (14,137)	$ (14,137)

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HARDWARE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$65,400	$65,400	$63,874	$ (1,526)
Interest	100	100	12	(88)
Total revenues	65,500	65,500	63,886	(1,614)
Expenditures:				
Public safety	65,500	65,500	60,045	5,455
Total expenditures	65,500	65,500	60,045	5,455
Excess of revenues over expenditures	-	-	3,841	3,841
Other financing sources (uses):				
Transfers in	-	-	7,956	7,956
Total other financing sources (uses)	-	-	7,956	7,956
Net change in fund balance	$ -	$ -	$11,797	$ 11,797

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
WIRELESS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$42,000	$42,000	$65,371	$ 23,371
Interest	50	50	123	73
Total revenues	42,050	42,050	65,494	23,444
Expenditures:				
Public safety	42,050	42,050	69,217	(27,167)
Total expenditures	42,050	42,050	69,217	(27,167)
Deficiency of revenues over expenditures	-	-	(3,723)	(3,723)
Other financing sources (uses):				
Transfers in	-	-	5,108	5,108
Total other financing sources (uses)	-	-	5,108	5,108
Net change in fund balance	$ -	$ -	$ 1,385	$ 1,385

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
Principal	$ 725,000	$ 725,000	$ 725,000	$ -
Interest	792,250	792,250	783,310	8,940
Total expenditures	1,517,250	1,517,250	1,508,310	8,940
Other financing sources:				
Transfers in	1,517,250	1,517,250	1,508,310	(8,940)
Total other financing sources	1,517,250	1,517,250	1,508,310	(8,940)
Net change in fund balance	$ -	$ -	$ -	$ -

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$3,242,500	$3,242,500	$ -	$(3,242,500)
Interest	61,250	61,250	228,757	167,507
Total revenues	3,303,750	3,303,750	228,757	(3,074,993)
Expenditures:				
Current:				
General government	5,555,000	5,555,000	-	5,555,000
Parks and recreation	3,077,000	3,077,000	1,414,760	1,662,240
Total expenditures	8,632,000	8,632,000	1,414,760	7,217,240
Deficiency of revenues over expenditures	(5,328,250)	(5,328,250)	(1,186,003)	4,142,247
Other financing sources (uses):				
Appropriation of prior year's fund balance	4,150,250	4,150,250	-	(4,150,250)
Transfers in	1,178,000	1,178,000	1,173,876	(4,124)
Total other financing sources	5,328,250	5,328,250	1,173,876	(4,154,374)
Net change in fund balance	$ -	$ -	$ (12,127)	$ (12,127)

VILLAGE OF PINECREST, FLORIDA

TABLE 1

NET ASSETS BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
Invested in capital assets, net of related debt	$ 100,990	$ 112,626	$ 108,793	$ 106,284	$ 103,522
Restricted	10,345	1,092	3,308	2,589	5,058
Unrestricted	8,784	10,302	8,856	9,898	9,625
Total governmental activities net assets	120,119	124,020	120,957	118,771	118,205
Business-type activities:					
Invested in capital assets, net of related debt	2,171	2,127	2,313	4,286	4,763
Restricted	-	-	-	-	-
Unrestricted	906	1,120	1,234	1,350	1,324
Total business-type activities net assets	3,077	3,247	3,547	5,636	6,087
Primary government:					
Invested in capital assets, net of related debt	103,161	114,753	111,106	110,570	108,285
Restricted	10,345	1,092	3,308	2,589	5,058
Unrestricted	9,690	11,422	10,090	11,248	10,949
Total primary government net assets	$ 123,196	$ 127,267	$ 124,504	$ 124,407	$ 124,292

VILLAGE OF PINECREST, FLORIDA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year				
Expenses	2002	2003	2004	2005	2006
Governmental activities:					
General government	$ 2,343	$ 2,262	$ 1,790	$ 2,457	$ 2,265
Public safety	6,553	6,354	6,394	6,441	6,768
Building, planning and zoning	1,175	1,298	1,394	1,573	1,641
Parks and recreation	1,650	1,544	2,318	2,503	2,706
Public works	5,153	4,608	5,948	5,239	5,482
Interest on long-term debt	377	707	701	842	782
Total governmental activities	17,251	16,773	18,545	19,055	19,644
Business-type activities:					
Stormwater	126	140	184	213	306
Total business-type activities	126	140	184	213	306
Total primary government	$ 17,377	$ 16,913	$ 18,729	$ 19,268	$ 19,950
Program revenues:					
Governmental activities:					
Charges for services:					
General government					
Public safety	$ 96	$ 255	$ 363	$ 275	$ 469
Building, planning and zoning	1,431	1,481	1,657	1,822	2,122
Parks and recreation	90	868	399	463	567
Public works	-	-	-	-	-
Operating grants and contributions	167	155	33	1,106	1,177
Capital grants and contributions	824	7,100	644	30	-
Total governmental activities program revenues	2,608	9,859	3,096	3,696	4,335
Business type activities:					
Charges for services					
Stormwater system	228	294	374	376	355
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	94	1,905	352
Total business-type activities program revenues	228	294	468	2,281	707
Total primary government program revenues	$ 2,836	$ 10,153	$ 3,564	$ 5,977	$ 5,042
Net (expense) revenue:					
Governmental activities	$ (14,643)	$ (6,914)	$ (15,449)	$ (15,359)	$ (15,309)
Business-type activities	102	154	284	2,068	401
Total primary government net expense	$ (14,541)	$ (6,760)	$ (15,165)	$ (13,291)	$ (14,908)
General revenues and other changes in net assets					
Governmental activities:					
Ad valorem taxes	$ 4,145	$ 5,234	$ 5,770	$ 6,295	$ 7,117
Franchise fees on gross receipts	971	914	978	1,029	1,464
Utility taxes	1,636	1,731	1,674	1,733	1,744
Communications services tax	652	855	658	777	863
Intergovernmental grants, not restricted to specific programs	1,332	1,320	2,641	2,433	2,446
Interest earnings	253	326	156	451	683
Miscellaneous	422	435	509	454	427
Total governmental activities	9,411	10,815	12,386	13,172	14,744
Business-type activities:					
Interest earnings	19	16	16	22	48
Total business-type activities	19	16	16	22	48
Total primary government	$ 9,430	$ 10,831	$ 12,402	$ 13,194	$ 14,792
Changes in net assets:					
Government activities	$ (5,232)	$ 3,901	$ (3,063)	$ (2,187)	$ (565)
Business-type activities	121	170	300	2,090	449
Total primary government	$ (5,111)	$ 4,071	$ (2,763)	$ (97)	$ (116)

VILLAGE OF PINECREST, FLORIDA

TABLE 3

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Ad Valorem Tax	Franchise Fees on Services	Utility Tax	Communications Service Tax	Transportation Tax	Total
2002	$ 4,145	$ 971	$ 1,636	$ 652	$ 640	$ 8,044
2003	5,234	914	1,731	855	902	9,636
2004	5,770	978	1,674	658	1,039	10,119
2005	6,295	1,029	1,733	777	1,106	10,940
2006	7,117	1,464	1,744	863	1,178	12,366

VILLAGE OF PINECREST, FLORIDA

TABLE 4

FUND BALANCES IN GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund:										
Reserved	$ 250	$ 302	$ 800	$ 1,066	$ 883	$ 169	$ 206	$ 200	$ 134	$ 19
Unreserved	2,025	5,313	8,070	10,490	6,879	7,182	6,671	4,383	5,008	6,185
Total general fund	$ 2,275	$ 5,615	$ 8,870	$ 11,556	$ 7,762	$ 7,351	$ 6,877	$ 4,583	$ 5,142	$ 6,204
All other governmental funds:										
Reserved	$ -	$ 497	$ 333	$ 1,720	$ 1,129	$ 10,176	$ 3,248	$ 1,811	$ 179	$ 162
Unreserved:										
Special revenue funds	-	690	807	976	1,274	1,219	1,092	1,297	2,275	3,440
Capital project funds	-	-	5,634	2,833	3,261	382	177	4,473	4,890	4,878
Total all other governmental funds	$ -	$ 1,187	$ 6,774	$ 5,529	$ 5,664	$ 11,777	$ 4,517	$ 7,581	$ 7,344	$ 8,480
Total all funds	$ 2,275	$ 6,802	$ 15,644	$ 17,085	$ 13,426	$ 19,128	$ 11,394	$ 12,164	$ 12,487	$ 14,684
Change in fund balance	$ -	$ 4,527	$ 8,842	$ 1,441	$ (3,659)	$ 5,702	$ (7,734)	$ 770	$ 323	$ 2,197

VILLAGE OF PINECREST, FLORIDA

TABLE 4A

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	$7,277	$ 7,881	$8,319	$8,423	$ 8,673	$7,404	$ 8,734	$9,080	$9,835	$11,188
Licenses and permits	127	893	829	1,052	1,121	1,363	1,417	1,657	1,822	2,122
Intergovernmental	294	419	2,106	1,489	979	2,323	8,575	3,318	3,570	3,623
Charges for services	4	395	386	448	391	246	545	481	463	619
Fines and forfeitures	7	141	193	229	232	219	215	281	275	416
Interest	83	289	525	1,039	892	253	313	156	437	670
Miscellaneous	11	28	87	215	110	321	863	509	454	427
Total revenues	7,803	10,046	12,445	12,895	12,398	12,129	20,662	15,482	16,856	19,065
Expenditures:										
Current.										
General government	4,418	644	1,568	1,164	1,949	2,287	1,926	877	2,338	2,129
Public safety	2,095	3,417	3,167	3,826	4,869	6,238	6,303	6,311	6,334	6,736
Building, planning and zoning	-	-	695	906	1,051	1,140	1,300	1,376	1,542	1,640
Parks and recreation	-	-	254	508	835	1,648	15,379	2,654	2,453	3,984
Public works	126	324	237	475	1,378	1,366	1,333	1,549	1,222	872
Non-departmental	3	1,134	5,653	3,938	5,341	976	904	3,674	1,145	-
Debt service:										
Principal	-	-	-	275	280	290	550	570	690	725
Interest	-	-	184	362	354	344	701	701	809	782
Issuance costs	-	-	-	-	-	136	-	-	-	-
Total expenditures	6,642	5,519	11,758	11,454	16,057	14,425	28,396	17,712	16,533	16,868
Excess (deficiency) of revenues over expenditures										
Other financing sources (uses):										
Issuance of debt	-	-	8,155	-	-	7,998	-	3,000	-	-
Transfers in	-	-	184	636	4,329	634	1,632	3,671	1,499	2,696
Transfers out	-	-	(184)	(636)	(4,329)	(634)	(1,632)	(3,671)	(1,499)	(2,696)
Total other financing sources	-	-	8,155	-	-	7,998	-	3,000	-	-
Net change in fund balances	$ 1,161	$ 4,527	$ 8,842	$ 1,441	$ (3,659)	$ 5,702	$ (7,734)	$ 770	$ 323	$ 2,197
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	1.56%	5.56%	3.95%	4.40%	4.41%	7.18%	9.07%	8.93%

VILLAGE OF PINECREST, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeitures	Interest	Misc.	Total
1997	$7,277,312	$ 126,514	$ 293,924	$ 4,604	$ 6,779	$ 83,376	$ 10,762	$7,803,271
1998	7,360,276	893,005	314,559	77,128	137,634	240,461	27,470	9,050,533
1999	8,318,873	829,305	463,889	385,923	193,163	472,792	87,193	10,751,138
2000	8,423,089	1,051,945	1,488,698	447,999	229,366	1,039,238	214,836	12,895,171
2001	8,673,171	1,120,887	979,321	390,716	231,873	892,535	110,428	12,398,931
2002	7,403,931	1,362,665	2,322,980	246,445	219,151	252,897	321,026	12,129,095
2003	8,734,449	1,416,741	8,575,259	544,766	214,524	312,738	863,096	20,661,573
2004	9,080,086	1,656,751	3,318,279	480,774	281,158	155,854	509,096	15,481,998
2005	9,834,612	1,821,586	3,569,813	463,108	274,974	437,419	454,296	16,855,808
2006	11,188,038	2,121,715	3,623,129	619,666	416,425	669,998	426,567	19,065,538

Source: General fund for fiscal years 1997 through 1998.
General fund and special revenue funds for fiscal year 1999.
All governmental funds for fiscal years commencing 2000.

Note: This schedule is prepared on a GAAP basis.
The information reported is from the Comprehensive Annual Financial Reports.

VILLAGE OF PINECREST, FLORIDA

ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Assessed Property Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1997	$1,581,300,733	$41,182,484	$1,622,483,217	2.2	$1,707,877,071	95%
1998	1,657,437,548	42,538,893	1,699,976,441	2.1	1,789,448,885	95%
1999	1,736,986,871	48,367,813	1,785,354,684	2.1	1,879,320,720	95%
2000	1,832,884,111	49,266,728	1,882,150,839	2.1	1,981,211,409	95%
2001	2,028,549,847	44,051,288	2,072,601,135	2.1	2,181,685,405	95%
2002	2,231,723,235	45,728,441	2,277,451,676	2.4	2,397,317,554	95%
2003	2,457,111,202	42,781,470	2,499,892,672	2.4	2,631,465,971	95%
2004	2,692,568,177	45,247,052	2,737,815,229	2.4	2,881,910,767	95%
2005	3,053,194,733	44,846,184	3,098,040,917	2.4	3,261,095,702	95%
2006	3,460,282,932	39,173,088	3,499,456,020	2.4	3,683,637,916	95%

Data is provided by the Miami-Dade County Appraiser's Office.

VILLAGE OF PINECREST

TABLE 7

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	Village	School		State			County			Special Districts			
Fiscal Year	Operating Millage	Operating Millage	Debt Service	Everglades Project	South Florida Water Management	FIN (1)	Operating Millage	Debt Service	Children's Trust	Fire Rescue	Fire Debt	Library	Total Millage
1997	2.277	9.356	1.106	0.100	0.597	0.0500	6.023	0.929	0.000	2.650	0.075	0.316	23.479
1998	2.277	9.356	1.106	0.100	0.597	0.0500	6.023	0.929	0.000	2.650	0.075	0.316	23.479
1999	2.100	9.182	0.978	0.100	0.597	0.0470	6.023	0.837	0.000	2.796	0.068	0.334	23.062
2000	2.100	8.654	0.990	0.100	0.597	0.0440	5.809	0.816	0.000	2.683	0.069	0.321	22.183
2001	2.100	8.702	0.915	0.100	0.597	0.0410	5.751	0.652	0.000	2.683	0.069	0.351	21.961
2002	2.100	8.528	0.848	0.100	0.597	0.0385	5.713	0.552	0.000	2.683	0.069	0.451	21.680
2003	2.400	8.482	0.770	0.100	0.597	0.0385	5.889	0.390	0.000	2.582	0.079	0.486	21.814
2004	2.400	8.418	0.682	0.100	0.597	0.0385	5.969	0.285	0.500	2.582	0.079	0.486	22.137
2005	2.400	8.090	0.597	0.100	0.597	0.0385	5.935	0.285	0.444	2.592	0.069	0.486	21.634
2006	2.400	7.947	0.491	0.100	0.597	0.0385	5.835	0.285	0.429	2.609	0.052	0.486	21.270

Data is provided by the Miami-Dade County Appraiser's Office.

VILLAGE OF PINECREST, FLORIDA

TABLE 8

PRINCIPAL TAXPAYERS

SEPTEMBER 30, 2006

Taxpayer	Type of Use	2006 Assessed Valuation	2006 Rank	2006 Percentage of Total Assessed Valuation	1997 Assessed Valuation	1997 Rank	1997 Percentage of Total Assessed Valuation
Spector & Sons	Shopping Center	$25,551,620	1	0.84%			
Kendall Imports LLC	Shopping Center	21,260,318	2	0.70%			
Pinecrest Realty Associates	Shopping Center	17,528,739	3	0.58%			
Gator Dadeland Partners, LTD	Shopping Center	16,238,080	4	0.54%	$6,625,000	7	0.41%
Kendall Plaza, LTD	Shopping Center	15,570,035	5	0.51%	9,564,483	2	0.59%
Suniland Center	Shopping Center	12,750,000	6	0.42%			
G F B Enterprises	Automotive	11,196,182	7	0.37%			
ESF Holdings	Automotive	10,815,805	8	0.36%			
Kendall House Apartments	Apartments	10,000,000	9	0.33%	4,600,000	9	0.28%
Burdines Real Estate	Shopping Center	9,733,059	10	0.32%			
Florida Power & Light	Electric Power						
South Shore Properties	Shopping Center				12,803,865	1	0.79%
R&B Holdings	Auto Dealership				8,756,372	3	0.54%
Frank and Mary Smathers	Residential				7,989,869	4	0.49%
Kenneth L Shimm	Shopping Center				7,596,024	5	0.47%
LV of Dadeland	Condominiums				6,789,000	6	0.42%
Suniland Associates	Shopping Center				4,702,157	8	0.29%
Gulliver Academy, Inc.	Private School				4,488,951	10	0.28%

Source: Miami-Dade County Tax Assessor's Office 2006 Tax Roll
Real/Personal Property Taxable Value - $3,026,303,955
Miami-Dade County Tax Assessor's Office 1997 Tax Roll
Real/Personal Property Taxable Value - $1,625,205,339

Data is provided by the Miami-Dade County Appraiser's Office.

VILLAGE OF PINECREST, FLORIDA

TABLE 9

RATIO OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS

Fiscal Year	Governmental Activities General Obligation Bonds* (2)	Business-type Activities Outstanding Bonds	Total Primary Government	Population (1)	Per Capita Debt
1999	$ 8,155	$ -	$ 8,155	$ 17,984	$ 453
2000	7,880	-	7,880	19,055	414
2001	7,600	-	7,600	19,064	399
2002	15,050	-	15,050	19,078	789
2003	14,500	-	14,500	19,286	752
2004	17,005	-	17,005	19,317	880
2005	16,315	-	16,315	19,460	838
2006	15,590	-	15,590	19,530	798

Notes: *In thousands

(1) Fiscal year 2000, US Census.
Fiscal years 2002 and thereafter the population as estimated by the Bureau of Economic and Business Research, University of Florida as of April 1 each year.

(2) The Village of Pinecrest Finance Department is the source for this data.

VILLAGE OF PINECREST, FLORIDA

TABLE 10

RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS

Fiscal Year	General Obligation Bonds* (2)	Assessed Value of Taxable Property* (3)	Ratio of Bonded Debt to Assessed Value	Population (1)	Per Capita Debt
1999	$ 8,155	$ 1,736,987	0.47%	$ 17,984	$ 453
2000	7,880	1,832,884	0.43%	19,055	414
2001	7,600	2,028,550	0.37%	19,064	399
2002	15,050	2,231,723	0.67%	19,078	789
2003	14,500	2,457,111	0.59%	19,286	752
2004	17,005	2,692,568	0.63%	19,317	880
2005	16,315	3,098,041	0.53%	19,460	838
2006	15,990	3,499,456	0.46%	19,530	819

Notes: *In thousands

(1) Fiscal year 2000, US Census.
Fiscal years 2002 and thereafter the population as estimated by the Bureau of Economic and Business Research, University of Florida as of April 1 each year.

(2) The Village of Pinecrest Finance Department is the source for this data.

(3) Data is provided by the Miami Dade County's Property Appraiser.

VILLAGE OF PINECREST, FLORIDA

TABLE 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS
FISCAL YEAR ENDED SEPTEMBER 30, 2006

Jurisdiction	Bonded Debt Outstanding	Percentage Applicable to Pinecrest (1)	Amount Applicable to Pinecrest	Amount Per Capita Pinecrest (1)
Direct				
Village of Pinecrest	$ 15,590,000	100.00%	$ 15,590,000	$ 798
Overlapping				
School Board (2)	$ 560,574,000	0.81%	$ 4,520,235	$ 231
County (3)	507,316,000	0.81%	4,090,785	209
	$ 1,067,890,000		$ 8,611,021	$ 441

Notes:

(1) Based upon population; Village of Pinecrest and Miami-Dade County
(2) Amounts provided by School Board are as of June 30th.
(3) Amounts provided by the Miami-Dade County Finance Department

VILLAGE OF PINECREST, FLORIDA

TABLE 12

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Median Household Income (1)	Household Units (1)	School Enrollment (2)	Unemployment Rate (3)
1997	NA	NA	NA	NA	NA
1998	17,986	NA	NA	6,541	NA
1999	17,984	NA	NA	7,263	NA
2000	19,055	$ 107,507	6,261	8,883	NA
2001	19,064	107,507	6,261	7,574	7.2%
2002	19,078	107,507	6,261	6,788	7.4%
2003	19,268	107,507	6,261	6,788	7.3%
2004	19,317	107,507	6,261	6,796	6.1%
2005	19,460	107,507	6,261	6,814	4.0%
2006	19,530	107,507	6,261	6,877	3.1%

Notes: *In thousands

(1) Fiscal year 2000, US Census.
Fiscal years 2002 and thereafter the population as estimated by the Bureau of Economic and Business Research, University of Florida as of April 1 each year.

(2) The Miami Dade School system is the source of this data

(3) The Department of Labor is the source of this data.

VILLAGE OF PINECREST, FLORIDA

TABLE 13

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2006			1997		
Employer	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Miami Dade School System	559	1	NA	NA	NA	NA
Kendall Toyota	365	2	NA	NA	NA	NA
Village of Pinecrest	146	3	NA	NA	NA	NA
Gulliver Preparatory School	110	4	NA	NA	NA	NA
Autocity Pontiac - GMC of Pinecrest	53	5	NA	NA	NA	NA
Young, Stovall and Company	26	6	NA	NA	NA	NA
Prudential Florida WCI Realty	25	7	NA	NA	NA	NA
Pinecrest Presbyterian Church Day School	25	8	NA	NA	NA	NA
Florida Savings Bancorp Inc	20	9	NA	NA	NA	NA
Color World Beauty, Inc.	19	10				
Total	1,348					

Source: Occupational License records of the Village of Pinecrest, except Miami Dade School Board and the Village of Pinecrest.
The Miami-Dade School System provided data for the school system.
See full time equivalent position table for the Village of Pinecrest data.

VILLAGE OF PINECREST, FLORIDA

TABLE 14

FULL TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full Time Equivalent Employees as of September 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government	11.0	12.0	11.5	12.0	12.0	12.0	9.5	8.5	7.5	6.5
Public safety:										
Sworn	54.0	54.0	54.0	58.0	57.0	55.0	45.0	43.0	41.0	35.0
Civilians	25.0	26.0	26.0	27.0	27.0	22.0	20.5	18.5	15.5	9.0
Building, planning & zoning	15.0	15.0	14.0	16.0	16.0	15.0	13.0	12.0	11.0	10.0
Public works	7.0	7.0	7.0	6.0	6.0	6.0	6.0	5.0	3.0	-
Parks and recreation	34.0	31.0	29.0	29.0	23.0	23.0	16.0	14.0	6.0	6.0
Total	146.0	145.0	141.5	148.0	141.0	133.0	110.0	101.0	84.0	66.5

VILLAGE OF PINECREST, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full Time Equivalent Employees as of September 30:									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police:										
Part 1 crimes*	586	849	753	751	795	-	-	-	-	-
Traffic citations and warnings	14,562	13,989	13,144	16,892	13,232	-	-	-	-	-
False alarms	2,633	2,440	2,807	2,950	3,018	-	-	-	-	-
Crashes	882	878	856	798	917	-	-	-	-	-
Other	1,023	3,444	7,799	4,789	4,838	-	-	-	-	-
Total	19,686	21,600	25,359	26,180	22,800	-	-	-	-	-
Building permits:										
Building	160	164	106	152	131	140	175	164	99	-
Electrical	89	58	38	60	49	77	64	36	56	-
Mechanical	53	47	22	45	32	28	38	31	39	-
Plumbing	62	58	38	54	57	56	76	40	37	-
Gas	20	6	-	2	-	2	4	2	1	-
Total	384	333	204	313	269	303	357	273	232	-

* Part 1 crimes include homicide, sex offenses, robbery, aggravated assault, burglary, larceny, arson and auto theft.

VILLAGE OF PINECREST, FLORIDA

TABLE 16

CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full Time Equivalent Employees as of September 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	31	33	33	33	33	33	19	19	13	14
Parks:										
Parks	7	7	7	7	6	6	4	4	3	3
Park acreage	61	60	60	60	36	36	32	32	22	22
Tennis courts	6	6	6	6	6	6	6	6	6	6
Public works:										
Miles of roads	108	108	108	108	108	101	101	101	101	101
Cable television systems	2	3	3	3	3	3	3	3	3	3
Public schools:										
High schools	1	1	1	1	1	1	1	1	1	1
Middle schools	1	1	1	1	1	1	1	1	1	1
Elementary schools	3	3	3	3	3	3	3	3	3	3

INCORPORATED 1996
village of
PINECREST
FLORIDA

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor, Village Council and Village Manager
Village of Pinecrest, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pinecrest, Florida (the Village) as of and for the year ended September 30, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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MIAMI ■ FORT LAUDERDALE ■ WEST PALM BEACH

This report is intended solely for the information and use of the Mayor, Village Council, management, and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rachlin Cohen & Holtz LLP

Miami, Florida
December 27, 2006

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Honorable Mayor, Village Council and Village Manager
Village of Pinecrest, Florida

We have audited the basic financial statements of the governmental activities, the business-type activities and each major fund of the Village of Pinecrest, Florida (the Village) as of and for the year ended September 30, 2006, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 27, 2006. We conducted our audit in accordance with United States generally accepted auditing standards generally accepted in the United States, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Internal Control over financial reporting and on Compliance and Other Matters. Disclosures in this report, which is dated December 27, 2006, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

There were no significant findings or recommendations made in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554(l)(h)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village of Pinecrest complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(l)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(l)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit found no matters that were required to be disclosed.

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The Rules of the Auditor General (Section 10.554(l)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Village of Pinecrest was incorporated by Ordinance 95-207 adopted by the Miami-Dade Board of County Commissioners on November 12, 1995. There were no component units related to the Village.

The Village, during fiscal year 2006, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(l)(h)6.b.), we determined that the annual financial report for the Village of Pinecrest for the fiscal year ended September 30, 2006, filed with the Florida Department of Financial Services pursuant to Section 218.32(l)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c. and 10.556(7), we applied financial assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The assessment was done as of the fiscal year end. There were no findings that identified deteriorating financial conditions.

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

Rachlin Cohen & Holtz LLP

Miami, Florida
December 27, 2006

Report of Independent Certified Public Accountants on Compliance and Internal Control over Compliance Applicable to Each Major Program in Accordance with OMB Circular A-133

Honorable Mayor, Village Council and Village Manager
Village of Pinecrest, Florida

Compliance

We have audited the compliance of the Village of Pinecrest, Florida (the Village) 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 awards programs for the fiscal year ended September 30, 2006. The Village's major federal awards 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 the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 direct and material effect on major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended September 30, 2006.

Internal Control over Compliance

The management of the Village 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 the Village's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, Village Council, management, and specific legislative or regulatory bodies and 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.

Rachlin Cohen & Holtz LLP

Miami, Florida
December 27, 2006

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant ID Number	Expenditures
Department of Justice			
Bulletproof Vest Partnership Program	16.607	452 102 ID 01004451	$ 2,708
Total Department of Justice			2,708
Federal Emergency Management Agency			
Pass-Through Program from:			
State of Florida Department of Community Affairs -			
FEMA Disaster Relief - Canal Project	83.544	00-RM-L5-11-23-02-047	302,014
FEMA Disaster Relief - Hurricane Wilma	97.036	06-KF-B&-11-23-02-519	548,805
Total Federal Emergency Management Agency			850,819
Total Expenditures of Federal Awards			$ 853,527

See Note to Schedule of Expenditures of Federal Awards.

VILLAGE OF PINECREST, FLORIDA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Pinecrest and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

VILLAGE OF PINECREST, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unqualified Opinion*	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Reportable condition(s) identified not considered to be material weakness?	____ yes	X none
Non-compliance material to financial statements noted?	____ yes	X no

Federal Awards Program

Internal control over major programs:		
Material weakness(es) identified?	____ yes	X no
Reportable condition(s) identified not considered to be material weakness?	____ yes	X none
Type of auditor's report issued on compliance for major programs:	*Unqualified Opinion*	
Any audit findings disclosed that are required to be reported in accordance With Circular A-133, Section .510(a)?	____ yes	X no
Auditee qualified as low risk auditee of federal awards program?	____ yes	X no

Identification of major programs:

CFDA Numbers	Name of Federal Program
97.036	FEMA Grant – Disaster Relief – Hurricane Katrina
83.544	FEMA Grant – Disaster Relief – Canal Project

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.