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28 de septiembre de 2009

A LA MANO

Carlos M. García  
Presidente  
Banco Gubernamental de Fomento  
Apartado Postal 42001  
San Juan, P.R. 00940

Atención: Gabriel Rivera, Vicepresidente y Director de Financiamiento Público

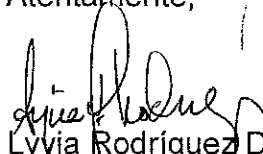
ESTADOS FINANCIEROS AUDITADOS PARA EL AÑO FISCAL 2008-09

Estimado señor Rivera:

Según lo dispuesto en el Artículo 10 de la Ley 489 del 24 de septiembre de 2004, según enmendada, conocida como la Ley para el Desarrollo Integral del Distrito de Planificación Especial del Caño Martín Peña, incluyo copia de los estados financieros auditados de la Corporación del Proyecto Enlace del Caño Martín Peña para el año fiscal 2008-2009.

De requerir información adicional, comuníquese con el CPA Edgard Rodríguez Cales, Gerente de Administración y Finanzas, al (787) 729-1594 ó a través del correo electrónico [erodriguez@martinpena.org](mailto:erodriguez@martinpena.org).

Atentamente,

  
Lyvia Rodríguez Del Valle  
Directora Ejecutiva

c. Héctor Jiménez Juarbe, Presidente de la Junta de Directores  
Humberto Laboy, CPA, Presidente del Comité de Auditoría de la Corporación del Proyecto ENLACE  
Mario Núñez Mercado, Presidente del G-8, Inc.

Anejos.



DEPTO. DE HACIENDA  
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28 de septiembre de 2009

A LA MANO

Hon. Juan Carlos Puig  
Secretario  
Departamento de Hacienda  
Apartado Postal 9024140  
San Juan, Puerto Rico 00940-4140

Atención: Alejandro Sánchez Rivera, Subsecretario Auxiliar de  
Contabilidad Central del Gobierno

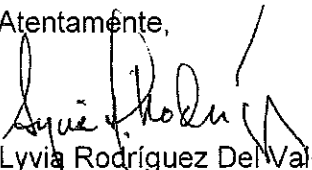
ESTADOS FINANCIEROS AUDITADOS PARA EL AÑO FISCAL 2008-09

Estimado señor Secretario:

En cumplimiento el Artículo 5 de la Ley Núm. 230 del 23 de julio de 1974, según enmendada, conocida como Ley de Contabilidad del Gobierno de Puerto Rico, incluyo como anejo los estados financieros auditados de la Corporación del Proyecto Enlace del Caño Martín Peña para el año fiscal 2008-2009, unidad componente.

De requerir información adicional, puede comunicarse con esta servidora al (787) 729-1594 ó a través del correo electrónico [lrodriguez@martinpena.org](mailto:lrodriguez@martinpena.org).

Atentamente,



Lyvia Rodríguez Del Valle  
Directora Ejecutiva

c. Héctor Jiménez Juarbe, Presidente de la Junta de Directores  
Humberto Laboy, CPA, Presidente del Comité de Auditoría de la Corporación del Proyecto ENLACE  
Mario Núñez Mercado, Presidente del G-8, Inc.

Anejos.



28 de septiembre de 2009

A LA MANO

Manuel Díaz Saldaña  
Contralor  
Apartado Postal 366069  
San Juan, Puerto Rico 00936-6069

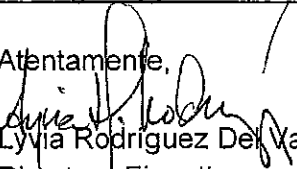
ESTADOS FINANCIEROS AUDITADOS PARA EL AÑO FISCAL 2008-09

Estimado señor Contralor:

Según dispuesto en el artículo 5 de la Ley Núm. 273 del 10 de septiembre de 2003 y en las cartas circulares OC-04-13 de 3 de noviembre de 2003 y OC-08-05 de 9 de agosto de 2007, incluyo como anejo los estados financieros auditados de la Corporación del Proyecto ENLACE del Caño Martín Peña para el año fiscal 2008-2009.

De requerir información adicional, comuníquese con el CPA Edgard Rodríguez Cales, Gerente de Administración y Finanzas, al (787) 729-1594 ó a través del correo electrónico [erodriguez@martinpena.org](mailto:erodriguez@martinpena.org).

Atentamente,

  
Lyvia Rodríguez Del Valle  
Directora Ejecutiva

c. Héctor Jiménez Juarbe, Presidente de la Junta de Directores  
Humberto Laboy, CPA, Presidente del Comité de Auditoría de la Corporación del Proyecto ENLACE  
Mario Núñez Mercado, Presidente del G-8, Inc.

Anejos.

**CORPORACIÓN DEL PROYECTO ENLACE  
DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE  
COMMONWEALTH OF PUERTO RICO)**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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Members of:  
Puerto Rico Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Certified Fraud Examiners

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Corporación del Proyecto Enlace del Caño Martin Peña

We have audited the accompanying financial statements of the governmental activities of the Corporación del Proyecto Enlace del Caño Martin Peña ("the Corporation"), a component unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2009, which collectively comprise the Corporation basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.

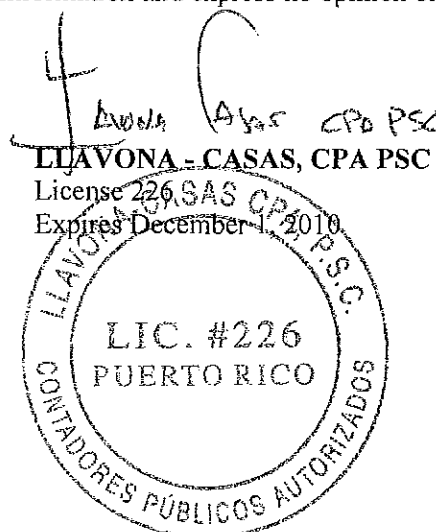
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Corporation as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United Sates of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 18 through 19, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

San Juan, Puerto Rico  
September 23, 2012

The stamp number 2467728  
was affixed to the original report.



**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements for the fiscal year ended June 30, 2009. The Corporation's basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the Corporation'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 Corporation's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Corporation's net assets changed during the most recent fiscal year, using the full accrual basis of accounting. Both government-wide financial statements include functions of the entity that are principally supported by intergovernmental revenues. The governmental activities of the Corporation include a single program function, a general fund.

**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. Corporación del Proyecto Enlace del Caño Martín Peña, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related governmental requirements. The fund of the Corporation is classified as a governmental fund.

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

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

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Summary of Net Assets**

The following schedule summarizes the net assets at June 30, 2009:

<b>Assets</b>	
Current Assets	\$3,537,644
Capital assets, net of accumulated depreciation	190,244
Prepaid assets	<u>675</u>
 Total assets	 <u>\$3,728,563</u>
 <b>Liabilities and Net Assets</b>	
Current Liabilities	\$1,001,525
Net Assets -- Unrestricted	<u>2,727,038</u>
 Total liabilities and net assets	 <u>\$3,728,563</u>

**Analysis of Financial Position**

At the end of the first fiscal year of operation ended June 30, 2009, the Corporation's net assets are \$2,727,038. A few of the more significant factors affecting net assets during the year are discussed below:

Depreciation Expense

This expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with generally accepted accounting principles (GAAP), depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2009, \$46,174 was recorded for depreciation expense in the statement of activities.

Capital Outlay Acquisitions

For the fiscal year ended June 30, 2009, expenditures totaling \$39,215 were capitalized and recorded as assets of the Corporation. These additions to the Corporation's capital assets will be depreciated over time as described above. The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$6,959 for the fiscal year ended June 30, 2009.



**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Results of Operations

For the fiscal year ended June 30, 2009, the changes in net assets were as follows:

Program Revenues - General Fund	\$1,385,623
Other Revenues	<u>26,845</u>
Total Revenues	1,412,468
Expenses	<u>1,065,632</u>
Changes in Net Assets	<u>\$ 346,836</u>

The Corporation's revenues consist of appropriations from the Commonwealth of Puerto Rico's general fund in the amount to of \$1,385,623. On the other hand, during year ended June 30, 2009, total operating expenses amounted \$1,065,632. The most significant expenses were: salaries, \$467,314; professional services, \$251,974; payroll tax expenses \$83,593; and rent, \$32,653.

**Financial Analysis of the Corporation's Funds**

At June 30, 2009, the Corporation's governmental funds reported a combined cash and cash equivalents balance of \$2,108,378. This is due to the excess of the general fund assigned over expenditures paid during the current year.

**General Fund Budgetary Highlights**

The Corporation's budget is approved by its Board of Directors. The only budgeted fund is the General Fund which budget was established and amended during the year to recognize the planned expenditures and additional information became known during the fiscal year.

**Capital Assets**

At June 30, 2009 the Corporation has spent \$39,215 in capital assets, including leasehold improvements, equipment, furniture and fixtures. During this year of operation depreciation expense and accumulated depreciation amounted to \$46,174 and \$63,397, respectively.

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Requests for Information**

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. If you have questions about this report, please contact, Corporación del Proyecto Enlace del Caño Martín Peña to the following address:

**Physical address:**

Centro Gubernamental Roberto Sánchez Vilella  
Edificio Sur - Promenada

**Postal address:**

Apartado Postal 41308  
San Juan, PR 00940-1308

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$2,108,378
Accounts receivable	1,429,266
Prepaid expenses	675
Capital assets:	
Office equipment and furniture and	51,771
Computer and communication equipment	58,339
Computer programs	100,448
Vehicles	43,083
Less: accumulated depreciation	( 63,397)
Net capital assets	<u>190,244</u>
<b>Total Assets</b>	<b><u>\$3,728,563</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Accounts payable	\$28,710
Account payable government agency	72,377
Amount due to trust	589,600
Accrued liabilities	<u>310,838</u>
Total Liabilities	<u>1,001,525</u>
Net assets:	
Invested in capital assets	190,244
Unrestricted	<u>2,536,794</u>
Total Net Assets	<u>2,727,038</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$3,728,563</u></b>

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

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

		Program Revenues	Net (expenses) revenues and changes in net assets
Activities:	Expenses	General Funds	Governmental Activities
Governmental:			
Legislative appropriations	<u>\$1,065,632</u>	<u>\$1,385,623</u>	\$319,991
General revenues:			
Interest			12,643
Donations			12,000
Other			<u>2,202</u>
Change in net assets			346,836
Net assets – beginning			<u>2,380,202</u>
Net assets – ending			<u>\$2,727,038</u>

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

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2009**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$2,108,378
Accounts receivable	1,429,266
Prepaid expenses	<u>675</u>
<b>Total Assets</b>	<b><u>\$3,538,319</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 690,687
Accrued liabilities	<u>279,338</u>
<b>Total Liabilities</b>	970,025
<b>FUND EQUITY</b>	
Fund balance:	
Encumbrances	420,040
Unreserved	<u>2,148,254</u>
	<u>2,568,294</u>
Total fund balance	<u>2,568,294</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$3,538,319</u></b>

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

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009**

Total Governmental Fund Balance \$2,568,294

Amounts reported for governmental activities in the Statements of  
Net Assets are different because:

Capital assets and unamortized expenses used in governmental  
activities are not financial resources and are not reported in  
the governmental funds balance sheet:

Cost of capital assets	\$253,641	
Accumulated depreciation	( 63,397)	190,244

Compensated absences are included as a liability:

Compensated absences	( 31,500)
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Net Assets of Governmental Activities \$2,727,038

The following notes are an integral part of the financial statements.

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>
<b>REVENUES</b>	
Legislative appropriations	\$1,385,623
Interests	12,643
Donations	12,000
Other	<u>2,202</u>
<b>Total Revenues</b>	<u>1,412,468</u>
<b>EXPENDITURES</b>	
Salaries	435,814
Professional services	251,974
Security services	79,324
Insurance	9,204
Community development activities	11,699
Payroll taxes	83,593
Benefits	21,489
Office supplies	14,015
Auto	2,365
Utilities	15,212
Rent of facilities	32,653
Rent of office equipment	7,473
Repairs and maintenance	10,749
Capital outlays	39,215
Other	<u>12,394</u>
<b>Total Expenditures</b>	<u>1,027,173</u>
Excess of revenues over expenditures	385,295
Fund balance – beginning of year	<u>2,182,999</u>
Fund balance – ending of year	<u>\$2,568,294</u>

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

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

**Net change in fund balances - total governmental funds** \$385,295

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

Governmental funds reports capital assets 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:

Capital outlays	39,215
Current year depreciation	( 46,174)
	( 6,959)

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 the governmental funds:

Compensated absences	( 31,500)
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**Change in net assets of governmental activities** \$346,836

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



**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Corporación del Proyecto Enlace del Caño Martín Peña (the "Corporation") was created under Law No. 489 of September 24, 2004 ("Ley para el Desarrollo Integral del Distrito de Planificación Especial del Caño Martín Peña"). The Corporation's Board of Directors consists of thirteen members, seven (7) appointed by the Governor of Puerto Rico and six (6) appointed by the Mayor of the Municipality of San Juan. The Corporation's reporting entity does not contain any component units as defined in Governmental Accounting Standard Board No. 14.

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June 1999, the GASB issued Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments" which affects the way the Corporation prepares and presents financial information. This Statement, which establishes new requirements and a new reporting model for the annual reports of state and local governments, was developed to make annual reports easier to understand and more useful to the people who use the governmental financial information to make decisions.

Comparability with reports issued in prior years is affected with the implementation of GASB No. 34. The Corporation has prepared required supplementary information titled Management's Discussion and Analysis, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB 34. Therefore, the Corporation has implemented the following GASB Statements in the current fiscal year: GASB Statement No. 37 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34"; GASB Statement No. 38 "Certain Financial Statement Note Disclosures"; and GASB Statement No. 41 "Budgetary Comparison Schedules—Perspective Differences—an amendment of GASB Statement No. 34".

**Financial reporting entity**

The accompanying financial statement includes the organization units governed by the Executives officers of the Corporation. In evaluating the Corporation as a reporting entity, management has addressed the entire potential component unit.

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The basic criteria for including a potential component unit within the reporting entity is if potential component unit are financially accountable and other organization for which the nature and significance of their relationship with the entity are that exclusion would cause the Corporation's Financial Statement to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) ability to the Corporation to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Corporation.

The relative importance of each criteria must be evaluate in light of specific circumstances in order to determine which components unit are to be included as part of the reporting entity. Our specific evaluation of the criteria applicable to the Corporation indicates that no organization meet the criteria to be included as component units. Accordingly, these basic financial statements present only the Corporation as the reporting entity.

**Basis of presentation, measurement focus and basis of accounting**

The financial report of the Corporation consists of a Management Discussion and Analysis (MD&A), basic financial statements, notes to the financial statements and required supplementary information other than the MD&A. Following is a summary presentation of each, including the measurement focus and basis of accounting measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus:

**Management Discussion and Analysis**

This consists of a narrative introduction and analytical overview of the Corporation's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

**Basic financial statements**

Basic financial statements include both government-wide and fund financial statements. Both levels of statements categorize primary activities as governmental type.

**Government-wide statements**

The government-wide statements consist of a Statement of Net Assets and a Statement of Activities. These statements are prepared using the economic resources measurement focus, which concentrates on an entity or fund's net assets.

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

All transactions and events that affect the total economic resources (net assets) during the period are reported. The statements are reported on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flow. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Fiduciary activities, if any, whose resources are not available to finance government programs, are excluded from the government-wide statements. The effect of inter-fund activities is eliminated.

The Statement of Net Assets incorporates all capital (long lived) assets and receivables as well as long term debt and obligations. The Statement of Activities reports revenues and expenses in a format that focus on the net cost of each function of the Corporation. Both the gross and net cost of the function, which is otherwise being supported by the general government revenues, is compared to the revenues generated directly by the function. This Statement reduces gross expenses, including depreciation, by related program revenues, operating and capital grants, and contributions.

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

**Governmental Fund Financial Statements**

The financial transactions of the Corporation are recorded in individual funds, each of which are considered an independent fiscal entity. Each fund is accounted for by providing a separate set of self balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. Funds are segregated according to their intended purpose which helps management in demonstrating compliance with legal, financial and contractual provisions. Governmental Funds are those through which most governmental functions of the Corporation are financed.

The governmental fund statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances with one column for the general fund, one for each major fund and one column combining all non-major governmental funds. Major funds are determined based on a minimum criterion (percentage of the assets, liabilities, revenues or expenditures) or based on the Corporation's official's criteria, if the fund is particularly important to financial statement users.

The Corporation only reports the general fund, which is used to account for resources provided by the Legislature of the Commonwealth of Puerto Rico for the administration of statistical services.

**CORPORACIÓN DEL PROYECTO ENLACE DEL CAÑO MARTÍN PEÑA  
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

GABS No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide Statement of Net Assets.

**Deposits**

Under Commonwealth of Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of federal deposit insurance.

**Receivables**

Receivables are recorded in the General Fund and are considered collectible; accordingly, no provision for doubtful account has been established.

**Inventories**

The purchase method is followed to account for inventory. Under this method, inventory is recorded as expenditure when purchased. The Corporation estimated that the amount of inventory of office and printing supplies on hand are immaterial; accordingly, any amount of inventory is recorded in the government-wide financial statements.

**Capital Assets**

Property and equipment purchased or acquires is carried at historical cost or estimated historical cost. The Corporation's capitalization policy is to capitalize individual amounts exceeding \$500. Other cost incurred for repair and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimates useful lives:

Office equipment	10 years
Vehicles	3 years
Computer programs	6 years
Computer equipment	6 years

**Compensated Absences**

The Corporation accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The Corporation's employees are granted vacations and sick leave as follows:

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Vacations

<u>Period of service</u>	<u>Monthly accrual</u>	<u>Maximum annual balance</u>
One or less	1.25 days	15 days
More than one, less than five	1.50 days	36 days
Five and over	2.00 days	48 days

Accrued days in excess of 60 days are paid.

Sick Leave

The employee accrued one (1) day monthly, equivalent to twelve (12) days annually. The excess of 48 accrued days is paid to the employee.

Separation from the employment prior to the use of all or part of the sick leave terminates all rights for compensation, except for employees with ten years of services who are entitled to sick leave pay up to the maximum allowed. The Corporation accrues a liability for compensated absences which meet the following criteria:

1. The Corporation's obligations relating to employee's rights to receive compensation for future absences are attributable to employee's services already rendered.
2. The obligation relates to right that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria and requirements as established by GASB No. 16; the Corporation has accrued a liability for compensated absences, which has been earned but not taken by Corporation's employees. For the government-wide statements, the current portion is the amount estimated to be used in the following years. For the governmental funds statements, the current portion for compensated absences is only considered and represents a reconciling item between the fund level and government-wide presentation. Accrued compensated absences for the fiscal year ended June 30, 2009 amounted to \$31,500.

**Encumbrances**

Encumbrance accounting is employed in the governmental fund types. Under the encumbrance system all purchases orders, contracts and other commitments issued for goods and services not received at the year-end are recorded in order to reserve that portion of the applicable appropriation.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net assets and reservations of fund balance**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislations of other governments that relate to specific projects of the Corporation. Net assets not reported as invested in capital assets, net of related debt or as restricted, are reported as unrestricted.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities at the date of the basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result count differs from those estimates.

**NOTE B - CAPITAL ASSETS**

The capital assets activity for the year ended June 30, 2009 was as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Office equipment	\$ 36,488	\$ 15,283	\$ 51,771
Computer equipment	53,061	5,278	58,339
Computer programs	100,448	-	100,448
Vehicles	<u>24,429</u>	<u>18,654</u>	<u>43,083</u>
Total Historical Cost	214,426	39,215	253,641
Less: Accumulated Depreciation	( <u>17,223</u> )	( <u>46,174</u> )	( <u>63,397</u> )
Net Capital Assets	<u>\$197,203</u>	( <u>\$ 6,959</u> )	<u>\$190,244</u>

Depreciation expense was charged to governmental administration function as an administrative expenditure for a total amount of \$46,174.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE B - CAPITAL ASSETS (CONTINUED)**

In March 2005 and pursuant to Article 16 of Law No. 489 of September 24, 2004, the title of all the lands located in the *Caño Martín Peña Special Planning District* which at the time were owned, managed, held in custody, had dominion over, leased or owned by government agencies (including government corporations and the Municipality of San Juan) was transferred to the Corporation. Pursuant to Article 17 of Law 489, the Corporation also became owner of lands that were previously of public domain associated with the maritime terrestrial zone and which became of patrimonial domain by action of the Secretary of Natural and Environmental Resources. Law No. 489 ordered the Corporation to transfer these lands to the *Fideicomiso de la Tierra del Caño Martín Peña*.

On July 1, 2008, the Corporation owned over 200 acres of land located within the *Caño Martín Peña Special Planning District*. The exact area of the land owned by the Corporation nor its actual or appraised cost is known, as it was not possible to obtain that information for all the properties; and no survey of lands was conducted at that time. However, the Corporation was able to present at the Puerto Rico Property Register the appropriate documentation that identifies it as owner of 768,617 m<sup>2</sup> (195.5572 cuerdas), according to the titles of the previous owners.

During fiscal year 2009, the Corporation transferred 768,617 m<sup>2</sup> of lands to the *Fideicomiso*, as set forth in public deeds and other titles. Also, Law 32 of June 23, 2009 amended Article 16 of Law 489 to, retroactively, revert the lands transferred under Law 489 to the Corporation, to the previous owners or title holders. The Constitutionality of Law 32 has been questioned by the *Fideicomiso*, through a Complaint for Declaratory Relief, Temporary Restraining Order, Preliminary and Permanent Injunction has been filed; which is under consideration of the United States District Court in Puerto Rico.

Thus, by June 30, 2009 the Corporation did not own lands. The Corporation does not have an appraisal for these lands, as there was no economic compensation involved in the abovementioned transactions.

**NOTE C - RETIREMENT PLAN**

**Plan Description**

Regular employees of the Corporation contribute to a cost sharing multiple employer defined benefit retirement plan, administered by the Employee's Retirement System of the Government of Puerto Rico and its Instrumentalities (ERS). ERS covers all regular full time public employees working for the central government, the municipalities of Puerto Rico and certain public corporations not having their own retirement system. The system provides retirement pensions, death and disability benefits.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE C - RETIREMENT PLAN (CONTINUED)**

Retirement benefits depend upon age at retirement and number of years of credited service. Disability retirement benefits are available to members of occupational and no occupational disabilities. Benefits vest after ten years of plan participation. The system was created under Act 447, approved on May 15, 1951, as amended, and became effective on January 1, 1952. Retirement benefits are determined by the application of stipulated benefit ratios to the member's average compensation. Average compensation is computed based on the highest 36 months of compensation recognized by ERS. The annuity, for which a plan member is eligible, is limited to a minimum of \$200 per month and a maximum of 75% of the average compensation. ERS issues a publicly financial report that includes financial statements and required supplementary information of the Plan, which may be obtained from the ERS.

Law No. 305 of September 24, 1999 amended the Act No. 447 of 1951 and was enacted with the purpose of establishing a new pension program (System 2000). The new pension program became effective on January 1, 2000. Employees participating in the current system as of December 31, 1999 may elect either to stay in the defined benefit plan or transfer to the new program. Persons joining the government on or after January 1, 2000 will only be allowed to become members of the new program.

System 2000 is a hybrid defined contribution plan, also known as a cash balance plan. There will be a pool of pension assets, which will be invested by the System, together with those of the current defined benefit plan. Benefits at retirement age will not be guaranteed by the State government and will be subjected to the total accumulated balance of the savings account. The annuity will be based on a formula, which assumes that each year the employee's contribution (with a minimum of 8.275% of the employee's salary up to a maximum of 10%) will be invested in an account which will either: (1) earn a fixed rate based on the two-year Constant Maturity Treasury Note or, (2) earn a rate equal to 90% of the return of the System's investment portfolio (net of management fees), or (3) earn a combination of both alternatives. If savings accounts balance is \$10,000 or less at time of retirement, the balance will be distributed by the System to the participant as a lump sum. Participants receive periodic account statements similar to those of defined contribution plans showing their accrued balances. Disability pensions are not been granted under the new program. The employer contributions (9.275% of the employee's salary) will be used to increase the system's level of assets, reduce the actuarial deficit and improve the system's capacity to comply with future obligations. Under System 2000 the retirement age is reduced from 65 years to 60 for those employees who joined the current plan on or after April



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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**NOTE C - RETIREMENT PLAN (CONTINUED)**

**Funding Policy**

The Act 447, as amended, is the authority under which obligations to contribute to the Plan by the Plan members, employers and other contributing entities are established or may be amended. Plan members are required to contribute 8.275% up to 10% of gross salary. The Corporation is required to contribute 9.275% of gross salary. During this year of operation the plan benefit contribution from the corporation amounted to \$21,480.

**NOTE D – CONTINGENCIES**

The Puerto Rico Transportation and Highways Authority (PRTHA) transferred the programs, funds, assets, liabilities and files to the Corporation, corresponding to the functions for the development of the Caño Martin Peña Special Planning District. This included \$201,183 in estimated interests earned from the legislative appropriations that were deposited in the bank accounts of the PRTHA before the transition. The new administration of the PRTHA claims that the estimated interests are overstated because it was computed using the monthly rate of return for Treasury Bills with maturities of six months, while the funds related to the legislative appropriations were not necessarily invested in such kind of investment. Notwithstanding, the PRTHA has not provided a written formal claim nor an alternative method to compute the estimated interests. Accordingly, an estimate of the possible loss cannot be made.

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**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>with Final Budget Over (Under)</u>
<b>Revenues:</b>				
Legislative appropriations	\$ 1,500,000	\$ 1,500,000	\$ 1,385,623	\$ (114,377)
Earnings on deposits	-	-	12,643	12,643
Donations	-	-	14,202	14,202
<b>Total revenues</b>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,412,468</u>	<u>\$ (87,532)</u>
<b>Expenditures:</b>				
Salaries	394,145	457,293	427,814	(29,479)
<b>Employee fringe benefits:</b>				
Employee insurance	13,200	13,200	15,775	2,575
Retirement	37,484	37,484	21,489	(15,995)
Social security	30,917	30,917	32,050	1,133
Other compensation	297	297	627	330
Worker's compensation	11,922	11,922	25,620	13,698
Christmas bonus	10,000	10,000	8,000	(2,000)
Unemployment	4,774	4,774	9,521	4,747
<b>Subtotal</b>	<u>108,594</u>	<u>108,594</u>	<u>113,082</u>	<u>4,488</u>
<b>Supplies and materials:</b>				
Periodicals	200	200	170	(30)
Postage	2,540	4,540	1,028	(3,512)
Supplies	26,495	26,495	12,817	(13,678)
<b>Subtotal</b>	<u>29,235</u>	<u>31,235</u>	<u>14,015</u>	<u>(17,220)</u>
<b>Other operating expenses:</b>				
Utilities	24,952	24,952	15,212	(9,740)
Insurance - property and liability	45,000	45,000	9,204	(35,796)
Repairs and maintenance	66,614	186,614	10,749	(175,865)
Travel	12,240	12,240	2,036	(10,204)
Dues and fees	1,500	1,500	-	(1,500)
Rent	65,838	42,797	40,126	(2,671)
Consulting services	2,028,803	1,954,120	251,974	(1,702,146)
Security	89,220	89,220	79,324	(9,896)
Miscellaneous	237,036	112,530	24,422	(88,108)
<b>Subtotal</b>	<u>2,571,203</u>	<u>2,468,973</u>	<u>433,047</u>	<u>(2,035,926)</u>
Capital outlays	32,275	69,357	39,215	(30,142)
<b>Total expenditures</b>	<u>3,135,452</u>	<u>3,135,452</u>	<u>1,027,173</u>	<u>(2,108,279)</u>
Excess of revenues over expenditures	(1,635,452)	(1,635,452)	385,295	2,020,747
Fund balance - beginning of year	2,164,539	2,182,999	2,182,999	-
<b>Fund balance - end of year</b>	<u>\$ 529,087</u>	<u>\$ 547,547</u>	<u>\$ 2,568,294</u>	<u>\$ 2,020,747</u>

See accompanying notes to this schedule.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
JUNE 30, 2009**

**NOTE A – BUDGET PROCESS AND BUDGETARY BASIS OF ACCOUNTING**

The Corporation's budget is prepared for Governmental Fund following state requirements. Budget amendments are approved by the Board of Directors. The budget is prepared on a budgetary (statutory) basis of accounting which is different from GAAP. Revenues include amounts classified by GAAP as other financing sources and expenditures include encumbrances and amounts classified by GAAP as other financing uses. On a GAAP basis, encumbrances outstanding at year end are reported in the governmental funds statements as a reservation of fund balance since they do not constitute expenditures or liabilities while on a budgetary basis encumbrances are recorded as expenditures of current year.

The presentation of the budgetary data excludes long-term obligations such as compensated absents and depreciation charges for capital assets. Historically, those obligations have been budgeted on a pay as you go basis. The budgetary comparison schedule presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.