



# CITY OF DORAL, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2008



**City of Doral, Florida**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2008

Prepared by:

THE FINANCE DEPARTMENT

# City of Doral, Florida

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2008

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# City of Doral, Florida

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## **INTRODUCTORY SECTION**

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May 29, 2009

To the Honorable Mayor, Members of the City Council and Citizens of the City of Doral:

The Government Finance Officers Association (GFOA) recommends that all units of local government publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States and audited in accordance with auditing standards generally accepted in the United States and in accordance with Government Auditing Standards by a firm of licensed certified public accountants. Pursuant to that recommendation, we hereby issue the Comprehensive Annual Financial Report of the City of Doral for the fiscal year ended September 30, 2008.

This report consists of management's representation concerning the finances of the City of Doral. 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 City of Doral has established a comprehensive internal framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Doral's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Doral'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 firm of Rodriguez, Trueba & Company, licensed certified public accountants has audited the City of Doral's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Doral for the fiscal year ended September 30, 2008, 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 City of Doral's financial statements for the fiscal year ended September 30, 2008, are fairly 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 City of Doral's MD&A can be found immediately following the report of the independent certified public accountants.

## Profile of the Government

The City of Doral, incorporated June 24, 2003, is located in northwestern, Miami-Dade County, Florida approximately 10 miles west of Miami, Florida. The City of Doral occupies a land area of 15 square miles bordered on the west by the Ronald Reagan Turnpike, to the north by the Town of Medley, to the east by the Palmetto Expressway and to the south by the City of Sweetwater. The City serves a population of approximately 37,735. The City of Doral receives tax levies on real and personal property located inside its boundaries.

The City of Doral has operated under the mayor-council-manager form of government since incorporation. Policymaking and legislative authority are vested in a governing council consisting of the mayor and four other council members. The Council is responsible among other things, for passing ordinances and resolutions, adopting the annual budget, appointing the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the daily operations of the government, and for appointing the heads of various departments.

The City of Doral offers a wide range of services, including, police protection, public works maintenance, a full service building department, parks and recreation activities. Certain services are provided through the County School System and the County Library System through Miami-Dade County.

The annual budget serves as a foundation for the City of Doral's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager and these requests are the initiation of developing the proposed budget. The City 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 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. No department may legally expend in excess of the amount appropriated for that department within an individual fund. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments or funds require the approval of the City Council. The City 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 City of Doral operates.

### Local Economy

The City of Doral enjoys a favorable economic environment and local indicators point to continued future stability. This community is comprised of well-educated and involved citizens who take a genuine interest in the social, business, cultural and governing aspects of their City. The City is comprised of upper middle class residential housing stock, several shopping centers, office parks, and industrial properties.

### Long-term Financial Planning

The City celebrated its fifth anniversary of incorporation on June 24, 2008. It is clear that the City is in the beginning of a rapid growth phase that will significantly change the demographic makeup of our community over the next five to seven years. Through a clear and consistent policy of smart growth, we will be able to create a community that provides residents with the amenities they need, while avoiding indiscriminate building of undesirable developments. The City's growing tax base, due to new construction, will continue to enhance its revenue capacity which will provide the means to improve and address infrastructure needs. During 2008 the City incorporated its own police force and will continue to pay mitigation to the County through 2010. However, projections show that the City can provide a balanced budget through the next three years without the need to raise taxes assuming there are no significant changes in the level of services provided.

### Cash Management Policies and Practices

The City's Cash Management strategy emphasizes immediate funds collection and deposit into the appropriate fund utilizing ACH debit or wire transfer methods in over 90% of all funds received. Currently, the City's investment policy follows Chapter 218, Florida Statutes. Surplus cash is invested with Smith Barney in US backed securities. Investment objectives are the preservation of principal, liquidity in accordance with planned cash flows, and return on investment in that order.

### Risk Management

The City 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. The City participates in the Florida League of Cities Municipal Insurance Trust for workers' compensation, liability and property insurance.



## Pension and Other Post-Employment Benefits

The City of Doral sponsors a defined contribution pension plan 401(a) with the International City Managers' Association, Retirement Corporation (ICMA RC). Each full time employee contributes six percent (6%) of his or her pay to the plan; the City contributes twelve percent (12%). In addition, the City sponsors a 457 deferred compensation plan in which the employees may contribute on a voluntary basis. The City participates in the Florida Retirement System (the "System"), a multiple-employer cost sharing Public Employee Retirement System ("PERS").

## **Awards and Acknowledgements**


The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Doral for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2007. This was the third year that the City submitted and received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an 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 are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2007-2008 fiscal year. This is the third year that the City submitted and received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City'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 all departments of the City of Doral. We would like to express our appreciation to all members of all of the departments who assisted and contributed to the preparation of this report. We would like to also express our appreciation to Rodriguez, Trueba & Company, our independent auditors, for their assistance and efforts in helping the City prepare the CAFR. Appreciation is also extended to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Doral's finances.

Respectfully submitted,

  
Yvonne Soler-McKinley  
City Manager

  
Eliza Rassi  
Finance Director

**CITY OF DORAL, FLORIDA**

CITY OFFICIALS

May 29, 2009

**CITY COUNCIL**

Juan Carlos Bermudez, Mayor  
Pete Cabrera, Vice Mayor  
Michael DiPietro  
Sandra M. Ruiz  
Robert Van Name

**CITY MANAGER**

Yvonne Soler-McKinley

**CITY CLERK**

Barbara Herrera

**CITY ATTORNEY**

Law Offices of John J. Hearn, P.A.

**FINANCE DIRECTOR**

Eliza Rassi

**CITY AUDITORS**

Rodriguez, Trueba & Co., P.A.  
Certified Public Accountants

**CITY OF DORAL, FLORIDA**

CITY OFFICIALS

September 30, 2008

**CITY COUNCIL**

Juan Carlos Bermudez, Mayor

Pete Cabrera, Vice Mayor

Michael DiPietro

Sandra M. Ruiz

Robert Van Name

**CITY MANAGER**

Sergio Purrinos, MURP

**CITY CLERK**

Barbara Herrera

**CITY ATTORNEY**

Law Offices of John J. Hearn, P.A.

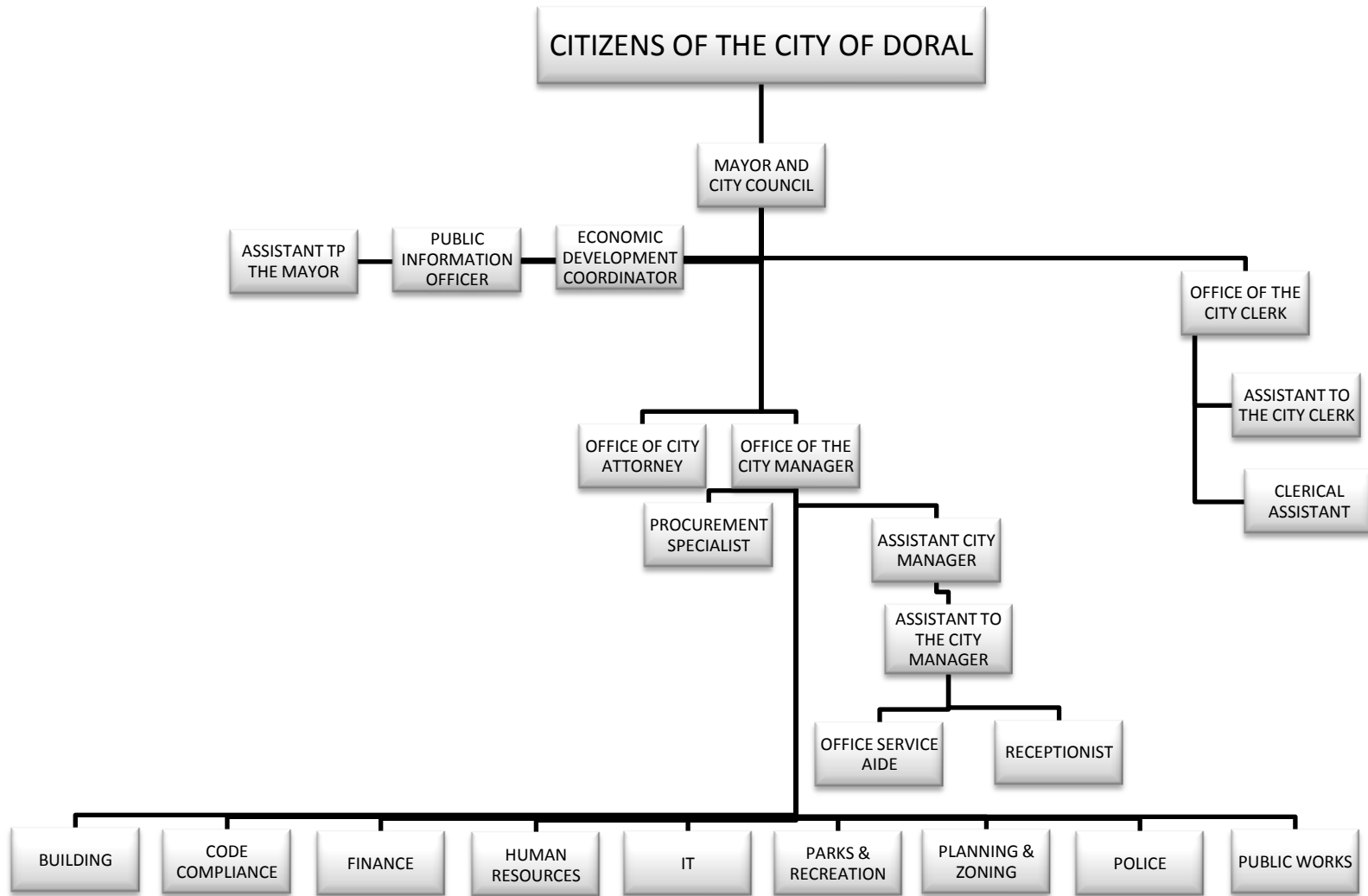
**FINANCE DIRECTOR**

Randolph G. White, P.A.

**CITY AUDITORS**

Rodriguez, Trueba & Co., P.A.

Certified Public Accountants



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Doral  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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

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## **FINANCIAL SECTION**

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**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Honorable Mayor, City Council and City Manager  
City of Doral, 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 City of Doral, Florida (the City) as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Doral, Florida as of September 30, 2008, and the respective changes in the financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 2009 on our consideration of the City's internal control over financial reporting and 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 controls 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 read in conjunction with this report in considering the results of our audit.



Honorable Mayor, City Council and City Manager  
City of Doral, Florida  
Page Two

Management's Discussion and Analysis and the Required Supplementary Information on pages 3-10 and pages 35-36, 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 of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and the statistical section are presented for purposes of additional analysis and are not required part of the basic financial statements. The fund financial statements have 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.

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Doral, Florida  
May 29, 2009

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**

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## Management's Discussion and Analysis

As management of the City of Doral, we offer readers of Doral's (the City) financial statements this narrative overview and analysis of the financial activities of the City of Doral for the fiscal year ended September 30, 2008.

### Financial Highlights

- The assets of the City of Doral exceeded its liabilities at the close of the most recent fiscal year by \$75,670,192 (net assets). Of this amount, \$40,508,827 is invested in capital assets, \$3,754,632 is restricted for transportation related uses, \$6,947,066 is restricted for stormwater and drainage related uses, and \$24,459,667 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,964,911 this increase is attributable to excess revenues over expenses for 2008.
- As of the close of the current fiscal year, Doral's governmental funds reported an ending fund balance of \$45,878,486. Of this amount, \$27,988,648 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 \$24,617,572, or 58 % of total general fund expenditures.

### Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the Doral'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 City of Doral is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Doral that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the City of Doral include general government, public safety, public works, community development, and parks & recreation.

The government-wide financial statements include only the City of Doral itself (known as the *primary government*).

The government-wide financial statements can be found on pages 11 and 12 of this report.

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

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

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

The City of Doral maintains three governmental funds, the general fund, the transportation fund and the capital projects fund.

The City of Doral adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 - 15 of this report.

**Proprietary Funds.** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Storm water operations.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 34 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$75,670,192 at the close of the most recent fiscal year.

A portion of the City's net assets, \$40,508,827 or 53.8 %, reflects an investment in capital assets (e.g., land infrastructure – construction in progress, public domain and system infrastructure, parks and recreational facilities, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Our comparative analysis of the financial statements of the City begins below. The Statement of Net Assets and the Statement of Activities report information about the City's activities that will help answer questions about the position of the City.

### Net Assets

A summary of the City's Net Assets is presented in Table A-1 and a summary of the changes in net assets is presented in Table A-2.

**Table A-1**

*Summary of net assets*

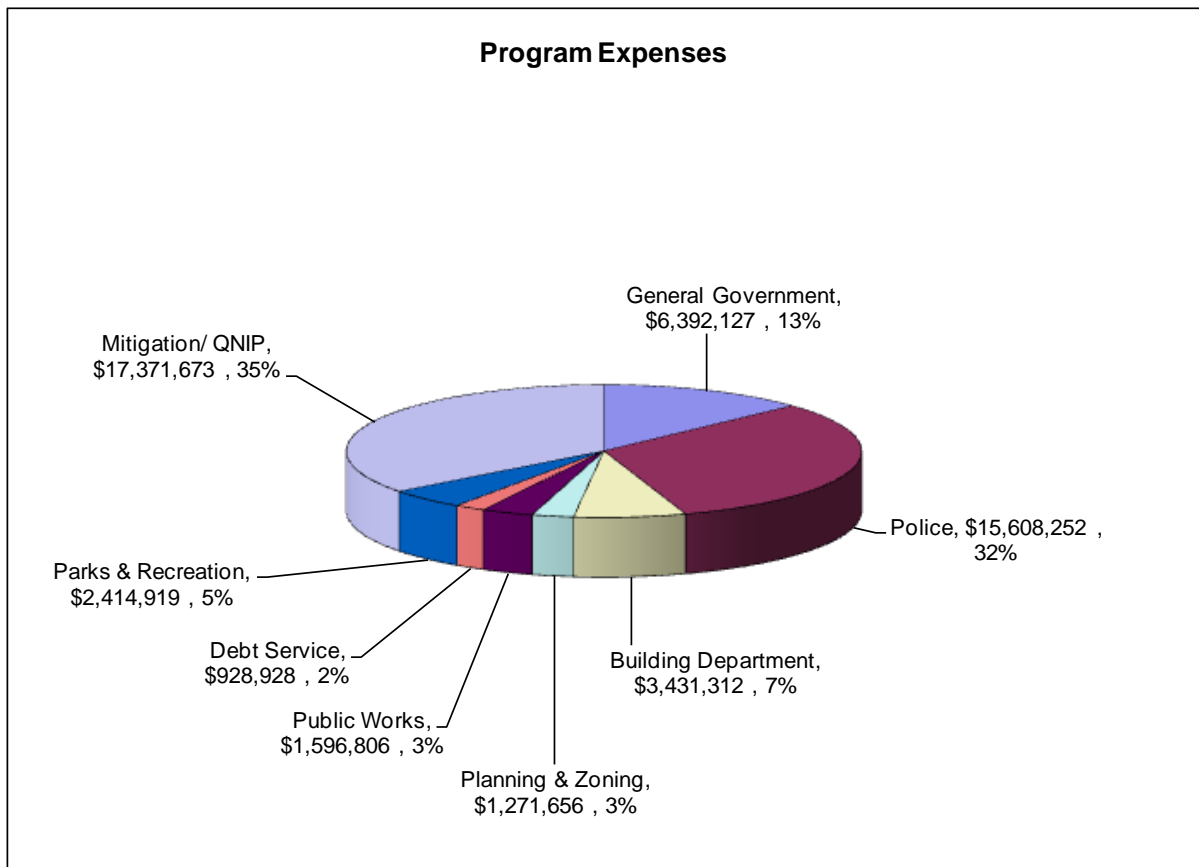
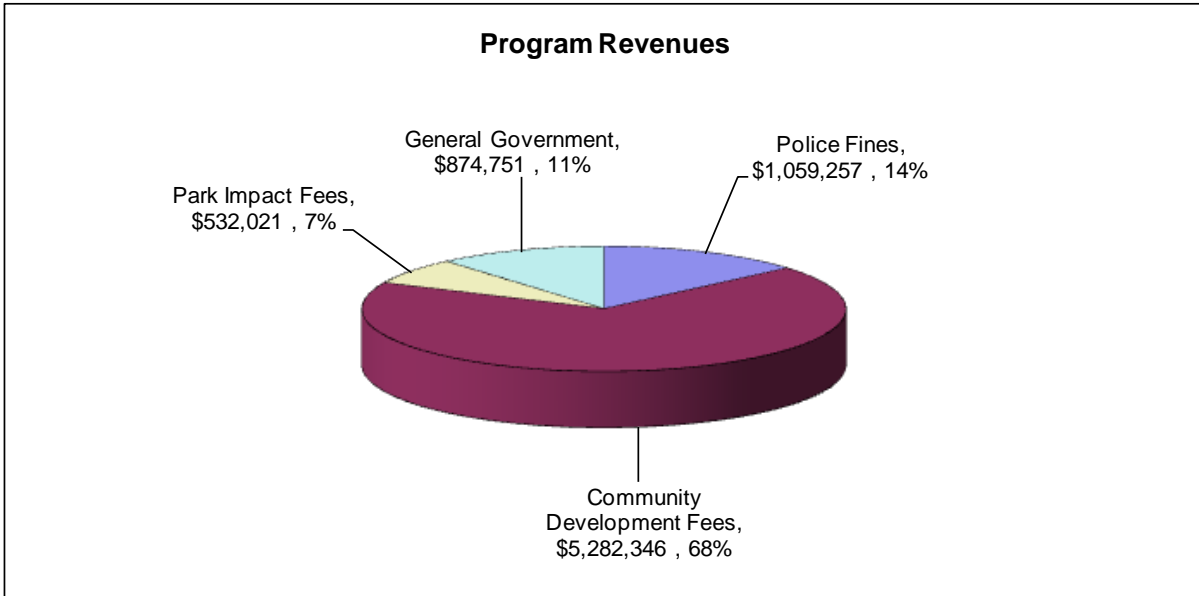
	<b>Governmental Activities 2007</b>	<b>Governmental Activities 2008</b>	<b>Business Type Activities 2007</b>	<b>Business Type Activities 2008</b>	<b>Total 2007</b>	<b>Total 2008</b>
<b>Current assets</b>	\$ 45,981,328	\$ 50,066,748	\$ 5,169,359	\$ 7,075,455	\$ 51,150,687	\$ 57,142,203
<b>Capital assets</b>	43,851,224	61,346,252	164,604	869,798	44,015,828	62,216,050
<b>Current liabilities</b>	4,841,419	22,517,121	59,106	128,389	4,900,525	22,645,510
<b>Long term liabilities</b>	20,560,709	21,042,551	-	-	20,560,709	21,042,551
<b>Net assets:</b>						
<b>Invested in capital assets</b>	23,202,258	39,639,029	164,604	869,798	23,366,862	40,508,827
<b>Restricted</b>	3,177,068	3,754,632	5,110,253	6,947,066	8,287,321	10,701,698
<b>Unrestricted</b>	38,051,098	24,459,667	-	-	38,051,098	24,459,667
<b>Total Net Assets</b>	<u>\$ 64,430,424</u>	<u>\$ 67,853,328</u>	<u>\$ 5,274,857</u>	<u>\$ 7,816,864</u>	<u>\$ 69,705,281</u>	<u>\$ 75,670,192</u>

**Table A-2**  
*Summary of changes in net assets*

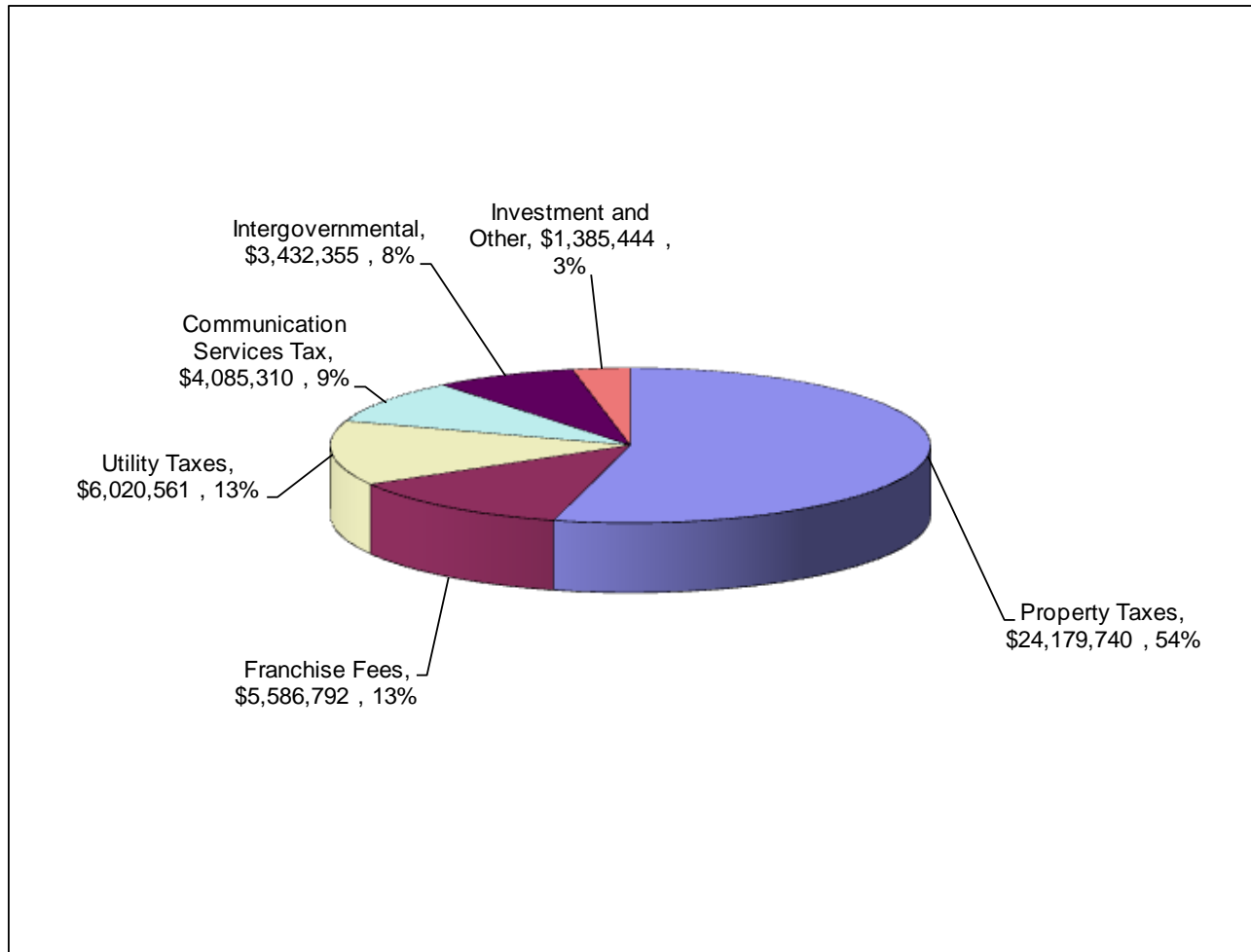
	<b>Governmental Activities 2007</b>	<b>Governmental Activities 2008</b>	<b>Business Type Activities 2007</b>	<b>Business Type Activities 2008</b>	<b>Total 2007</b>	<b>Total 2008</b>
<b>Program</b>						
<b>Revenues:</b>						
<b>Charges for services</b>	\$ 11,620,949	\$ 7,748,375	\$ 2,990,054	\$ 3,201,885	\$ 14,611,003	\$ 10,950,260
<b>Operating Grants and Contributions</b>	416,319	-	-	110,845	416,319	110,845
<b>General Revenues:</b>						
<b>Property taxes</b>	\$ 20,893,975	\$ 24,179,740	\$ -	\$ -	\$ 20,893,975	\$ 24,179,740
<b>Utility taxes</b>	4,339,239	6,020,561	-	-	4,339,239	6,020,561
<b>Franchise fees</b>	3,278,696	5,586,792	-	-	3,278,696	5,586,792
<b>Communications services tax</b>	4,019,547	4,085,310	-	-	4,019,547	4,085,310
<b>Intergovernmental</b>	7,765,837	3,432,355	-	-	7,765,837	3,432,355
<b>Investment</b>	2,304,531	991,239	-	-	2,304,531	991,239
<b>Income and miscellaneous transfers</b>	-	394,205	-	-	-	394,205
<b>Total Revenues</b>	<u>\$ 54,639,093</u>	<u>\$ 52,438,577</u>	<u>\$ 2,990,054</u>	<u>\$ 3,312,730</u>	<u>\$ 57,629,147</u>	<u>\$ 55,751,307</u>
<b>Expenses:</b>						
<b>General government</b>	\$ 4,440,601	\$ 6,392,127	\$ 49,501	\$ 770,723	\$ 4,490,102	\$ 7,162,850
<b>Building</b>	-	3,431,312	-	-	-	3,431,312
<b>Police</b>	13,318,322	15,608,252	-	-	13,318,322	15,608,252
<b>Community Development</b>	3,927,706	485,008	-	-	3,927,706	485,008
<b>Planning and Zoning</b>	-	786,648	-	-	-	786,648
<b>Public Works</b>	894,629	1,596,806	-	-	894,629	1,596,806
<b>Debt Service</b>	984,740	928,928	-	-	984,740	928,928
<b>Parks &amp; Recreation</b>	2,166,591	2,414,919	-	-	2,166,591	2,414,919
<b>Mitigation/QNIP</b>	-	17,371,673	-	-	-	17,371,673
<b>Total expenses</b>	<u>\$ 25,732,589</u>	<u>\$ 49,015,673</u>	<u>\$ 49,501</u>	<u>\$ 770,723</u>	<u>\$ 25,782,090</u>	<u>\$ 49,786,396</u>
<b>Transfers</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Changes in net assets</b>	<u>\$ 28,906,504</u>	<u>\$ 3,422,904</u>	<u>\$ 2,940,553</u>	<u>\$ 2,542,007</u>	<u>\$ 31,847,057</u>	<u>\$ 5,964,911</u>

The government's net assets increased by \$5,964,911 during the current fiscal year. This increase represents the results of operating under prudent adherence to budgeted allocations and with a streamlined and efficient management of the City's finances.

## Program Revenues and Expenses – Governmental Activities



## Revenues by Source – Governmental Activities



## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City of Doral's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spend able* resources. Such information is useful in assessing the City'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.

At the end of the current fiscal year, fund balance of the general fund was \$42,224,774; this entire amount constitutes *unreserved fund* balance, which is available for spending at the City's discretion.



The general fund is the chief operating fund of the City of Doral. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 57 percent of total general fund expenditures.

A comparative summary of the governmental fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balances is presented in Table B-1 and B-2 for September 30, 2007 and 2008 follows.

**Table B-1**  
*Summary of condensed Balance Sheet*

	September 30, 2007	September 30, 2008
Total assets	\$ 52,778,840	\$ 50,975,143
Total liabilities	\$ 11,372,703	\$ 5,096,657
Unreserved fund balance	\$ 38,128,824	\$ 27,988,648
Reserved fund balance	\$ 3,277,313	\$ 17,889,838
Total liabilities and fund balances	\$ 52,778,840	\$ 50,975,143

**Table B-2**  
*Summary of condensed statement of revenues, expenditures, and changes in fund balance*

	Fiscal Year 2007	Fiscal Year 2008
Total revenues	\$ 54,639,093	\$ 52,413,257
Total expenditures	\$ 42,834,486	\$ 47,940,908
Excess of revenues over expenditures	\$ 11,804,607	\$ 4,472,349

**Governmental fund activities.** Governmental fund activities decreased the City of Doral general fund balance by approximately (\$2,151,710). Key element of this decrease was the transfer of funds to capital projects to complete the parks in the City. These funds were to be provided from grants that were received in 2009.

## **General Fund Budgetary Highlights**

The original budget was not amended. The Budgetary Comparison Schedule in page 35 of the CAFR provides the variances between the budget and the actual revenues and expenditures. An explanation for expenditures exceeding appropriated balances can be found in the Notes to Budgetary Comparison Schedule in page 36 of the CAFR.

## **Capital Assets**

As of September 30, 2008, the City's investment in capital assets for governmental activities amounted to \$61,346,252. The capital assets in business-type activities amounted to \$869,798. The total increase in capital assets was as follows:

- Park improvements at JC Bermudez Park
- Street and Roadway improvement projects
- Purchase of a furniture and computer equipment
- Stormwater infrastructure

Additional detail is provided in Note 4 to the basic financial statements in page 26 of this document.

## **Economic Factors and Next Years Budgets and Rates**

- The unemployment rate for Miami-Dade County is currently 7.2 percent, which is a decrease from a rate of 4.2 percent a year ago. This compares exactly to the state's average unemployment rate of 6.2 percent and favorable to the national average rate of 5.8 percent.
- The occupancy rate of the government's central business district has remained stable.

All of these factors were considered in preparing the City of Doral's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased. The City of Doral has appropriated this entire amount for spending in the 2008 fiscal year budget. It is intended that the use of available fund balance will avoid the need to raise taxes or charges during the 2008 fiscal year, and further build reserve funds.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Doral's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, 8300 N.W. 53rd Street, Suite 100, Doral, Florida 33166.

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## **BASIC FINANCIAL STATEMENTS**

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**City of Doral, Florida**  
Statement of Net Assets  
September 30, 2008

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 12,543,073	\$ 6,463,582	\$ 19,006,655
Investments	33,876,056	-	33,876,056
Receivable, Net	3,155,721	868,242	4,023,963
Internal Balances	256,369	(256,369)	-
Prepays	235,529	-	235,529
Capital Assets Not Being Depreciated	30,351,232	869,798	31,221,030
Capital Assets, Net of Accumulated Depreciation	30,995,020	-	30,995,020
Total Assets	\$ 111,413,000	\$ 7,945,253	\$ 119,358,253
 <b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Liabilities	\$ 3,101,862	\$ 128,389	\$ 3,230,251
Mitigation Payable	17,371,673	-	17,371,673
Accrued Interest	28,918	-	28,918
Escrow Deposits	802,005	-	802,005
Capital Lease and Compensated Absences Payable - Current	475,857	-	475,857
Long Term Bonds Payable - Current	552,411	-	552,411
Deferred Income and Deposits	284,395	-	284,395
Total Current Liabilities	22,617,121	128,389	22,745,510
 <b>Non-Current Liabilities</b>			
Compensated Absences	163,596	-	163,596
Capital Lease Payable	1,108,993	-	1,108,993
Long Term Bonds Payable	19,669,962	-	19,669,962
Total Non-Current Liabilities	20,942,551	-	20,942,551
Total Liabilities	43,559,672	128,389	43,688,061
 <b>Net Assets</b>			
Invested in Capital Assets	39,539,029	869,798	40,408,827
<b>Restricted for:</b>			
Stormwater and drainage	-	6,947,066	6,947,066
Transportation	3,754,632	-	3,754,632
Unrestricted	24,559,667	-	24,559,667
<b>Total Net Assets</b>	<b>\$ 67,853,328</b>	<b>\$ 7,816,864</b>	<b>\$ 75,670,192</b>

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

**City of Doral, Florida**  
Statement of Activities  
Fiscal Year Ended September 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS</b>						
<b>Governmental Activities</b>						
General government	\$ 23,763,800	\$ 874,751	\$ -	\$ (22,889,049)	\$ -	\$ (22,889,049)
Building	3,431,312	4,841,501	-	1,410,189	-	1,410,189
Planning and zoning	1,271,656	440,845	-	(830,811)	-	(830,811)
Debt service	928,928	-	-	(928,928)	-	(928,928)
Police	15,608,252	1,059,257	-	(14,548,995)	-	(14,548,995)
Public works and physical environment	1,596,806	-	-	(1,596,806)	-	(1,596,806)
Parks and recreation	2,414,919	532,021	-	(1,882,898)	-	(1,882,898)
<b>Total Governmental Activities</b>	<b>49,015,673</b>	<b>7,748,375</b>	<b>-</b>	<b>(41,267,298)</b>	<b>-</b>	<b>(41,267,298)</b>
<b>Business-type Activities</b>						
Stormwater utility	770,723	3,207,457	110,845	-	2,547,579	2,547,579
<b>Total Business Activities</b>	<b>770,723</b>	<b>3,207,457</b>	<b>110,845</b>	<b>-</b>	<b>2,547,579</b>	<b>2,547,579</b>
General Revenues:						
Property taxes				24,179,740	-	24,179,740
Franchise fees based on gross receipts				5,586,792	-	5,586,792
Utility taxes				6,020,561	-	6,020,561
County general obligation bond				-	-	-
Communication service tax				4,085,310	-	4,085,310
Intergovernmental				3,432,355	-	3,432,355
Unrestricted investments earnings				991,239	(5,572)	985,667
Other				394,205	-	394,205
<b>Total General Revenues and Transfers</b>				<b>44,690,202</b>	<b>(5,572)</b>	<b>44,684,630</b>
				Change in Net Assets	3,422,904	2,542,007
					5,964,911	
Net Assets - October 1, 2007				64,430,424	5,274,857	69,705,281
Net Assets - September 30, 2008				<b>\$ 67,853,328</b>	<b>\$ 7,816,864</b>	<b>\$ 75,670,192</b>

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

**City of Doral, Florida**

Balance Sheet

Governmental Funds

September 30, 2008

	<b>Major Funds</b>		<b>Non-Major Fund</b>	
<b>Assets</b>	<b>General</b>	<b>Capital Projects Fund</b>	<b>Special Revenue Transportation</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 8,202,945	\$ 3,133,735	\$ 1,206,392	\$ 12,543,072
Investments	33,876,057	-	-	33,876,057
Receivables, net	3,105,479	-	50,242	3,155,721
Due from other funds	844,157	272,855	47,752	1,164,764
Prepays	235,529	-	-	235,529
Total Assets	\$ 46,264,167	\$ 3,406,590	\$ 1,304,386	\$ 50,975,143
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,763,198	\$ 35,514	\$ 303,150	\$ 3,101,862
Escrow deposits	748,005	-	54,000	802,005
Deferred revenues	284,395	-	-	284,395
Due to other fund	243,795	-	664,600	908,395
Total Liabilities	4,039,393	35,514	1,021,750	5,096,657
 <b>Fund Balances</b>				
<b>Reserved</b>				
Prepays	235,529	-	-	235,529
Transportation	-	-	282,636	282,636
Mitigation	17,371,673	-	-	17,371,673
 <b>Unreserved reported in</b>				
General fund	24,617,572	-	-	24,617,572
Capital projects fund	-	3,371,076	-	3,371,076
Total Fund Balances	42,224,774	3,371,076	282,636	45,878,486
Total Liabilities and Fund Balances	\$ 46,264,167	\$ 3,406,590	\$ 1,304,386	
 <b>Amounts reported for governmental activities in the statement of net assets are different because:</b>				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				61,346,252
Long term liabilities, such as mitigation, compensated absences and capital leases, are not due and payable in the current period and therefore not reported in the governmental funds				(39,371,410)
Net assets of governmental activities				\$ 67,853,328

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

**City of Doral, Florida**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Fiscal Year Ended September 30, 2008

	<u>Major Funds</u>		<u>Non-Major Fund</u>	
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Transportation Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ 24,179,740	\$ -	\$ -	\$ 24,179,740
Utility taxes	6,020,561	-	-	6,020,561
Franchise fees	5,586,792	-	-	5,586,792
Intergovernmental	2,831,727	-	600,628	3,432,355
Licenses, permits and fines	6,476,391	-	-	6,476,391
Communication service tax	4,085,310	-	-	4,085,310
Charges for services	1,064,739	-	181,925	1,246,664
Grant Revenue	-	-	-	-
Interest	975,844	3,485	11,910	991,239
Other	394,005	-	200	394,205
Total revenues	<u>51,615,109</u>	<u>3,485</u>	<u>794,663</u>	<u>52,413,257</u>
<b>Expenditures</b>				
Current				
General government	12,324,554	-	-	12,324,554
Police	17,696,614	-	-	17,696,614
Public works	1,663,811	-	3,171,865	4,835,676
Parks and recreation	3,797,092	2,475,296	-	6,272,388
Building	3,360,946	-	-	3,360,946
Planning and zoning	1,373,831	-	-	1,373,831
Debt				-
Principal payments	797,827	-	-	797,827
Interest	900,010	-	-	900,010
QNIP	379,062	-	-	379,062
Total expenditures	<u>42,293,747</u>	<u>2,475,296</u>	<u>3,171,865</u>	<u>47,940,908</u>
Excess of revenues over (under) expenditures	<u>9,321,362</u>	<u>(2,471,811)</u>	<u>(2,377,202)</u>	<u>4,472,349</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	11,473,072	-	11,473,072
Transfers (out)	(11,473,072)	-	-	(11,473,072)
Total other financing sources (uses)	<u>(11,473,072)</u>	<u>11,473,072</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,151,710)	9,001,261	(2,377,202)	4,472,349
Fund balances (deficits), beginning of year	44,376,484	(5,630,185)	2,659,838	41,406,137
Fund balances, end of year	<u>\$ 42,224,774</u>	<u>\$ 3,371,076</u>	<u>\$ 282,636</u>	<u>\$ 45,878,486</u>

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

**City of Doral, 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, 2008

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

Net Change in Fund Balances - Total Governmental Funds \$ 4,472,349

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 as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

The details of the difference are as follows:

Capital Outlay	18,920,119	
Depreciation expense	<u>(1,796,325)</u>	17,123,794

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

Bonds principal payments	770,513	
Interest expense	(28,918)	
Change in long-term compensated absences	(85,625)	
Capital lease additions	(1,484,850)	
Payments on capital lease	27,314	
Mitigation	<u>(17,371,673)</u>	<u>(18,173,239)</u>

Change in Net Assets of Governmental Fund Activities \$ 3,422,904



**City of Doral, Florida**  
Statement of Net Assets  
Proprietary Funds  
September 30, 2008

	<b>Business-type Activities</b>
	<u>Enterprise Fund</u>
	<u>Storm Water Fund</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 6,463,582
Due from other fund	13,800
Accounts receivable	867,004
Interest receivable	1,238
Total Current Assets	<u>7,345,624</u>
<b>Construction in progress</b>	<u>869,798</u>
Total Assets	<u>8,215,422</u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable and accrued liabilities	128,389
Due to other fund	270,169
Total Liabilities	<u>398,558</u>
<b>Net Assets</b>	
Invested in capital assets net of related debt	869,798
Restricted for stormwater and drainage	6,947,066
Total Net Assets	<u>\$ 7,816,864</u>

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

**City of Doral, Florida**  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
Fiscal Year Ended September 30, 2008

	<b>Business-type Activities</b>
	Enterprise Fund
	Storm Water fund
<b>Operating Revenues</b>	
Stormwater fees	\$ 3,207,457
Total Operating Revenue	3,207,457
<b>Operating Expenses</b>	
Operating, administrative and maintenance	770,723
Depreciation	-
Total Operating Expenses	770,723
Operating Income	2,436,734
<b>Nonoperating Revenues</b>	
Interest Income	28,254
Grants revenue	110,845
Unrealized loss on investment	(33,826)
Total Nonoperating Revenues	105,273
Changes In Net Assets	2,542,007
Net Assets, beginning	5,274,857
Net Assets, ending	\$ 7,816,864

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

**City of Doral, Florida**  
Statement of Cash Flows  
Proprietary Funds  
Fiscal Year Ended September 30, 2008

	<b>Business-type Activities - Enterprise Funds</b>
	Stormwater Fund
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 3,076,178
Cash paid to suppliers	(402,582)
Cash paid to employees	(45,566)
Net Cash Provided by (Used In) Operating Activities	2,628,030
 <b>Cash Flows from Capital and Related Activities</b>	
Grant revenues received	110,845
Payments on construction in progress	(705,194)
Net Cash (Used In) Capital and Related Activities	(594,349)
 <b>Cash Flows from Investing Activities</b>	
Interest received	27,016
Loss on investments	(33,826)
Net Cash (Used In) Investing Activities	(6,810)
 <b>Cash Flows from Noncapital Financing Activities</b>	-
Net Increase in Cash and Cash Equivalents	2,026,871
 <b>Cash and Cash Equivalents at Beginning of Year</b>	4,436,711
<b>Cash and Cash Equivalents at End of Year</b>	\$ 6,463,582
 <b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>	
Operating Income	\$ 2,436,734
Changes in Current Assets and Current Liabilities	
(Increase) in Receivables	(131,279)
Increase (Decrease) Payables	69,283
Increase in amounts due to other funds	253,292
Net Cash Flows from Operating Activities	2,628,030
 <b>Cash and Cash Equivalents Per Statement of Net Assets:</b>	
Restricted for stormwater and drainage improvements	\$ 6,463,582

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Doral, Florida (the City), located in Miami-Dade County is a political subdivision of the State of Florida. The City, which was incorporated on June 24, 2003, operates under a Mayor-Council-Manager form of government. In addition to the general government function, the City provides its residents with public safety (police), community development (building, zoning and planning functions), parks and recreation and public works. The City does not provide educational or hospital facilities; those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

The financial statements of the City 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 accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

#### A. Financial Reporting Entity

The financial statements were prepared in accordance with governmental accounting standards, which establish 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 City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City 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 City. 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 statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from those 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 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*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 are 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when liability is incurred, as under accrual accounting. Exceptions to this general rule include principal and interest on general obligation long term debt and employee vacation and sick leave, which are recognized when due and payable.

Property taxes, franchise fees and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following governmental funds:

The *General Fund* is the City'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 Improvement Projects Fund* accounts for the acquisition or construction of various major capital projects.

The City also reports the following nonmajor governmental funds:

The *Transportation Fund* accounts for the revenues received from the transportation surtax and expenditures for related transportation costs.

The City also reports the following nonmajor proprietary fund:

The *Stormwater Fund* accounts for the maintenance of and construction of the City's stormwater system. Future revenues in this fund will cover all operating costs.

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. The City has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's stormwater fund is charges to customers for services. Operating expenses for enterprise funds include the cost of 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

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and deposits held with Smith Barney Money Fund. Investments in government backed mortgage securities are recorded at fair value.

##### 2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

##### 3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### 4. Capital Assets

Capital assets which include infrastructure – construction in progress, public domain and system infrastructure, parks and recreational facilities, vehicles, furniture, fixtures and equipment are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$750 or more and an estimated useful life of one year. Such assets are recorded at actual cost.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Assets or Equity (Continued)

##### 4. Capital Assets (Continued)

The costs of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Infrastructure - Construction in Progress	-
Public Domain and System Infrastructure	20
Parks and Recreational Facilities	20
Furniture, fixtures and equipment	3-10
Vehicles	5

##### 5. Compensated Absences

It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation and sick leave. Upon separation from service, employees receive payment for a portion of unused vacation time and sick leave subject to length of service and contract classification. Additionally, during December of each year the City allows employees to "sell" their accumulated earned vacation and sick leave to the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The general fund is used to liquidate such amounts. Payments of compensated absences during the year amounted to \$89,658.

##### 6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectibility of receivables, the useful lives of capital assets, and the accrual of expenses. Although these estimates as well as all 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.

##### 7. 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.



# CITY OF DORAL, FLORIDA





## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. New Pronouncements

During 2006, 2007 and 2008 GASB issued the following new pronouncements, none of which came into effect for fiscal year ended September 30, 2008. The City did not elect to early implement any of the newly issued pronouncements:

 <a href="#">GASB Statement No. 53</a> (June 2008)	Accounting and Financial Reporting for Derivative Instruments
 <a href="#">GASB Statement No. 52</a> (November 2007)	Land and Other Real Estate Held as Investments by Endowments
 <a href="#">GASB Statement No. 51</a> (June 2007)	Accounting and Financial Reporting for Intangible Assets
 <a href="#">GASB Statement No. 49</a> (November 2006)	Accounting and Financial Reporting for Pollution Remediation Liabilities

In May 2007 GASB issued *GASB Statement No. 50, Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, to closely align the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhance the information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. Statements 43 and 45, which were developed using Statements 25 and 27 as models, improved the transparency and decision usefulness of financial reporting as a result of decisions by the Board to modify, for financial reporting by OPEB plans and employers, certain requirements related to note disclosures and RSI. This Statement similarly is intended to improve the transparency and usefulness of financial reporting by pension plans and employers by amending Statements 25 and 27 to conform to the applicable note disclosure and RSI modifications adopted in the OPEB Statements.

In September 2006 GASB issued *GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* to establish the criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. This Statement establishes that a transaction will be reported as a collateralized borrowing unless the criteria indicating that a sale has taken place are met. If it is determined that a transaction involving receivables should be reported as a sale, the difference between the carrying value of the receivables and the proceeds should be recognized in the period of the sale in the change statements. If it is determined that a transaction involving future revenues should be reported as a sale, the revenue should be deferred and amortized, except when specific criteria are met. This Statement also provides additional guidance for sales of receivables and future revenues within the same financial reporting entity. This Statement includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. Therefore, any assets (or future revenues) sold or donated within the same financial reporting entity should continue to be reported at their current carrying value when those assets or future revenues are transferred.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. New Pronouncements (Continued)

In November 2008 GASB issued *GASB Concept Statement No. 5, Service Efforts and Accomplishments Reporting – an Amendment of GASB Concepts Statement No. 2* to reflect developments that have occurred since it was issued in 1994. This amendment eliminated one section and modified four sections of Concepts Statement 2. The changes to the purpose and scope section include a clarification that it is beyond the scope of the GASB to establish (a) the goals and objectives of state and local governmental services, (b) specific nonfinancial measures or indicators of service performance, or (c) standards of, or benchmarks for, service performance. The section on the elements of SEA performance measures separates the elements of SEA reporting from related information. Elements of SEA performance measures for reporting purposes focus on the three different types of SEA performance measures—measures of service efforts, measures of service accomplishments, and measures that relate service efforts to service accomplishments.

### NOTE 2. DEPOSITS AND INVESTMENTS

GASB issued Statement No. 40 Deposits and Investment Risks Disclosures (GASB No. 40), amended GASB No.3, Deposits with Financial Institutions, Investment (including Repurchase Agreements), and Reverse Purchase Agreements and addresses additional risks to which governments are exposed. GASB 40 is designed to inform financial statement users about deposit and investment risk that could affect a government's ability to provide services and meet its obligations as they become due.

GASB 40 addresses common deposit and investment risk related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risk be disclosed, as follows:

#### *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 or another 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. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

#### *Investments*

The City is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the State Board of Administration Investment Pool (SBA). At September 30, 2007, the City had \$32,806,873 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. As of November 30, 2007, the City had transferred all monies invested in the Pool into its operating account. The City's investments at September 30, 2008 are in U.S. government backed mortgage securities.

**CITY OF DORAL, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

*Investments* (Continued)

Obligations of U.S. government on these guaranteed are generally assumed to have no audit risk, consequently, where shares are owned in the fund rather than the actual underlying investments, disclosures for foreign currency risk, custodial credit risk and concentration of credit risk are not applicable. For credit quality risks, the GNMA and FNMA securities are not rated by a nationally recognized statistical rating agency. The pool funds are reported by the City as cash equivalents. Investments are reported at its fair.

The reconciliation of the deposits and investments on the Statement of Net Assets is as follows:

	<u><b>Total</b></u>
Cash and Investments	\$ 52,882,711
Deposits and Money Market Funds	19,039,530
Investments	33,843,181
	<u>\$ 52,882,711</u>

**NOTE 3. RECEIVABLES**

Receivables as of September 30, 2008 for the City's individual major fund and nonmajor funds in the aggregate, including the allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Intergovernmental	\$ 3,105,479	\$ 50,242	\$ 3,155,721
Less allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 3,105,479</u>	<u>50,242</u>	<u>\$ 3,155,721</u>

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 19,070,028	\$ 10,026,702	\$ -	\$ 29,096,730
Infrastructure Assets - Construction in Progress	24,130,981	3,649,390	26,525,869	1,254,502
Total capital assets, not being depreciated	<u>43,201,009</u>	<u>13,676,092</u>	<u>26,525,869</u>	<u>30,351,232</u>
Capital assets, being depreciated:				
Public domain and System infrastructure	-	4,070,160	-	4,070,160
Parks and Recreational Facilities	-	23,082,926	-	23,082,926
Furniture, fixtures and equipment	1,537,100	4,616,810	-	6,153,910
Vehicles	697,079	-	-	697,079
Total capital assets, being depreciated	<u>\$ 2,234,179</u>	<u>\$ 31,769,896</u>	<u>\$ -</u>	<u>\$ 34,004,075</u>
<b>Less accumulated depreciation for:</b>				
Public domain and System infrastructure	\$ -	\$ (101,609)	\$ -	\$ (101,609)
Parks and Recreational Facilities	-	(577,093)	-	(577,093)
Furniture, fixtures and equipment	(920,442)	(978,207)	-	(1,898,649)
Vehicles	(292,288)	(139,416)	-	(431,704)
Total accumulated depreciation	<u>\$ (1,212,730)</u>	<u>\$ (1,796,325)</u>	<u>\$ -</u>	<u>\$ (3,009,055)</u>
Total capital assets, being depreciated, net	<u>1,021,449</u>	<u>29,973,571</u>	<u>-</u>	<u>30,995,020</u>
Governmental activities capital assets, net	<u><u>\$ 44,222,458</u></u>	<u><u>\$ 43,649,663</u></u>	<u><u>\$ 26,525,869</u></u>	<u><u>\$ 61,346,252</u></u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Infrastructure Assets - Construction in Progress	164,604	705,194	-	869,798
Business-type activities capital assets	<u>\$ 164,604</u>	<u>\$ 705,194</u>	<u>\$ -</u>	<u>\$ 869,798</u>
Depreciation expense was charged to functions/programs as follows:				
Governmental activities:				
General government				\$ 873,694
Police				661,503
Public Works				64,757
Recreation				28,494
Community Development				41,479
Building				116,978
Plan Zone				9,420
Total depreciation expense - governmental activities				<u><u>\$ 1,796,325</u></u>

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables as of September 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Stormwater	\$ 193,357	Stormwater Utility Manager fees
General	Transportation	\$ 650,800	Additions on Capital Outlays
Transportation	General	\$ 47,752	Additions on Capital Outlays
Capital Projects	General	\$ 196,043	Additions on Capital Projects
Capital Projects	Stormwater	\$ 76,812	Additions on Capital Projects
Stormwater	Transportation	\$ 13,800	Additions on Capital Outlays

Transfers are used to move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations. In the fiscal year ended September 30, 2008, the City made a transfer of \$11,473,072 from the general fund to the capital projects fund for ongoing constructions projects.

### NOTE 6. LONG TERM DEBT

Long-term liability activity for the year ended September 30, 2008, was as follows:

Primary Government	October 1, 2007	Additions	Reductions	September 30, 2008	Due Within 1 Year
Capital Improvement Revenue Bonds					
Series 2006A	\$ 9,919,126	\$ -	\$ 412,185	\$ 9,506,941	\$ 258,477
Series 2007A	9,840,483	-	323,383	9,517,100	266,353
Series 2007B	1,233,277	-	34,945	1,198,332	27,581
Total Bonds	20,992,886	-	770,513	20,222,373	552,411
Other Liabilities					
Capital Leases	27,314	1,484,850	27,314	1,484,850	375,857
Compensated absences	177,971	175,283	89,658	263,596	100,000
Total Other Liabilities	205,285	1,660,133	116,972	1,748,446	475,857
Total Governmental Activities					
Long Term Liabilities	\$ 21,198,171	\$ 1,660,133	\$ 887,485	\$ 21,970,819	\$ 1,028,268

### Capital Improvement Bonds Payable

On May 4, 2006 the City issued \$21,250,000 of Capital Improvement Revenue Bonds, Series 2006A (tax-exempt bonds) for \$10,000,000 and Series 2006B (taxable bonds) for \$11,250,000. The Bonds were issued to finance the acquisition of land for City parks and for improvements to Doral Park and Doral Meadows Park, including financing, architectural, engineering, environmental, legal and planning costs. In January of 2007, the City refunded these bonds with Capital Improvement Revenue Refunding Bonds Series 2007A for \$10 million (tax-exempt) and 2007B for \$1.25 million (taxable) bonds.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 6. LONG TERM DEBT (Continued)

#### Capital Improvement Bonds Payable (Continued)

**Capital Improvement Revenue Bond Series 2006A:** This facility is a bank qualified tax-exempt bond in the amount of \$10 million. This bond bears interest on the outstanding principal at a variable rate equal to 65% of 3-month Libor plus .45%. Principal and interest payments are due quarterly through the maturity of the bonds in April 1, 2027. During the fiscal year 2007 the effective interest rate fluctuated around 3.934%. On April 21, 2006, Regions Bank and the City of Doral entered into a master swap agreement to make the effective interest rate on the outstanding balance of the bonds to be a fixed 4.24%. The details of the swap transactions are discussed below.

**Capital Improvement Revenue Bond Series 2007A:** This facility is a bank qualified tax exempt bond that was issued for the purpose of refunding, on a tax-exempt basis, \$10,000,000 of the City's Capital Improvement Revenue Bonds, Series 2006B (taxable). This bond bears interest on the outstanding principal at a variable rate equal to 65% of 3-month Libor plus .45%. Principal and interest payments are due quarterly through the maturity of the bonds in April 1, 2027. During the fiscal year 2007 the effective interest rate fluctuated around 3.934%. On April 27, 2006, Regions Bank and the City of Doral entered into a master swap agreement to make the effective interest rate on the outstanding balance of the bonds to be a fixed 4.27%. The details of the swap transactions are discussed below.

**Capital Improvement Revenue Bond Series 2007B:** This facility is a bank qualified taxable bond that was issued for the purpose of refunding, on a taxable basis, \$1,250,000 of the City's Capital Improvement Revenue Bonds, Series 2006B (taxable). This bond bears interest at a variable rate, initially fixed at 5.88% per annum as of January 1, 2007 through April 1, 2010. Principal and interest payments are due quarterly through the maturity of the bonds in April 1, 2027.

Annual debt service requirements for the bonds outstanding as of September 30, 2008 are as follows:

September 30,	Interest	Principal	Total
2009	\$ 877,057	\$ 552,411	\$ 1,429,468
2010	845,209	752,996	1,598,205
2011	811,946	786,204	1,598,150
2012	777,207	820,887	1,598,094
2013	740,924	857,111	1,598,035
2014-2018	3,101,320	4,887,871	7,989,191
2019-2023	1,918,948	6,068,326	7,987,274
2024-2027	492,365	5,496,567	5,988,932
Total	<u>\$ 9,564,976</u>	<u>\$ 20,222,373</u>	<u>\$ 29,787,349</u>

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 6. LONG TERM DEBT (Continued)

#### Capital Improvement Bonds Payable (Continued)

##### Bond Covenants

According to the bond indentures, the City agrees to appropriate in its annual budget, from non-ad valorem tax revenues, the amounts necessary to pay the interest and principal due on the Bonds. Additionally, on each interest payment date the City shall deposit into a bond fund account sufficient amount funds to pay the principal and interest due. The City must submit to the owners of the bonds audited annual financial statement within 180 days after fiscal year end and a copy of the operating budget for the upcoming fiscal year end within 30 days of its final adoption. Additionally, the City must maintain the debt service coverage ratio of 1 to 1.

##### Interest Rate Swaps

The City uses interest rate swaps (“Swaption”) to manage interest costs and the risk associated with the changing interest rates of long-term debt. The City does not hold or issue derivative instruments for trading purposes. Derivatives are used for hedging purposes only and must be designated as, and effective as, a hedge of identified risk exposure at the inception of the derivative contract. As of September 30, 2008, the City had the following interest rate swaps:

	Bond Amount	Fair Value	Interest rate		Maturity Date
			Pay Fixed	Received Floating	
Fair value hedges					
Non-amortizing swap	10,000,000	(841)	4.24%	4.03%	April 1, 2027
Non-amortizing swap	11,250,000	(1,593)	5.60%	5.98%	April 1, 2027

The City sold to Regions bank the right to enter into two interest rate swap with the City, in which the City would pay a specified fixed rate and receive a floating rate based on the 1month LIBOR (London Inter Bank Offered Rate) Index. The swaps were effective during 2006 and 2007. The fixed rate on the swap was set so the City's swap payments and support costs on the variable rate debt are approximately equal to the debt service prior to the refunding. No additional material debt service savings are expected to be achieved from the actual refunding, but rather the entire benefit of the Swaption is realized through the annual payments from Regions Bank.

As of September 30, 2008, the City was not exposed to credit risk because the Swaption had a negative fair value. However, should interest rates change and the value of the Swaption become positive, the City could be exposed to credit risk in the amount of the Swaption's fair value. As of September 30, 2008, the Swaption does not expose the City to basis risk.

The Swaption provides for certain events that could cause the Counterparty of the City to terminate the swap. The swap may be terminated by the Counterparty or the City if the other party fails to perform under the terms of the swap agreement. The City has the right to optionally terminate the Swaption agreement at any time. The termination amount owed by either the City or the Counterparty is determined by market quotation.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **NOTE 6. LONG TERM DEBT (Continued)**

#### **Capital Lease**

The City has acquired property under capital leases with bargain purchase options. Properties acquired under capital leases were included in fixed assets under furniture, fixtures and equipment. Additions and payments related to capital leases during the current year are detailed above.

#### **Compensated Absences**

Additions and payments related to liabilities for compensated absences during the current year are detailed above. Payments of compensated absences during the year amounted to \$89,658. Estimated payments for the fiscal year ending in September 2009 are approximately \$100,000.

### **NOTE 7. FUND BALANCES / NET ASSETS**

As of September 30, 2008, there were no deficits in undesignated fund balance.

### **NOTE 8. PROPERTY TAXES**

Property values are assessed on a county-wide basis by the Miami-Dade County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1. Taxable value of property within the City is certified by the Property Appraiser and the City levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1.

Property taxes levied each November 1, by the City and all other taxing authorities within the County, are centrally billed and collected by Miami-Dade County, with remittances to the City of their proportionate share of collected taxes. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent taxes with interest and penalties are sold by Miami-Dade County, with remittance to the City for its share of those receipts.

### **NOTE 9. RETIREMENT PLANS**

The City participates in the Florida Retirement System (the "System"), a multiple-employer cost sharing Public Employee Retirement System ("PERS"). The Division of Retirement, Department of Administration of the State of Florida administers the System. The City's payroll for the 94 employees covered by the System for the year ended September 30, 2008 was approximately \$3.351 million.

All budgeted City employees are eligible to participate in the system. Normal retirement is at 6 years of credited service and age 62 or at 30 years of credited service regardless of age for regular members. Normal retirement for special risk members (police) is at 25 or 30 years and these individuals are entitled to an annual retirement benefit equal to 2 to 3 percent for each year of credited service times their average final compensation.

Benefits vest after six years of credited service. Early retirement may be taken any time after vesting; however, there is a five percent benefit reduction for each year prior to normal retirement age or date. The System also provides disability and survivor benefits. Benefits are established by State statute.



# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **NOTE 9. RETIREMENT PLANS (Continued)**

#### Funding Policy

Employees cannot contribute to the System. The City is required by statute to contribute 9.85%, 13.12% and 20.92% of salaries for regular, senior management and special risk members, respectively. Total contributions for the year ended September 30, 2008 were approximately \$485,602. Employees within 5 years of retirement may elect to participate in the DROP program. The City contributes 10.91% of salaries for participants of the DROP program. During 2008 the City had no employees participating in this program.

#### Actuarial Accrued Liability

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to indicate the system’s funding status on a going concern basis, assets progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among public employee retirement systems and employers. The system does not make separate measurements of assets and pension benefit obligations of participating employers.

The System does not make separate measurements of assets and the actuarial accrued liability for individual employers. The actuarial liability, which is the actuarial present value of credited projected benefits, is a standardized disclosure measurement of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial accrued liability at June 30, 2008 for the System as a whole, determined through an actuarial valuation update performed as of that date, was \$124 billion. The System’s valuation assets were \$130.7 billion, leaving an over-funded actuarial accrued liability of approximately \$(6.7) billion. The City’s fiscal year 2008 contributions represented approximately .3 percent of total contributions required of all participating entities. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System’s June 30, 2008 annual report.

#### ***Section 401(A) Money Purchase Retirement Plan***

The City as a single-employer contributes to the City of Doral Money Purchase Plan, which is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). Under the plan, which is available to all full time City employees, the City contributes 12%, and the employees contribute 6%.

#### ***Section 457 Deferred Compensation Plan***

The City established a deferred compensation plan for the employees and elected officials of the City. The adopted deferred compensation plan was created in accordance with Internal Revenue Code Section 457. The plan is available for all employees and officials who elect to participate. The purpose of the plan is to provide additional benefits to City employees and officials who elect to voluntarily set aside and invest portions of their current income to meet future financial requirements and to supplement existing retirement programs. The plan is administered by an independent plan administrator through an administrative service agreement. The City’s administrative involvement is limited to transmitting amounts withheld from payroll to the Plan Administrator, who performs investing functions. Plan assets are held in trust for the benefit of the participants and their beneficiaries. The assets will not be diverted for any other purpose.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### NOTE 10. COMMITMENTS AND CONTINGENCIES

#### *Municipal Service Trust Fund*

The City was required to contribute municipal property tax revenues into a municipal service Trust Fund (MSTF) of the County. The MSTF was to be utilized by the County to (1) maintain police services in the unincorporated areas proximate to the City, and (2) to provide a municipal assistance retainer enabling the City to obtain certain advice, expertise, training, financial planning and technological services, and other assistance from the County. The contribution ("Mitigation Payment") varied yearly and was based on the Consumer Price Index and other calculations. The mitigation payment by the City to the County for the fiscal year ended September 30, 2005 was \$7,516,763. In subsequent years, the mitigation amount payable from the City to the County was to be adjusted by the CPI for the residential area, not to exceed 3% over the previous year and by tax growth for the CBI area multiplied by 1.5 mills. In May 2007, the Florida Legislature resolved to eliminate mitigation payments to Miami-Dade County by local governments incorporated after the year 2000. During 2007 the Miami Dade County Board of County Commissioners resolved to sue the State over this law and was successful as the Florida Supreme Court deemed the law unconstitutional. The City of Doral and Miami Dade County negotiated a settlement agreement where the City of Doral paid \$17,371,673 for all its mitigation payments through September 30, 2009. This amount was paid on May 12, 2009. The payment will be expressed on the government wide financial statements with a corresponding payable. In the governmental fund financial statements the amount was reserved, as the City has made provisions for budget amendments to the 2008-2009 budget to appropriate the funds in accordance with Florida statutes. Under the terms of the settlement agreement, the City has one more \$6 million mitigation payment due during the 2009-2010 fiscal year that will be included in next year's budget.

#### *Quality Neighborhood Improvement Program (QNIP)*

The City is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999 and 2002 issued prior to the City's incorporation. The payment for the fiscal year ended September 30, 2008 was \$398,178 and the balance of the remaining payments are estimated to be approximately less than \$500,000 per year until the debt is due in September of 2027.

#### *Risk Management*

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City carries commercial insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

#### *Agreement for Office Space Leases*

##### **City Hall**

The City executed various lease agreements for office space commencing on July 16, 2004 and expiring through November 2011. The City is to pay both a monthly base rent and operating expenses as determined by the landlord. Rent expense for the year ended September 30, 2008 approximated \$933,000. Future commitments for base rent approximate \$900,000 per year. The agreement gives the City the right to terminate the lease with a written notice 365 days prior to the desired termination date.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **NOTE 10. COMMITMENTS AND CONTINGENCIES (Continued)**

#### *Agreement for Office Space Leases (Continued)*

##### **Police Department**

On April 30, 2008, the City executed a lease agreement with Bellsouth Telecommunications for office space for the Police Department, commencing on April 1, 2008 and expiring March 31, 2011 for \$7,800 during the first year of the term of the lease and an increase by a factor of 3% beginning each April 1<sup>st</sup> through the term of this lease.

##### **Public Works Warehouse**

The City's Public Works Department also rents warehouse space on a month to month lease agreement for \$3,240 a month.

#### *Construction Contract/Projects*

At September 30, 2008, the City had in progress various construction projects related to Miami-West Park (renamed J.C. Bermudez Park) with remaining balances totaling approximately \$250,000.

#### *Agreement with Miami-Dade County for Local Police Patrol Services*

Effective June 3, 2004, the City executed an agreement with Miami-Dade County for specialized police services. A payment or credit is provided to the City based on the contribution made by Doral residents in their countywide millage for specialized police services. This ensures that there is no double taxation to the residents of Doral. Payments for the services provided by the County for subsequent fiscal years shall be determined by the County based on factors detailed in the agreement. The initial term of the agreement expires in three years, unless otherwise terminated in accordance with Article X of the agreement; the agreement is automatically renewed for consecutive three year terms in perpetuity.

#### *Agreement for Professional Services*

On April 14, 2004, the City executed a contract for professional services with a consulting firm to provide all of the City's financial advisory services. Fees for the financial and advisory services total \$186,000 per year and are paid monthly. The City may consider fee adjustments each twelve month period to compensate for market conditions and anticipated type of work to be performed. The City extended its last agreement to January 2009 for \$75,000. The agreement is effective unless terminated by either party in accordance with the agreement. The agreement was terminated in January 2009 as the City hired a finance director.

During 2008 the City has executed other professional service agreements related to governmental consulting services, audit, engineering and project management required to carry out its regular operations and services in the normal course of business. These contracts are for periods not ranging from two to five years (some with options to renew) and are easily cancelled with notice by the City or the service provider.

During 2008 the City entered into an agreement with Tyler Technologies for \$250,000 to purchase information technology software that provides management with accounting, budgeting, and management reporting tools. This software will be implemented during 2009.

# CITY OF DORAL, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **NOTE 10. COMMITMENTS AND CONTINGENCIES (Continued)**

#### *Agreement for Professional Services (Continued)*

During October 2008 the City entered into a contract with the City manager. The contract provides for the manager's duties salary benefits and expense allowances as well as a severance provision for 6 months of salary and retirement benefits for termination "without cause".

#### *Operating Agreements*

The City has executed various operating lease agreements to provide for the operational use of office equipment and a vehicle. Future monthly payments approximate \$16,000 expiring through September 2012.

The City has 3 Trolley lease agreements to provide for the operational use of vehicle. Future monthly payments approximate \$176,712 expiring on September 30, 2009.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Doral, Florida**  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 24,219,557	\$ 24,219,557	\$ 24,179,740	\$ (39,817)
Utility taxes	3,096,300	3,096,300	6,020,561	2,924,261
Franchise fees	2,985,000	2,985,000	5,586,792	2,601,792
Intergovernmental	3,154,250	3,154,250	2,831,727	(322,523)
Licenses, permits and fines	6,913,000	6,913,000	6,476,391	(436,609)
Communication service Tax	4,000,000	4,000,000	4,085,310	85,310
Charges for services	2,832,290	2,832,290	1,064,739	(1,767,551)
Grant revenues	5,225,000	5,225,000	-	(5,225,000)
Interest	1,775,000	1,775,000	975,844	(799,156)
Other	170,000	170,000	394,005	224,005
Total revenues	<u>54,370,397</u>	<u>54,370,397</u>	<u>51,615,109</u>	<u>(2,755,288)</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Elected officials	772,474	772,474	646,120	126,354
Manager's office	685,221	685,221	611,440	73,781
City Clerk	525,075	525,075	338,064	187,011
Finance Department	229,238	229,238	215,173	14,065
City Attorney	382,000	382,000	289,447	92,553
General Government	3,347,193	3,347,193	10,224,310	(6,877,117)
Total general government	<u>5,941,201</u>	<u>5,941,201</u>	<u>12,324,554</u>	<u>(6,383,353)</u>
Police	21,951,039	21,951,039	17,696,614	4,254,425
Public works	2,168,411	2,168,411	1,663,811	504,600
Parks and recreation	3,982,291	3,982,291	3,797,092	185,199
Building	5,022,264	5,022,264	3,360,946	1,661,318
Community development	623,426	623,426	566,490	56,936
Planning and zoning	985,697	985,697	807,341	178,356
Debt	1,625,417	1,625,417	1,697,837	(72,420)
Mitigation/QNIP	240,000	240,000	379,062	(139,062)
Total expenditures	<u>42,539,746</u>	<u>42,539,746</u>	<u>42,293,747</u>	<u>(245,999)</u>
<b>Other financing uses:</b>				
Transfers in	-	-	-	-
Transfers (out)	(1,548,891)	(1,548,891)	(11,473,072)	(9,924,181)
Total other financing uses	<u>(1,548,891)</u>	<u>(1,548,891)</u>	<u>(11,473,072)</u>	<u>(9,924,181)</u>
Net change in fund balance	<u>\$ 10,281,760</u>	<u>\$ 10,281,760</u>	<u>\$ (2,151,710)</u>	<u>\$ (12,433,470)</u>

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

# CITY OF DORAL, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

### NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

#### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

An annual appropriated budget is prepared for the general fund. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The City Manager submits to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d) The City Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During fiscal year ended September 30, 2008, there were no supplemental appropriations.
- e) Formal budgetary integration is employed as a management control device for the general fund.
- f) The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

#### **NOTE 2. EXPENDITURES EXCEEDING APPROPRIATED BALANCES**

Revisions that alter the total expenditures of any department within a fund must be approved by the City Council. Actual expenditures and operating transfers out may not exceed budget appropriations at the individual fund level. Appropriations that are neither expended, encumbered, nor specifically designated to be carried over, lapse at the end of the fiscal year.

For the fiscal year ended September 30, 2008, expenditures exceeded appropriations in the following City Departments: General Government and QNIP. Although these Departments exceeded its appropriations, the overall actual expenditures in the general fund did not exceed overall appropriations. All expenditures were properly approved by the Council as explained in more detail in the Schedule of Findings and Question Cost, Finding 2007-2 found in pages 64 and 65 of the CAFR.

#### **NOTE 3. BUDGET/GAAP RECONCILIATION**

There are no differences to be reconciled between the budgetary comparison schedule and the statement of revenues, expenditures and changes in fund balances-governmental funds.

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**COMBINING AND  
INDIVIDUAL FUND STATEMENTS**

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## **NONMAJOR GOVERNMENTAL FUNDS**

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### **Special Revenue Fund**

Transportation – This fund accounts for the revenues received from the transportation surtax and expenditures for related transportation costs.

**This fund is the City's only non-major fund and has been presented in a column with the City's Fund financial statements**

**City of Doral, Florida**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2008

	<u>Special Revenue</u>
	Transportation <u>Fund</u>
Assets	
Cash and cash equivalents	\$ 1,206,392
Accounts receivable:	50,242
Due from other funds	47,752
Total Assets	\$ 1,304,386
Liabilities and Fund Balances	
Liabilities:	
Accounts payable and accrued liabilities	\$ 303,150
Escrow deposits	54,000
Due to other funds	664,600
Total liabilities	1,021,750
Fund balances:	
Unreserved, undesignated	282,636
Total fund balances	282,636
Total liabilities and fund balances	\$ 1,304,386

**City of Doral, Florida**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Fiscal Year Ended September 30, 2008

	<u>Transportation Fund</u>
<b>Revenues:</b>	
Intergovernmental	\$ 600,628
Interest	11,910
Charges for services	181,925
Other	200
Total revenues	<u>794,663</u>
 <b>Expenditures:</b>	
Public works	<u>3,171,865</u>
Total expenditures	<u>3,171,865</u>
Net changes in fund balance	(2,377,202)
Fund balances (deficits), beginning	<u>2,659,838</u>
Fund balances, ending	<u><u>\$ 282,636</u></u>

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**STATISTICAL SECTION**

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## STATISTICAL SECTION

This part of the City of Doral's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	39-42
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:</i>	
<b>Revenue Capacity</b>	43-46
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	47-50
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	51-52
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b>	53-55
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

# THE CITY OF DORAL, FLORIDA

## NET ASSETS BY COMPONENT

LAST THREE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2006	2007	2008
<b>Governmental activities:</b>			
Invested in capital assets, net of related debt	\$ 6,052,226	\$ 23,202,258	\$ 39,639,029
Restricted	1,668,093	3,177,068	3,754,632
Unrestricted	27,803,600	38,051,098	24,459,667
Total governmental activities net assets	35,523,919	64,430,424	67,853,328
<b>Business-type activities:</b>			
Invested in capital assets, net of related debt	-	164,604	869,798
Restricted	-	5,110,253	6,947,066
Unrestricted	2,334,304	-	-
Total business-type activities net assets	2,334,304	5,274,857	7,816,864
<b>Total government:</b>			
Invested in capital assets, net of related debt	6,052,226	23,366,862	40,508,827
Restricted	1,668,093	8,287,321	10,701,698
Unrestricted	30,137,904	38,051,098	24,459,667
Total government net assets	\$ 37,858,223	\$ 69,705,281	\$ 75,670,192

# THE CITY OF DORAL, FLORIDA

## CHANGES IN NET ASSETS

LAST THREE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2006	2007	2008
Expenses:			
Governmental activities:			
General government	\$ 3,550,056	\$ 4,042,423	\$ 6,392,127
Public safety	10,967,211	13,318,322	15,608,252
Community development **	-	-	-
Building department **	2,322,401	3,075,941	3,431,312
Planning & zoning department **	633,859	851,765	1,271,656
Public works	748,229	894,629	1,596,806
Parks and recreation	1,306,101	2,166,591	2,414,919
Mitigation/ QNIP	8,180,211	398,178	17,371,673
Interest on long-term debt	450,073	984,740	928,928
Total governmental activities	28,158,141	25,732,589	49,015,673
Business-type activities:			
Stormwater utility	85,569	49,501	770,723
Total business-type activities	85,569	49,501	770,723
Total government expenses	\$ 28,243,710	\$ 25,782,090	\$ 49,786,396
Program revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 743,012	\$ 925,276	\$ 874,751
Building department **	5,607,313	7,046,317	4,841,501
Planning & zoning department **	224,169	152,749	440,845
Public safety	861,643	1,357,086	1,059,257
Parks/recreation	1,459,663	2,139,521	532,021
Operating grants and contributions			
Parks/recreation	91,343	416,319	-
Total governmental activities program revenues	8,987,143	12,037,268	7,748,375
Business-type activities:			
Charges for services:			
Stormwater utility	2,322,923	2,990,054	3,207,457
Operating grants and contributions	-	-	110,845
Total business-type activities program revenues	2,322,923	2,990,054	3,318,302
Total program revenues	\$ 11,310,066	\$ 15,027,322	\$ 11,066,677
Net (expense) revenue:			
Governmental activities	\$ (19,170,998)	\$ (13,695,321)	\$ (41,267,298)
Business-type activities	2,237,354	2,940,553	2,547,579
Total net expense	\$ (16,933,644)	\$ (10,754,768)	\$ (38,719,719)
General revenues:			
Governmental activities:			
Taxes:			
Property taxes	\$ 17,202,696	\$ 20,893,975	\$ 24,179,740
Utility taxes	2,469,240	4,339,239	6,020,561
Communications services tax	3,557,442	4,019,547	4,085,310
Franchise taxes	2,801,948	3,278,696	5,586,792
Intergovernmental	3,577,547	7,765,837	3,432,355
Investment earnings and other	1,268,347	2,114,194	991,239
Miscellaneous	10,643,324	190,337	394,205
Total governmental activities	41,520,544	42,601,825	44,690,202
Business-type activities:			
Investment earnings and other	-	-	(5,572)
Total business-type activities	-	-	(5,572)
Total general revenues	\$ 41,520,544	\$ 42,601,825	\$ 44,684,630
Change in net assets:			
Governmental activities	\$ 22,349,546	\$ 28,906,504	\$ 3,422,904
Business-type activities	2,237,354	2,940,553	2,542,007
Total change in net assets	\$ 24,586,900	\$ 31,847,057	\$ 5,964,911

\*\* Community development was re-organized into building and planning & zoning for fiscal year 2006.

# THE CITY OF DORAL, FLORIDA

## FUND BALANCES OF GOVERNMENTAL FUNDS

LAST THREE FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund:			
Reserved	\$ -	\$ 617,475	\$ 17,607,202
Unreserved	<u>22,333,658</u>	<u>43,759,009</u>	<u>24,617,572</u>
Total general fund	<u>22,333,658</u>	<u>44,376,484</u>	<u>42,224,774</u>
All other governmental funds:			
Reserved	1,563,211	2,659,838	282,636
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital projects fund	<u>5,704,660</u>	<u>(5,630,185)</u>	<u>3,371,076</u>
Total all other governmental funds	<u>7,267,871</u>	<u>(2,970,347)</u>	<u>3,653,712</u>
Total governmental funds	<u>\$ 29,601,529</u>	<u>\$ 41,406,137</u>	<u>\$ 45,878,486</u>



# THE CITY OF DORAL, FLORIDA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST THREE FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2006	2007	2008
<b>Revenues:</b>			
Ad valorem taxes	\$ 17,202,696	\$ 20,893,975	\$ 24,179,740
Franchise fees	2,801,948	3,278,696	5,586,792
Utility taxes	2,469,240	4,339,239	6,020,561
Communications services tax	3,557,442	4,019,547	4,085,310
Impact fees	1,503,516	1,304,751	304,993
Licenses, permits and fines	5,439,854	8,911,239	6,476,391
Intergovernmental revenue	3,577,547	7,765,837	3,432,355
Grants	91,343	416,319	-
Charges for services	1,952,430	1,404,959	941,671
Investment income	1,268,347	2,114,194	991,239
Miscellaneous	10,643,324	190,337	394,205
Total revenues	50,507,687	54,639,093	52,413,257
<b>Expenditures:</b>			
<b>Current:</b>			
General government	3,421,798	4,361,334	12,324,554
Public safety	11,068,689	13,321,448	17,696,614
Community development **	-	-	-
Building department **	2,429,029	3,136,195	3,360,946
Planning & zoning department **	624,142	840,422	1,373,831
Public works	974,145	1,532,432	4,835,676
Parks and recreation	26,703,891	17,976,592	6,272,388
Mitigation/ QNIP	8,180,211	398,178	379,062
<b>Debt service:</b>			
Principal retirement	-	283,145	797,827
Interest and other fiscal charges	478,728	984,740	900,010
Total expenditures	53,880,633	42,834,486	47,940,908
Excess (deficiency) of revenues over expenditures	(3,372,946)	11,804,607	4,472,349
<b>Other financing sources (uses):</b>			
Bond proceeds	21,250,000	-	-
Proceeds from capital leases	82,000	-	-
Transfers in	1,497,500	4,774,650	11,473,072
Transfers out	(1,497,500)	(4,774,650)	(11,473,072)
Total other financing sources (uses)	21,332,000	-	-
Net change in fund balances	\$ 17,959,054	\$ 11,804,607	\$ 4,472,349
Debt service as a percentage of non-capital expenditures	0.89%	4.98%	5.85%

\*\* Community development department re-organized into building and planning & zoning in fiscal year 2006

# THE CITY OF DORAL, FLORIDA

## NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

### LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Real Property			Total Net Assessed <u>Value</u>	Total Direct Tax <u>Rate</u>	Tax	Estimated Actual Value as a Percentage of Net Assessed <u>Value</u>
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>				
2003	1,980,974,946	2,539,734,652	391,919,744	4,912,629,342	2.447	\$ 12,021,204	0.24%
2004	2,186,766,144	2,803,571,930	432,628,824	5,422,966,898	2.447	\$ 13,270,000	0.24%
2005	2,561,789,226	3,284,375,143	640,920,540	6,487,084,909	2.447	\$ 15,873,897	0.24%
2006	3,694,495,528	4,736,650,285	727,775,178	9,158,920,991	2.447	\$ 22,411,880	0.24%
2007	4,609,913,198	5,102,505,640	735,736,830	10,448,155,668	2.447	\$ 25,566,637	0.24%
2008	5,196,232,044	5,200,628,803	644,981,156	11,041,842,003	2.447	\$ 27,019,387	0.24%

Note: Property in the City is reassessed each year. Property is assessed at actual value, therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

**THE CITY OF DORAL, FLORIDA**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	City of Doral		Overlapping Rates (1)													Total Direct and Overlapping Rates
		General Operations	Total City	Miami-Dade County			Miami-Dade Fire & Rescue			Miami-Dade Schools			Other	SFWMD Millage	FIND Millage	Total State Millage	
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total Fire Millage	Operating Millage	Debt Service Millage	Total School Millage					
2003	2002	2.447	2.447	5.969	0.285	6.254	2.582	0.079	2.661	8.418	0.682	9.100	1.086	0.597	0.039	0.636	22.184
2004	2003	2.447	2.447	5.935	0.285	6.220	2.582	0.079	2.661	8.090	0.597	8.687	1.030	0.597	0.039	0.636	21.681
2005	2004	2.447	2.447	5.835	0.285	6.120	2.592	0.069	2.661	7.947	0.491	8.438	1.014	0.597	0.039	0.636	21.316
2006	2005	2.447	2.447	5.615	0.285	5.900	2.609	0.042	2.651	7.691	0.414	8.105	1.008	0.597	0.039	0.636	20.747
2007	2006	2.447	2.447	4.580	0.285	4.865	2.207	0.042	2.249	7.570	0.378	7.948	0.896	0.535	0.035	0.569	18.973
2008	2007	2.447	2.447	4.838	0.285	5.123	2.185	0.042	2.227	7.533	0.264	7.797	0.893	0.535	0.035	0.569	19.056

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: The City of Doral Finance Department and Miami Dade County Property Appraiser's Office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Doral. Not all overlapping rates apply to all City of Doral property owners (i.e. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

# THE CITY OF DORAL, FLORIDA

## PRINCIPAL PROPERTY TAXPAYERS

### CURRENT YEAR AND NINE YEARS AGO

2008				1999			
<u>Taxpayer</u>	<u>Net Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Net Assessed Value</u>	<u>Taxpayer</u>	<u>Net Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Village Net Assessed Value</u>
West Dade County Associates	\$ 158,414,226	1	1.43%		\$ -		0.00%
Koala Miami Realty Holdings	146,401,688	2	1.33%		-		0.00%
Atlas Property 1 LLC	127,876,840	3	1.16%		-		0.00%
Summit Properties LP	85,001,566	4	0.77%		-		0.00%
Century Grand One LLP	82,064,800	5	0.74%		-		0.00%
Doral West Acquisition LLC	75,500,000	6	0.68%		-		0.00%
KSL Hotel Corporation	68,594,531	7	0.62%		-		0.00%
Metropolitan Life Insurance Co.	62,600,000	8	0.57%		-		0.00%
CV Miami LLC	62,322,494	9	0.56%		-		0.00%
Carnival Corporation	56,900,000	10	0.52%		-		0.00%
	-				-		
	<u>\$ 925,676,145</u>		<u>8.38%</u>		<u>\$ -</u>		0.00%

Source: Tax roll provided by Miami-Dade County Property Appraisers Office.

Note: The City did not exist nine years ago.

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

**THE CITY OF DORAL, FLORIDA**  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for Fiscal <u>Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent <u>Year's</u>	Total Collections to Date	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2003	3,333,787	3,205,654	96.16%	-	3,205,654	96.16%
2004	12,606,500	13,252,700	105.13%	-	13,252,700	105.13%
2005	15,808,202	14,875,808	94.10%	-	14,875,808	94.10%
2006	17,362,280	17,300,211	99.64%	-	17,300,211	99.64%
2007	21,198,869	20,893,975	98.56%	-	20,893,975	98.56%
2008	24,219,557	24,179,740	99.84%	-	24,179,740	99.84%

Source: City of Doral Finance Department and Miami-Dade County County Tax Collector's Office.

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

# THE CITY OF DORAL, FLORIDA

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	<u>Governmental Activities</u>			<u>Business-Type</u>	<u>Total</u>	Percent of Median Family <u>Income (1)</u>	Debt <u>Per Capita</u>
	<u>General</u> Obligation <u>Bonds</u>	Revenue <u>Bonds</u>	Loans <u>Payable</u>	<u>Activities</u> Revenue <u>Bonds</u>			
2003	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	0.00%	-
2006	-	21,250,000	-	-	21,250,000	28251.04%	634
2007	-	20,992,886	-	-	20,992,886	27096.34%	609
2008	-	21,198,171	-	-	21,198,171	26497.70%	562

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

Median family income amounts are disclosed on page 51 in the demographic schedule.

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

**THE CITY OF DORAL, FLORIDA**  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

All bonded indebtedness is in the form of revenue bonds.

# THE CITY OF DORAL, FLORIDA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2008

<u>Government Unit</u>	2008		
	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Doral</u>	<u>Amount Applicable to City of Doral</u>
Direct:			
City of Doral	\$ 21,198,171	100.00%	\$ 21,198,171
Other debt:			
Miami-Dade County	507,316,000	0.801%	4,063,601
Miami-Dade County School Board	560,574,000	0.801%	<u>4,490,198</u>
Subtotal, Overlapping Debt			<u>8,553,799</u>
Total Direct and Overlapping Debt			<u>\$ 29,751,970</u>

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the City of Doral. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Value that is within the City's boundaries and dividing it by the County's and School Board's total taxable assessed value. This approach was also used for the other debt.



**THE CITY OF DORAL, FLORIDA**

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

None of the City's revenues are pledged for debt service.

**THE CITY OF DORAL, FLORIDA**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Median Family Income (2)</u>	<u>Unemployment Rate (3)</u>	<u>Total Personal Income (2) (4)</u>
2003	27,000	68,836	5.7%	-
2004	29,670	70,901	5.0%	-
2005	32,485	73,028	3.9%	-
2006	33,500	75,218	3.7%	-
2007	34,472	77,475	4.2%	-
2008	37,735	74,050	4.5%	1,547,135

Sources:

- (1) University of Florida, Bureau of Economic Research, 2007 estimated
- (2) United States Census Bureau
- (3) Florida Department of Labor.
- (4) Not available for years prior to 2008

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

Note: Population amounts are based on surveys conducted during the last quarter of each fiscal year. Unemployment rate information is an adjusted yearly average, and are Miami-Dade County amounts. Median family income amounts are based on geographic area.

# THE CITY OF DORAL, FLORIDA

## PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Carnival Corporation	2,380	1	32.37%			
Marriott International	1,031	2	14.02%			
50 State Security Service, Inc.	850	3	11.56%			
Amadeus North America, LLC	462	4	6.28%			
Ryder Truck Rental	441	5	6.00%			
Supreme International Corporation	420	6	5.71%			
Perry Ellis International, Inc.	420	7	5.71%			
Blue Cross and Blue Shield of Florida, Inc.	412	8	5.60%			
Brinks Incorporated	366	9	4.98%			
Post, Buckley, Schuh & Jernigan, Inc.	285	10	3.88%			
Wal Mart Stores, East LP	285	10	3.88%			
Total	7,352					

Note: The city did not exist nine years ago, incorporated July 23,2003.

# THE CITY OF DORAL, FLORIDA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

### LAST TEN FISCAL YEARS

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of Employees:											
City Council						-	1	1	2	2	3
City Manager's Office						1	4	4	5	6	5
City Clerk's Office						-	1	2	3	4	3
City Attorney's Office *						1	1	1	1	1	1
Finance Department *						1	2	2	2	3	4
Administrative Services						-	2	1	1	2	-
Police Department *						-	75	93	110	110	123
Community Development **						-	15	29	-	-	-
Building and Permitting **						-	-	-	18	28	31
Planning & Zoning **						-	-	-	7	5	8
Code Compliance **						-	-	-	8	10	10
Licensing **						-	-	-	2	2	2
Public Works						-	6	6	6	10	15
Parks and Recreation						-	29	29	28	27	46
Human Resources											3
IT											4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Number of Employees	-	-	-	-	-	3	136	168	193	210	258

Source: City of Doral Finance Department

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

\* Includes contractual personnel.

\*\* Community development divided into separate departments; building, planning & zoning, code compliance and licensing

# THE CITY OF DORAL, FLORIDA

## OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public safety:											
Police:											
Police personnel and officers						-	75	93	110	110	123
Police calls for service						13,346	9,660	13,814	21,258	35,406	42,545
Planning and development:											
Building permits issued						(B)	(B)	1,631	2,999	3,500	2,320

Sources: Various City Departments

Note: Indicators are not available for the general government function, the City utilizes Miami-Dade County for Fire & Rescue and Police services.

(A) Information not available

(B) Information not available, permits issued by Miami-Dade County

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

**THE CITY OF DORAL, FLORIDA**  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government:											
Number of general government buildings						1	1	1	1	1	1
Public safety:											
Police:											
Police stations						1	1	1	1	1	1
Shifts						3	3	3	3	3	3
Fire:											
Fire stations						2	2	2	2	2	2
Planning and development											
Building permits issued						(A)	(A)	1,631	2,999	3,500	2,320
Engineering and public works											
Total square miles						15.00	15.00	15.00	15.00	15.00	15.00
Surface water management											
Miles of storm drainage						13.0	13.0	13.0	13.0	13.0	13.0
Transportation:											
Miles of streets						175.0	175.0	175.0	175.0	175.0	175.0
Number of street lights						410	410	410	410	410	410
Number of traffic signals						61	61	61	61	61	61
Culture and recreation:											
Miles of waterways						11.30	11.30	11.30	11.30	11.30	11.30
Utility system:											
Miles of mains						203.0	203.0	203.0	203.0	203.0	203.0
Fire hydrants - City of Doral						2,166	2,166	2,166	2,166	2,166	2,166

Sources: Various City Departments

The City was incorporated on July 23, 2003, therefore years prior to 2003 are not applicable.

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## **COMPLIANCE SECTION**

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**Report on 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, City Council and City Manager  
City of Doral, Florida

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Doral, Florida, (the City) as of and for the fiscal year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identify certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies noted in Findings 2008-1 and, 2008-2, described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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Honorable Mayor, City Council and City Manager  
City of Doral, Florida  
Page Two

**Internal Control Over Financial Reporting** (continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we do not believe any of the findings described above to be material weaknesses.

**Compliance and Other Matters**

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

City of Doral's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Mayor, City Council, management and regulatory bodies and is not intended to be and should not be used by anyone other than those specified parties.

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Doral, Florida  
May 29, 2009



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

Honorable Mayor, City Council and City Manager  
City of Doral, 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 City of Doral, Florida (the City), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated May 29, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements, and Schedule of Findings and Questioned Costs. Disclosures in that report and schedule, which are dated May 29, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address in the preceding annual financial audit report as discussed in the accompanying schedule of findings and questioned costs.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. Our recommendations are included in the accompanying schedule of findings and questioned costs.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we had no such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors:

- (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and
- (2) control deficiencies that are not significant deficiencies, including, but not limited to;
  - (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements);
  - (b) failures to properly record financial transactions; and
  - (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed the following matters required to be disclosed by Rules of Auditor General under Current Year Findings and Recommendations: 2008-1, 2008-2 and prior year findings and recommendations: 2007-1, and 2007-2.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The *City of Doral, Florida* was created pursuant to the constitution of the State of Florida, Home Rule Charter of Miami-Dade County, Article 5, Section 5.05. There are no component units related to the City.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008. In connection with our audit, we determined that these two reports were in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures and no deteriorating financial conditions were noted. 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is not intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be use by anyone other than these specified parties.

*Rodriguez Trueba & Company*

Rodriguez, Trueba & Co., P.A.  
Doral, Florida  
May 29, 2009

# CITY OF DORAL, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### PART 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

Significant deficiencies identified not considered to be material weakness?

X yes    \_\_\_ no

Non-compliance material to financial statements noted?

\_\_\_ yes    X no

#### Federal Awards and State Financial Assistance

*Federal Program expenditures for the year ended September 30, 2008 were less than \$500,000; as a result a Federal Single Audit was not required.*

*State Projects expenditures for the year ended September 30, 2008 were less than \$500,000; as a result a Florida Single Audit was not required.*

### PART II. FINANCIAL STATEMENT FINDINGS

#### Finding 2008-1

#### Reportable Condition - Audit Journal Entries

The City's audit required several audit adjustments to prepare GAAP financial statements. The financial statements are required to be the product of a financial reporting system that offers reasonable assurance that management is able to produce financial statements in accordance with GAAP. This creates an absence of an internal process to report deficiencies in internal control to management on a timely basis. The independent auditors assist the City with the preparation of the financial statements as a convenience because the City has the skills to do so. Having the City staff prepare the financial statements would not be a cost-efficient alternative to the current situation.

#### Background

In May 2006, the Auditing Standards Board issued Statement on Auditing Standards No 112, Communicating Internal Control Related Matters Identified in an Audit. SAS 112 introduced terms, definitions and guidance for identifying and evaluating control deficiencies and communicating significant deficiencies and material weaknesses. Under SAS 112, a deficiency exists if the governmental unit does not have effective controls to prevent, detect and correct misstatements in the financial statements and auditors are now required to communicate in writing any significant deficiencies and material weaknesses in internal control over financial reporting identified during an audit. Under these guidelines, the City's condition meets the criteria of a reportable condition.

# CITY OF DORAL, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **PART II. FINANCIAL STATEMENT FINDINGS – (continued)**

#### **Finding 2008-1 – (continued)**

##### Recommendation

Management should assess the risk associated with these conditions and identify any processes that can be incorporated into their existing controls to improve the deficiencies; such as, minimizing the likelihood of material audit adjustments through reviews of transactions and balances on a monthly basis for general propriety and accuracy. Follow up can then be made on significant and unusual items and verify supporting documents to resolve exceptions.

##### Management's Response

Management accepts the finding and recommendation. The City's Finance Director will meet with the independent auditors prior to closing the books of the City and try to identify possible adjustments and circumstances that would prevent this finding. Correcting this situation may not provide a cost-effective solution to the finding. The independent auditors assist the City with the preparation of the financial statements as a convenience, because the City has the skills to do so.

Management does not presently deem the risk of this deficiency as significant.

#### **Finding 2008-2**

##### **Material Weaknesses - Controls over Revenue Billing and Collections**

The City's internal control procedures over cash and overall invoice billing and collections are weak. As the City's departments have grown and revenue producing areas have been created, the City has not implemented adequate controls over its billing collection process in most of the new departments processing transactions.

##### Background

As part of our audit, we document internal controls related to the billing and collections of the City's revenues. Revenues earned by the City are transferred from other governments (State and County) or billed for services or compliance requirements. Our finding summarizes our review of internal controls over billings and cash collections such as cash, credit cards, checks and money orders, involving funds billed to residents for services in the City's new departments. The City does not follow some of the basic tenets of internal controls as discussed below:

1. Cash collection is decentralized in separate departments.
2. Record keeping data entry is inaccurate and/or incomplete.
3. Cash handling procedures are not properly developed or consistently followed.
4. Critical controls such as segregation of duties, limited access, and regular reconciliations are not present in situations involving cash.
5. Physical controls over assets should be improved.

# CITY OF DORAL, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **PART II. FINANCIAL STATEMENT FINDINGS – (continued)**

#### **Finding 2008-2 – (continued)**

##### Recommendation

Management should assess the risk associated with these conditions and identify any processes that can be incorporated into their existing controls to improve the deficiencies. Management should create or revise written policies and procedures, implement them and train employees in the application of the new policies. After making a general recommendation that the City take measures to improve controls on an overall basis we propose the following recommendations:

1. The City should centralize cash collections for all City departments in a “Cashier’s Office”, under the supervision and located in the Finance department. Billing notices brought by the user or buyer from the applicable originating department will be collected, canceled and classified by the Cashier in accordance with the intended use of the goods or services invoiced. This will allow for proper segregation of duties and another set of eyes overseeing the transaction.
2. Employees not trained to handle cash will no longer handle cash. Additionally, there will be more time to invoice and accordingly, more time to serve more users.
3. Limited access and reconciliations will be handled by accounting personnel in the Finance department who are knowledgeable of these processes and not clerks in the different departments who are not familiar with accounting functions.

##### Management’s Response

During fiscal year 2008 the City Council appointed a new City Manager that is more adept to the Council’s vision of performance measures and strict internal administrative and financial controls.

In that transition the former finance director died from a chronic disease that he had been battling for over four years. The finance director was a contractor with employees that did not remain in the City. Substantially, the City established its own in house finance department with the appointment of its new finance director in December 2008.

The new City Manager and Finance Director have established a correction action plan that encompasses many measures of enhances controls and achieve better operational efficiencies. Leading the measures is the implementation of state of the art performance based software and centralizing functions within the finance department. The implementation phase of the plan will be completed by the end of fiscal year 2008-2009 when all controls will be in place and employees trained.

### **PART III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS AND FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE INCLUDING AUDIT FINDINGS AS DEFINED IN RULE 10.554(1)(j)(4).**

*Single Audit not required for September 30, 2008.*

**CITY OF DORAL, FLORIDA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

**PART IV. STATUS OF PRIOR YEAR FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS**

The following is a summary of the September 30, 2007 recommendations, as communicated in the prior year that were not repeated in the current year recommendations, were not implemented or were only partially implemented by the City during the current year. All prior year recommendations that have been fully implemented were not repeated in this section.

<u>Finding Number</u>	<u>Prior Year's Observation</u>	<u>Comment is Still Relevant</u>	<u>Comment is no Longer Relevant</u>
<b><u>A. PRIOR YEAR FINANCIAL STATEMENT FINDINGS</u></b>			
2007-1	Procurement Policies Credit Cards	X	
2007-2	Budget Provisions Unappreciated Capital Expenditures	X	

**Finding 2007-1**

**Reportable Condition - Procurement Policies-Credit Cards**

The City has issued credit cards to city executives and directors. Procurement policies have not been adhered to in use of the credit cards, including but not limited to questionable charges, inadequate or incomplete supporting documentation and incorrect classification or charges.

Background

The City continues to find ways to facilitate operational efficiencies. In order to expedite the procurement process in certain departments, the City issued credit cards to City executives and department heads. During our audit we tested one hundred percent (100%) of credit card transactions and noted the following findings:

1. All credit cards have a \$100,000 limit where such a high limit should only be available to the manager, his assistants and the director of finance. Having such a high limit provides an opportunity to circumvent City procurement policies where Council approval is required for purchases of items worth \$15,000 or more.
2. In a significant number of transactions tested, receipts supporting the purpose and authorization of the charge were not available.
3. Many charges do not follow the City's established procurement policies.
4. Some charges, for example gifts for an employee who gave birth, appear unorthodox at best, improper at worst. These charges appeared not to be authorized before the charge. The gift was not listed as approved under the City-allowed employee awards.
5. Payment to the credit cards was not timely and late charges were assessed.
6. Charges were not properly classified when the line item applied to the charge was without budget appropriations. In this instance the charge was recorded in another budget line item.

# CITY OF DORAL, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **PART IV. STATUS OF PRIOR YEAR FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS - (continued)**

#### **Finding 2007-1**

##### Recommendations

1. We recommend that the City eliminate the use of credit cards for executives and department heads. The only credit cards should be held by the Mayor and the Council under their established purposes and limitations. The credit card limits should be in the range of \$3,000 to \$5,000 per credit card with a total limit of \$10,000 for all credit cards. Approval of charges by the Council will follow the policies and procedures established by the Finance Department, as they overview the payment of the credit cards.
2. In the event that the City continues with the use of the credit cards, management needs to set purchasing limits in accordance with authority and need and ascertains City procurement guidelines are followed in all applicable cases.
3. The City must create or revise written procurement policies for credit card use that includes forms to authorize the charge before it's made. This process will avoid spending for items not budgeted.
4. Maintain support for all charges indicating purpose and general ledger account to be charged. Keep copies of supporting invoices for all charges.
5. Pay all credit card charges on time set up automatic minimum balance payment to avoid late fees.

##### Management's Response

Management concurs with the first finding and will seek Council approval to eliminate credit cards at the next available Council meeting.

#### **CURRENT STATUS:**

Management eliminated the use of credit cards for all City employees except the Mayor and Council Members. This finding was relevant during 2007-2008 but is no longer an issue.

#### **Finding 2007-2**

##### **Reportable Condition - Budget Process; Unappropriated Capital Expenditures**

The budget process is in place and working in accordance with rules and regulations. During 2007 management appropriated sufficient funds to meet actual expenditures for capital outlays in the Capital Improvement Projects Fund ("CIP"), approximately \$15,841,777, but did not carry out a budget amendment for the appropriation. This event created an unfavorable variance in the line item of \$9,716,000.

##### Background

The actual deficit was absorbed by Council approved appropriations from the General Fund, designated but unbudgeted for the improvements. These unbudgeted expenditures were all approved by the City Council. The unbudgeted expenditures caused overall expenditures to exceed overall appropriations.



# CITY OF DORAL, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

### **PART IV. STATUS OF PRIOR YEAR FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS - (continued)**

#### **Finding 2007-2**

##### Recommendation:

Management should propose and the legislative body of the City should approve budget amendments as soon as it is prudent to do so in order to comply with Florida Statutes related to appropriation of funds to meet budgeted expenditures.

##### Management's Response:

We agree with the finding, however, management budgeted a funding source (Florida Forever Grant) in the amount of \$5 million as revenue in the General Fund and as an operating transfer out to Capital Projects where the project was budgeted to be paid. The project was started before the grant was received and the City's chances of receiving the grant were excellent at the time the decision was made to proceed with the project. The project started and was funded by General Fund surplus. In the end, the grant did not come through, and the City Council decided to complete the project (parks) with General Fund money and appropriate next budget year or seek another grant (in process now). The City believed it acted in compliance with the letter of Florida Statutes.

#### **CURRENT STATUS:**

Because of the unusual conditions present in the City during 2007-2008 with the illness of the Finance Director, budget amendments to clean up year end balances were not carried out. The Finance Department has and will comply with the technical part of this finding during the current year.

The funding for the grant actually was completed during 2008-2009.

### **PART V. PRIOR YEAR FINDINGS, COMMENTS AND RECOMMENDATIONS NOT ADDRESSED**

*None*

### **PART VI. OTHER ISSUES**

No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Act.