



City of Doral, Florida  
Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2010

**CITY OF DORAL, FLORIDA**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2010

Prepared by:  
THE FINANCE DEPARTMENT

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## INTRODUCTORY SECTION

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June 24, 2011

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, 2010.

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 Alberni, Caballero & Company, L.L.P., 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, 2010, 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, 2010, 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.

The independent audit of the financial statements of the City was part of a broader, federally, and state mandated “Single Audit” designed to meet special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards.

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 the 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. The remainder of the letter provides an overview of the City government as well as local economic conditions and prospects for the future.

### **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 38,000. 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 offers a wide range of services, including, police protection, public works maintenance, a full service building department, and parks and recreation activities. Educational services are provided through the County School System, Libraries and Fire & Rescue Service 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 in both a line item and performance based format. 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, both by fund and department for the purpose of meeting Florida Statutes. The City also prepares a performance based budget

which it uses in conjunction with its advanced DASHBOARD System that will track the effectiveness of all public projects approved. 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 departments operating and capital accounts. Transfers between departments and funds require the approval of City Council. The City Council may approve supplemental appropriations through an Ordinance. Budget to actual comparisons are provided in this report for the general fund, transportation fund and Chinese Drywall fund for which an appropriated annual budget has been adopted. The general fund and transportation fund budget to actual report is presented in the required supplemental information section of this report.

## **Economic Condition and Outlook**

In fiscal year 2010 the City of Doral continued to experience the negative impacts of property tax reform and a slow housing market being felt nationwide. However, unlike other cities throughout the state and nation, new investment has helped to maintain the City's tax base fairly stable estimated \$8.856 billion for this fiscal year. Additionally, our regional economic base remains diversified, comprised of wholesale and retail trade, construction, light manufacturing, and tourism. The City has made great strides in the areas of telecommunications and tourism. Located in the center of a hemispheric market of more than 700 million people, and easily accessible to South and Central America, and the Caribbean, Doral's strategic location and international commerce infrastructure make it the ideal location for international trade. As a result of expanding economies in several Latin American countries, international trade has been growing in the Doral area.

### Airport

In 2010, the Miami International Airport (MIA) served nearly 35.7 million passengers, with nearly 47% of those being international passengers. MIA also shipped 1.9 million tons of domestic and international cargo during the year. MIA ranks among the top 3 in domestic airports for international freight and passenger volume. Currently, MIA has a \$6.2 billion Capital Improvement Program being implemented, including a new runway, terminal, and cargo facility. MIA's close proximity to the City of Doral provides a great avenue for increased activity in the industries dealing in international trade

### Public/Private Development Ventures

The City of Doral has a continuing collaboration with its local schools. Our Parks and Recreation Division have joint use agreements with various local schools to allow them the use of our parks facilities for athletic competitions and practices. In turn, the schools permit the City to use their facilities for certain events. The City budgets and makes available grants of \$5,000 per school every year in support of the Parent Teacher Association and or Parent Teacher Student Associations of our local schools.

The City of Doral also provides on a yearly basis Community Based Organization Grants funded at a maximum of \$5,000 per eligible applicant. This program's primary goal is to provide the beneficiary with opportunities to plan, develop, and implement sustainable projects that will serve the needs of the Doral Community. This grant is only offered to non for profit organizations meeting all eligibility criteria.



## Long-Term Financial Planning

In order to meet the service demands of residents and visitors, the City continues to address the long-term financing necessary in order to fund the capital projects essential to the creation, improvement, enhancement, and preservation of public facilities and infrastructure.

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. New construction in the City continues to enhance its revenue capacity which will provide the means to improve and address additional infrastructure needs.

During 2010 the City continued to pursue its infrastructure growth plan with the Public Works department completing several improvements that included the construction of new roadways, roadway repairs and sidewalks. Additionally they expanded the Trolley system and implemented a customer response system. The Parks and Recreation department added batting cages to Doral Meadow, security cameras and playground lighting to Morgan Levy and Doral Meadow Parks and completed Veterans Park. For the third consecutive year The City of Doral received the Tree City USA Award. Moving forward and in progress is the construction of a new City Hall complex with an expected completion during the Spring of 2012.

## **Relevant Financial Policies**

### 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 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, 2009. This was the sixth 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.

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 of the departments who assisted and contributed to the preparation of this report and to Alberni, Caballero & Company, our independent auditors, for their assistance and efforts in helping the City prepare this CAFR. We wish to thank the Mayor and the City Council for their unfailing support in 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

# 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, 2009

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.



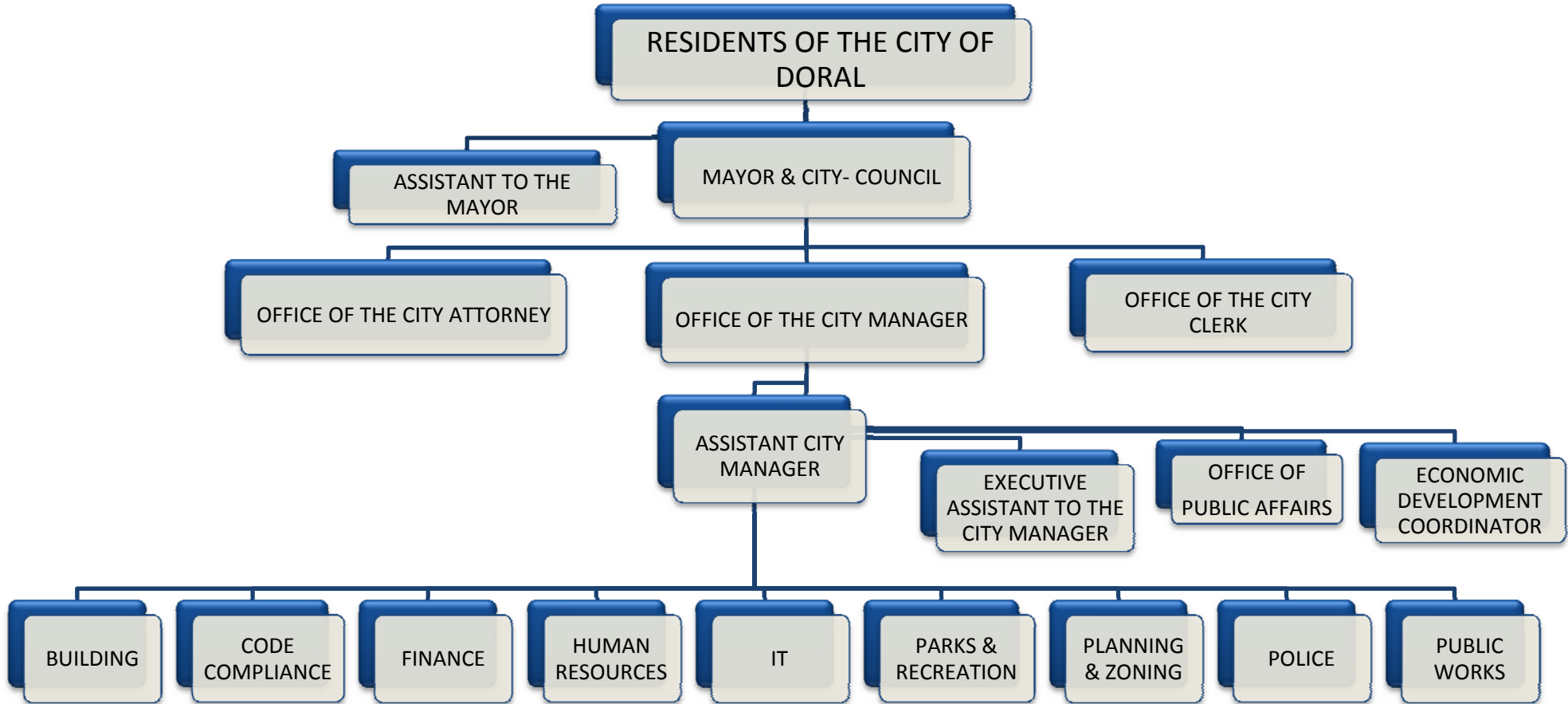
A stylized handwritten signature in black ink, appearing to read "H.R." followed by a long horizontal flourish.

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director

# ORGANIZATIONAL CHART



**CITY OF DORAL, FLORIDA**

CITY OFFICIALS

SEPTEMBER 30, 2010

**CITY COUNCIL**

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

**CITY MANAGER**

Yvonne Soler-McKinley

**CITY CLERK**

Barbara Herrera

**CITY ATTORNEY**

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

**FINANCE DIRECTOR**

Eliza Rassi

**CITY AUDITORS**

Alberni, Caballero & Company, LLP  
Certified Public Accountants & Consultants

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**FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

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4649 PONCE DE LEON BLVD.  
SUITE 404  
CORAL GABLES, FL 33146  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

## INDEPENDENT AUDITORS' REPORT

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 fiscal year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Doral, Florida as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules, listed in the table of contents, 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Doral's Florida basic financial statements. The introductory section, combining non-major fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Alberni Caballero & Company, LLP*

June 24, 2011  
Coral Gables, Florida

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**

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## Management's Discussion and Analysis

As management of the City of Doral (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$167,792,774 (net assets). Of this amount, \$95,809,812 is invested in capital assets, net of related debt \$4,427,304 is restricted for transportation related uses, \$11,335,185 is restricted for storm water and drainage related uses, \$892,643 is restricted for public safety related uses, \$4,848,775 is restricted for parks and recreation related projects, \$50,479,055 is (*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 \$10,981,108 this increase is attributable to excess revenues over expenses for 2010.
- As of the close of the current fiscal year, the City's governmental funds reported an ending fund balance of \$61,478,418. Of this amount, \$13,306,542 is available for spending at the government's discretion (*unreserved fund balance*), and \$22,559,536 has been designated for the construction of City hall and \$9,775,000 for the purchase of park land.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$39,838,995, or 98.94 % of total general fund expenditures.
- On September 30th of 2010 the City awarded a contract to begin construction of a new City Hall Complex without issuing debt, this and the acquisition of new park land reduced unreserved fund balance for the general fund by \$26,775,000.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City'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 City's finances, in a manner similar to a private sector business.

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

The *statement of activities* presents information showing how the City'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 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 include general government, police, public works and physical environment, planning, zoning and code enforcement, building, and parks and recreation.

The government-wide financial statements include only the City 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City 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 maintains several individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and the changes in fund balances for the general fund and transportation fund which are considered to be the major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for the general fund, the transportation fund and the Chinese drywall fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 13 to 16 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 proprietary fund financial statements can be found on pages 17-19 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 20 to 43 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 \$167,792,774 at the close of the most recent fiscal year.

A portion of the City's net assets, \$95,809,812 or 57.1 %, reflects an investment in capital assets, net of related debt (e.g., land 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*

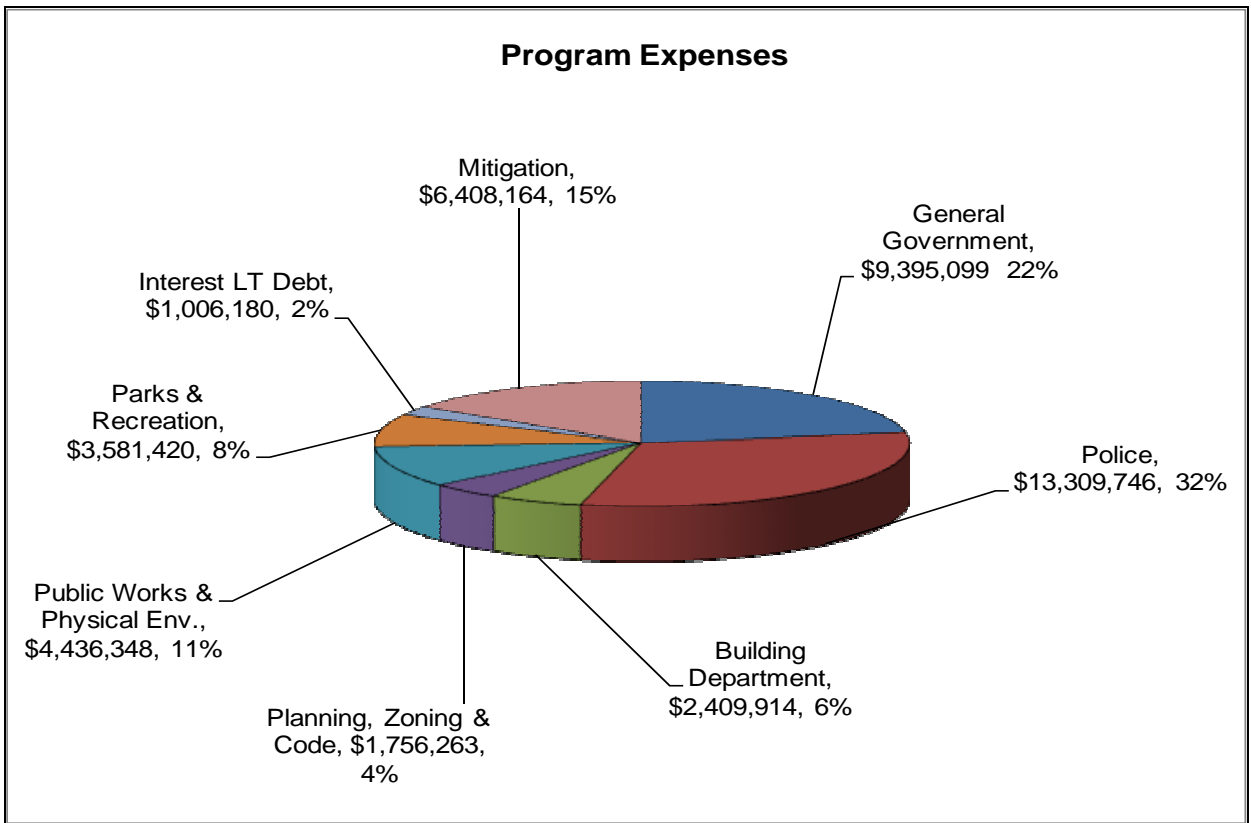
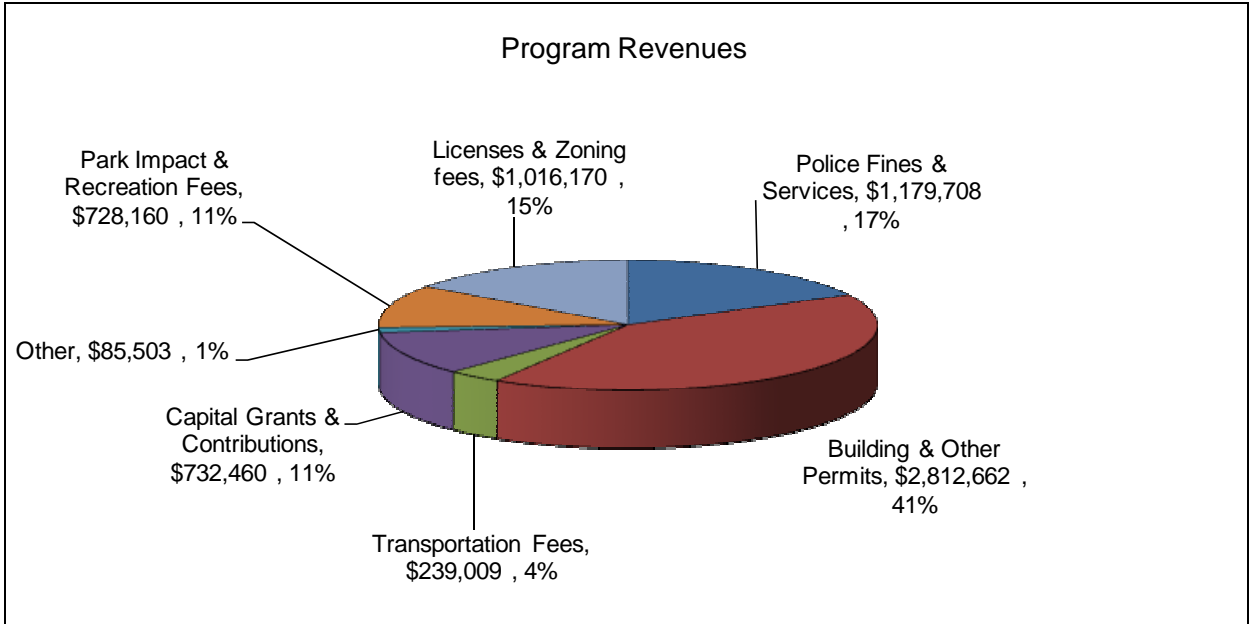
	Governmental Activities 2009	Governmental Activities 2010	Business Type Activities 2009	Business Type Activities 2010	Total 2009	Total 2010	Change
Current assets	\$58,273,105	\$ 69,811,120	\$ 9,091,044	\$11,374,127	\$ 67,364,149	\$ 81,185,247	\$13,821,098
Capital assets	<u>62,255,706</u>	<u>116,723,855</u>	<u>1,090,316</u>	<u>12,077,561</u>	<u>63,346,022</u>	<u>128,801,416</u>	<u>65,455,394</u>
Total assets	<u>120,528,811</u>	<u>186,534,975</u>	<u>10,181,360</u>	<u>23,451,688</u>	<u>130,710,171</u>	<u>209,986,663</u>	<u>79,276,492</u>
Current liabilities							
Long-term liabilities	5,124,827	10,742,128	30,322	327,968	5,155,149	11,070,096	5,914,947
Other Income	<u>19,893,610</u>	<u>22,893,689</u>	-	<u>8,230,104</u>	<u>19,893,610</u>	<u>31,123,793</u>	<u>11,230,183</u>
Total liabilities	<u>25,018,437</u>	<u>33,635,817</u>	<u>30,322</u>	<u>8,558,072</u>	<u>25,048,759</u>	<u>42,193,889</u>	<u>17,145,130</u>
Net assets:							
Invested in capital assets, net of related debt	41,662,505	92,251,381	1,090,316	3,558,431	42,752,821	95,809,812	53,056,991
Restricted	5,515,965	10,168,722	9,060,722	11,335,185	14,576,687	21,503,907	6,927,220
Unrestricted	<u>48,331,904</u>	<u>50,479,055</u>	-	-	<u>48,331,904</u>	<u>50,479,055</u>	<u>2,147,151</u>
Total Net assets	<u>\$95,510,374</u>	<u>\$152,899,158</u>	<u>\$10,151,038</u>	<u>\$14,893,616</u>	<u>\$105,661,412</u>	<u>\$167,792,774</u>	<u>\$62,131,362</u>

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

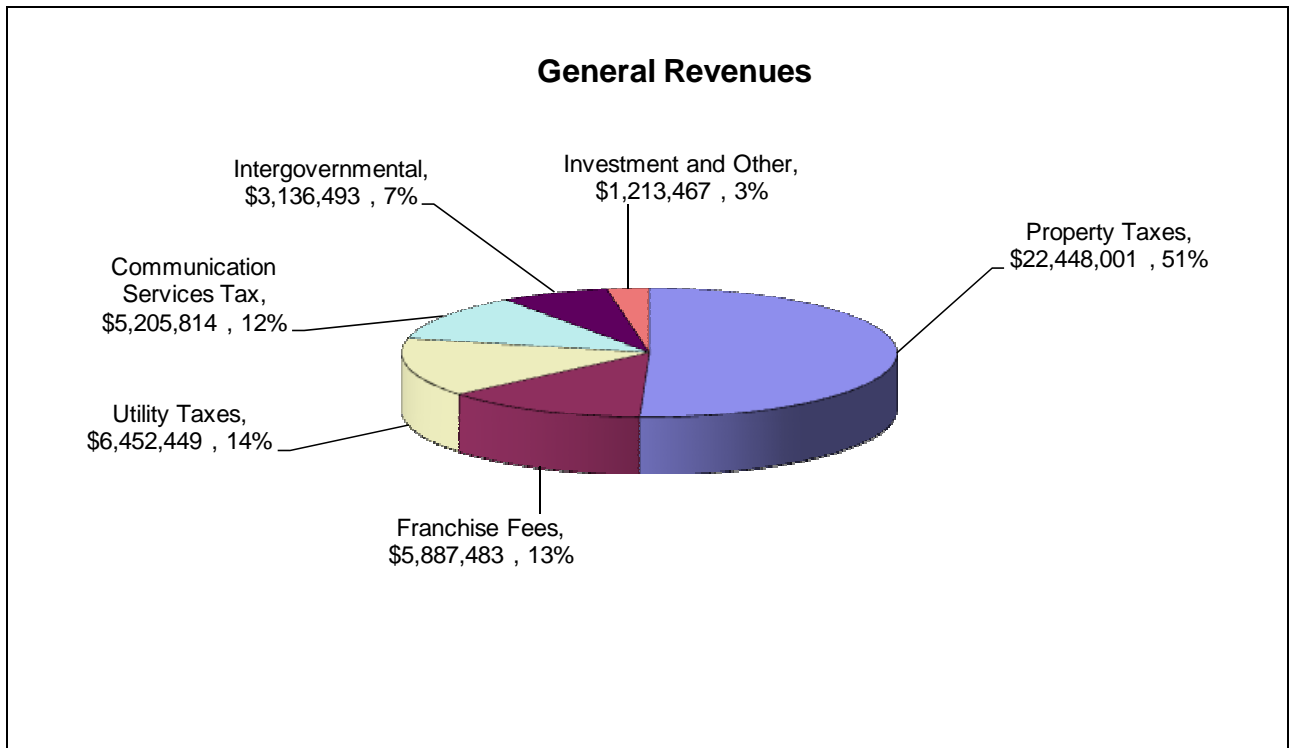
	Governmental Activities 2009	Governmental Activities 2010	Business Type Activities 2009	Business Type Activities 2010	Total 2009	Total 2010	Change
<b>Program Revenues:</b>							
Charges for services	\$ 6,820,924	\$ 6,061,212	\$2,899,271	\$3,752,026	\$ 9,720,195	\$ 9,813,238	\$ 93,043
Operating grants & contributions	49,449	-	-	-	49,449	-	(49,449)
Capital grants and contributions	6,740,706	732,460	-	369,815	6,740,706	1,102,275	(5,638,431)
<b>General Revenues:</b>							
Property taxes	25,389,666	22,448,001	-	-	25,389,666	22,448,001	(2,941,665)
Utility taxes	6,151,070	6,452,449	-	-	6,151,070	6,452,449	301,379
Franchise fees	5,703,733	5,887,483	-	-	5,703,733	5,887,483	183,750
Communication service tax	4,743,877	5,205,814	-	-	4,743,877	5,205,814	461,937
Intergovernmental (Unrestricted)	2,665,510	3,136,493	-	-	2,665,510	3,136,493	470,983
Investment earnings	2,496,612	890,892	240,321	264,004	2,736,933	1,154,896	(1,582,037)
Other Income	<u>277,442</u>	<u>322,575</u>	<u>-</u>	<u>-</u>	<u>277,442</u>	<u>322,575</u>	<u>45,133</u>
<b>Total revenues</b>	<u>61,038,989</u>	<u>51,137,379</u>	<u>3,139,592</u>	<u>4,385,845</u>	<u>64,178,581</u>	<u>55,523,224</u>	<u>(8,655,357)</u>
<b>Expenses:</b>							
General government	9,254,163	9,395,099	-	-	9,254,163	9,395,099	140,936
Building	2,681,306	2,409,914	-	-	2,681,306	2,409,914	(271,392)
Police	13,272,672	13,309,746	-	-	13,272,672	13,309,746	37,074
Planning, zoning & code enforcement	1,490,300	1,756,263	-	-	1,490,300	1,756,263	265,963
Public works & physical environment	2,449,170	4,436,348	-	-	2,449,170	4,436,348	1,987,178
Parks and recreation	2,933,542	3,581,420	-	-	2,933,542	3,581,420	647,878
Interest of long-term debt	920,428	1,006,180	-	-	920,428	1,006,180	85,752
Mitigation/QNIP	380,362	6,408,164	-	-	380,362	6,408,164	6,027,802
Stormwater utility	<u>-</u>	<u>-</u>	<u>805,418</u>	<u>2,238,982</u>	<u>805,418</u>	<u>2,238,982</u>	<u>1,433,564</u>
<b>Total expenses</b>	<u>33,381,943</u>	<u>42,303,134</u>	<u>805,418</u>	<u>2,238,982</u>	<u>34,187,361</u>	<u>44,542,116</u>	<u>10,354,755</u>
<b>Changes in net assets</b>	<u>\$27,657,046</u>	<u>\$ 8,834,245</u>	<u>\$2,334,174</u>	<u>\$2,146,863</u>	<u>\$29,991,220</u>	<u>\$10,981,108</u>	<u>\$ (19,010,112)</u>

The net assets in governmental activities increased by \$8,834,245 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. The net assets in business type activities, also increased by \$2,146,863 during the current fiscal year; again this is as a result of careful planning and adherence to allocations.

**Program Revenues and Expenses – Governmental Activities**



## Revenues by Source – Governmental Activities



## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* 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 \$51,249,031; of this amount \$13,063,995 constitutes *unreserved and undesignated fund* balance, which is available for spending at the City's discretion, \$17,000,000 is *unreserved and designated* for the construction of City hall and \$9,775,000 for the purchase of park land

The general fund is the chief operating fund of the City. 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 99 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, 2009 and 2010 follows.



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

	September 30, 2009	September 30, 2010
Total assets	\$58,289,769	\$66,554,066
Total liabilities	\$3,969,564	\$ 5,075,648
Unreserved and designated fund balance	\$0	\$32,334,536
Unreserved and undesignated fund balance	\$46,904,479	\$13,306,542
Reserved fund balance	\$7,415,726	\$15,837,340
Total liabilities and fund balances	\$58,289,769	\$66,554,066

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

	Fiscal Year 2009	Fiscal Year 2010
Total revenues	\$61,038,989	\$51,137,379
Total expenditures	\$52,597,270	\$44,131,166
Excess of revenues over (under) expenditures	\$8,441,719	\$7,006,213

**Governmental activities.** Governmental activities increased the City's fund balance by approximately \$7,158,213, which includes other financing sources of \$152,000. The key element of this increase was prudent management.

**General Fund Budgetary Highlights**

The original budget was amended by the City Council during 2010 to cover encumbrance carryovers from the prior fiscal year expenditures not previously appropriated in the budget. The budgetary comparison schedule on page 44 of the Comprehensive Annual Financial Report ("CAFR") provides variances between the final amended budget and the actual revenues and expenditures. Actual expenditures in the police, public works, parks and recreation departments were significantly less than budgeted. This was due to efficient operations and careful management of the City's finances. An explanation for expenditures exceeding appropriated balances can be found in the notes to budgetary comparison schedule on page 46 of the CAFR.

## **Capital Assets**

As of September 30, 2010, the City's capital asset for governmental activities, net of accumulated depreciation was \$116,723,855. The capital asset for business-type activities, net of accumulated depreciation was \$12,077,561. The total increase in capital assets was as follows:

- Purchase of replacement vehicles for Code Compliance
- Public Works repair, replacement and beautification of streets
- Information Technology upgrades and improvement to City's systems
- Park improvements, developments and completion of Veteran's Park
- Police upgrades to system and personnel protection gear

## **Long-Term Debt**

Excluding compensated absences, the City's debt totaled approximately \$33.2 million as of September 30, 2010. This represents a \$12.6 million increase over the total debt last year of \$20.6 million. This increase is attributable to the inclusion of the City's portion of QNIP bonds issued by Miami-Dade County which represents infrastructure and storm water improvements that had been previously netted against revenues received in prior years. A detailed schedule of the debt activity can be found on pages 33-35 of the notes to the financial statements.

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

- The unemployment rate for Miami-Dade County is currently 12.6 percent, which is an increase from a rate of 10.7 percent a year ago. This compares unfavorably to the state's average unemployment rate of 11.5 percent and favorable to the national average rate of 9.6 percent.
- The occupancy rate of the government's central business district has remained stable since before incorporation.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased. The City has appropriated \$17,000,000 for spending in the 2011 fiscal year budget for the construction of City hall. It is intended that the use of available fund balance will avoid the need to raise taxes or charges during the 2011 fiscal year, and further build reserve funds.

## **Requests for Information**

This financial report is designed to provide a general overview of the City'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, 2010**

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 16,600,607	\$ 5,008,583	\$ 21,609,190
Investments	45,580,473	6,225,366	51,805,839
Accounts receivable - net	4,240,610	232,077	4,472,687
Internal balances	91,899	(91,899)	-
Prepaid items	23,813	-	23,813
Deferred outflow of resources	3,273,718	-	3,273,718
Capital assets not being depreciated	59,594,191	-	59,594,191
Capital assets being depreciated, net	<u>57,129,664</u>	<u>12,077,561</u>	<u>69,207,225</u>
Total assets	<u>186,534,975</u>	<u>23,451,688</u>	<u>209,986,663</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	2,136,392	38,942	2,175,334
Accrued interest	111,235	-	111,235
Escrow deposits	2,683,237	-	2,683,237
Unearned revenues	239,355	-	239,355
Derivative instrument - swap liabilities	3,273,718	-	3,273,718
Noncurrent liabilities:			
The amount due in one year	2,298,191	289,026	2,587,217
The amount due in more than one year	<u>22,893,689</u>	<u>8,230,104</u>	<u>31,123,793</u>
Total liabilities	<u>33,635,817</u>	<u>8,558,072</u>	<u>42,193,889</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	92,251,381	3,558,431	95,809,812
Restricted for:			
Stormwater and drainage	-	11,335,185	11,335,185
Public safety	892,643	-	892,643
Parks and recreation	4,848,775	-	4,848,775
Transportation	4,427,304	-	4,427,304
Unrestricted	<u>50,479,055</u>	<u>-</u>	<u>50,479,055</u>
Total net assets	<u>\$ 152,899,158</u>	<u>\$ 14,893,616</u>	<u>\$ 167,792,774</u>

See notes to basic financial statements

**CITY OF DORAL, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business- Type Activities</u>	
<b>Functions/programs</b>							
<b>Governmental activities:</b>							
General government	\$ 15,803,263	\$ 128,823	\$ -	\$ -	\$ (15,674,440)	\$ -	\$ (15,674,440)
Police	13,309,746	1,186,253	-	-	(12,123,493)	-	(12,123,493)
Building	2,409,914	2,812,662	-	-	402,748	-	402,748
Planning, zoning and code enforcement	1,756,263	914,770	-	-	(841,493)	-	(841,493)
Public works and physical environment	4,436,348	290,544	-	732,460	(3,413,344)	-	(3,413,344)
Parks and recreation	3,581,420	728,160	-	-	(2,853,260)	-	(2,853,260)
Interest on long-term debt	1,006,180	-	-	-	(1,006,180)	-	(1,006,180)
Total governmental activities	<u>42,303,134</u>	<u>6,061,212</u>	<u>-</u>	<u>732,460</u>	<u>(35,509,462)</u>	<u>-</u>	<u>(35,509,462)</u>
<b>Business-type activities:</b>							
Stormwater	<u>2,238,982</u>	<u>3,752,026</u>	<u>-</u>	<u>369,815</u>	<u>-</u>	<u>1,882,859</u>	<u>1,882,859</u>
Total business activities	<u>44,542,116</u>	<u>9,813,238</u>	<u>-</u>	<u>1,102,275</u>	<u>(35,509,462)</u>	<u>1,882,859</u>	<u>(33,626,603)</u>
<b>General revenues:</b>							
Property taxes					\$ 22,448,001	\$ -	\$ 22,448,001
Utility taxes					6,452,449	-	6,452,449
Franchise fees on gross receipts					5,887,483	-	5,887,483
Communication service tax					5,205,814	-	5,205,814
Intergovernmental (unrestricted)					3,136,493	-	3,136,493
Investment income (unrestricted)					890,892	264,004	1,154,896
Miscellaneous					<u>322,575</u>	<u>-</u>	<u>322,575</u>
Total general revenues					<u>44,343,707</u>	<u>264,004</u>	<u>44,607,711</u>
Change in net assets					<u>8,834,245</u>	<u>2,146,863</u>	<u>10,981,108</u>
Net assets, beginning					<u>144,064,913</u>	<u>12,746,753</u>	<u>156,811,666</u>
Net assets, ending					<u>\$ 152,899,158</u>	<u>\$ 14,893,616</u>	<u>\$ 167,792,774</u>

See notes to basic financial statements

**CITY OF DORAL, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

	Major Funds			
	General	Transportation	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,102,232	\$ 4,802,607	\$ 5,695,768	\$ 16,600,607
Investments	45,580,473	-	-	45,580,473
Accounts receivable - net	3,786,072	454,538	-	4,240,610
Due from other funds	-	-	108,563	108,563
Prepaid items	17,239	6,574	-	23,813
Total assets	\$ 55,486,016	\$ 5,263,719	\$ 5,804,331	\$ 66,554,066
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 1,424,622	\$ 709,522	\$ 2,248	\$ 2,136,392
Escrow deposits	2,588,237	95,000	-	2,683,237
Deferred revenues	224,126	15,229	-	239,355
Due to other funds	-	16,664	-	16,664
Total liabilities	4,236,985	836,415	2,248	5,075,648
<u>FUND BALANCES</u>				
Reserved for:				
Prepaid items	17,239	6,574	-	23,813
Encumbrances	5,651,379	2,639,604	-	8,290,983
Public safety impact fees	892,643	-	-	892,643
Parks and recreation impact fees	4,848,775	-	-	4,848,775
Transportation	-	1,781,126	-	1,781,126
Unreserved and designated:				
Designated for City hall construction	17,000,000	-	5,559,536	22,559,536
Designated for park land	9,775,000	-	-	9,775,000
Unreserved and undesignated, reported in:				
General fund	13,063,995	-	-	13,063,995
Special revenue funds	-	-	242,547	242,547
Total fund balances	51,249,031	4,427,304	5,802,083	61,478,418
Total liabilities and fund balances	\$ 55,486,016	\$ 5,263,719	\$ 5,804,331	\$ 66,554,066

See notes to basic financial statements

**CITY OF DORAL, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

Fund balances - total government funds (Page 13) \$ 61,478,418

Amounts reported for governmental activities in the statement of net assets are different as a result of:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	173,445,511
Less accumulated depreciation	(56,721,656)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable	\$ (18,916,226)	
Capital leases payable	(1,539,684)	
QNIP bonds	(4,016,565)	
Accrued interest payable	(111,235)	
OPEB liability	(208,000)	
Compensated absences	<u>(511,405)</u>	<u>(25,303,115)</u>

Net assets of governmental activities (Page 11) \$ 152,899,158

**CITY OF DORAL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Transportation		
<b>Revenues:</b>				
Property taxes	\$ 22,448,001	\$ -	\$ -	\$ 22,448,001
Utility taxes	6,452,449	-	-	6,452,449
Franchise fees	5,887,483	-	-	5,887,483
Intergovernmental revenues	2,585,803	550,690	-	3,136,493
Licenses, permits and fines	4,820,997	-	-	4,820,997
Communication service tax	5,205,814	-	-	5,205,814
Charges for services	1,001,206	239,009	-	1,240,215
Grant revenues	178,574	553,886	-	732,460
Investment income	890,891	-	1	890,892
Miscellaneous	307,404	15,171	-	322,575
Total revenues	49,778,622	1,358,756	1	51,137,379
<b>Expenditures:</b>				
<b>Current:</b>				
General government	14,007,469	-	7,453	14,014,922
Police	12,174,931	-	-	12,174,931
Public works	1,936,401	859,426	-	2,795,827
Parks and recreation	3,498,325	-	-	3,498,325
Building	2,324,468	-	-	2,324,468
Planning and zoning	940,664	-	-	940,664
Code enforcement	791,819	-	-	791,819
Capital outlay	2,003,690	2,923,101	-	4,926,791
<b>Debt service:</b>				
Principal	1,652,327	64,272	-	1,716,599
Interest	938,863	7,957	-	946,820
Total expenditures	40,268,957	3,854,756	7,453	44,131,166
(Deficiency) excess of revenues over expenditures before other financing sources (uses)	9,509,665	(2,496,000)	(7,452)	7,006,213
<b>Other financing sources (uses):</b>				
Issuance of debt	-	152,000	-	152,000
Transfers (out)	(1,505,339)	-	-	(1,505,339)
Transfers in	-	1,255,339	250,000	1,505,339
Total other financing sources (uses)	(1,505,339)	1,407,339	250,000	152,000
Net change in fund balances	8,004,326	(1,088,661)	242,548	7,158,213
Fund balances - beginning	43,244,705	5,515,965	5,559,535	54,320,205
Fund balances - ending	\$ 51,249,031	\$ 4,427,304	\$ 5,802,083	\$ 61,478,418

See notes to basic 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**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - total government funds (Page 15)	\$	7,158,213
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlays	\$	4,926,791	
Less current year depreciation		<u>(4,457,054)</u>	
Net adjustment			469,737

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

		<u>(152,000)</u>	
Proceeds from capital leases			
Bond principal payments		567,982	
Capital lease principal payments		973,342	
QNIP bond payments		<u>175,275</u>	
Net adjustment		<u>1,716,599</u>	1,564,599

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

Compensated absences		(90,944)	
OPEB liability		(208,000)	
Accrued interest payable		<u>(59,360)</u>	<u>(358,304)</u>

Change in net assets of governmental activities (Page 12)	\$	<u>8,834,245</u>
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**CITY OF DORAL, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2010**

		Business-type Activites <u>Enterprise Fund</u> <u>Major Fund</u>
	<u>ASSETS</u>	<u>Stormwater</u>
Current assets:		
Cash and cash equivalents		\$ 5,008,583
Investments		6,225,366
Accounts receivable		232,077
Due from other funds		<u>13,800</u>
Total current assets		<u>11,479,826</u>
Capital assets:		
Capital assets being depreciated, net		<u>12,077,561</u>
Total noncurrent assets		<u>12,077,561</u>
Total assets		<u>23,557,387</u>
	<u>LIABILITIES</u>	
Current liabilities:		
Accounts payable and accrued liabilities		38,942
Due to other funds		105,699
Revenue bonds		<u>289,026</u>
Total current liabilities		<u>433,667</u>
Non-current liabilities:		
Revenue bonds		<u>8,230,104</u>
Total noncurrent liabilities		<u>8,230,104</u>
Total liabilities		<u>8,663,771</u>
	<u>NET ASSETS</u>	
Invested in capital assets, net of related debt		3,558,431
Restricted for stormwater and drainage		<u>11,335,185</u>
Total net assets		<u>\$ 14,893,616</u>

See notes to basic financial statements

**CITY OF DORAL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Business-type Activities <u>Enterprise Fund</u> <u>Major Fund</u>
	<u>Stormwater</u>
Operating revenues:	
Stormwater fees	\$ <u>3,752,026</u>
Operating expenses:	
Operating, administrative and maintenance	1,544,720
Depreciation	<u>273,004</u>
Total operating expenses	<u>1,817,724</u>
Operating income	<u>1,934,302</u>
Non-operating revenues (expenses):	
Interest income	163,004
Unrealized gain on investments	101,000
Interest expense	(421,258)
Intergovernmental revenues	<u>369,815</u>
Total non-operating revenues (expenses)	<u>212,561</u>
Change in net assets	<u>2,146,863</u>
Net assets, beginning	<u>12,746,753</u>
Net assets, ending	<u>\$ 14,893,616</u>

See notes to basic financial statements.

**CITY OF DORAL, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Business-type Activities <u>Enterprise Fund</u> <u>Major Fund</u>
	<u>Stormwater</u>
Cash flows from operating activities:	
Cash received from customers	\$ 4,150,368
Cash paid to suppliers and vendors	(1,353,225)
Cash paid for employees	<u>(45,650)</u>
Net cash provided by operating activities	<u>2,751,493</u>
Cash flows from capital related financing activities:	
Acquisition and construction of capital assets	(3,712)
Principal retirements of capital debt	(278,917)
Intergovernmental revenues	369,815
Interest paid on capital debt	<u>(421,258)</u>
Net cash (used in) capital and related financing activities	<u>(334,072)</u>
Cash flows from investing activities:	
Purchase of investment securities	(2,645,266)
Interest and other income	<u>264,004</u>
Net cash (used in) investing activities	<u>(2,381,262)</u>
Net increase in cash and cash equivalents	36,159
Cash and cash equivalents, October 1	<u>4,972,424</u>
Cash and cash equivalents, September 30	<u>\$ 5,008,583</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>1,934,302</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	273,004
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	535,567
Increase (decrease) in:	
Accounts payable and accrued liabilities	<u>8,620</u>
Total adjustments	<u>817,191</u>
Net cash provided by operating activities	<u>\$ 2,751,493</u>

See notes to basic financial statements

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**CITY OF DORAL, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Financial Reporting Entity***

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, fire or hospital facilities; those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

The criteria for including component units consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. At September 30, 2010 the City had no entities that met the definition for inclusion as a blended or discretely presented component unit.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant of the City's accounting policies are described below:

**B. *Government-wide and fund financial statements***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. *Measurement Focus, Basis of Accounting and Basis of 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 the 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 receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, 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 revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund** – This 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.

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

The City reports the following major proprietary fund:

**Stormwater Fund** - This fund accounts for the maintenance of and construction of the City's stormwater system.

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 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 stormwater fund is charges to customers. Operating expenses for the 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.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

When both restricted and unrestricted resources are available for use, it is City policy to use restricted resources first, and then unrestricted resources as needed.

### **D. *Deposits and Investments***

The City's cash and cash equivalents, for purpose of the statement of cash flows, include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City maintains a cash pool that is available for use by all funds. Interest earned on pooled cash is allocated to each of the funds, based on the fund's average equity balance on a monthly basis.

Investment holdings consist of United States Government Securities, United States Government Agencies, Federal Instrumentalities, Registered Investment Companies (Mutual Funds), and Mortgage-Backed Securities (MBS), which are reported at fair value, which is based on quoted market prices.

Section 218.415, Florida Statutes, limits the types of investments that the City can invest in unless specifically authorized in the City's investment policy. The City has a formal investment policy that allows for the following investments: the Florida Prime Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Mutual Funds), Intergovernmental Investment Pool, Corporate Obligations or Corporate Notes, Corporate Obligations (FDIC Insured), Mortgage-Backed Securities (MBS), and Bond Funds.

### **E. *Receivables and Payables***

Activity 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."

### **F. *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. Amounts reported in the governmental funds are offset by an equal reservation of fund balance in the fund financial statements. This is an indication that these components of current assets do not constitute available spending resources.

### **G. *Property Taxes***

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on the property. Tax bills are mailed for the City by Miami Dade County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the City is established by the City Council and the Miami-Dade County



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Property Taxes (Continued)**

Property Appraiser incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the fiscal year ended September 30, 2010 was 2.447 mills (\$2.447 per \$1,000 of taxable assessed valuation).

**I. Restricted Assets**

Proceeds from the local option gas taxes and impact fees are classified as restricted since these resources may only be used for specific purposes (ex. Road and transportation, public safety, recreation).

**J. 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 governmental 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 in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life 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	40-50
Public domain and system infrastructure	20
Parks and recreational facilities	20
Furniture, fixtures and equipment	3-10
Vehicles	5

**K. 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.

**L. Unearned Revenues**

Unearned revenues include amounts collected before revenue recognition criteria are met and receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available. The unearned items consist primarily of license and permit revenues.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are amortized over the term of the related debt. For proprietary fund types, bonds payable are reported net of the applicable bond premium, discount, and issuance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**N. Net Assets**

In accordance with GASB Statement No. 34, total equity as of September 30, 2010, is classified into three components of net assets:

- Invested in capital assets, net of related debt: This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- Restricted net assets: This category consists of net assets restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- Unrestricted net assets: This category includes all of the remaining net assets that do not meet the definition of the other two categories.

**Adjustments to Net Assets of Government-Wide and Fund Financial Statements**

Net assets of the governmental activities, as of October 1, 2009, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 95,510,374
Correction of capital assets	53,998,412
Correction of long term debt	<u>(5,443,873)</u>
Net assets – beginning as restated	\$ <u>144,064,913</u>

Net assets of the business type activities, as of October 1, 2009, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 10,151,038
Correction of capital assets	11,256,537
Correction of long term debt	(8,798,047)
Correction of accounts receivable	<u>137,225</u>
Net assets – beginning as restated	\$ <u>12,746,753</u>

Adjustments to the capital assets and long term debt for the governmental and business type activities were due to the reporting of capital assets transferred by the County at incorporation and the City's pro rata share of long term debt owed to the County as a condition of incorporation.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Adjustments to Net Assets of Government-Wide and Fund Financial Statements (Continued)

Net assets of the stormwater fund, as of October 1, 2009, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 10,151,038
Correction of capital assets	11,256,537
Correction of long term debt	(8,798,047)
Correction of accounts receivable	<u>137,225</u>
Net assets – beginning as restated	\$ <u>12,746,753</u>

### O. 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. The description of each reserve indicates the purpose for which each is intended. Designations of fund balance represent tentative management plans that are subject to change.

Unreserved, undesignated fund balance is the portion of fund equity available for any lawful use.

### P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 collectability of receivables, and the useful lives of capital assets. 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.

### Q. New Accounting Pronouncements Adopted

At October 1, 2009, the City adopted the provision of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-based measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made to funding the plan.

At October 1, 2009, the City adopted the provision of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. All derivatives are to be reported on the statement of net assets at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in the Statement. Depending on the test results, the changes in fair value are either reported on the statement of net assets as a deferral, or in the statement of activities as investment revenue or loss.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City has no material violations of finance-related legal and contractual obligations.

### 1. Fund Accounting Requirements

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, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements, bond covenants, and segregation for management purposes.

### 2. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Transportation Surtax	Transportation and roads
Police Forfeitures	Law Enforcement
Federal Emergency Management Agency	Disaster mitigation

For the fiscal year ended September 30, 2010, the City complied, in all material respects, with these revenue restrictions.

### 3. Excess of expenditures over appropriations

For fiscal year ended September 30, 2010, expenditures exceeded appropriations in the following departments for the General Fund.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
City Attorney	\$825,000	\$828,710	\$3,710

This excess of expenditures was funded by surpluses in other departments.

## III. DEPOSITS AND INVESTMENTS

### Cash & Cash Equivalents and Investment Portfolio

On April 14, 2010, the City formally adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, and maturity limits to protect the City's cash and investment assets.

### III. DEPOSITS AND INVESTMENTS (Continued)

#### Cash & Cash Equivalents

On September 30, 2010, the carrying amount of the City's bank deposit account was \$21,609,190. The City's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

#### Investment Portfolio

Investment holdings consist of \$51,805,839 in United States Government Securities, United States Government Agencies, Federal Instrumentalities, Registered Investment Companies (Mutual Funds), and Mortgage-Backed Securities (MBS), which are reported at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

Section 218.415, Florida Statutes, limits the types of investments that the City can invest in unless specifically authorized in the City's investment policy. The City has a formal investment policy that allows for the following investments: the Florida Prime Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Mutual Funds), Intergovernmental Investment Pool, Corporate Obligations or Corporate Notes, Corporate Obligations (FDIC Insured), Mortgage-Backed Securities (MBS), and Bond Funds.

As of September 30, 2010, the City had the following investments presented in terms of years:

<b>Security Type</b>	<b>Fair Value</b>	<b>Duration (Years)</b>
U.S. Treasury Notes	\$9,412,760	0.75
Government Agency	4,965,704	9.48
Federal Instrumentalities	35,215,476	1.95
Money Market Mutual Fund	2,211,900	48 days
<b>Total</b>	<b>\$51,805,839</b>	<b>2.37</b>

Source: Bloomberg is the source of the Fidelity Institutional Government Class I Money Market Mutual Fund's weighted average duration. A Money Market Fund's duration is based on weighted average duration in days.

#### Interest Rate Risk

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.

Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years.

The City utilizes "weighted average duration" as a measurement of interest rate risk and as of September 30, 2010, the investments had a weighted average duration of 2.37 years.

The City has no Federal Instrumentalities that have embedded call options.

The City has \$6,198,821 invested in Federal Instrumentalities Mortgage pass-through securities ("MBS") with a weighted average life of 2.30 years. The Investment Policy requires a maximum length to maturity for an investment in any MBS to be five (5) years from the date of purchase. Maturity shall be defined by Average Life of a MBS.

### III. DEPOSITS AND INVESTMENTS (Continued)

#### Interest Rate Risk (Continued)

CUSIP	Description	Maturity Date	Market Value	Average Life
313603MP4	FNMA MBS POOL 1989-99 H	12/1/2019	\$256,119	2.43
31410C6G2	FNMA MBS POOL 885671	10/1/2036	24,252	2.70
31410WAC2	FNMA MBS POOL 899203	10/1/2036	273,613	2.77
31410WCJ5	FNMA MBS POOL 899273	11/1/2036	347,524	2.76
31411BQJ5	FNMA MBS POOL 903257	10/1/2036	113,591	2.55
31413HYP7	FNMA MBS POOL 946318	9/1/2037	88,975	2.78
31413VAM9	FNMA MBS POOL 956412	11/1/2037	129,044	2.78
36292DWC2	GNMA MBS POOL # 646043	10/1/2037	215,969	2.55
38375YEK4	GNMA MBS POOL 2008-82 A	9/1/2038	339,080	1.84
36202ESE0	GNMA MBS POOL 4117	4/1/2038	371,302	2.28
36202ESV2	GNMA MBS POOL 4132	5/1/2023	312,489	3.07
36202ETK5	GNMA MBS POOL 4154	6/1/2023	468,021	2.28
36202EWX3	GNMA MBS POOL 4262	10/1/2038	236,808	1.20
36294XCV6	GNMA MBS POOL 662584	9/1/2037	301,036	2.55
36295DXN4	GNMA MBS POOL 667685	10/1/2038	837,159	1.90
36295FC51	GNMA MBS POOL 668892	6/1/2037	978,885	2.46
36295QV56	GNMA MBS POOL 677536	11/1/2037	152,526	2.55
36296AQ72	GNMA MBS POOL 685478	6/1/2038	455,396	1.97
36296B6P2	GNMA MBS POOL 686778	6/1/2038	297,033	1.97
<b>Total</b>			<b>\$6,198,821</b>	<b>2.30</b>

Source: Bloomberg is the source of the Average Life for each MBS.

#### Credit Risk

The City's investment policy permits for investments in the following investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:

The Florida Prime Fund shall be rated "AAAm" or better by Standard & Poor's, or the equivalent by another rating agency.

Commercial paper of any United States company that is rated, at the time or purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). If the commercial paper is backed by a letter of credit ("LOC"), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.

Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time or purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's.

State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.

### III. DEPOSITS AND INVESTMENTS (Continued)

#### Credit Risk (Continued)

Registered Investment Companies (Mutual Funds) shall be rated "AAAm" by Standard & Poor's, or the equivalent by another rating agency.

Intergovernmental Investment Pool shall be rated "AAAm" by Standard & Poor's, or the equivalent by another rating agency.

Corporate obligations or notes shall have two of the following 3 minimum ratings: A-, A3, or A-, as rated by Standard and Poor's, and/or Moody's, and/or Fitch Investors Services rating services. However, if such obligations are rated by only one rating service, then such rating shall be at least AA-, Aa3, or AA- by Standard & Poor's, or Moody's or Fitch.

Mortgage-Backed Securities ("MBS") shall be AA rated or better by Standard & Poor's or the equivalent by another rating agency.

Bonds funds shall be AAA rated or better by Standard & Poor's or the equivalent by another rating agency.

The City's bank balance of \$21,609,190 was deposited in a qualified public depository, as required by Chapter 280, Florida Statutes.

As of September 30, 2010, the City had the following credit quality:

<b>Security Type</b>	<b>Credit Rating</b>	<b>Portfolio Asset Allocation</b>
U.S. Treasury Notes	TSY*	18.17%
Government Agency	TSY*	9.59%
Federal Instrumentalities	AAA	67.98%
Money Market Mutual Fund	AAAm	4.27%
<b>Total</b>		<b>100%</b>

\*Note: A rating of "TSY" indicates the security is an obligation of, or explicitly guaranteed by the U. S. Government.

#### Custodial Credit Risk

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by, the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2010, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

#### Concentration of Credit Risk

The City's investment policy has established asset allocation and issuer limits on the following investments which are designed to reduce concentration of credit risk of the City's investment portfolio.

### III. DEPOSITS AND INVESTMENTS (Continued)

#### Concentration of Credit Risk (Continued)

A maximum of 25% of available funds may be invested in the Florida Prime Fund, 100% of available funds may be invested in United States Government Securities, 25% of available funds may be invested in United States Government Agencies with a 10% limit on individual Issuers, 75% of available funds may be invested in Federal Instrumentalities with a 25% limit on individual Issuers, 50% of available funds may be invested in Interest Bearing Time Deposit or Saving Accounts of deposit with a 25% limit on individual issuers, 25% of available funds may be invested in Repurchase Agreements excluding one (1) business day agreements and overnight sweep agreements with a 10% limit on individual Issuers, 25% of available funds may be directly invested in Commercial Paper with a 10% limit on individual issuers, 25% of available funds may be directly invested in Bankers' Acceptances with a 10% limit on individual issuers, 20% of available funds may be directly invested in State and/or Local Government Taxable and/or Tax-Exempt Debt with a 5% limit on individual issuers, 50% of available funds may be directly invested in Registered Investment Companies (Mutual Funds) with a 25% limit on individual issuers, 25% of available funds may be directly invested in Intergovernmental Investment Pool, 20% of available funds may be directly invested in Corporate Obligations or Corporate Notes with a 5% limit on individual issuers, 50% of available funds may be directly invested in Corporate Obligations (FDIC Insured) with a 25% limit on individual issuers, 15% of available funds may be directly invested in Mortgage-Backed Securities (MBS) with a 5% limit on individual issuers, and 25% of available funds may be directly invested in Bond Funds with a 10% limit on individual issuers.

As of September 30, 2010, the City had the following issuer concentration based on fair value:

Security Type	Fair Value	Portfolio Asset Allocation
U.S. Treasury Notes/Bonds	\$9,412,760	18.17%
Federal National Mortgage Association Notes (FNMA)	11,668,903	22.52%
Federal National Mortgage Association Mortgage Backed Securities (FNMA)	1,233,117	2.38%
Federal Home Loan Mortgage Corporation Notes (FHLMC)	12,742,168	24.60%
Federal Home Loan Bank Notes (FHLB)	9,571,288	18.48%
Government National Mortgage Association Mortgage Backed Securities (GNMA)	4,965,704	9.59%
Fidelity Institutional Government Class I Money Market Mutual Fund	2,211,900	4.27%
<b>Total</b>	<b>\$51,805,839</b>	<b>100%</b>

#### Foreign Currency Risk

The City investment policy does not allow for investments in foreign currency therefore the City has no exposure to foreign currency risk.



#### IV. RECEIVABLES

Receivables at year-end are as follows:

	<u>Intergovernmental</u>	<u>Grants</u>	<u>Other</u>	<u>Allowance</u>	<u>Totals</u>
General Fund	\$3,374,615	\$146,419	\$265,038	\$ -	\$3,786,072
Transportation Fund	69,617	384,921	-	-	454,538
Stormwater Fund	<u>219,359</u>	<u>12,718</u>	<u>-</u>	<u>-</u>	<u>232,077</u>
	<u>\$ 3,663,591</u>	<u>\$544,058</u>	<u>\$265,038</u>	<u>\$ -</u>	<u>\$4,472,687</u>

Governmental funds report deferred revenues for revenues considered to be not yet available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition on revenues received but not yet earned. On September 30, 2010, deferred revenue and unearned revenue in the general fund amount to \$224,126, the majority of which had been paid in advance for FY 2010-11 occupational licenses.

#### V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2010 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Transportation Fund	\$ -	\$16,664
Stormwater Fund	13,800	105,699
Non-Major Governmental Funds	<u>108,563</u>	<u>-</u>
Total	<u>\$122,363</u>	<u>\$122,363</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfer activity for the year ended September 30, 2010 was as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$1,505,339
Transportation Fund	1,255,339	-
Non-Major Governmental Funds	<u>250,000</u>	<u>-</u>
	<u>\$1,505,339</u>	<u>\$1,505,339</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund the statute or budget requires to expend them and (b) move unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## VI. CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2010 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 56,374,437	\$ 25,000	\$ -	\$ 56,399,437
Infrastructure assets -construction in progress	<u>-</u>	<u>3,194,754</u>	<u>-</u>	<u>3,194,754</u>
Total capital assets not being depreciated	<u>56,374,437</u>	<u>3,219,754</u>	<u>-</u>	<u>59,594,191</u>
Capital assets being depreciated:				
Infrastructure -roads	73,148,519	-	-	73,148,519
Public domain and system infrastructure	5,939,759	-	-	5,939,759
Parks and recreation facilities	25,349,536	418,026	-	25,767,562
Furniture, fixtures and equipment	6,904,226	976,218	-	7,880,444
Vehicles	<u>802,243</u>	<u>312,793</u>	<u>-</u>	<u>1,115,036</u>
Total capital assets being depreciated	<u>112,144,283</u>	<u>1,707,037</u>	<u>-</u>	<u>113,851,320</u>
Less accumulated depreciation for:				
Infrastructure -roads	(46,427,814)	(1,520,549)	-	(47,948,363)
Public domain and system infrastructure	(392,010)	(290,401)	-	(682,411)
Parks and recreation facilities	(1,731,280)	(1,164,638)	-	(2,895,918)
Furniture, fixtures and equipment	(3,153,746)	(1,336,294)	-	(4,490,040)
Vehicles	<u>(559,752)</u>	<u>(145,172)</u>	<u>-</u>	<u>(704,924)</u>
Total accumulated depreciation	<u>(52,264,602)</u>	<u>(4,457,054)</u>	<u>-</u>	<u>(56,721,656)</u>
Total capital assets being depreciated, net	<u>59,879,681</u>	<u>(2,750,017)</u>	<u>-</u>	<u>57,129,664</u>
Governmental activities capital assets, net	<u>\$ 116,254,118</u>	<u>\$ 469,737</u>	<u>\$ -</u>	<u>\$ 116,723,855</u>
Business-type activities				
Capital assets being depreciated:				
Infrastructure -stormwater improvements	\$ 13,619,256	\$ -	\$ -	\$ 13,619,256
Furniture, fixtures and equipment	-	3,712	-	3,712
Less accumulated depreciation for:				
Infrastructure -stormwater improvements	(1,272,403)	(272,385)	-	(1,544,788)
Furniture, fixtures and equipment	<u>-</u>	<u>(619)</u>	<u>-</u>	<u>(619)</u>
Total accumulated depreciation	<u>(1,272,403)</u>	<u>(273,004)</u>	<u>-</u>	<u>(1,545,407)</u>
Total capital assets being depreciated, net	<u>\$ 12,346,853</u>	<u>(269,292)</u>	<u>-</u>	<u>12,077,561</u>
Business-type activities capital assets, net	<u>\$ 12,346,853</u>	<u>\$ (269,292)</u>	<u>\$ -</u>	<u>\$ 12,077,561</u>

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

Governmental activities:	
General government	\$1,728,460
Police	978,514
Public works	1,623,563
Parks and recreation	63,388
Building	52,661
Planning and zoning	<u>10,468</u>
Total depreciation expense – governmental activities	<u>\$4,457,054</u>
Business- type activities:	
Total depreciation expense – business- type activities	<u>\$ 273,004</u>

## VII. LONG-TERM DEBT

### REVENUE BONDS

**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 the 2006B bonds with Capital Improvement Revenue Refunding Bonds Series 2007A for \$10 million (tax-exempt) and 2007B for \$1.25 million (taxable) bonds.

**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. On April 21, 2006, the City 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. On April 27, 2006, the City 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.

The bonds are all secured by non ad-valorem tax revenues.

Debt service requirements to maturity for the fiscal year ending September 30, 2010 are summarized as follows:

<u>Series 2006A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$373,009	\$371,094	\$744,103
2012	389,078	355,025	744,103
2013	405,839	338,264	744,103
2014	423,322	320,781	744,103
2015	441,558	302,545	744,103
2016-2020	2,510,047	1,210,467	3,720,514
2021-2025	3,099,329	631,185	3,730,514
2026-2027	<u>1,248,678</u>	<u>53,502</u>	<u>1,302,180</u>
Total	<u>\$8,890,860</u>	<u>\$3,582,863</u>	<u>\$12,473,723</u>

<u>Series 2007A</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$372,164	\$373,870	\$746,034
2012	388,312	357,722	746,034
2013	405,160	340,874	746,034
2014	422,739	323,295	746,034
2015	441,081	304,953	746,034
2016-2020	2,509,633	1,220,536	3,730,169
2021-2025	3,103,420	626,748	3,730,168
2026-2027	<u>1,251,349</u>	<u>54,009</u>	<u>1,305,358</u>
Total	<u>\$8,893,858</u>	<u>\$3,602,007</u>	<u>\$12,495,865</u>

## VII. LONG-TERM DEBT (Continued)

<u>Series 2007B</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$41,031	\$65,671	\$106,702
2012	43,497	63,205	106,702
2013	46,112	60,590	106,702
2014	48,884	57,818	106,702
2015	51,822	54,880	106,702
2016-2020	309,752	223,755	533,507
2021-2025	414,732	118,775	533,507
2026-2027	<u>175,678</u>	<u>10,513</u>	<u>186,191</u>
Total	<u>\$1,131,508</u>	<u>\$655,207</u>	<u>\$1,786,715</u>

### ***Stormwater Utility Revenue Bonds***

The City is required to pay the County its pro rata share for the Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued prior to the City's incorporation. The payment for the fiscal year ended September 30, 2010 was \$278,917 and the balance of the remaining principal payments range from \$289,026 to \$669,032 through September 2029.

Debt service requirements to maturity for the fiscal year ending September 30, 2010 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$289,026	\$411,182	\$700,208
2012	300,053	400,284	700,337
2013	311,541	388,662	700,203
2014	324,407	376,110	700,517
2015	338,651	361,570	700,221
2016-2020	1,961,146	1,539,785	3,500,931
2021-2025	2,502,897	997,919	3,500,816
2026-2029	<u>2,491,409</u>	<u>308,972</u>	<u>2,800,381</u>
Total	<u>\$8,519,130</u>	<u>\$4,784,484</u>	<u>\$13,303,614</u>

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

The City is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999 and 2002 (the QNIP Bonds) issued prior to the City's incorporation. The payment for the fiscal year ended September 30, 2010 was \$380,849 and the balance of the remaining principal payments range from \$142,065 to \$345,425 through September 2027.

Debt service requirements to maturity for the fiscal year ending September 30, 2010 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$183,065	\$198,428	\$381,493
2012	191,060	190,731	381,791
2013	199,875	182,145	382,020
2014	209,920	172,538	382,458
2015	220,375	162,292	382,667
2016-2020	1,280,430	622,199	1,902,629
2021-2025	1,425,160	258,048	1,683,208
2026-2027	<u>306,680</u>	<u>23,589</u>	<u>330,269</u>
Total	<u>\$4,016,565</u>	<u>\$1,809,970</u>	<u>\$5,826,535</u>

## VII. LONG-TERM DEBT (Continued)

### Capital Leases

The City has acquired equipment under capital leases with bargain purchase options. Equipment acquired under capital leases for the fiscal year ended September 30 2010 was included in capital assets under vehicles and furniture, fixtures and equipment for a total amount of \$152,000.

Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2010 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Governmental Activities</u>
2011	\$1,128,922
2012	<u>494,569</u>
Total minimum lease payments	1,623,491
Less amount representing interest	<u>(83,807)</u>
Present value of net minimum lease payments	<u>\$1,539,684</u>

The assets acquired through capital leases outstanding as of September 30, 2010 are as follows:

Assets:	
Vehicles	\$ 152,000
Furniture, fixtures and equipment	1,484,850
Less accumulated depreciation	<u>(609,140)</u>
Total	<u>\$1,027,710</u>

Long-term debt activity for the fiscal year ended September 30, 2010 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due within One Year</u>
<b>Governmental Activities</b>					
Capital Improvement Revenue Bonds:					
Series 2006A	\$ 9,160,472	\$ -	\$(269,612)	\$ 8,890,860	\$373,009
Series 2007A	9,162,989	-	(269,131)	8,893,858	372,164
Series 2007B	<u>1,160,747</u>	-	<u>(29,239)</u>	<u>1,131,508</u>	<u>41,031</u>
Total Bonds	<u>19,484,208</u>	-	<u>(567,982)</u>	<u>18,916,226</u>	<u>786,204</u>
Other liabilities:					
Capital leases	2,361,026	152,000	(973,342)	1,539,684	1,128,922
QNIP bonds	4,191,840	-	(175,275)	4,016,565	183,065
OPEB liability	-	208,000	-	208,000	-
Compensated absences	<u>420,461</u>	<u>181,792</u>	<u>(90,848)</u>	<u>511,405</u>	<u>200,000</u>
Governmental activities long-term liabilities	<u>\$26,457,535</u>	<u>\$541,792</u>	<u>\$(1,807,447)</u>	<u>\$25,191,880</u>	<u>\$2,298,191</u>
<b>Business-type activities</b>					
Stormwater Utility Revenue Bonds	<u>\$8,798,047</u>	\$ -	<u>\$(278,917)</u>	<u>\$8,519,130</u>	<u>\$ 289,026</u>
Business-type activities long-term liabilities	<u>\$8,798,047</u>	\$ -	<u>\$(278,917)</u>	<u>\$8,519,130</u>	<u>\$ 289,026</u>

## VIII. INTEREST RATE SWAPS

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. All derivatives are to be reported on the statement of net assets at fair value, and all hedges must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in GASB 53. Depending on the test results, the changes in fair value are either reported on the statement of net assets as a deferral, or in the statement of activities as investment revenue or loss.

An independent party was engaged to perform the valuations and required tests on the swaps. Using the Consistent Critical Terms method of effectiveness testing, the City's swaps qualify for hedge accounting under GASB 53, therefore all cumulative changes in fair value as of September 30, 2010, all swap liabilities, are offset by a corresponding deferred outflow asset on the statement of net assets.

Both pay-fixed swap transactions are associated with variable debt. Combining a pay-fixed receive- variable rate swap with variable debt results in what is termed "synthetic" fixed rate debt. It is called synthetic because the economics are similar to fixed rate debt, but another instrument is involved unlike regular fixed rate debt. The fair values of the swaps take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap.

The following table provides a summary of the basic terms of the swap agreements as of September 30, 2010.

Associated Bonds	Initial Notional	Current Notional	Effective Date	Maturity Date	Rate Paid	Rate Received	Fair Value	Bank Counterparty	Ratings Moody's/S&P/Fitch
Series 2006 A	\$10,000,000	\$8,890,860	5/4/2006	4/1/2027	4.24%	65% of 3-month LIBOR	\$ (1,624,985)	Regions Bank	Baa1/BBB/BBB+
Series 2007 A	\$10,000,000	\$8,894,059	1/16/2007	4/1/2027	4.27%	65% of 3-month LIBOR	\$ (1,648,733)	Regions Bank	Baa1/BBB/BBB+
							<u>\$ (3,273,718)</u>		

### Series 2006 A and Series 2007 A Interest Rate Swaps

**Objectives of the Interest Rate Swaps:** To reduce its interest rate risk, the City entered into an interest rate swap effective May 4, 2006 in connection with its \$10,000,000 Series 2006 A Bonds, and another swap effective January 16, 2007 in connection with its \$10,000,000 Series 2007 A Bonds. The intention of the swaps is to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 4.24% and 4.27% respectively.

**Terms:** The bonds and the related swap agreements mature on April 1, 2027, and the swap's notional amounts of \$10 million matches the \$10 million variable-rate bonds. The notional amounts of the swap and the principal amounts of the associated debt begin to decline at the same amounts. The City pays the counterparty a fixed payment of 4.24% and 4.27% and receives a variable payment computed at 65% of the 3-month London Interbank Offered Rate (LIBOR), just like the underlying variable rate bonds.

## VIII. INTEREST RATE SWAPS (Continued)

**Fair Value:** Long-term interest rates have declined since the execution of the swaps and as of September 30, 2010 the swaps had a negative fair value of (\$1,624,985) and (\$1,648,733) for the Series 2006 A and Series 2007 A swaps respectively. The fair market value of the swap was calculated using the zero-coupon method. The zero-coupon method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

**Credit Risk:** As of September 30, 2010, the City was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value if there was an early termination. The swap counterparty was rated Baa by Moody's and BBB by Standard & Poor's as of September 30, 2010.

**Basis Risk:** The basis risk is the difference between the interest paid on the variable rate bonds and the floating amount received from the interest rate swap. There is no basis risk on the swaps.

**Termination Risk:** The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The counterparty does not have an option to terminate the transactions, and is expected to perform through their maturity. If either swap were terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate. If either swap were terminated and at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

## IX. EMPLOYEE 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 88 employees covered by the System for the year ended September 30, 2010 was approximately \$6.122 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.

### Funding Policy

Employees cannot contribute to the System. The City is required by statute to contribute 9.85%, 11.07% and 20.92% of salaries for regular, senior management and special risk members, respectively. Total contributions for the year ended September 30, 2010 were approximately \$1,255,679. 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 2010 the City had no employees participating in this program.

## **IX. EMPLOYEE RETIREMENT PLANS (Continued)**

### 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, 2010 for the System as a whole, determined through an actuarial valuation update performed as of that date, was \$138 billion. The System’s valuation assets were \$121 billion, leaving an under-funded actuarial accrued liability of approximately \$17 billion. 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, 2010 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.



## **X. 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. Under the terms of the settlement agreement, the City had one last mitigation payment of \$6,027,315 which was paid in fiscal year ended September 30, 2010.

### ***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 coverage in any of the past three fiscal years.

### ***Litigation***

The City is involved in several lawsuits incidental to its operations. In the opinion of management and legal counsel, the ultimate outcome of such matters would not have a material adverse effect upon the financial condition of the City.

### ***Grants***

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the City. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

### ***Agreements for Office Space Leases***

**City Hall-** The City executed various lease agreements for office space which are currently on a month to month basis. 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, 2010 was approximately \$688,000. Future commitments for base rent are approximately \$717,000.

**Police Department-** On October 1, 2009, the City executed an agreement for space for the City's police department that expires in March 2012. Annual rental expense approximates \$187,000 per year subject to an annual increase of 2.5% per annum after September of each year of the lease through its termination.

**Police Department-** In December 2008, the City executed a lease agreement with the Board of Trustees of the Internal Improvement Trust of the State of Florida (the "Trust") for the land used for construction and operation of the City's police station. The lease expires in December 2058. Under the terms of the lease, the City shall manage the premises in accordance with the terms of the lease. The City will pay the Trust an annual administration fee of \$300 in accordance with the terms of the lease. The City is required to commence construction of the City police station within three years of the commencement date of the lease.

## **X. COMMITMENTS AND CONTINGENCIES (Continued)**

### ***Construction Commitments***

At September 30, 2010, the City had commitments for future construction projects of \$22 million for the City Hall Complex, approximately \$2.5 million for Phase I construction of the Public Works facility, approximately \$1.8 million of construction for the Canal Stabilization program, approximately \$1.2 million for milling and resurfacing projects to maintain the integrity of the roadway network and finally \$400,000 for the completion of NW 112 Ave from 80-82 Streets.

## **XI. OTHER POST EMPLOYMENT BENEFITS**

### **Plan Description and Provisions**

The City of Doral has a single employer defined benefit healthcare plan which offers health insurance for retired employees. Any employee, who retires with a service retirement benefit from the Florida Retirement System, can purchase health insurance from the City at the full published rates. Access at the full published rates is also extended to dependents and beneficiaries.

Deferred retirements are not allowed to elect coverage at the time of retirement.

### **Funding Policy**

Benefits are funded on a pay-as-you-go basis.

### **Demographic Data**

Demographic data as of February 1, 2011 was provided to us by the City. This data included current medical coverage for current employees and retirees.

### **Claims Data**

Current premium rates were supplied by the City. These were age adjusted as required by the GASB 45 standard and Actuarial Standards of Practice.

### **Implicit Subsidy**

The published insurance rates for persons prior to Medicare eligibility are based primarily on the healthcare usage of active employees. Since retirees use healthcare at a rate much higher than employees, using these blended rates creates an implicit subsidy for the retiree group. GASB 45 requires that the claims assumption we use for this valuation be based on the actual per-capita retiree cost. The difference between the actual usage of healthcare by retirees and the assumption built into the published rates is identified as the implicit subsidy amount. The impact on rates can be seen in Section 6. The liabilities could be reduced by publishing rates for retirees prior to Medicare eligibility that more closely reflect the true cost of healthcare for each group.

### **Demographic Assumptions**

Demographic assumptions mirror those used for the pension plan. Sworn employees are assumed to participate in the Florida Retirement System. General Employees' are assumed to participate in the plans 401(a) plan. Because general employees do not participate in a defined benefit pension plan we modified the FRS retirement assumptions for general employees.

## **XI. OTHER POST EMPLOYMENT BENEFITS (Continued)**

### **Economic Assumptions**

The discount rate assumption is tied to the return expected on the funds used to pay these benefits. The discount assumption will be materially tied to the decision of whether or not to pre-fund these benefits. Our results are based on a 4% annual return, which assumes that the City will not pre-fund these benefits and benefits continue to be funded on a pay-as-you-go basis and that general fund investments can earn 4% over the long term.

The medical trend assumption is based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model and its baseline assumptions.

Payroll is assumed to increase at 4% per annum. This assumption is used to determine the level percentage of payroll amortization factor.

### **Benefit Eligibility**

Employees are eligible for retirement and disability benefits from the Florida Retirement System if they reach:

#### General Participants

- Age 62 with 6 years of service
- 30 years of service
- 6 years of service (early retirement)\*

#### Public Safety Participants

- Age 55 with 6 years of service
- Age 52 with 25 years of service
- 25 years of service
- 6 years of service (early retirement)\*

\* No one is assumed to take the early retirement option under the age of 50.

### **Employee Subsidy**

The plan is an access only plan. Employees, Spouses, and Beneficiaries are allowed access to the plan but must pay the full cost to participate.

### **Employee Subsidy**

Public Safety Participants receive a \$5 subsidy from FRS for each year of service to help offset the cost of health benefits. This subsidy is capped at a maximum of \$250 per month. There is no liability to the City of Doral for this benefit.

### **Cost Method**

This valuation uses the Projected Unit Credit method, with linear pro-ration to assumed benefit commencement.

### **Amortization Method**

Unfunded liabilities are amortized over a closed 30 year period as a level percentage of payroll for FYE 2010.

## XI. OTHER POST EMPLOYMENT BENEFITS (Continued)

### Coverage Status and Age of Spouse

Actual coverage status is used; females assumed 3 years younger than male spouse.

30% of employees are assumed to elect to participate in the plan upon retirement/disability.

### Medical Trend Assumption

The assumption was developed using the SOA long term medical trend model using following baseline assumptions were used as input variables into the model:

Rate of Inflation	2.9%
Rate of Growth in Real Income / GDP per capita	1.7%
Income Multiplier for Health Spending	1.4
Extra Trend due to Technology and other factors	1.2%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City's annual OPEB cost for the fiscal year ended 2010, the first year of implementation of GASB Statement 45, and the related information is as follows:

Annual required contribution	\$211,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>211,000</u>
Contributions made	<u>3,000</u>
Increase in net OPEB obligation	<u>208,000</u>
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	<u><u>\$208,000</u></u>

### Schedule of Employer Contributions

Year Ended	Annual OPEB	Actual	Percentage	Net OPEB
September 30	Cost	Contribution	Contributed	Obligation
2010	\$211,000	\$3,000	1.4%	\$208,000

**XI. OTHER POST EMPLOYMENT BENEFITS (Continued)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Schedule of Funding Progress			Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/(c)
		Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)		
10/1/2010	-	615,000	615,000	0%	N/A	0.00%

The schedule of funding progress presented as required supplementary information (RSI) above, present multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

The City's annual contribution is based on annual actuarial valuations.

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Closed
Amortization Period	30 (as of October 1, 2009)
Asset Valuation Method:	Market Value of Assets
Actuarial Assumptions	
Discount Rate:	4.00%
Payroll Increase	4.00%
Medical Trend Model	The initial rate is 8.00% decreasing gradually. The rate in 2050 is 5.40%

**XII. SUBSEQUENT EVENTS**

Management evaluated subsequent events from October 1, 2010 through June 24, 2011, the date that the financial statements were available to be published. No events were identified during this review of subsequent events that required adjustment to or disclosure within these financial statements.

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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 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Property taxes	\$ 23,229,827	\$ 23,229,827	\$ 22,448,001	\$ (781,826)
Utility taxes	5,807,500	5,807,500	6,452,449	644,949
Franchise fees	5,500,000	5,500,000	5,887,483	387,483
Intergovernmental revenues	2,600,000	2,600,000	2,585,803	(14,197)
Licenses, permits and fines	5,052,550	5,052,550	4,820,997	(231,553)
Communication service tax	4,400,000	4,400,000	5,205,814	805,814
Charges for services	1,558,680	1,558,680	1,001,206	(557,474)
Grant revenues	-	-	178,574	178,574
Investment income	1,000,000	1,000,000	890,891	(109,109)
Miscellaneous	182,000	182,000	307,404	125,404
Total revenues	<u>49,330,557</u>	<u>49,330,557</u>	<u>49,778,622</u>	<u>448,065</u>
<b>Expenditures:</b>				
General government				
Elected officials	601,250	601,250	500,936	100,314
Manager's office	1,116,943	1,148,843	1,004,593	144,250
City clerk	443,773	647,987	576,875	71,112
Finance department	671,872	671,872	611,588	60,284
City attorney	525,000	825,000	828,710	(3,710)
Human resources	384,466	384,466	332,986	51,480
Information technology	1,940,992	1,996,942	1,908,933	88,009
General government	<u>11,978,714</u>	<u>11,854,077</u>	<u>11,315,988</u>	<u>538,089</u>
Total general government	<u>17,663,010</u>	<u>18,130,437</u>	<u>17,080,609</u>	<u>1,049,828</u>
Police	13,469,389	14,045,856	12,462,711	1,583,145
Public works	5,741,541	6,076,681	2,043,073	4,033,608
Parks and recreation	6,382,278	7,920,276	4,527,328	3,392,948
Building	2,738,028	2,891,322	2,338,966	552,356
Planning and zoning	1,034,489	1,248,233	964,771	283,462
Code enforcement	<u>1,046,483</u>	<u>1,046,483</u>	<u>851,499</u>	<u>194,984</u>
Total expenditures	<u>48,075,218</u>	<u>51,359,288</u>	<u>40,268,957</u>	<u>11,090,331</u>
<b>Other financing uses:</b>				
Appropriation of prior year fund balance	-	3,534,070	-	(3,534,070)
Transfers (out)	<u>(1,255,339)</u>	<u>(1,505,339)</u>	<u>(1,505,339)</u>	<u>-</u>
Total other financing uses	<u>(1,255,339)</u>	<u>2,028,731</u>	<u>(1,505,339)</u>	<u>(3,534,070)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,004,326</u>	<u>\$ 8,004,326</u>

See notes to budgetary comparison schedule

**CITY OF DORAL, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR SPECIAL REVENUE FUND- TRANSPORTATION FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 557,000	\$ 557,000	\$ 550,690	\$ (6,310)
Charges for services	250,000	250,000	239,009	(10,991)
Grant revenues	105,000	105,000	553,886	448,886
Investment income	2,500	2,500	-	(2,500)
Miscellaneous	-	-	15,171	15,171
Total revenues	<u>914,500</u>	<u>914,500</u>	<u>1,358,756</u>	<u>444,256</u>
Expenditures:				
Current:				
Public Works	<u>5,083,026</u>	<u>5,609,508</u>	<u>3,854,756</u>	<u>1,754,752</u>
Total expenditures	<u>5,083,026</u>	<u>5,609,508</u>	<u>3,854,756</u>	<u>1,754,752</u>
(Deficiency) of revenues over expenditures before other financing sources	<u>(4,168,526)</u>	<u>(4,695,008)</u>	<u>(2,496,000)</u>	<u>2,199,008</u>
Other financing sources				
Appropriation of prior year fund balance	2,913,187	3,439,669	-	(3,439,669)
Proceeds from debt	-	-	152,000	152,000
Transfers in	<u>1,255,339</u>	<u>1,255,339</u>	<u>1,255,339</u>	<u>-</u>
Total other financing uses	<u>4,168,526</u>	<u>4,695,008</u>	<u>1,407,339</u>	<u>(3,287,669)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,088,661)</u>	<u>\$ (1,088,661)</u>

See notes to budgetary comparison schedule



**CITY OF DORAL, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**Notes to Budgetary Comparison Schedules**

Annual appropriated budgets are prepared for the General Fund, Transportation Fund, and Chinese Drywall Fund. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. 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.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During the fiscal year ended September 30, 2010, there were supplemental appropriations of \$3,534,070 in the General Fund, \$526,482 in the Transportation Fund and \$250,000 in the Chinese Drywall Fund.
5. Formal budgetary integration is employed as a management control device for the General Fund.
6. The budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

For the year ended September 30, 2010 expenditures exceeded appropriations in the city attorney department by \$3,710. This excess of expenditures was funded by surpluses in other departments.

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## **COMBINING FINANCIAL STATEMENTS**

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## NONMAJOR GOVERNMENTAL FUNDS

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### **Special Revenue Fund**

**Chinese Drywall Fund** – This fund accounts for the resources set aside to assist homeowners pay the building permits fees that need to replace the drywall in their homes.

### **Capital Projects Fund**

**Capital Improvement Projects Fund** – This fund accounts for the acquisition or construction of various major capital projects.

**CITY OF DORAL, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Chinese Drywall Fund	Capital Improvement Projects Fund	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 244,795	\$ 5,450,973	\$ 5,695,768
Due from other funds	-	108,563	108,563
Total assets	<u>\$ 244,795</u>	<u>\$ 5,559,536</u>	<u>\$ 5,804,331</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	<u>\$ 2,248</u>	\$ -	<u>\$ 2,248</u>
<u>FUND BALANCES</u>			
Unreserved and designated:			
Designated for City hall construction	-	5,559,536	5,559,536
Unreserved and undesignated	<u>242,547</u>	<u>-</u>	<u>242,547</u>
Total fund balances	<u>242,547</u>	<u>5,559,536</u>	<u>5,802,083</u>
Total liabilities and fund balances	<u>\$ 244,795</u>	<u>\$ 5,559,536</u>	<u>\$ 5,804,331</u>

**CITY OF DORAL, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Chinese <u>Drywall Fund</u>	Capital Improvement <u>Projects Fund</u>	<u>Total</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Investment income	-	<u>1</u>	<u>1</u>
Total revenues	<u>-</u>	<u>1</u>	<u>1</u>
Expenditures:			
Current:			
General government	\$ 7,453	\$ -	\$ 7,453
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,453</u>	<u>-</u>	<u>7,453</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(7,453)</u>	<u>1</u>	<u>(7,452)</u>
Other financing sources:			
Transfers in	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total other financing sources	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net change in fund balance	<u>242,547</u>	<u>1</u>	<u>242,548</u>
Fund balances, beginning	<u>-</u>	<u>5,559,535</u>	<u>5,559,535</u>
Fund balances, ending	<u>\$ 242,547</u>	<u>\$ 5,559,536</u>	<u>\$ 5,802,083</u>

**CITY OF DORAL, FLORIDA**  
**SCHEDULES OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Chinese Drywall Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
General government	-	250,000	7,453	242,547
Total expenditures	-	250,000	7,453	242,547
Excess (deficiency) of revenues over expenditures	-	(250,000)	(7,453)	242,547
Other financing sources (uses)				
Transfers in	-	250,000	250,000	-
Net change in fund balance	-	-	242,547	\$ 242,547
Fund balances, beginning	-	-	-	
Fund balances, ending	\$ -	\$ -	\$ 242,547	

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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> <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>	50-53
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	54-57
<b>Debt Capacity</b> <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>	58-61
<b>Demographic and Economic Information</b> <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>	62-63
<b>Operating Information</b> <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>	64-66

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



**CITY OF DORAL, FLORIDA**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$ -	\$ 281,640	\$ 1,591,438	\$ 6,052,226	\$ 23,202,258	\$ 39,639,029	\$ 41,662,505	\$ 92,251,381
Restricted	-	-	1,242,101	1,668,093	3,177,068	3,754,632	5,515,965	10,168,722
Unrestricted	<u>1,488,195</u>	<u>5,485,179</u>	<u>10,340,834</u>	<u>27,803,600</u>	<u>38,051,098</u>	<u>24,459,667</u>	<u>48,331,904</u>	<u>50,479,055</u>
Total governmental activities net assets	<u>1,488,195</u>	<u>5,766,819</u>	<u>13,174,373</u>	<u>35,523,919</u>	<u>64,430,424</u>	<u>67,853,328</u>	<u>95,510,374</u>	<u>152,899,158</u>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	-	-	-	-	164,604	869,798	1,090,316	3,558,431
Restricted	-	-	-	-	5,110,253	6,947,066	9,060,722	11,335,185
Unrestricted	<u>-</u>	<u>150,000</u>	<u>96,950</u>	<u>2,334,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net assets	<u>-</u>	<u>150,000</u>	<u>96,950</u>	<u>2,334,304</u>	<u>5,274,857</u>	<u>7,816,864</u>	<u>10,151,038</u>	<u>14,893,616</u>
<b>Total government:</b>								
Invested in capital assets, net of related debt	-	281,640	1,591,438	6,052,226	23,366,862	40,508,827	42,752,821	95,809,812
Restricted	-	-	1,242,101	1,668,093	8,287,321	10,701,698	14,576,687	21,503,907
Unrestricted	<u>1,488,195</u>	<u>5,635,179</u>	<u>10,437,784</u>	<u>30,137,904</u>	<u>38,051,098</u>	<u>24,459,667</u>	<u>48,331,904</u>	<u>50,479,055</u>
Total government net assets	<u>\$ 1,488,195</u>	<u>\$ 5,916,819</u>	<u>\$ 13,271,323</u>	<u>\$ 37,858,223</u>	<u>\$ 69,705,281</u>	<u>\$ 75,670,192</u>	<u>\$ 105,661,412</u>	<u>\$ 167,792,774</u>

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable

**CITY OF DORAL, FLORIDA**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses:</b>								
<b>Governmental activities:</b>								
General government	\$ 174,272	\$ 1,571,098	\$ 2,874,853	\$ 3,550,056	\$ 4,042,423	\$ 6,392,127	\$ 9,254,163	\$ 9,395,586
Public safety	1,212,410	7,395,866	8,653,831	10,967,211	13,318,322	15,608,252	13,272,672	13,309,746
Community development **	206,438	790,756	1,653,632	-	-	-	-	-
Building department **	-	-	-	2,322,401	3,075,941	3,431,312	2,681,306	2,409,914
Planning & zoning department **	-	-	-	633,859	851,765	1,271,656	1,490,300	1,756,263
Public works	43,208	322,410	553,223	748,229	894,629	1,596,806	2,449,170	4,436,348
Parks and recreation	81,143	419,313	770,844	1,306,101	2,166,591	2,414,919	2,933,542	3,581,420
Mitigation/ QNIP	2,048,839	7,697,611	8,094,986	8,180,211	398,178	17,371,673	380,362	6,407,677
Interest on long-term debt	-	-	-	450,073	984,740	928,928	920,428	1,006,180
<b>Total governmental activities</b>	<b>3,766,310</b>	<b>18,197,054</b>	<b>22,601,369</b>	<b>28,158,141</b>	<b>25,732,589</b>	<b>49,015,673</b>	<b>33,381,943</b>	<b>42,303,134</b>
<b>Business-type activities:</b>								
Stormwater utility	-	-	53,050	85,569	49,501	770,723	805,418	2,238,982
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>53,050</b>	<b>85,569</b>	<b>49,501</b>	<b>770,723</b>	<b>805,418</b>	<b>2,238,982</b>
<b>Total government expenses</b>	<b>\$ 3,766,310</b>	<b>\$ 18,197,054</b>	<b>\$ 22,654,419</b>	<b>\$ 28,243,710</b>	<b>\$ 25,782,090</b>	<b>\$ 49,786,396</b>	<b>\$ 34,187,361</b>	<b>\$ 44,542,116</b>
<b>Program revenues:</b>								
<b>Governmental activities:</b>								
<b>Charges for services:</b>								
General government	\$ -	\$ 34,250	\$ 2,635,954	\$ 743,012	\$ 925,276	\$ 874,751	\$ 976	\$ 128,823
Building department	-	-	-	5,607,313	7,046,317	4,841,501	3,263,765	2,812,662
Community development	214,702	-	-	-	-	-	-	-
Planning & zoning department	-	-	-	224,169	152,749	440,845	855,403	914,770
Public safety	84,562	324,209	529,332	861,643	1,357,086	1,059,257	1,420,671	1,186,253
Public works	-	-	-	-	-	-	851,038	290,544
Parks/recreation	197,901	791,926	1,044,037	1,459,663	2,139,521	532,021	429,071	728,160
<b>Operating grants and contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,586</b>	<b>-</b>
General government	-	-	-	-	-	-	-	-
Parks/recreation	-	15,500	-	-	416,319	-	-	-
Public safety	-	-	-	-	-	-	8,863	-
<b>Capital grants and contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,000</b>	<b>-</b>
General government	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	764,951	732,460
Parks/recreation	-	-	12,750	91,343	-	-	5,828,755	-
<b>Total governmental activities program revenues</b>	<b>497,165</b>	<b>1,165,885</b>	<b>4,222,073</b>	<b>8,987,143</b>	<b>12,037,268</b>	<b>7,748,375</b>	<b>13,611,079</b>	<b>6,793,672</b>
<b>Business-type activities:</b>								
<b>Charges for services:</b>								
Stormwater utility	-	-	-	2,322,923	2,990,054	3,207,457	2,899,271	3,752,026
<b>Operating grants and contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,322,923</b>	<b>2,990,054</b>	<b>3,318,302</b>	<b>2,899,271</b>	<b>4,121,841</b>
<b>Total program revenues</b>	<b>\$ 497,165</b>	<b>\$ 1,165,885</b>	<b>\$ 4,222,073</b>	<b>\$ 11,310,066</b>	<b>\$ 15,027,322</b>	<b>\$ 11,066,677</b>	<b>\$ 16,510,350</b>	<b>\$ 10,915,513</b>
<b>Net (expense) revenue:</b>								
Governmental activities	\$ (3,269,145)	\$ (17,031,169)	\$ (18,379,296)	\$ (19,170,998)	\$ (13,695,321)	\$ (41,267,298)	\$ (19,770,864)	\$ (35,509,462)
Business-type activities	-	-	(53,050)	2,237,354	2,940,553	2,547,579	2,093,853	1,882,859
<b>Total net expense</b>	<b>\$ (3,269,145)</b>	<b>\$ (17,031,169)</b>	<b>\$ (18,432,346)</b>	<b>\$ (16,933,644)</b>	<b>\$ (10,754,768)</b>	<b>\$ (38,719,719)</b>	<b>\$ (17,677,011)</b>	<b>\$ (33,626,603)</b>
<b>General revenues:</b>								
<b>Governmental activities:</b>								
<b>Taxes:</b>								
Property taxes	\$ 3,205,654	\$ 13,252,700	\$ 14,875,808	\$ 17,202,696	\$ 20,893,975	\$ 24,179,740	\$ 25,389,666	\$ 22,448,001
Utility taxes	460,597	2,623,865	2,818,505	2,469,240	4,339,239	6,020,561	6,151,070	6,452,449
Communications services tax	355,400	1,530,099	2,534,262	3,557,442	4,019,547	4,085,310	4,743,877	5,205,814
Franchise taxes	347,261	1,453,907	1,864,204	2,801,948	3,278,696	5,586,792	5,703,733	5,887,483
Intergovernmental	375,743	2,563,255	3,156,660	3,577,547	7,765,837	3,432,355	2,665,510	3,136,493
Investment earnings and other	12,685	2,551	376,831	1,268,347	2,114,194	991,239	2,496,612	890,892
Miscellaneous	-	(116,584)	160,579	10,643,324	190,337	394,205	277,442	322,575
<b>Total governmental activities</b>	<b>4,757,340</b>	<b>21,309,793</b>	<b>25,786,849</b>	<b>41,520,544</b>	<b>42,601,825</b>	<b>44,690,202</b>	<b>47,427,910</b>	<b>44,343,707</b>
<b>Business-type activities:</b>								
Investment earnings and other	-	150,000	-	-	-	(5,572)	240,321	264,004
<b>Total business-type activities</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,572)</b>	<b>240,321</b>	<b>264,004</b>
<b>Total general revenues</b>	<b>\$ 4,757,340</b>	<b>\$ 21,459,793</b>	<b>\$ 25,786,849</b>	<b>\$ 41,520,544</b>	<b>\$ 42,601,825</b>	<b>\$ 44,684,630</b>	<b>\$ 47,668,231</b>	<b>\$ 44,607,711</b>
<b>Change in net assets:</b>								
Governmental activities	\$ 1,488,195	\$ 4,278,624	\$ 7,407,553	\$ 22,349,546	\$ 28,906,504	\$ 3,422,904	\$ 27,657,046	\$ 8,834,245
Business-type activities	-	150,000	(53,050)	2,237,354	2,940,553	2,542,007	2,334,174	2,146,863
<b>Total change in net assets</b>	<b>\$ 1,488,195</b>	<b>\$ 4,428,624</b>	<b>\$ 7,354,503</b>	<b>\$ 24,586,900</b>	<b>\$ 31,847,057</b>	<b>\$ 5,964,911</b>	<b>\$ 29,991,220</b>	<b>\$ 10,981,108</b>

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

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.

**CITY OF DORAL, FLORIDA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund:								
Reserved	\$ -	\$ 1,121,577	\$ 136,107	\$ -	\$ 617,475	\$ 17,607,202	\$ 1,899,761	\$ 11,410,036
Unreserved and designated	-	-	-	-	-	-	-	26,775,000
Unreserved	<u>1,444,985</u>	<u>3,597,623</u>	<u>11,015,595</u>	<u>22,333,658</u>	<u>43,759,009</u>	<u>24,617,572</u>	<u>41,344,944</u>	<u>13,063,995</u>
Total general fund	<u>1,444,985</u>	<u>4,719,200</u>	<u>11,151,702</u>	<u>22,333,658</u>	<u>44,376,484</u>	<u>42,224,774</u>	<u>43,244,705</u>	<u>51,249,031</u>
All other governmental funds:								
Reserved	-	-	1,037,806	1,563,211	2,659,838	282,636	5,515,965	4,427,304
Unreserved and designated, reported in:								
Capital projects fund	-	-	-	-	-	-	-	5,559,536
Unreserved, reported in:								
Special revenue funds	-	-	-	-	-	-	-	242,547
Transportation fund	-	665,979	-	-	-	-	-	-
Capital projects fund	<u>43,210</u>	<u>100,000</u>	<u>(547,033)</u>	<u>5,704,660</u>	<u>(5,630,185)</u>	<u>3,371,076</u>	<u>5,559,535</u>	<u>-</u>
Total all other governmental funds	<u>43,210</u>	<u>765,979</u>	<u>490,773</u>	<u>7,267,871</u>	<u>(2,970,347)</u>	<u>3,653,712</u>	<u>11,075,500</u>	<u>10,229,387</u>
Total governmental funds	<u>\$ 1,488,195</u>	<u>\$ 5,485,179</u>	<u>\$ 11,642,475</u>	<u>\$ 29,601,529</u>	<u>\$ 41,406,137</u>	<u>\$ 45,878,486</u>	<u>\$ 54,320,205</u>	<u>\$ 61,478,418</u>

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.

**CITY OF DORAL, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>								
Ad valorem taxes	\$ 3,205,654	\$ 13,252,700	\$ 14,875,808	\$ 17,202,696	\$ 20,893,975	\$ 24,179,740	\$ 25,389,666	\$ 22,448,001
Franchise fees	347,261	1,453,907	1,864,204	2,801,948	3,278,696	5,586,792	5,703,733	5,887,483
Utility taxes	460,597	2,623,865	2,818,505	2,469,240	4,339,239	6,020,561	6,151,070	6,452,449
Communications services tax	355,400	1,530,099	2,534,262	3,557,442	4,019,547	4,085,310	4,743,877	5,205,814
Impact fees	-	-	1,180,974	1,503,516	1,304,751	304,993	-	-
Licenses, permits and fines	251,502	207,312	1,477,180	5,439,854	8,911,239	6,476,391	5,189,771	4,820,997
Intergovernmental revenue	375,743	2,563,255	3,156,660	3,577,547	7,765,837	3,432,355	3,238,317	3,136,493
Grants	-	-	-	91,343	416,319	-	3,822,869	732,460
Charges for services	245,663	943,073	1,551,169	1,952,430	1,404,959	941,671	1,058,346	1,240,215
Investment income	12,685	2,551	376,831	1,268,347	2,114,194	991,239	2,496,612	890,892
County Contributions	-	-	-	-	-	-	2,967,286	-
Miscellaneous	-	33,416	173,329	10,643,324	190,337	394,205	277,442	322,575
<b>Total revenues</b>	<b>5,254,505</b>	<b>22,610,178</b>	<b>30,008,922</b>	<b>50,507,687</b>	<b>54,639,093</b>	<b>52,413,257</b>	<b>61,038,989</b>	<b>51,137,379</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	174,272	1,686,572	3,300,307	3,421,798	4,361,334	12,324,554	7,944,991	7,607,245
Public safety	1,212,410	7,445,612	8,696,157	11,068,689	13,321,448	17,696,614	12,424,819	12,174,931
Community development	206,438	845,612	-	-	-	-	-	-
Building department	-	-	-	2,429,029	3,136,195	3,360,946	2,595,514	2,324,468
Planning & zoning department	-	-	-	624,142	840,422	1,373,831	660,443	940,664
Public works	43,208	358,619	732,859	974,145	1,532,432	4,835,676	4,337,079	2,795,827
Parks and recreation	81,143	429,345	1,412,942	26,703,891	17,976,592	6,272,388	4,043,174	3,498,325
Mitigation/ QNIP	2,048,839	7,697,611	8,094,986	8,180,211	398,178	379,062	17,752,035	6,407,677
Code Enforcement	-	-	-	-	-	-	827,722	791,819
Capital outlay *	-	-	-	-	-	-	-	4,926,791
<b>Debt service:</b>								
Principal retirement	-	-	-	-	283,145	797,827	1,114,022	1,716,599
Interest and other fiscal charges	-	-	-	478,728	984,740	900,010	897,471	946,820
<b>Total expenditures</b>	<b>3,766,310</b>	<b>18,463,371</b>	<b>22,237,251</b>	<b>53,880,633</b>	<b>42,834,486</b>	<b>47,940,908</b>	<b>52,597,270</b>	<b>44,131,166</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,488,195</b>	<b>4,146,807</b>	<b>7,771,671</b>	<b>(3,372,946)</b>	<b>11,804,607</b>	<b>4,472,349</b>	<b>8,441,719</b>	<b>7,006,213</b>
<b>Other financing sources (uses):</b>								
Proceeds from debt	-	-	-	21,250,000	-	-	-	152,000
Proceeds from capital leases	-	-	-	82,000	-	-	-	-
Transfers in	-	210,000	-	1,497,500	4,774,650	11,473,072	6,198,327	1,505,339
Transfers out	-	(360,000)	-	(1,497,500)	(4,774,650)	(11,473,072)	(6,198,327)	(1,505,339)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>	<b>21,332,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,000</b>
<b>Net change in fund balances</b>	<b>\$ 1,488,195</b>	<b>\$ 3,996,807</b>	<b>\$ 7,771,671</b>	<b>\$ 17,959,054</b>	<b>\$ 11,804,607</b>	<b>\$ 4,472,349</b>	<b>\$ 8,441,719</b>	<b>\$ 7,158,213</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.89%</b>	<b>2.96%</b>	<b>3.54%</b>	<b>3.82%</b>	<b>6.04%</b>

\* Previously reported under department expenditures

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

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.

**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>	<u>Tax</u>	Estimated Actual Value as a Percentage of Net Assessed <u>Value</u>
	Residential <u>Property</u>	Commercial <u>Property</u>	Personal <u>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%
2009	3,851,279,699	5,507,774,735	701,979,329	10,061,033,763	2.447	\$ 24,619,350	0.24%
2010	3,222,909,584	5,101,021,138	586,225,597	8,910,156,319	2.447	\$ 21,803,153	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 June 24, 2003, therefore years prior to 2003 are not applicable.

**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				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	Other				
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
2009	2008	2.447	2.447	4.838	0.285	5.123	2.185	0.042	2.227	7.698	0.297	7.995	0.972	0.535	0.035	0.569	19.333
2010	2009	2.447	2.447	5.428	0.445	5.873	2.575	0.020	2.595	7.864	0.385	8.249	0.873	0.535	0.035	0.569	20.606

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 June 24, 2003, therefore years prior to 2003 are not applicable.

**CITY OF DORAL, FLORIDA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

2010				2001			
<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 City Net Assessed Value</u>
Century Grand One LLP	\$ 164,784,400	1	1.85%		\$ -		0.00%
West Dade County Associates	114,100,000	2	1.28%		-		0.00%
KSL Hotel Corporation	62,233,040	3	0.70%		-		0.00%
Carnival Corporation	50,700,000	4	0.57%		-		0.00%
Doral West Acquisition LLC	48,500,000	5	0.54%		-		0.00%
Metropolitan Life Insurance Co.	46,400,000	6	0.52%		-		0.00%
Village of Doral Commercial LLC	43,075,107	7	0.48%		-		0.00%
CV Miami LLC	36,900,000	8	0.41%		-		0.00%
FDG Doral Concourse LLC	35,900,000	9	0.40%		-		0.00%
FDG Beacon Commons LLC	29,229,750	10	0.33%		-		0.00%
	-				-		
	<u>\$ 631,822,297</u>		<u>7.09%</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 June 24, 2003, therefore years prior to 2003 are not applicable.

**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	15,080,202	14,875,808	98.64%	-	14,875,808	98.64%
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%
2009	25,676,515	25,389,666	98.88%	-	25,389,666	98.88%
2010	23,229,827	20,938,455	90.14%	1,509,546	22,448,001	96.63%

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

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.



**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>	Percentage of Personal Income (1)	Debt Per Capita
	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>QNIP Bonds</u>	<u>Activities Revenue Bonds</u>			
2003	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	0.00%	-
2006	-	21,250,000	-	-	21,250,000	1.97%	634
2007	-	20,992,886	-	-	20,992,886	1.89%	609
2008	-	21,198,171	-	-	21,198,171	1.75%	617
2009	-	19,482,208	-	8,798,047	28,280,255	2.25%	821
2010	-	18,916,226	4,016,565	8,519,130	31,451,921	2.45%	720

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

(1) Personal income amounts obtained from the U.S. Census Bureau.

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.

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

All bonded indebtedness is in the form of revenue bonds.

**CITY OF DORAL, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2010**

<u>Government Unit</u>	2010		
	<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	\$ 22,932,791	100.00%	\$ 22,932,791
Overlapping Debt:			
Miami-Dade County (1)	881,276,000	4.640%	40,891,206
Miami-Dade County School Board (1)	348,100,000	4.640%	<u>16,151,840</u>
Subtotal, Overlapping Debt			57,043,046
Total Direct and Overlapping Debt			<u>\$ 79,975,837</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) 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 total taxable assessed value.

**CITY OF DORAL, FLORIDA**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

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

**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	34,322	74,050	4.5%	1,547,135
2009	34,456	74,016	10.7%	1,254,126
2010	38,131	72,629	12.6%	1,121,700

Sources:

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

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.

**CITY OF DORAL, FLORIDA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2010</u>			<u>2001</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	1.59%			
Boston Scientific	1,200	2	0.80%			
Marriott International	1,031	3	0.69%			
Univision Network LTD	800	4	0.53%			
Supreme International Corporation	525	5	0.35%			
Amadeus North America, LLC	462	6	0.31%			
Perry Ellis International, Inc.	420	7	0.28%			
Blue Cross and Blue Shield of Florida, Inc.	412	8	0.27%			
Brinks Incorporated	366	9	0.24%			
M & M Aerospace Hardware, Inc.	305	10	0.20%			
Total	7,901					

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.

**CITY OF DORAL, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of Employees:								
City Council	-	1	1	2	2	3	1	1
City Manager's Office	1	4	4	5	6	5	6	7
City Clerk's Office	-	1	2	3	4	3	3	3
City Attorney's Office *	1	1	1	1	1	1	1	1
Finance Department	1	2	2	2	3	4	6	7
Administrative Services	-	2	1	1	2	-	-	-
Police Department	-	75	93	110	110	130	124	133
Community Development **	-	15	29	-	-	-	-	-
Building and Permitting **	-	-	-	18	28	30	30	30
Planning & Zoning **	-	-	-	7	5	7	7	7
Code Compliance **	-	-	-	8	10	10	10	12
Licensing **	-	-	-	2	2	2	-	-
Public Works	-	6	6	6	10	15	15	17
Parks and Recreation	-	29	29	28	27	32	36	35
Human Resources	-	1	1	2	2	3	3	3
IT	-	-	-	-	-	4	7	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Number of Employees	<u>3</u>	<u>137</u>	<u>169</u>	<u>195</u>	<u>212</u>	<u>249</u>	<u>249</u>	<u>263</u>

Source: City of Doral Finance Department

The City was incorporated on June 24, 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

**CITY OF DORAL, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public safety:								
Police:								
Police personnel and officers	-	75	93	110	110	130	124	133
Police calls for service	13,346	9,660	13,814	21,258	35,406	42,545	29,308	46,270
Planning and development:								
Building permits issued	(A)	(A)	(A)	(A)	3,500	2,320	3,730	3,755

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, permits issued by Miami-Dade County

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable.



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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government:								
Number of general government buildings	1	1	1	1	1	1	1	1
Public safety:								
Police:								
Police stations	1	1	1	1	1	1	1	1
Shifts	3	3	3	3	3	3	3	3
Fire:								
Fire stations	2	2	2	2	2	2	2	2
Planning and development								
Building permits issued	(A)	(A)	(A)	1,631	3,500	2,320	3,730	3,755
Engineering and public works								
Total square miles	15.00	15.00	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	13.0	20.0
Transportation:								
Miles of streets	175.0	175.0	175.0	175.0	175.0	175.0	175.0	200.0
Number of street lights	410	410	410	410	410	410	410	431
Number of traffic signals	61	61	61	61	61	61	61	66
Culture and recreation:								
Miles of waterways	11.30	11.30	11.30	11.30	11.30	11.30	11.30	11.30
Parks acreage	109	109	109	109	109	109	109	110
Community center	-	-	-	-	1	1	1	1
Tennis courts	4	4	4	4	5	5	5	5
Baseball/softball fields	-	-	-	2	2	2	2	2
Utility system:								
Miles of mains	203.0	203.0	203.0	203.0	203.0	203.0	203.0	383.0
Fire hydrants - City of Doral	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,342

Sources: Various City Departments

The City was incorporated on June 24, 2003, therefore years prior to 2003 are not applicable

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**COMPLIANCE SECTION**

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4649 PONCE DE LEON BLVD.  
SUITE 404  
CORAL GABLES, FL 33146  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

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

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, 2010 which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2011. 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.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, listed as items 2010-1 and 2009-2. A *significant deficiency* is deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, listed as item 2010-2.

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

*Alberni Caballero & Company, LLP*

June 24, 2011  
Coral Gables, Florida



4649 PONCE DE LEON BLVD.  
SUITE 404  
CORAL GABLES, FL 33146  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

**MANAGEMENT LETTER REQUIRED BY SECTION 10.550  
OF 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 City of Doral, Florida, as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated June 24, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over financial reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 24, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- ❖ 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 significant findings and recommendations made in the preceding annual financial audit report except as noted below under the heading prior year audit 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 of Doral, Florida 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. See current year recommendations under the heading financial statement 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 occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, the following matters required to be disclosed:
  - Status of Prior Year Findings and Recommendations: **No. 2009-2 and 2009-3**
  - Current Year Findings and Recommendations: **No 2010-1, 2010-2, 2010-3, 2010-4 and 2010-5**
- ❖ 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 the management letter, unless disclosed in the notes to the financial statements. The City 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 of Doral, Florida 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 of Doral, Florida for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Pursuant to Sections 10.554(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial assessment procedures. It is management's responsibility to monitor the City of Doral' 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 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 intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

We wish to thank the City of Doral, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

*Alberni Caballero & Company, LLP*

June 24, 2011  
Coral Gables, FL



CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

4649 PONCE DE LEON BLVD.  
SUITE 404  
CORAL GABLES, FL 33146  
TEL: 305-662-7272  
FAX: 305-662-4266  
ACC-CPA.COM

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB A-133**

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

**Compliance**

We have audited the City of Doral, Florida (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2010. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2010.

**Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

*Alberni Caballero & Company, LLP*

June 24, 2011  
Coral Gables, Florida



**CITY OF DORAL, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<b><i>U.S. Department of Transportation</i></b>			
<i>Indirect Programs-Passed through the Florida Department of Transportation:</i>			
ARRA Highway Planning and Construction	20.205	426443-1/ARRA 449	\$ 493,302
<b><i>Total U.S. Department of Transportation</i></b>			<b>493,302</b>
<b><i>U.S. Department of Justice</i></b>			
<i>Indirect Programs-Passed through Miami-Dade County:</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-JAGC-DADE-18-4X-216	4,484
<i>Direct Programs:</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0863	14,500
Recovery Act/Edward Byrne Justice Assistance Grant	16.804	2009-SB-B9-1140	8,475
Bulletproof Vest Partnership	16.607	2009-BU-BX-09049918	6,569
<b><i>Total U.S. Department of Justice</i></b>			<b>34,028</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 527,330</b>

See notes to schedule of expenditures of federal awards.

**CITY OF DORAL, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 1. BASIS OF PRESENTATION**

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

**NOTE 2. CONTINGENCY**

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by a grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

**CITY OF DORAL, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**FINANCIAL STATEMENT FINDINGS**

**SIGNIFICANT DEFICIENCIES**

**2009-2 - Controls over Capital Assets**

Condition

A municipality's inventory of capital assets often represents its most significant investment of municipal resources. Capital assets are acquired to provide essential services to the citizens of the City. These assets need to be managed to ensure that the City and its Citizens receive the most value from the investment. While conducting our audit procedures and testing internal of over capital assets, it was noted that the City does not maintain and update a master physical inventory of listing of City wide capital assets. Each department conducts an annual physical inventory of their capital assets, but the departmental records are not reconciled and agreed to a master list. Furthermore, the existing master list lacks sufficient details. Management needs to ensure that assets are protected against loss or thief through its internal control system. Policies and procedures that are properly designed and implemented should safeguard the asset and detect the loss or unauthorized use of valuable property. Current conditions do not promote the required safeguarding and reporting of assets.

Background

Management's assertions relating to capital assets should be supported by a schedule that summarizes, by type, the opening and ending balances in each capital asset account, including infrastructure, and transactions such as additions, retirements, and depreciation in each asset category.

Prior Year Recommendation

The City should perform a complete physical inventory of all of the City's inventoriable capital assets (machinery and equipment, furniture, and automobiles and trucks) and have all items properly tagged and recorded once the count is performed. The City should then update its capital assets schedule with sufficient detail to maintain an accurate listing going forward.

Prior Year Management's Response

Management will complete a physical inventory of all of the City's inventoriable capital assets as soon as feasibly possible. In regards to the capital asset schedule, management will update the current schedule to include sufficient detail. Management is also assessing the feasibility of procuring a new accounting software program that will assist and improve the current reporting capabilities.

Current Year Status

During 2010 the City procured new accounting software to assist in the tracking and reporting of its capital assets. Although a physical inventory was not completed, the City did obtain an inventory and independent appraisal of the infrastructure assets. **This comment has not been addressed and will be repeated.**

Current Year Recommendation

We recommend that the City complete its inventory of capital assets and use its new accounting software to track and report the capital assets balances.

Current Year Management's Response

Management acquired and is developing a new software system to track and report the City's assets. Currently the computer equipment has been tagged. The new system will be fully implemented in the new City hall. The City also obtained an independent appraisal of its infrastructure.

**CITY OF DORAL, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**FINANCIAL STATEMENT FINDINGS (Continued)**

**SIGNIFICANT DEFICIENCIES (Continued)**

**2008-1 - 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.

Prior Year 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.

Prior Year 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.

Current Year Status

Significant improvements were made from the previous years. **This comment has been addressed and will not be repeated.**

**CITY OF DORAL, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**FINANCIAL STATEMENT FINDINGS (Continued)**

**OTHER MATTERS**

**2009-1– Investments**

The City's investments were not in compliance with Florida Statutes. Chapter 218.415 F.S. – "*Local government investment policies*" states that investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body... or, in the alternative, such activity must be conducted in accordance with subsection (17) discussed below. Since June 2008 the City has investments in government backed securities that do not comply with the letter of Florida Statutes.

Background

In February 2004 the interim finance director for the City prepared an investment policy for approval by the City Council. In February 2004 the interim City manager and the interim finance director were replaced and the investment policy was never submitted to the Council for approval. From 2004 through June 2008, the City invested all its funds in investments allowed under Florida Statutes Chapter 218.415 (17) as follows:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

During 2008 the City, pursuant to a request for qualifications, engaged the services of investment advisors and acquired investments within the scope of the investment policy that was never approved by the City Council, but not in compliance with Florida Statutes.

Prior Year Recommendation

We recommend that the City establish an investment policy that complies with Florida Statutes.

Prior Year Management's Response

Management accepts the finding and recommendation. Management and the City Council engaged the services of a Financial Investment Firm (PFM) to review the City's investments. Steve Alexander, the PFM representative and an expert in municipal investment policy concluded that the City was not in compliance with the Florida Statutes due to a lack of a formally approved investment policy. Mr. Alexander and PFM were engaged to write the City's investment policy. Furthermore, the City issued an RFQ for investment management services that is due April 28, 2010 to further establish a solid relationship between the newly established investment policy and the advisor. Management does not presently deem the risk of this deficiency as significant.

Current Year Status

**This comment has been addressed and will not be repeated.**

**CITY OF DORAL, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**FINANCIAL STATEMENT FINDINGS (Continued)**

**OTHER MATTERS (Continued)**

**2009-3 - Grant Management and Administration**

Condition

During our audit procedures it was noted that the City lacked sufficient internal control policies and procedures over the City's grant programs. A City wide list of all active grants has never been maintained and monitored. The management of City grants is currently handed at the departmental level and a lack of communication between finance and the departments in regard to the Grants is clearly evident. Support for grant revenues and expenditures, such as reimbursement packages, were not readily available within the finance department. Without proper procedures and communication it is impossible for the finance to prevent inaccuracies of grant reporting and inadequate grant revenue and expense records.

Background

In prior years, the overall volume of grants maintained by the City has been minimal. As a result the lack of policies and procedures has not been a major issue in the past. However the City is currently managing grants from Federal, State and Local entities. As a result the City needs to ascertain that the Grants are properly managed and administered in order to make sure that Federal and State single audit requirements are met and to ascertain that there are no instances of noncompliance or material misstatements.

Prior Year Recommendation

The finance department and departments administering grants should work together in maintaining a master schedule of grant activities. We have provided the City with the schedule of City Grants as of September 30, 2009 based on the information provided by the different departments. It is now up to the City to use this schedule as a tool on an ongoing basis. Additionally, the finance department should have files which include, by grant, copies of the grant contract/agreement, support and schedules of expenses incurred and reported under the grant, support/copies of cash receipts received for the grant, copies of reimbursement requests, and any other supporting documents relevant to the grant.

Prior Year Management's Response

Management agrees with the finding and recommendation. The finance department and other departments will work together to properly manage, administer, and account for all grants.

Current Year Status

It appears that grant management and administration has improved during the current year, however the City did not have an accurate schedule of grant expenditures as of September 30, 2010. **This comment has not been addressed and will be repeated.**

Current Year Recommendation

The finance department and departments administering grants should continue working together in maintaining a centralized master schedule of grant activities. The finance department should have files which include; by grant, copies of the grant contract/agreement, support and schedules of expenses incurred and reported under the grant, support/copies of cash receipts received for the grant, copies of reimbursement requests, and any other supporting documents relevant to the grant.

Current Year Management's Response

The finance department is closely working with other departments in order to properly manage, administer and account for all grants. The finding should not be repeated next year.

**CITY OF DORAL, FLORIDA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**FINANCIAL STATEMENT FINDINGS (Continued)**

**OTHER MATTERS (Continued)**

**2009-4 - Internal Controls over Financial Reporting**

Between 2007 and 2009 a significant number of the City's departments became fully operational with City personnel as departmental operations were taken over from Miami-Dade County, Additionally, the City transitioned from a service contract to an in-house Finance Department and at the same time, changed its accounting and management software. All these changes uncovered a number of conditions as follows:

- a) Payments were accepted in a decentralized manner
- b) Equipment and supplies were used for personal use without consent
- c) Poor controls in information technology and data access, including accounting systems
- d) Internal controls could be bypassed or overridden

Background

The City was incorporated in 2003 and contracted most departments and services from professionals and Miami-Dade County. Between 2004 and 2009 all of the City's departments became fully operational with City personnel as operations were taken over from Miami-Dade County and the professional firms that rendered operational services to the City. As Departments were created and operated by the City, the Finance Department was contracted out. The Director and his staff operated with proper controls until the Departments became City operated. Controls were set at the Department level, but no significant supervision or oversight was provided by the Finance Department as the controls related to financial reporting. Upon the City's establishment of the Finance Department, awareness of the situation became evident and corrective action developed.

Prior year Recommendation

We recommend that the City continue in the implementation of controls to resolve the findings discussed above.

Prior Year Management's Response

Management accepts the finding and recommendation. Management and the City Council engaged services professionals, supervised and directed by the City Manager and the Finance Director, to recommend ways to improve controls over financial reporting. Actions taken to date include the centralization of cash receipts in a Cashier's Office and the establishment of purchase orders for the acquisition of goods with the corresponding policies and procedures in place. Management continues to monitor and address the approval of personal use of assets and supplies and continues to implement new policies and procedures to reduce loss of resources. Management does not presently deem the risk of this deficiency as significant, but takes this finding very seriously and aggressively continues to improve all controls over financial reporting.

Current Year Status

During the current year's audit we did not find such conditions. However, we do recommend that the City prepare a formal policies and procedures manual. (See 2010-3) **This comment has been addressed and will not be repeated.**

**CITY OF DORAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

*Unqualified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficienc(ies) identified?

  X   yes \_\_\_\_\_ None reported

Non-compliance material to financial statements noted?

\_\_\_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficienc(ies) identified?

\_\_\_\_\_ yes   X   None reported

Type of auditor's report issued on compliance for major programs:

*Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

\_\_\_\_\_ yes   X   no

Identification of major programs:

Federal Awards Program

Federal CFDA No.

Highway Planning and Construction

20.205

Dollar threshold used to distinguish between Type A and Type B programs:

Federal \$300,000

Auditee qualified as low risk auditee for audit of federal awards programs?

\_\_\_\_\_ yes   X   no



**CITY OF DORAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

**SIGNIFICANT DEFICIENCY**

**2010-1 – Prior Period Adjustments**

Condition

During the 2010 fiscal year, the City determined that capital assets and related debt that were transferred between 2003 and 2005 by the County during its transitional period of incorporation were not recorded in accordance with GASB Statement No. 34. Furthermore, several capital leases were also not properly recorded on the City's books. The net effect of these adjustments on the net assets of the governmental activities was \$48,554,539 and on the net assets of the business-type activities was \$2,595,715.

Effect

The potential effect was that without the above noted adjustments the City's financial statements were materially misstated.

Recommendation

We recommend that the City establish internal control procedures to ensure that capital assets and debt are properly recorded in accordance with GASB Statement No. 34.

Management's Response

Management accepts the finding. This was an isolated event as the assets and associated debt with it were not properly recorded when the initial transfer occurred after the City's 2003 incorporation. Currently the City has internal control procedures to ensure that capital assets and debt are recorded in accordance with GASB Statement No. 34.

**NON-COMPLIANCE**

**2010-2 – Compliance over Procurement**

Condition

The City's purchasing and procurement ordinance states in section 12-6 that purchases of more than \$5,000 but which does not exceed \$15,000, may be entered into by the City Manager without submittal to the City Council and without competitive bidding, but shall require that the City manager obtain quotes from at least three different vendors. It further states that for purchases in excess of \$15,000 the City Council shall approve all purchases of or contracts for materials, supplies, equipment, public improvements or services where the total amount expended is more than \$15,000. Purchases in excess of \$15,000 shall be in compliance with the competitive bidding requirements set forth in section 12-7.

We selected twenty five purchases to test compliance with the City's procurement ordinance and found two purchases to one of the vendors tested that exceeded the \$15,000 threshold for Council approval which did not have support for such approval.

Cause

The payments to the vendor were not presented to the City Council for approval and did not go through the City's competitive bidding requirements.

**CITY OF DORAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (Continued)**

**NON-COMPLIANCE (Continued)**

**2010-2 – Compliance over Procurement (Continued)**

Effect

The purchases noted above were not in compliance with the City's purchasing and procurement ordinance.

Recommendation

We recommend that the City review its controls over purchases to ensure compliance with the City's purchasing and procurement ordinance. We also recommend that the City include a purchasing and procurement policy in their accounting policies and procedures manual.

Management's Response

The City has reviewed its controls over purchases to ensure compliance with the purchasing and procurement ordinance. This particular incident was determined to be a practice that the City upheld as customary for this vendor and service since incorporation, however, it has been corrected. A purchasing and procurement policy has been developed and will be incorporated in the accounting policies and procedures manual.

**OTHER MATTERS**

**2010-3 – Accounting Policies and Procedures Manual**

Condition

Although the City has written accounting policies and procedures for certain accounting functions we noted that a well-defined formal accounting policies and procedures manual has not yet been prepared.

Effect

Not having a formal written accounting policies and procedures manual can create inconsistencies in the process, which can cause difficulties ensuring that all proper procedures were followed in order to complete a transaction.

Recommendation

We recommend that the City formalize a written accounting policies and procedures manual. A formal written manual will ensure that assets are safeguarded and that finances are managed with responsible stewardship. In the absence of formal procedures mistakes, whether intentional or not can occur. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees, cross-training of existing employees and possibly allow for delegation to other employees of some accounting functions management performs.

The benefit of such a manual is that it would assist the employees in discharging their responsibilities consistently and in accordance with City guidelines. This becomes more important as new personnel are hired by the City to replace terminating or retiring personnel and also provides guidance for personnel when they have to assume other functions resulting from personnel vacations or other personal leave instances.

**CITY OF DORAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (Continued)**

**OTHER MATTERS (Continued)**

**2010-3 – Accounting Policies and Procedures Manual (Continued)**

Management's Response

Management accepts the finding and the recommendation. The current accounting policies and procedures manual will be formalized. The manual will also include the purchasing and procurement policy.

**2010-4 – Presentation of the Capital Budget in the Operating Budget Document**

After the capital budget or multi-year capital plan is adopted, a government should decide how to best present major capital program highlights in the operating budget document. An exceptional capital presentation enhances the transparency and accountability to citizens. It gives a broader context for citizens to understand major components of the capital budget and its relationship to the operating budget.

The Government Finance Officers Association (GFOA) has recommended practices that are concentrated on the development, implementation, and monitoring of the capital budget. This recommended practice focuses on the presentation of the major capital program highlights in the operating budget document.

Recommendation

The Government Finance Officers Association (GFOA) recommends that governments consider the following guidelines when incorporating information on the capital budget within the operating budget document. Presentation of the capital section should include a summary of the multi-year capital plan as well as detailed information related to the budget. Each government will need to establish the appropriate balance between summary-level and detailed information.

1. *Placement.* The capital budget should be in a distinct section of the budget document. It is very difficult to follow the various elements of the capital program if information is scattered throughout the document. The capital budget should show a direct link to the multi-year capital improvement plan. By including this information within the same or adjacent section of the document, it is easier for the reader to follow that relationship.
2. *Definition.* A definition of capital expenditures should be included in the budget document. The definition of a capital project can be designed in a way that is broad enough to encompass a variety of different situations. Governments frequently refer to asset life and dollar threshold in the capital expenditures definition. However, not every project cost is actually capitalized (e.g., furnishings often are not).
3. *Sources and Uses.* The capital presentation in the operating budget document should focus on both sources and uses. The government should indicate the total dollar amount of capital expenditures for the budget year and for the multi-year plan. The capital plan sources and uses summary should include all projects (regardless of fund) that fit within the government's definition of capital expenditures. This information can be presented by fund, category, priority, strategic goal, or geographic location. The government should identify the funding sources for the same time period as expenditures. Pie charts are useful for identifying components, while bar charts show specific trends (historical and future). A budget overview or separate budget in brief could be included that presents both operating and capital highlights.

**CITY OF DORAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (Continued)**

**OTHER MATTERS (Continued)**

**2010-4 – Presentation of the Capital Budget in the Operating Budget Document (Continued)**

4. *Process.* The following items help to communicate major steps within the capital budget decision making process.
  - *Calendar.* A calendar showing key dates in the capital process should be presented, along with text describing the process. The calendar could be juxtaposed with the operating budget calendar. Responsible parties (departments) and statutory deadlines are useful in describing the process.
  - *Prioritization.* Information on how capital projects are evaluated and prioritized is critical. The criteria for evaluating capital projects could include such items as safety, location, return on investment, net payback, public need, connection to other plans, and available funding. Changes in priority could also be addressed.
  - *Funding.* Funding sources should be defined. Alternative funding options could include pay-as-you-go, debt (type, size, duration, etc.), and levying additional taxes. Legal constraints and reliability of capital funding sources are important considerations
  - *Management.* Depending on the size and complexity of the capital plan, some projects within the capital plan may be contracted out versus managed in-house. That decision making process should be communicated.
5. *Identification.* Capital projects should be broken out between recurring and non-recurring. Recurring capital projects are those that 1) are included in almost every budget and 2) have a regular replacement cycle. Capital projects could be grouped by category, department, type, function, or funding.
6. *Individual Capital Project Detail.* Many budget documents include individual capital project detail for major projects. Detail for major projects could include:
  - *Description.* For significant and/or non-recurring capital expenditures, the document should concisely describe these items (i.e. indicate the project's purpose and funding sources) and indicate the amount appropriated for the project during the budget year(s). For example, the construction of a convention center would be both significant and nonrecurring.
  - *Operating Impacts.* The operating impact from the capital budget should be both quantified and discussed. For example, operating expenses would increase with the need for additional positions when opening a new facility. On the other hand, operating expenses would decrease for energy savings projects. Also, some capital projects may result in additional revenues.
  - *Timetable.* Showing a timetable for different phases of a project is very informative. Capital project schedules can be presented on the individual sheets.
  - *Graphics.* Legible graphic illustrations (pictures or maps) can add value to a capital project presentation.
  - *Links to Other Plans.* Governments may consider indicating on the individual capital project sheets what specific goals that the capital project is fulfilling.

To avoid placing excessive detail in the capital section of the operating budget document, consideration may be given to placing the additional information on the web or in a separate capital document.

Management's Response

Management will consider the recommendation and will look further into the Governmental Finance Officers Association (GFOA) recommendation on incorporating the capital budget within the operating budget document.

**CITY OF DORAL, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (Continued)**

**OTHER MATTERS (Continued)**

**2010-5 – Government Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions**

**Condition:** The Objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The hierarchy is as follows:

- Restricted, committed, assigned, and unassigned.

The statement is effective for fiscal years beginning after June 15, 2010.

**Recommendation:** We recommend that the City obtain a thorough understanding of the requirements and initiate implementation for the September 30, 2011 fiscal year.

Management's Response

The City will implement GASB Statement 54 in Fiscal Year 2011, as the requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None.**