

2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Doral, Florida
Fiscal Year Ended September 30, 2016

CITY OF DORAL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016

Prepared by:
THE FINANCE DEPARTMENT

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INTRODUCTORY SECTION



March 30, 2017

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 (CAFR) of the City of Doral for the fiscal year ended September 30, 2016.

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 control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Doral's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Doral's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The firm of Rodriguez, Trueba & Co., PA, 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 financial statements of the City of Doral for the fiscal year that ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Doral's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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 59,304. 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 Council members. The Council is responsible, among other things, for adopting 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 directives 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, planning and zoning, parks and recreation and stormwater services. Educational services are provided through the County School System. Miami-Dade County provides for Libraries and Fire & Rescue Service.

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 a line item based format. These requests are the foundation for developing a proposed budget. The City Manager will review and present 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. No department may legally expend in excess of the amount appropriated for that department within an individual fund. The City Manager may authorize transfers of appropriations within a department's operating and capital accounts of up to \$15,000. 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, park impact fee fund, police impact fee fund, capital improvement projects fund and the infrastructure replacement fund for which an appropriated annual budget has been adopted. These reports are presented in the required supplemental information and combining financial statements sections of this report.

Economic Condition and Outlook

In fiscal year 2016 the City of Doral continued to experience increases in construction and new investments that have helped to maintain the City's tax base fairly stable and estimated at \$10.7 billion for this fiscal year. Additionally, our regional economic base remains diversified, comprised of wholesale and retail trade, construction, light manufacturing, and tourism. Located in the center of a hemispheric market 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 continues to grow in the Doral area.

Airport

The City of Doral's proximity to the Miami International Airport (MIA) provides a great venue for

increased activity in the industries dealing in international trade. In 2016, MIA served 44.6 million passengers, with 48% of those being international. MIA also shipped 2.2 million tons of domestic and international cargo during the year. MIA ranks number 1 in domestic airports for international freight and number 2 in international passenger volume among all U.S. airports. MIA completed its \$6.4 billion Capital Improvement Program encompassing all aspects of airport operations, from a terminal and roadways to the cargo facilities and the airfield.

Public/Private Development Ventures

The City of Doral has a continuing collaboration with its local schools. Our Parks and Recreation Department 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 events. The City's fiscal year 2017 budget makes available grants of \$6,000 per school in support of the Parent Teacher Association and/or Parent Teacher Student Associations of our local schools, in addition to providing each school with \$1,500 in supplies. Also, in support of local businesses and non-profit agencies the City's fiscal year 2017 budget makes available \$30,000 of funds for a façade improvements program and \$30,000 for non-profit community based organizations to plan, develop and implement sustainable projects that serve the needs of the Doral Community.

Long-Term Financial Planning and Relevant Financial Policies

In order to meet the service demands of residents and visitors, the City continues to address the long-term planning necessary 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 continue to enhance the community by providing residents with the amenities they need, while avoiding the 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.

The Public Works Department continues to pursue its infrastructure growth plan by completing several projects that include construction of stormwater improvements, roadways, and sidewalks and roadway repairs. The City's expansion of the police and public works facility is underway and estimated to be completed in June 2017. The construction of the Police substation broke ground in March 2016 and is scheduled for completion in August 2017. Legacy Park, located at NW 82ND Street and 114th Avenue, conceived as place for the community to gather for sports, cultural arts and nature is expected to be completed in the summer of 2017. Construction of Glades Park is scheduled to begin in fiscal year 2018.

Maintaining Adequate Fund Balances

The City follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions which requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The City's most significant fund balance classifications include:

Restricted: This classification includes amounts that can be used only for the specific purposes as determined by legislation, external regulations or laws of other government. Effective September 30,

2016 the City has \$11,604,935 committed to transportation, parks and police impact fee funds, law enforcement trust fund, capital Improvement fund and the infrastructure replacement fund.

Committed: This classification includes amounts that can only be used for a specific purposes as determined by City Council. Ordinances and resolutions approved by Council are the highest level of decision making authority for the City. Once adopted the limitation imposed by an ordinance or resolution remains in effect until another ordinance or resolution removes or revises the limitation. As of September 30, 2016 the City has \$34,694,738 of committed funds for park, police and public works capital improvements, along with transportation roadway improvements and other projects.

Unassigned: This classification includes the residual fund balance for the General Fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. At September 30, 2016 the City has \$53,496,629 in unassigned funds. As approved by a City Ordinance the unassigned fund balance of the City shall not be less than 15% of the approved budget for the fiscal year.

Awards and Acknowledgements

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Doral for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015. This was the twelfth year that the City submitted and received this prestigious award. In order to be awarded a Certificate of Achievement, the City 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 City also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2015. This is the second year that the City submitted and received this award. The PAFR is designed to provide a user-friendly presentation of the City's financial position and derives its information from the City of Doral's CAFR.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire Finance Department. We would like to express our appreciation to all of the departments who assisted and contributed to the preparation of this report and to Rodriguez, Trueba & Co., PA, 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,



Edward A. Rojas
City Manager



Matilde G. Menendez, CPA, CGMA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

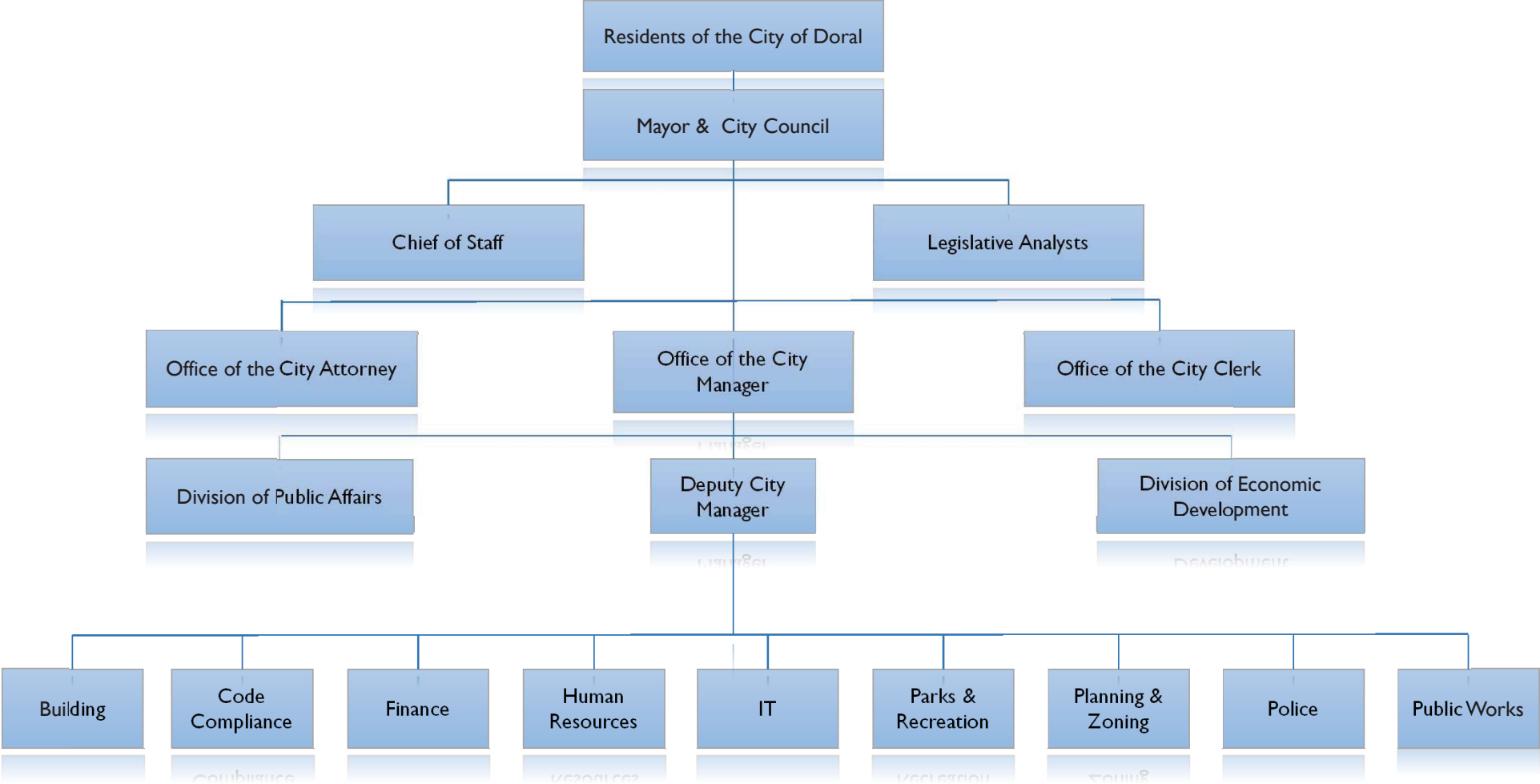
**City of Doral
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

City of Doral, Florida Organizational Chart



CITY OF DORAL, FLORIDA

CITY OFFICIALS

SEPTEMBER 30, 2016

CITY COUNCIL

Juan Carlos Bermudez, Mayor
Pete Cabrera, Vice Mayor
Christi Fraga
Claudia Mariaca
Ana Maria Rodriguez

CITY MANAGER

Edward A. Rojas

CITY CLERK

Connie Diaz

CITY ATTORNEY

Weiss Serota Helfman Pastoriza Cole Boniske P.L.

FINANCE DIRECTOR

Matilde G. Menendez, CPA

CITY AUDITORS

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Doral, Florida (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note I to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* as of October 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension schedules on pages 3-11, 56-59, and 60-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance projects is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General of the State of Florida*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance projects are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rodriguez Trueba & Company

Rodriguez, Trueba & Co., P.A.
Doral, Florida
March 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$291,877,613 (*net position*). Of this amount, \$188,599,255 is the net investment in capital assets, \$16,193,178 is restricted for transportation related uses, \$15,797,725 is restricted for stormwater and drainage related uses, \$3,711,933 is restricted for public safety related uses, \$379,363 is restricted for Government Center capital improvement projects, \$3,736,527 is restricted for parks and recreation related projects, \$63,459,632 is (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$15,873,268 from \$276,004,345 in FY 2015 to \$291,877,613 in FY 2016. The increase is attributable to an overall increase of \$12,852,891 in governmental activities and an increase of \$3,020,377 in business type activities.
- As of the close of the current fiscal year, the City's governmental funds reported an ending fund balance of \$99,805,454. Of this amount, \$53,496,629 is available for spending at the government's discretion (*unassigned fund balance*).

Committed funds of \$34,694,738 are to be used as follows: \$20,501,525 for park construction and improvements, 2,458,023 for the expansion of the Public Works/Police Facility, \$2,541,403 for various smaller projects and \$9,193,787 for Transportation projects.

Funds of \$9,152 are for prepaid items and \$11,604,935 has been restricted for use as follows: \$6,999,391 for use in transportation projects, \$2,176,393 for use for in park projects, \$1,588,619 for use for police projects and \$489,651 is restricted by state and federal agencies to be used in approved law enforcement projects and \$350,881 for capital and infrastructure replacement funds.

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$53,496,629 or 92.56% of total general fund expenditures.

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:

- Government-wide financial statements, those provide both long-term and short-term information about the City's overall financial status.
- Fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- Notes to the basic financial statements that explain some of the information in the financial statements and provide more detailed data.

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 position* presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between the reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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*) and can be found on pages 12 and 13 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 spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide 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, the park impact fee fund, police impact fee fund, infrastructure replacement fund, and the capital improvement project fund. A budgetary comparison statement and budget versus actual schedules have been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 14 to 17 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 Stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Stormwater Fund and can be found on pages 18 to 20 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 21 to 55 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 64 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$291,877,613 at the close of the most recent fiscal year.

The largest portion of the City's net position, \$188,599,255 or 65% reflects a net investment in capital assets (e.g., land, building, infrastructure and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position

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

Table A-1 - Summary of net position

| | Governmental Activities | | Business-Type Activities | | Total | | Change |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | |
| Assets: | | | | | | | |
| Current assets | \$ 110,010,879 | \$ 111,146,882 | \$ 16,190,688 | \$ 14,871,927 | \$ 126,201,567 | \$ 126,018,809 | \$ 182,758 |
| Capital assets | 190,109,640 | 169,522,790 | 21,208,615 | 19,527,215 | 211,318,255 | 189,050,005 | 22,268,250 |
| Total assets | <u>300,120,519</u> | <u>280,669,672</u> | <u>37,399,303</u> | <u>34,399,142</u> | <u>337,519,822</u> | <u>315,068,814</u> | <u>22,451,008</u> |
| Deferred Outflows of Resources: | | | | | | | |
| Deferred outflows on derivative instrument | 2,112,999 | 2,283,826 | - | - | 2,112,999 | 2,283,826 | (170,827) |
| pension | 10,509,570 | 2,397,608 | - | - | 10,509,570 | 2,397,608 | 8,111,962 |
| loss on refunding | - | - | 419,063 | 471,446 | 419,063 | 471,446 | (52,383) |
| Total deferred outflows of resources | <u>12,622,569</u> | <u>4,681,434</u> | <u>419,063</u> | <u>471,446</u> | <u>13,041,632</u> | <u>5,152,880</u> | <u>7,888,752</u> |
| Liabilities: | | | | | | | |
| Current liabilities | 13,487,068 | 9,429,942 | 820,286 | 466,855 | 14,307,354 | 9,896,797 | 4,410,557 |
| Long-term liabilities | 37,027,605 | 24,822,573 | 6,440,554 | 6,866,584 | 43,468,159 | 31,689,157 | 11,779,002 |
| Total liabilities | <u>50,514,673</u> | <u>34,252,515</u> | <u>7,260,840</u> | <u>7,333,439</u> | <u>57,775,513</u> | <u>41,585,954</u> | <u>16,189,559</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Deferred inflows on pension | 429,166 | 2,017,704 | - | - | 429,166 | 2,017,704 | (1,588,538) |
| business license tax | 479,162 | 613,691 | - | - | 479,162 | 613,691 | (134,529) |
| Total deferred inflows of resources | <u>908,328</u> | <u>2,631,395</u> | <u>-</u> | <u>-</u> | <u>908,328</u> | <u>2,631,395</u> | <u>(1,723,067)</u> |
| Net Position: | | | | | | | |
| Net investment in capital assets | 173,839,454 | 152,045,423 | 14,759,801 | 12,719,354 | 188,599,255 | 164,764,777 | 23,834,478 |
| Restricted | 24,021,001 | 27,958,935 | 15,797,725 | 14,817,795 | 39,818,726 | 42,776,730 | (2,958,004) |
| Unrestricted | 63,459,632 | 68,462,838 | - | - | 63,459,632 | 68,462,838 | (5,003,206) |
| Total net position | <u>\$ 261,320,087</u> | <u>\$ 248,467,196</u> | <u>\$ 30,557,526</u> | <u>\$ 27,537,149</u> | <u>\$ 291,877,613</u> | <u>\$ 276,004,345</u> | <u>\$ 15,873,268</u> |

The balance of unrestricted net position \$63,459,632 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Doral is able to report an increase in the net position of \$15,873,268 attributable to an increase in capital assets of \$22,268,250 associated with the construction of the police substation, Legacy Park, stormwater improvements and the expansion of the police/public works facility. The decrease in restricted of \$2,958,004 and unrestricted position of \$5,003,206 is primarily attributable to increases in current liabilities of \$4,410,557 associated with the above capital projects and an increase in the Florida Retirement System (FRS) net pension liability of \$3,143,469.

Governmental activities increased the City's net position by \$12,852,891 during the current fiscal year. Key elements in the change in net position activity are as follows:

Table A-2 - Summary of changes in net position

| | Governmental Activities | | Business-Type Activities | | Total | | Change |
|---------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | |
| Program Revenues: | | | | | | | |
| Charges for services | \$ 20,302,528 | \$ 23,676,946 | \$ 3,855,651 | \$ 3,827,559 | \$ 24,158,179 | \$ 27,504,505 | \$ (3,346,326) |
| Operating grants and contributions | 471,354 | 5,584 | - | - | 471,354 | 5,584 | 465,770 |
| Capital grants and contributions | 1,754,631 | 868,997 | 750,000 | 506,039 | 2,504,631 | 1,375,036 | 1,129,595 |
| General Revenues: | | | | | | | |
| Property taxes | 17,937,470 | 17,103,609 | - | - | 17,937,470 | 17,103,609 | 833,861 |
| Utility taxes | 8,429,829 | 8,012,390 | - | - | 8,429,829 | 8,012,390 | 417,439 |
| Franchise fees | 4,175,420 | 4,047,368 | - | - | 4,175,420 | 4,047,368 | 128,052 |
| Communication service tax | 4,246,691 | 4,846,707 | - | - | 4,246,691 | 4,846,707 | (600,016) |
| Intergovernmental (unrestricted) | 8,323,509 | 7,661,687 | - | - | 8,323,509 | 7,661,687 | 661,822 |
| Investments earnings | 832,653 | 703,354 | 118,874 | 91,084 | 951,527 | 794,438 | 157,089 |
| Miscellaneous | 1,212,375 | 623,750 | 174,550 | - | 1,386,925 | 623,750 | 763,175 |
| Total revenues | <u>67,686,460</u> | <u>67,550,392</u> | <u>4,899,075</u> | <u>4,424,682</u> | <u>72,585,535</u> | <u>71,975,074</u> | <u>610,461</u> |
| Expenses: | | | | | | | |
| General government | 13,092,689 | 11,600,181 | - | - | 13,092,689 | 11,600,181 | 1,492,508 |
| Building | 3,876,139 | 3,459,627 | - | - | 3,876,139 | 3,459,627 | 416,512 |
| Police | 20,704,715 | 14,465,522 | - | - | 20,704,715 | 14,465,522 | 6,239,193 |
| Planning, zoning and code enforcement | 2,210,100 | 2,029,350 | - | - | 2,210,100 | 2,029,350 | 180,750 |
| Public works and physical environment | 7,962,384 | 7,134,089 | - | - | 7,962,384 | 7,134,089 | 828,295 |
| Parks and recreation | 6,313,838 | 5,312,829 | - | - | 6,313,838 | 5,312,829 | 1,001,009 |
| Interest on long-term debt | 673,704 | 730,862 | - | - | 673,704 | 730,862 | (57,158) |
| Stormwater utility | - | - | 1,878,698 | 2,435,450 | 1,878,698 | 2,435,450 | (556,752) |
| Total expenses | <u>54,833,569</u> | <u>44,732,460</u> | <u>1,878,698</u> | <u>2,435,450</u> | <u>56,712,267</u> | <u>47,167,910</u> | <u>9,544,357</u> |
| Changes in net position | \$ 12,852,891 | \$ 22,817,932 | \$ 3,020,377 | \$ 1,989,232 | \$ 15,873,268 | \$ 24,807,164 | \$ (8,933,896) |
| Net position - beginning | 248,467,196 | 225,649,264 | 27,537,149 | 25,547,917 | 276,004,345 | 251,197,181 | 24,807,164 |
| Net position - ending | <u>\$ 261,320,087</u> | <u>\$ 248,467,196</u> | <u>\$ 30,557,526</u> | <u>\$ 27,537,149</u> | <u>\$ 291,877,613</u> | <u>\$ 276,004,345</u> | <u>\$ 15,873,268</u> |

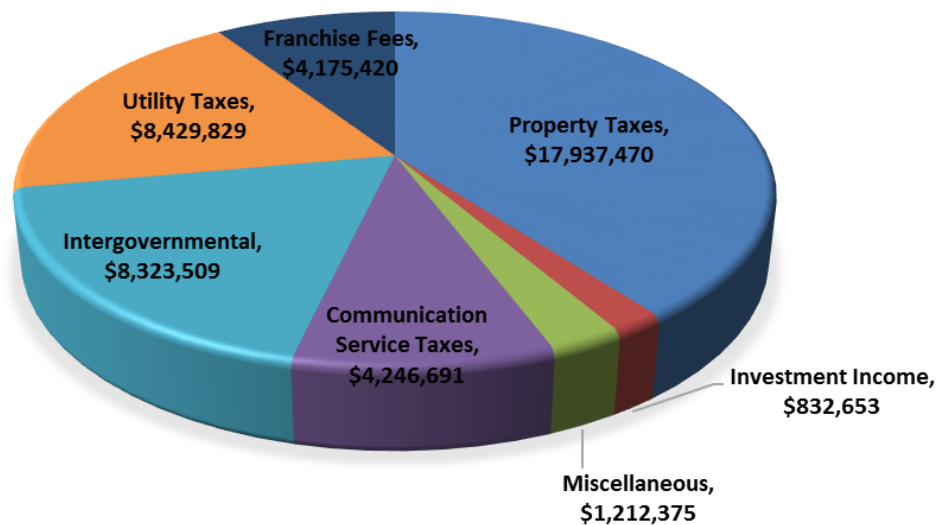
Charges for services accounted for \$20,302,528 or 30.00% of total governmental revenues of \$67,686,460, a 5% decrease, is related to roadway impact fees reduction of \$3,194,310 or 53.7% attributable to a slowdown in new construction projects. Property taxes of \$17,937,470 comprised 25.50% of total governmental revenues a slight increase over the prior year.

The net position in **Business-Type Activities** increased by \$1,031,145 when compared to the prior year as a result of a state capital grant and a reduction of interest expense associated with the refinancing by Miami-Dade County of the stormwater revenue bonds.

General Revenues:

Revenues by Source – Governmental Activities

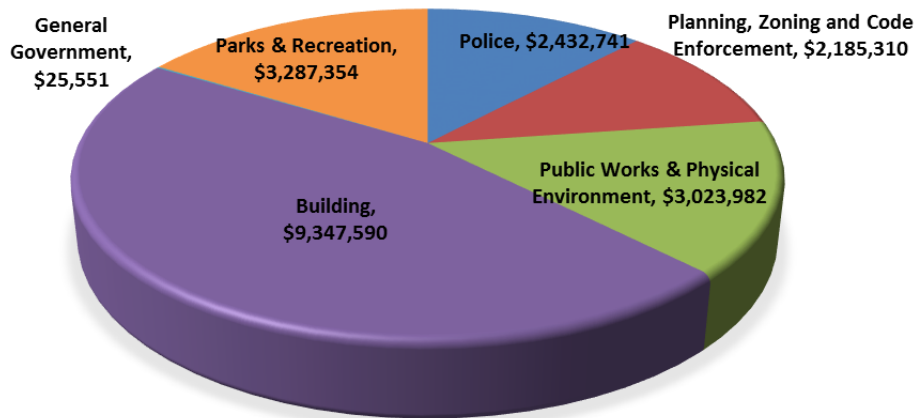
GENERAL REVENUES



- Property taxes increased in the current year by \$833,861, as a result of increase in taxable values and new construction.
- Increases in the Half Cent Tax and Municipal Surtax proceeds contributed to the current year's increase in Intergovernmental revenues of \$561,832.
- Increase in Miscellaneous revenues is mostly attributable to \$300,000 in fees related to a settlement agreement and \$144,739 in charges for overtime expenses related to expedited building inspections services.
- Communication Service Taxes decreased by \$600,016 during the current fiscal year. The decrease is in line with State Revenue for FY 2016.

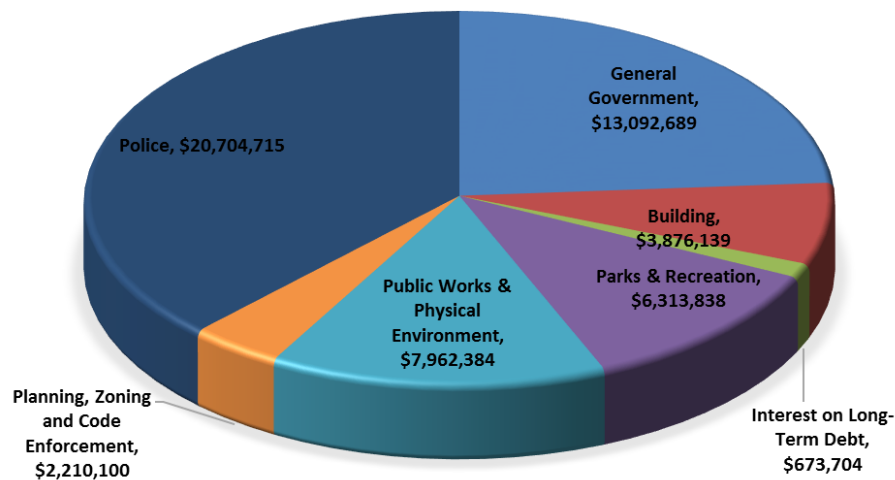
Program Revenues and Expenses – Governmental Activities

PROGRAM REVENUES



Charges for services accounted for 30.00% of total governmental revenues. The decrease in charges for services of \$3,374,418 during the current year is mainly attributable to a decrease in Public Works & Physical Environment revenues associated with a reduction in roadway impact fees collected of \$3,194,310. The Building revenues which comprise 46.04% of Charges for services increased during the current fiscal year by \$81,105 primarily as a result of increase in permits issued. The increase in Planning and Zoning and Code Compliance revenue of \$359,575 are attributable to increases in local business tax collections and lien search fees. The Parks & Recreation charges decrease by \$556,165 mostly attributable to a special educational assessment received in the prior year.

PROGRAM EXPENSES



Total governmental program expenses totaled \$54,833,569, with Police program expenses comprising 37.76% of the total. The increase of \$6,239,193 in Police program expenses during the current fiscal year is primarily attributable to capital improvement programs associated with a new police substation and the expansion of the current facility. General Government program expenses comprise 23.88% of total governmental program expenses. The increase in the current fiscal year of \$1,492,508 resulted from \$400,000 in total transfers to the capital improvements project fund the infrastructure improvement fund along with costs associated with projects and programs.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related 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, *unassigned 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 \$75,784,453; of this amount \$53,496,629 constitutes *unassigned fund* balance, which is available for spending at the City's discretion; \$22,278,672 is *committed* for various projects such as the expansion of the Police/Public Works facility, and the construction of the police substation, Doral Glades Park and Doral Legacy Park.

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 unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 92.56% of total general fund expenditures.

During the fiscal year, total fund balance in the general fund decreased by \$1,260,083 when compared to the prior year. The decrease was attributable to infrastructure projects which increased expenditures during the year. The budget for FY 2016 included \$16,560,032 in use of fund balance for the financing of various capital improvement projects which have been committed in 2016 and will be expended in fiscal year 2017.

The change in Transportation Fund balance was an increase of \$310,637, which is mainly attributable to approximately \$194,706 of municipal surtax funds remitted from Miami-Dade County. Impact fee revenues resulting from new projects and construction in the City amounted to \$2,751,825 a reduction of 53.7% is due to a slowdown in new construction projects.

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, 2015 and 2016 respectively.

Table B-1
Summary of condensed Balance Sheet

| | September 30, 2016 | September 30, 2015 |
|---|-----------------------|-----------------------|
| Total Assets | <u>\$ 110,070,006</u> | <u>\$ 111,211,018</u> |
| Total Liabilities | 9,785,390 | 5,593,856 |
| Deferred Inflows of Resources | 479,162 | 613,691 |
| Nonspendable Fund Balance | 9,152 | 8,790 |
| Restricted Fund Balance | 11,604,935 | 9,943,141 |
| Committed Fund Balance | 34,694,738 | 32,505,980 |
| Unassigned Fund Balance | <u>53,496,629</u> | <u>62,545,560</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 110,070,006</u> | <u>\$ 111,211,018</u> |

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

| | September 30, 2016 | September 30, 2015 |
|--------------------------------------|-----------------------|----------------------|
| Total Revenues | \$ 67,686,460 | \$ 67,550,392 |
| Total Expenditures | <u>72,884,477</u> | <u>53,791,744</u> |
| Excess of Revenues over Expenditures | <u>\$ (5,198,017)</u> | <u>\$ 13,758,648</u> |

Governmental activities. Governmental activities decreased the City’s fund balance by approximately \$5,198,017. The decrease is attributable to a reduction in Charges for services. This decrease is mainly attributable to a decrease in Public Works & Physical Environment revenues associated with a reduction in roadway impact fees of \$3,194,310 collected during 2016.

General Fund Budgetary Highlights

The original budget was amended by the City Council during 2016 to cover encumbrance carryovers from the prior fiscal year for expenditures not previously appropriated in the budget. The budgetary comparison schedule on page 56 of the Comprehensive Annual Financial Report (“CAFR”) provides variances between the final amended budget and the actual revenues and expenditures. Actual expenditures in the general government, police, public works, parks and recreation departments were significantly less than budgeted. This was as a result of committed construction and other projects that were encumbered but not initiated and/or completed. The notes to the budgetary comparison schedule can be found on page 59 of the CAFR.

Capital Assets

As of September 30, 2016, the City’s capital assets for governmental activities, net of accumulated depreciation were \$190,109,640. The capital assets for business-type activities, net of accumulated depreciation were \$21,208,615. The total increase in capital assets was as due to:

- Public Works repair, replacement and beautification of streets
- Information Technology upgrades and improvement to City’s systems
- Park improvements and development of new parks
- Improvements to the Police/Public Works facility and the development of the new substation.
- Additions to the City’s fleet of vehicles

Further details may be found on pages 38-39 on the capital assets section of the notes to basic financial statements.

Long-Term Debt

Excluding compensated absences, the City’s debt for Governmental Activities totaled \$37,164,032 as of September 30, 2016. This represents an increase of \$12,238,692 over the last year’s total debt of \$24,925,340. The increase is attributable to the pension liability, recorded with the prior year implementation of GASB Nos. 68 and 71 (see Note X). A detailed schedule of the debt activity can be found on pages 39-41 of the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Doral is 4.6% as of January 2017. This compares favorably to the state's average unemployment rate of 5.0%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

- During the current fiscal year, unassigned fund balance in the general fund decreased to \$53,496,629. The decrease is attributable to the capital expenditures to fund the City's various infrastructure improvements. The fiscal year 2017 General Fund budget utilizes \$17,396,470 of fund balance to fund various projects such as the development of new parks, improvements for existing parks, construction of the police substation, and for the expansion of the police and public works facility, Information Technology upgrades and improvement to City's systems and the purchase of new police vehicles.

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 Finance Department, 8401 N.W. 53rd Terrace, Doral, Florida 33166.

BASIC FINANCIAL STATEMENTS

CITY OF DORAL, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|-----------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 40,321,407 | \$ 5,825,008 | \$ 46,146,415 |
| Investments | 65,407,458 | 10,147,790 | 75,555,248 |
| Accounts receivable - net | 4,264,354 | 217,890 | 4,482,244 |
| Other assets | 8,508 | - | 8,508 |
| Prepaid items | 9,152 | - | 9,152 |
| Capital assets not being depreciated | 106,034,251 | 1,356,167 | 107,390,418 |
| Capital assets being depreciated, net | 84,075,389 | 19,852,448 | 103,927,837 |
| Total assets | <u>300,120,519</u> | <u>37,399,303</u> | <u>337,519,822</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Derivative instrument | 2,112,999 | - | 2,112,999 |
| Pension | 10,509,570 | - | 10,509,570 |
| Loss on refunding | - | 419,063 | 419,063 |
| Total deferred outflows of resources | <u>12,622,569</u> | <u>419,063</u> | <u>13,041,632</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued liabilities | 8,450,178 | 392,963 | 8,843,141 |
| Accrued interest | 138,903 | - | 138,903 |
| Escrow deposits | 1,276,085 | - | 1,276,085 |
| Derivative instrument - swap liabilities | 2,112,999 | - | 2,112,999 |
| Noncurrent liabilities: | | | |
| Due in one year | 1,508,903 | 427,323 | 1,936,226 |
| Due in more than one year | 37,027,605 | 6,440,554 | 43,468,159 |
| Total liabilities | <u>50,514,673</u> | <u>7,260,840</u> | <u>57,775,513</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Business license tax | 479,162 | - | 479,162 |
| Pension | 429,166 | - | 429,166 |
| Total deferred inflows of resources | <u>908,328</u> | <u>-</u> | <u>908,328</u> |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 173,839,454 | 14,759,801 | 188,599,255 |
| Restricted for: | | | |
| Stormwater and drainage | - | 15,797,725 | 15,797,725 |
| Capital improvements projects | 379,363 | - | 379,363 |
| Public safety | 3,711,933 | - | 3,711,933 |
| Parks and recreation | 3,736,527 | - | 3,736,527 |
| Transportation | 16,193,178 | - | 16,193,178 |
| Unrestricted | 63,459,632 | - | 63,459,632 |
| Total net position | <u>\$ 261,320,087</u> | <u>\$ 30,557,526</u> | <u>\$ 291,877,613</u> |

See notes to basic financial statements

CITY OF DORAL, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---------------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Functions/programs | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 13,092,689 | \$ 25,551 | \$ - | \$ - | \$ (13,067,138) | \$ - | \$ (13,067,138) |
| Police | 20,704,715 | 2,432,741 | 11,354 | 16,025 | (18,244,595) | - | (18,244,595) |
| Building | 3,876,139 | 9,347,590 | - | - | 5,471,451 | - | 5,471,451 |
| Planning, zoning and code enforcement | 2,210,100 | 2,185,310 | - | - | (24,790) | - | (24,790) |
| Public works and physical environment | 7,962,384 | 3,023,982 | 460,000 | 1,288,040 | (3,190,362) | - | (3,190,362) |
| Parks and recreation | 6,313,838 | 3,287,354 | - | 450,566 | (2,575,918) | - | (2,575,918) |
| Interest on long-term debt | 673,704 | - | - | - | (673,704) | - | (673,704) |
| Total governmental activities | <u>54,833,569</u> | <u>20,302,528</u> | <u>471,354</u> | <u>1,754,631</u> | <u>(32,305,056)</u> | <u>-</u> | <u>(32,305,056)</u> |
| Business-type activities: | | | | | | | |
| Stormwater | <u>1,878,698</u> | <u>3,855,651</u> | <u>-</u> | <u>750,000</u> | <u>-</u> | <u>2,726,953</u> | <u>2,726,953</u> |
| Total business-type activities | <u>1,878,698</u> | <u>3,855,651</u> | <u>-</u> | <u>750,000</u> | <u>-</u> | <u>2,726,953</u> | <u>2,726,953</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | \$ 17,937,470 | \$ - | \$ 17,937,470 |
| Utility taxes | | | | | 8,429,829 | - | 8,429,829 |
| Franchise fees on gross receipts | | | | | 4,175,420 | - | 4,175,420 |
| Communication service tax | | | | | 4,246,691 | - | 4,246,691 |
| Intergovernmental (unrestricted) | | | | | 8,323,509 | - | 8,323,509 |
| Investment income (unrestricted) | | | | | 832,653 | 118,874 | 951,527 |
| Miscellaneous | | | | | 1,212,375 | 174,550 | 1,386,925 |
| Total general revenues | | | | | <u>45,157,947</u> | <u>293,424</u> | <u>45,451,371</u> |
| Change in net position | | | | | 12,852,891 | 3,020,377 | 15,873,268 |
| Net position, beginning | | | | | 248,467,196 | 27,537,149 | 276,004,345 |
| Net position, ending | | | | | <u>\$ 261,320,087</u> | <u>\$ 30,557,526</u> | <u>\$ 291,877,613</u> |

See notes to basic financial statements

CITY OF DORAL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

| | <u>Major Funds</u> | | | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------|------------------------|--------------------------------|--------------------------------|
| | <u>General</u> | <u>Transportation</u> | <u>Park Impact Fee</u> | | |
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 18,470,089 | \$ 11,848,439 | \$ 5,843,446 | \$ 4,159,433 | \$ 40,321,407 |
| Investments | 60,865,844 | 4,541,614 | - | - | 65,407,458 |
| Accounts receivable - net | 3,167,081 | 1,089,154 | - | 8,119 | 4,264,354 |
| Due from other funds | 59,127 | - | - | - | 59,127 |
| Other assets | 8,508 | - | - | - | 8,508 |
| Prepaid items | 9,152 | - | - | - | 9,152 |
| Total assets | <u>\$ 82,579,801</u> | <u>\$ 17,479,207</u> | <u>\$ 5,843,446</u> | <u>\$ 4,167,552</u> | <u>\$ 110,070,006</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable and accrued liabilities | \$ 5,089,571 | \$ 1,244,608 | \$ 2,106,919 | \$ 9,080 | \$ 8,450,178 |
| Escrow deposits | 1,226,615 | 41,421 | - | 8,049 | 1,276,085 |
| Due to other funds | - | - | - | 59,127 | 59,127 |
| Total liabilities | <u>6,316,186</u> | <u>1,286,029</u> | <u>2,106,919</u> | <u>76,256</u> | <u>9,785,390</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Business license tax | 479,162 | - | - | - | 479,162 |
| <u>FUND BALANCES</u> | | | | | |
| Nonspendable | 9,152 | - | - | - | 9,152 |
| Restricted | - | 6,999,391 | 2,176,393 | 2,429,151 | 11,604,935 |
| Committed | 22,278,672 | 9,193,787 | 1,560,134 | 1,662,145 | 34,694,738 |
| Unassigned | 53,496,629 | - | - | - | 53,496,629 |
| Total fund balances | <u>75,784,453</u> | <u>16,193,178</u> | <u>3,736,527</u> | <u>4,091,296</u> | <u>99,805,454</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 82,579,801</u> | <u>\$ 17,479,207</u> | <u>\$ 5,843,446</u> | <u>\$ 4,167,552</u> | <u>\$ 110,070,006</u> |

CITY OF DORAL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

Fund balances - total government funds (Page 14) \$ 99,805,454

Amounts reported for governmental activities in the statement of net position 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 | 278,981,044 |
| Less accumulated depreciation | (88,871,404) |

| | |
|---------------------------------------|------------|
| Deferred outflows related to pensions | 10,509,570 |
|---------------------------------------|------------|

| | |
|--------------------------------------|-----------|
| Deferred inflows related to pensions | (429,166) |
|--------------------------------------|-----------|

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 | (13,647,621) | |
| QNIP bonds | (2,622,565) | |
| Accrued interest payable | (138,903) | |
| OPEB liability | (1,330,000) | |
| Net pension liability | (19,563,846) | |
| Compensated absences | (1,372,476) | (38,675,411) |
| | | |

| | |
|---|----------------|
| Net position of governmental activities (Page 12) | \$ 261,320,087 |
|---|----------------|

CITY OF DORAL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Major Funds | | | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|---------------------|--------------------------------|--------------------------------|
| | General | Transportation | Park Impact Fee | | |
| Revenues: | | | | | |
| Property taxes | \$ 17,937,470 | \$ - | \$ - | \$ - | \$ 17,937,470 |
| Utility taxes | 8,429,829 | - | - | - | 8,429,829 |
| Franchise fees | 4,175,420 | - | - | - | 4,175,420 |
| Intergovernmental revenues | 5,371,452 | 2,952,057 | - | - | 8,323,509 |
| Licenses, permits and fines | 11,644,839 | - | - | 181,851 | 11,826,690 |
| Impact fees | - | 2,751,825 | 2,651,002 | 852,299 | 6,255,126 |
| Communication service tax | 4,246,691 | - | - | - | 4,246,691 |
| Charges for services | 2,220,712 | - | - | - | 2,220,712 |
| Grants and contributions | 942,445 | 1,283,540 | - | - | 2,225,985 |
| Investment and interest income | 752,024 | 60,896 | 16,083 | 3,650 | 832,653 |
| Miscellaneous | 1,212,375 | - | - | - | 1,212,375 |
| Total revenues | <u>56,933,257</u> | <u>7,048,318</u> | <u>2,667,085</u> | <u>1,037,800</u> | <u>67,686,460</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 11,043,543 | - | - | - | 11,043,543 |
| Police | 16,193,313 | - | - | 54,935 | 16,248,248 |
| Public works | 2,803,291 | 2,715,868 | - | - | 5,519,159 |
| Parks and recreation | 4,643,925 | - | - | - | 4,643,925 |
| Building | 3,687,055 | - | - | - | 3,687,055 |
| Planning and zoning | 964,477 | - | - | - | 964,477 |
| Code enforcement | 1,210,561 | - | - | - | 1,210,561 |
| Capital outlay | 15,345,978 | 4,021,813 | 7,992,688 | 305,833 | 27,666,312 |
| Debt service: | | | | | |
| Principal | 1,207,181 | - | - | - | 1,207,181 |
| Interest | 694,016 | - | - | - | 694,016 |
| Total expenditures | <u>57,793,340</u> | <u>6,737,681</u> | <u>7,992,688</u> | <u>360,768</u> | <u>72,884,477</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(860,083)</u> | <u>310,637</u> | <u>(5,325,603)</u> | <u>677,032</u> | <u>(5,198,017)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | - | 400,000 | 400,000 |
| Transfers out | (400,000) | - | - | - | (400,000) |
| Total other financing sources (uses) | <u>(400,000)</u> | <u>-</u> | <u>-</u> | <u>400,000</u> | <u>-</u> |
| Net change in fund balances | (1,260,083) | 310,637 | (5,325,603) | 1,077,032 | (5,198,017) |
| Fund balances - beginning | 77,044,536 | 15,882,541 | 9,062,130 | 3,014,264 | 105,003,471 |
| Fund balances - ending | <u>\$ 75,784,453</u> | <u>\$ 16,193,178</u> | <u>\$ 3,736,527</u> | <u>\$ 4,091,296</u> | <u>\$ 99,805,454</u> |

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
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

Net change in fund balances - total governmental funds (Page 16) \$ (5,198,017)

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 | 27,666,312 | |
| Less current year depreciation | <u>(6,037,183)</u> | |
| Net adjustment | | 21,629,129 |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, and donations) is to increase (decrease) net position. (1,042,279)

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 position.

| | | |
|-------------------------|----------------|-----------|
| Bond principal payments | 975,736 | |
| QNIP bond payments | <u>231,445</u> | |
| Net adjustment | | 1,207,181 |

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 | (18,062) | |
| OPEB liability | (222,000) | |
| Net pension liability | (3,523,373) | |
| Accrued interest payable | <u>20,312</u> | |
| Net adjustment | | <u>(3,743,123)</u> |

Change in net position of governmental activities (Page 13) \$ 12,852,891

CITY OF DORAL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2016

| | Business-Type Activities Enterprise Fund Major Fund |
|--|---|
| | Stormwater |
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and cash equivalents | \$ 5,825,008 |
| Investments | 10,147,790 |
| Accounts receivable | 217,890 |
| Total current assets | 16,190,688 |
| Capital assets: | |
| Capital assets not being depreciated | 1,356,167 |
| Capital assets being depreciated, net | 19,852,448 |
| Total noncurrent assets | 21,208,615 |
| Total assets | 37,399,303 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Loss on refunding | 419,063 |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | 392,963 |
| Revenue bonds | 427,323 |
| Total current liabilities | 820,286 |
| Noncurrent liabilities: | |
| Revenue bonds | 6,440,554 |
| Total noncurrent liabilities | 6,440,554 |
| Total liabilities | 7,260,840 |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 14,759,801 |
| Restricted for stormwater and drainage | 15,797,725 |
| Total net position | \$ 30,557,526 |

See notes to basic financial statements

CITY OF DORAL, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Business-Type Activities Enterprise Fund Major Fund |
|---|--|
| | Stormwater |
| Operating revenues: | |
| Stormwater fees | \$ 3,855,651 |
| Other revenue | 174,550 |
| Total operating revenues | 4,030,201 |
| Operating expenses: | |
| Operating, administrative and maintenance | 1,098,241 |
| Depreciation | 476,162 |
| Total operating expenses | 1,574,403 |
| Operating income | 2,455,798 |
| Non-operating revenues (expenses): | |
| Interest income | 111,491 |
| Unrealized gain on investments | 7,383 |
| Interest expense | (304,295) |
| Total non-operating revenues (expenses) | (185,421) |
| Income before capital contributions | 2,270,377 |
| Capital contributions | 750,000 |
| Change in net position | 3,020,377 |
| Net position, beginning | 27,537,149 |
| Net position, ending | \$ 30,557,526 |

See notes to basic financial statements

CITY OF DORAL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Activities |
|---|------------------------|
| | Enterprise Fund |
| | Major Fund |
| | <u>Stormwater</u> |
| Cash flows from operating activities: | |
| Cash received from customers | \$ 4,009,487 |
| Cash paid to suppliers and vendors | (961,290) |
| Cash paid to employees | (160,738) |
| Net cash provided by operating activities | <u>2,887,459</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition and construction of capital assets | (1,794,944) |
| Principal retirements of capital debt | (411,430) |
| Capital contributions | 750,000 |
| Interest paid on capital debt | (251,912) |
| Net cash (used in) capital and related financing activities | <u>(1,708,286)</u> |
| Cash flows from investing activities: | |
| Purchase of investment securities | (15,551,070) |
| Proceeds from sale and maturities of investment securities | 11,948,014 |
| Interest on investments | 111,491 |
| Net cash (used in) investing activities | <u>(3,491,565)</u> |
| Net decrease in cash and cash equivalents | (2,312,392) |
| Cash and cash equivalents, October 1 | <u>8,137,400</u> |
| Cash and cash equivalents, September 30 | <u>\$ 5,825,008</u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | <u>\$ 2,455,798</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 476,162 |
| Change in assets and liabilities: | |
| (Increase) in accounts receivable | (20,714) |
| (Decrease) in accounts payable and accrued liabilities | (23,787) |
| Total adjustments | <u>431,661</u> |
| Net cash provided by operating activities | <u>\$ 2,887,459</u> |
| Noncash investing, capital and related financing activities: | |
| Amortization of deferred loss | \$ 52,383 |
| Change in fair value of investments | \$ 7,383 |

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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.

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the City. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City’s combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete. Based upon the application of these criteria, there were no organizations which met the criteria described above.

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 position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from those statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 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 expenditures 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.

Park Impact Fee Fund – This fund accounts for a fee applied to each unit of new construction single-family, duplex and multifamily buildings for the purpose of park construction, development and improvements.

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.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government wide and proprietary fund financial statements.

As a general rule the effect of interfund activity has been eliminated for the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

Implementation of Governmental Accounting Standards Board Statements

In March of 2015, the GASB released Statement 72, *Fair Value Measurement and Application*. During the fiscal year ended September 30, 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). This statement addresses accounting and financial reporting issues related to fair value measurement for assets (such as investments) and liabilities (such as derivative liabilities). GASB 72 requires the City to categorize its investments within the fair value hierarchy established by generally accepted accounting principles consisting of three levels, using valuation techniques consistent with one or more of three approaches to measuring fair value (market approach, cost approach and/or income approach). Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The adoption of this statement is reflected in the financial statements and in Note IV. See Note IV for additional details.

D. Deposits and Investments

The City's cash and cash equivalents, for purposes of the statement of cash flows, includes cash on hand, demand deposits, money market funds, 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 funds average equity balance on a monthly basis.

Investment holdings consist of United States Government Securities, United States Government Agencies Asset Backed/Collateralized Mortgage Obligation (CMO) and Mortgage Backed Securities, Federal Instrumentalities, Federal Instrumentalities Mortgage-Backed Securities (MBS), Corporate Notes, Commercial Paper, and Registered Investment Companies (Mutual Funds), which are reported at fair value, which is based on significant observable inputs.

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, Non-Negotiable Certificate of Deposit and Saving Accounts, Money Market Funds, Repurchase Agreements, Commercial Paper, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-exempt Debt, Registered Investment Companies (Mutual Funds), Exchange Traded Funds, Intergovernmental Investment Pool, Corporate Obligations or Corporate Notes, Corporate Obligations (FDIC Insured), Mortgage-Backed Securities (MBS), and Asset Backed Securities.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonspendable classification 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 times 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 enforcements of collection of property taxes by seizure of the personal property or by the sales of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increase 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 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, 2016 was 1.9000 mills (\$1.9000 per \$1,000 of taxable assessed valuation).

H. 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 purpose (ex. Road and transportation, public safety, recreation).

I. Capital Assets

Capital assets which include land, construction in progress, infrastructure, buildings, public domain and system infrastructure, vehicles, and 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.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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> |
|---|--------------|
| Building | 50 |
| Infrastructure | 40-50 |
| Public domain and system infrastructure | 20-25 |
| Furniture, fixtures and equipment | 3-10 |
| Vehicles | 5 |

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. Currently, the City reports a derivative instrument, a loss on refunding, and deferred outflows of resources related to pension benefits in this category.

The derivative instrument represents the corresponding deferred outflow of resources to offset all swap liabilities on the statement of net position. The balance of all cumulative changes in fair value of all swap liabilities as of September 30, 2016 is \$2,112,999.

The loss on refunding of \$419,063 represents the aggregate difference between the refunding and the refunded debt of the Stormwater Utility Revenue Bonds. The deferred loss on refunding is amortized over the shorter of the life of the new debt or the remaining life of the old debt. The unamortized loss on refunding is reported in both the statement of net position (proprietary fund) and the government-wide statement of net position as a deferred outflow of resources and the amortized amount for fiscal year ended September 30, 2016, \$52,383, is included in interest expenses in the statement of revenues, expenses and changes in fund net position (proprietary fund) and the statement of activities.

The deferred outflows on pensions arise from differences between projected and actual earnings on pension plan investments and are amortized to pension expense using a systematic and rational method over a closed five year period, and also include differences between expected and actual experience with regard to economic or demographic factors that are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plan. Employer contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, of deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the two items in this category are deferred revenue and deferred inflows of resources related to pensions. The source of the deferred revenue is local business license tax collected in advance of \$479,162, and is reported in both the governmental funds and the government-wide statement of net position. This amount is deferred and will be recognized as an inflow of resources in the period that the amounts become available.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources (Continued)

Deferred inflows on pensions are recorded when investment return on pension plan assets exceeds actuarial assumptions and are amortized using a systematic and rational method over a closed five year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors and changes of assumptions or other inputs. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plan.

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflow of resources and (b) liabilities and deferred inflows of resources.

K. Unearned Revenues

Resources that do not meet revenue recognition requirements (not earned), such as grants, are classified as liabilities and recorded as unearned revenue in the government-wide and the fund financial statements.

L. 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.

M. Postemployment Benefits Other Than Pension (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees are required to pay 100% of the premium rates where premiums are determined based upon blended rates used for active employees and retirees. These premium rates were adjusted to reflect differing utilization rates by age and gender and the impact of the Medicare program on claim costs. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The City currently provides these benefits in accordance with the vesting and retirement of the City. The City is financing the post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the City records a net OPEB obligation in its government-wide financial statements related to the implicit subsidy. For governmental activities, the net other postemployment benefit obligation typically will be liquidated by the general fund. The OPEB plan does not issue separate financial statements.

N. 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 position. For proprietary fund types, bonds payable are reported net of the applicable bond premium or discount. For governmental activities, the net other postemployment benefit obligation and the net pension liability will be liquidated by the general fund.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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, whether or not withheld from the actual debt proceeds received and payment of debt principal, are reported as debt service expenditures.

O. Net Position

Total equity as of September 30, 2016 is classified into three components of net position:

Net investment in capital assets – 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 position – This category consists of net position 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 position – This category includes all of the remaining net position that do not meet the definition of the other two categories.

P. Fund Balance

As of September 30, 2016, fund balances of the governmental funds are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the City Council. Ordinances and resolutions approved by the City Council are the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. Ordinances and resolutions are equally binding.

Assigned – Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the City Council who has the authority to assign, modify or rescind amounts to be used for specific purposes. This is delegated to the City Manager by the Council. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City itself.

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance (Continued)

| | <u>General</u> | <u>Transportation</u> | <u>Park Impact Fee Fund</u> | <u>Other Governmental Funds</u> |
|------------------------------|----------------------|-----------------------|---------------------------------|---|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepays | \$ 9,152 | \$ - | \$ - | \$ - |
| Restricted: | | | | |
| Transportation | - | 6,999,391 | - | - |
| Park impact fees | - | - | 2,176,393 | - |
| Police impact fees | - | - | - | 1,588,619 |
| Police forfeitures (LETF) | - | - | - | 489,650 |
| Capital improvement projects | - | - | - | 250,882 |
| Infrastructure improvements | - | - | - | 100,000 |
| Committed: | | | | |
| Transportation projects | - | 9,193,787 | - | - |
| Police facilities | - | - | - | 1,614,072 |
| Capital outlays | - | - | - | 19,592 |
| Capital projects | 21,948,029 | - | 1,560,134 | 28,481 |
| Subsequent year's budget | 330,643 | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | 53,496,629 | - | - | - |
| Total Fund Balances | <u>\$ 75,784,453</u> | <u>\$ 16,193,178</u> | <u>\$ 3,736,527</u> | <u>\$ 4,091,296</u> |
| | | | | |
| Fund Balances: | | | | |
| Nonspendable | \$ 9,152 | \$ - | \$ - | \$ - |
| Restricted | - | 6,999,391 | 2,176,393 | 2,429,151 |
| Committed | 22,278,672 | 9,193,787 | 1,560,134 | 1,662,145 |
| Assigned | - | - | - | - |
| Unassigned | 53,496,629 | - | - | - |
| Total Fund Balances | <u>\$ 75,784,453</u> | <u>\$ 16,193,178</u> | <u>\$ 3,736,527</u> | <u>\$ 4,091,296</u> |

Minimum Level of Unassigned Fund Balance Policy

The City has a formal minimum fund balance policy for the General Fund. The policy requires that the unassigned fund balance at fiscal year-end be equal to not less than 15% of operating expenditures and transfers out budgeted for the General Fund in the subsequent year.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Q. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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, OPEB, 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.

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.

A. 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.

B. 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 |
| Impact Fees | Park and police construction, development and improvements |
| Police Forfeitures | Law enforcement |
| Federal, State and Local grants | Grant specific projects or programs |

For the fiscal year ended September 30, 2016, the City complied, in all material respects, with these revenue restrictions.

C. Excess of Expenditures Over Appropriations

For the year ended September 30, 2016, none of the City’s budgeted funds’ had expenditures exceeding appropriations. The Law Enforcement Trust Fund’s expenditures were funded with revenues received in the current year.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents and Investment Portfolio

The City has a formally adopted 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.

Cash and Cash Equivalents

On September 30, 2016, the carrying amount of the City's bank deposit account was \$46,146,415. 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 \$75,555,248 in United States Government Securities, United States Government Agencies Collateralized Mortgage Obligation (CMO) and Mortgage Backed Securities (MBS), Federal Instrumentalities, Federal Instrumentalities Collateralized Mortgage Obligation (CMO) and Mortgage-Backed Securities (MBS), Municipal Obligations, Corporate Notes, Asset Backed Securities, and Registered Investment Companies (Mutual Funds), 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 United States Government Securities, United States Government Agencies (includes CMO and MBS), Federal Instrumentalities, Supranationals, Corporates, Municipals, Agency Mortgage Backed Securities (includes CMO), Asset Backed Securities, Non-Negotiable Certificate of Deposit and Saving Accounts, Commercial Paper, Bankers' Acceptances, Repurchase Agreements, Money Market Funds (MMFs), Fixed-Income Mutual Funds & Exchange Traded Funds (ETFs), Intergovernmental Pools (LGIPs), and Florida Prime.

As of September 30, 2016, the City had the following investments presented in terms of years:

| Security Type | Fair Value | Duration (Years) |
|---|----------------------|---------------------|
| U.S. Treasury Notes | \$ 25,339,808 | 1.941 |
| Government Agency Mortgage Backed Securities | 4,898,495 | 0.838 |
| Government Agency Collateralized Mortgage Obligations | 527,668 | 1.781 |
| Agency Bonds | 10,286,704 | 2.063 |
| Municipal Obligations | 3,456,339 | 1.314 |
| Corporate Notes | 21,258,756 | 1.639 |
| Asset Backed Securities | 9,567,140 | 1.84 |
| Fidelity Institutional Government Class I Money Market Fund | 220,339 | 0.003* |
| Total | \$ 75,555,248 | 1.758 |

* The Fidelity Institutional Government Class I Money Market Mutual Fund is an overnight investment vehicle. The City is able to withdraw funds same day or next business day; as such the duration is 0.003 years.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. DEPOSITS AND INVESTMENTS (Continued)

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 reserves and other non-operating funds (“core funds”) shall have a term appropriate to the need for funds, but in no event shall exceed five and one-half (5.50) years and the maximum effective duration of the aggregate portfolio is three (3) years.

The City utilizes “weighted average duration” as a measurement of interest rate risk and as of September 30, 2016, the investments had a weighted average duration of 1.758 years.

The City has securities that are callable.

| CUSIP | Description | Maturity Date | Market Value | Call Type | Next Call Date |
|--------------|---------------------------------------|----------------------|---------------------|--------------------|-----------------------|
| 90331HMY6 | U.S. Bank National Association | 4/26/2019 | \$ 1,246,527 | Standard | 3/26/2019 |
| 69353REV6 | PNC Bank NA | 3/4/2019 | 557,823 | Standard | 2/2/2019 |
| 69353RDY1 | PNC Bank NA | 10/18/2017 | 539,499 | Standard | 9/18/2017 |
| 46625HQU7 | JP Morgan Chase & Co | 3/22/2019 | 60,366 | Standard | 2/22/2019 |
| 46623EKD0 | JP Morgan Chase & Co | 3/1/2018 | 150,669 | Standard | 2/1/2018 |
| 3136G0X22 | Federal National Mortgage Association | 10/29/2018 | 1,507,865 | No longer callable | 10/29/2014 |
| 3134G43Y2 | Federal Home Loan Mortgage Corp | 5/8/2017 | 150,518 | No longer callable | 5/8/2015 |
| 07330NAK1 | Branch Banking and Trust Co. | 10/1/2017 | 503,543 | Standard | 9/1/2017 |
| 06406HDB2 | Bank of New York Mellon Corp | 5/22/2018 | 151,754 | Standard | 4/22/2018 |
| 06406HCP2 | Bank of New York Mellon Corp | 1/15/2019 | 822,025 | Standard | 12/15/2018 |
| Total | | | \$ 5,690,589 | | |

The City has \$14,993,302 invested in Asset Backed Securities (ABS), United States Government Agencies CMO and MBS, Federal Instrumentalities CMO and MBS with a weighted average life of 2.05 years. The Investment Policy requires a maximum length to maturity for an investment in any ABS/CMO/MBS to be five and one-half (5.50) years from the date of settlement. Maturity shall be defined by the Average Life of an ABS/CMO/MBS.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. DEPOSITS AND INVESTMENTS (Continued)

| CUSIP | Description | Maturity Date | Market Value | Average Life (Years)* |
|--------------|---------------|---------------|----------------------|-----------------------|
| 65477XAE4 | NALT 16B A4 | 1/18/2022 | \$ 751,007 | 2.46 |
| 65477XAE4 | NALT 16B A4 | 1/18/2022 | 125,168 | 2.46 |
| 161571HC1 | CHAIT 162 A | 6/15/2021 | 802,828 | 2.71 |
| 90327CAD2 | USAOT-161-A4 | 11/15/2021 | 430,402 | 2.87 |
| 161571HC1 | CHAIT 162 A | 6/15/2021 | 135,477 | 2.71 |
| 90327CAD2 | USAOT-161-A4 | 11/15/2021 | 70,065 | 2.87 |
| 65475WAD0 | NAROT 15B A3 | 3/16/2020 | 100,429 | 1.37 |
| 65475WAD0 | NAROT 15B A3 | 3/16/2020 | 682,918 | 1.37 |
| 34530YAD5 | FORDO 15C A3 | 2/15/2020 | 260,920 | 1.23 |
| 34530YAD5 | FORDO 15C A3 | 2/15/2020 | 40,142 | 1.23 |
| 58768FAD8 | MBALT 16A A3 | 3/15/2019 | 175,894 | 1.46 |
| 58768FAD8 | MBALT 16A A3 | 3/15/2019 | 1,085,519 | 1.46 |
| 05581RAD8 | BMWLT 161 A3 | 1/22/2019 | 551,363 | 1.45 |
| 05581RAD8 | BMWLT 161 A3 | 1/22/2019 | 70,173 | 1.45 |
| 05522RCU0 | BACCT 152 A | 9/15/2020 | 60,280 | 1.54 |
| 05522RCU0 | BACCT 152 A | 9/15/2020 | 351,631 | 1.54 |
| 44891EAC3 | HART 16B A3 | 4/15/2021 | 50,083 | 2.47 |
| 36250UAD6 | GMALT 161 A3 | 7/20/2019 | 754,686 | 1.84 |
| 36250UAD6 | GMALT 161 A3 | 7/20/2019 | 100,625 | 1.84 |
| 34531AAD6 | FORDL 16A A3 | 4/15/2019 | 151,050 | 1.48 |
| 34531AAD6 | FORDL 16A A3 | 4/15/2019 | 1,007,000 | 1.48 |
| 65477XAE4 | NALT 16B A4 | 1/18/2022 | 50,067 | 2.46 |
| 161571HC1 | CHAIT 162 A | 6/15/2021 | 65,230 | 2.71 |
| 58768FAD8 | MBALT 16A A3 | 3/15/2019 | 100,511 | 1.46 |
| 43814MAC1 | HAROT 153 A3 | 4/18/2019 | 50,144 | 0.86 |
| 43814MAC1 | HAROT 153 A3 | 4/18/2019 | 361,036 | 0.86 |
| 34531AAD6 | FORDL 16A A3 | 4/15/2019 | 100,700 | 1.48 |
| 44891EAC3 | HART 16B A3 | 4/15/2021 | 926,535 | 2.47 |
| 44891EAC3 | HART 16B A3 | 4/15/2021 | 155,257 | 2.47 |
| 31410C6G2 | FN 885671 | 10/1/2036 | 4,560 | 3.53 |
| 3136ANA98 | FN 15M10A FA | 3/25/2019 | 829,280 | 2.13 |
| 3136ANA98 | FN 15M10A FA | 3/25/2019 | 119,690 | 2.13 |
| 36295DXN4 | GN 667685 | 10/15/2038 | 392,336 | 3.63 |
| 36202ESV2 | G2 004132 | 5/20/2023 | 93,450 | 2.18 |
| 3136ANJY4 | FN 15M07A AQ2 | 4/25/2018 | 30,149 | 1.36 |
| 3136ANJY4 | FN 15M07A AQ2 | 4/25/2018 | 231,142 | 1.36 |
| 3136A9MK1 | FN 12M14 AS2 | 2/25/2017 | 388,465 | 0.36 |
| 3136A9MK1 | FN 12M14 AS2 | 2/25/2017 | 58,270 | 0.36 |
| 31413HYP7 | FN 946318 | 9/1/2037 | 4,219 | 6.83 |
| 36295QV56 | GN 677536 | 11/15/2037 | 18,320 | 4.36 |
| 31410WAC2 | FN 899203 | 10/1/2036 | 86,041 | 3.71 |
| 31413VAM9 | FN 956412 | 11/1/2037 | 22,476 | 4.59 |
| 3136AQDQ0 | FN 15M13A AQ2 | 9/25/2019 | 462,911 | 1.96 |
| 3136AQDQ0 | FN 15M13A AQ2 | 9/25/2019 | 70,443 | 1.96 |
| 36294XCV6 | GN 662584 | 9/15/2037 | 72,213 | 4.36 |
| 31411BQJ5 | FN 903257 | 10/1/2036 | 3,615 | 2.69 |
| 3136AP3Z3 | FN 15M12A FA | 4/25/2020 | 140,123 | 2.56 |
| 3136AP3Z3 | FN 15M12A FA | 4/25/2020 | 934,151 | 2.56 |
| 31410WCJ5 | FN 899273 | 11/1/2036 | 38,284 | 3.33 |
| 36296B6P2 | GN 686778 | 6/15/2038 | 25,702 | 3.44 |
| 36202ESE0 | G2 004117 | 4/20/2038 | 93,294 | 3.68 |
| 36202ETK5 | G2 004154 | 6/20/2023 | 71,171 | 2.22 |
| 3136ANMF1 | FC 15M08A FA | 11/25/2018 | 33,316 | 1.87 |
| 3136ANMF1 | FC 15M08A FA | 11/25/2018 | 199,898 | 1.87 |
| 36292DWC2 | GN 646043 | 10/15/2037 | 31,915 | 4.48 |
| 36202EWX3 | G2 004262 | 10/20/2038 | 6,760 | 3.13 |
| 3136AQS1 | FN 15M15A AS2 | 1/25/2019 | 201,974 | 1.55 |
| 3136AQS1 | FN 15M15A AS2 | 1/25/2019 | 30,296 | 1.55 |
| 36295FC51 | GN 668892 | 6/15/2037 | 204,031 | 3.57 |
| 313603MP4 | FNR 8999 H | 12/25/2019 | 17,033 | 1.10 |
| 38375YEK4 | GNR 0882B A | 9/20/2038 | 67,199 | 3.43 |
| 3137A9QP4 | FHR 3842B PH | 4/15/2041 | 396,759 | 2.95 |
| 3137A9QP4 | FHR 3842B PH | 4/15/2041 | 46,678 | 2.95 |
| Total | | | \$ 14,993,302 | 2.05 |

* Source: FactSet is the source of the Average Life for each ABS/CMO/MBS.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. DEPOSITS AND INVESTMENTS (Continued)

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:

| Sector | Minimum Ratings Requirement |
|--|--|
| U.S. Treasury | |
| GNMA | N/A |
| Other U.S. Government Guaranteed (e.g. AID, GTC) | |
| Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB | N/A |
| Federal Agency/GSE other than those above | |
| Supranationals where U.S. is a shareholder and voting member | Highest ST or Highest LT Rating Categories (A-1/P-1, AAA/Aaa, or equivalent) |
| Corporates | Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent) |
| Municipals | Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent) |
| Agency Mortgage-Backed Securities (MBS) | N/A |
| Asset-Backed Securities (ABS) | Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent) |
| Non-Negotiable Certificate of Deposit and Savings Accounts | None, if fully collateralized. |
| Commercial Paper (CP) | Highest ST Rating Category (A-1/P-1, or equivalent) |
| Bankers' Acceptances (BAs) | Highest ST Rating Category (A-1/P-1, or equivalent) |
| Repurchase Agreements (Repo or RP) | Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank, no rating is required |
| Money Market Funds (MMFs) | Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent) |
| Fixed-Income Mutual Funds & ETFs | N/A |
| Intergovernmental Pools (LGIPs) | Highest Fund Quality and Volatility Rating Categories by all NRSROs, if rated (AAAm/AAAf, S1, or equivalent) |
| Florida Local Government Surplus Funds Trust Funds ("Florida Prime") | Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent) |

The City's bank balance of \$48,534,842 was deposited in a qualified public depository, as required by Chapter 280, Florida Statutes.

As of September 30, 2016, the City had the following credit quality:

| Security Type | Standard & Poor's Credit Rating Category* | Portfolio Asset Allocation |
|---|---|----------------------------------|
| U.S. Treasury Notes | AA+ | 33.54% |
| Government Agency Mortgage Backed Securities | AA+ | 6.48% |
| Government Agency Collateralized Mortgage Obligations | AA+ | 0.70% |
| Agency Bonds | AA+ | 13.61% |
| Municipal Obligations | A+ | 4.57% |
| Corporate Notes | A+ | 28.14% |
| Asset Backed Securities | AAA | 12.66% |
| Fidelity Institutional Government Class I Money Market Fund | AAAm | 0.29% |
| Total | | 100.00% |

* Source: Standard & Poor's

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. DEPOSITS AND INVESTMENTS (Continued)

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, 2016, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

Concentration of Credit Risk

| Sector | Sector Maximum (%) | Per Issuer Maximum (%) |
|--|--------------------------|------------------------------|
| U.S. Treasury | | 100% |
| GNMA | 100% | 40% |
| Other U.S. Government Guaranteed (e.g. AID, GTC) | | 10% |
| Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB | 75% | 40% |
| Federal Agency/GSE other than those above | | 10% |
| Supranationals where U.S. is a shareholder and voting member | 25% | 10% |
| Corporates | 35% | 5% |
| Municipals | 25% | 5% |
| Agency Mortgage-Backed Securities (MBS) | 25% | 40% |
| Asset-Backed Securities (ABS) | 25% | 5% |
| Non-Negotiable Certificate of Deposit and Savings Accounts | 50% | 25% |
| Commercial Paper (CP) | 35% | 5% |
| Bankers' Acceptances (BAs) | 10% | 5% |
| Repurchase Agreements (Repo or RP) | 40% | 20% |
| Money Market Funds (MMFs) | 50% | 25% |
| Fixed-Income Mutual Funds & ETFs | 20% | 10% |
| Intergovernmental Pools (LGIPs) | 50% | 25% |
| Florida Local Government Surplus Funds Trust Funds ("Florida Prime") | 25% | N/A |

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2016, the City had the following issuer concentration based on fair value:

| Security Type | Fair Value | Portfolio Asset Allocation |
|---|----------------------|----------------------------------|
| U.S. Treasury Notes/Bonds | \$ 25,339,808 | 33.54% |
| Federal National Mortgage Association Notes (FNMA) | 7,887,326 | 10.44% |
| FHL Banks Office of Finance Corporate Note | 2,013,169 | 2.66% |
| Microsoft Corporation Corporate Note | 1,487,661 | 1.97% |
| Mercedes-Benz Auto Lease Trust Corporate Note | 1,361,924 | 1.80% |
| Exxon Mobil Corporate Note | 1,339,165 | 1.77% |
| Federal Home Loan Mortgage Corporation Notes (FHLMC) | 1,337,639 | 1.77% |
| International Business Machines Corporate Note | 1,262,001 | 1.67% |
| Ford Credit Auto Lease Trust 2016-A Asset Backed Security | 1,258,751 | 1.67% |
| U.S. Bank National Association | 1,246,527 | 1.65% |
| Bank of America, National Association | 1,220,321 | 1.62% |
| Cisco Systems, Inc. Corporate Note | 1,195,419 | 1.58% |
| Council of Federal Home Loan Banks | 1,190,488 | 1.58% |
| American Express Credit Corporate Note | 1,153,600 | 1.53% |
| Hyundai Auto Receivables Trust | 1,131,875 | 1.50% |
| Federal Farm Credit Banks Consolidated Systemwide Bonds | 1,124,883 | 1.49% |
| PNC Realty Investors, Inc. | 1,097,323 | 1.45% |
| Tennessee Valley Authority | 1,082,971 | 1.43% |
| City of Saint Paul | 1,007,610 | 1.33% |
| Chase Issuance Trust | 1,003,535 | 1.33% |
| NYSE Euronext | 977,883 | 1.29% |
| The Bank of New York Mellon Corporate Note | 973,780 | 1.29% |
| Chevron Corporate Note | 960,585 | 1.27% |
| City of Chicago | 944,496 | 1.25% |
| Nissan Auto Lease Trust | 926,242 | 1.23% |
| GM Financial Automobile Leasing Trust 2016-1 | 855,311 | 1.13% |
| John Deere Capital Corporate Note | 828,844 | 1.10% |
| Government National Mortgage Association (GNMA) | 811,716 | 1.07% |
| PACCAR Financial Corp. | 803,690 | 1.06% |
| Apple Inc. Corporate Note | 798,835 | 1.06% |
| Nissan Auto Receivables 2015-B Owner Trust | 783,347 | 1.04% |
| Berkshire Hathaway Fin Corporate Note | 777,648 | 1.03% |
| Southern California Gas Company Corporate Note | 753,231 | 1.00% |
| City and County of Denver | 752,371 | 1.00% |
| Maryland Department of Housing and Community Development | 751,862 | 1.00% |
| The Coca-Cola Company Corporate Note | 750,274 | 0.99% |
| The Boeing Company Corporate Note | 651,796 | 0.86% |
| BMW Vehicle Lease Trust | 621,536 | 0.82% |
| Merck & Co., Inc. Corporate Note | 569,859 | 0.75% |
| JP Morgan Chase Bank, National Association | 536,460 | 0.71% |
| Caterpillar Financial Corporate Note | 506,475 | 0.67% |
| Branch Banking and Trust Company | 503,543 | 0.67% |
| USAA Auto Owner Trust | 500,467 | 0.66% |
| HSBC USA INC Corporate Note | 451,417 | 0.60% |
| BA Credit Card Trust | 411,910 | 0.55% |
| Honda Auto Receivables Owner Trust | 411,180 | 0.54% |
| Ford Credit Auto Owner Trust | 301,061 | 0.40% |
| Ginnie Mae II | 264,674 | 0.35% |
| JP Morgan Chase & Co. Corporate Note | 211,035 | 0.28% |
| Toyota Motor Credit Corporate Note | 201,386 | 0.27% |
| Fidelity Institutional Government Class I Money Market Fund | 220,339 | 0.29% |
| Total | \$ 75,555,248 | 100.00% |

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. DEPOSITS AND INVESTMENTS (Continued)

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. FAIR VALUE MEASUREMENTS

During the fiscal year ended September 30, 2016, the City implemented Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (Note I – C), which addresses accounting and financial reporting issues related to fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following fair value measurements as of September 30, 2016:

| Security Type | Fair Value Sept. 30, 2016 | Fair Value Measurements Using | | |
|---|------------------------------|--|---|-------------------------------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| U.S. Government Obligations and Corporate Notes | \$ 56,885,268 | \$ - | \$ 56,885,268 | \$ - |
| Mortgage Backed Securities | 1,168,385 | - | 1,168,385 | - |
| Collateralized Mortgage Obligations | 13,824,917 | - | 13,824,917 | - |
| Municipal Obligations | 3,456,339 | - | 3,456,339 | - |
| Fidelity Institutional Government Class I Money Market Fund | 220,339 | - | 220,339 | - |
| Total Investments at Fair Value | \$ 75,555,248 | \$ - | \$ 75,555,248 | \$ - |
| Derivative Instruments | | | | |
| Derivative Liabilities | \$ (2,112,999) | \$ - | \$ (2,112,999) | \$ - |

Investment securities classified in Level 2 are valued as follows:

- U.S. Government Obligations and Corporate Notes are valued by obtaining feeds continuously from a number of live data sources including active market makers and inter-dealer brokers. Sources are reviewed on the basis of their historical accuracy for individual issues and maturity ranges.
- Mortgage Backed Securities are valued by incoming market data enriched to derive spread, yield, and/or price date as appropriate, enabling known data points to be extrapolated for application across a range of related securities.
- Collateralized Mortgage Obligations are valued by obtaining available trades, covers, bids, offers and price talk for similar obligations. Evaluation of tranches are based on interpretation of accepted modeling, trading, and pricing conventions.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IV. FAIR VALUE MEASUREMENTS (Continued)

- Municipal Obligations are valued based on internal yield curves adjusted throughout the day based on trades and other pertinent market information.
- Money Market Funds are priced based on an evaluation model which considers an instrument's days to final maturity to generate a yield based on the relevant curve for the security. Adjustments to the yield can be made at a group of individual instrument level as market conditions warrant.

Derivative instruments classified in Level 2 are valued using a risk adjusted valuation/income approach, which uses the discounted cash flow method to discount the amounts of market expected future cash flows to a single present value, using a rate of return that takes into account the relative risk of cash flows and time value of money. The risk adjusted amount is applied to the nonperformance risk free valuation to get the fair value. See Note IX for additional details.

V. RECEIVABLES

Receivables as of September 30, 2016 are as follows:

| | <u>Intergovernmental</u> | <u>Grants</u> | <u>Other</u> | <u>Total</u> |
|----------------------|--------------------------|-------------------|------------------|---------------------|
| General Fund | 2,469,566 | 615,000 | \$ 82,515 | \$ 3,167,081 |
| Transportation Fund | 769,220 | 319,934 | - | 1,089,154 |
| Park Impact Fee Fund | - | - | - | - |
| Stormwater Fund | 217,890 | - | - | 217,890 |
| Non-Major Funds | 1,170 | - | 6,949 | 8,119 |
| | <u>\$ 3,457,846</u> | <u>\$ 934,934</u> | <u>\$ 89,464</u> | <u>\$ 4,482,244</u> |

VI. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2016 were as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------------|---------------------------------|------------------------------|
| General Fund | \$ 59,127 | \$ - |
| Law Enforcement Trust Fund | - | 59,127 |
| | <u>\$ 59,127</u> | <u>\$ 59,127</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 transfers for the year ended September 30, 2016 consisted of transfers based on the City's budget to cover budgeted expenditures in nonmajor funds.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

VII. CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2016 was as follows:

| | <u>Beginning</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Ending</u> |
|--|-----------------------|----------------------|-----------------------|--------------------|-----------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 74,970,580 | \$ - | \$ - | \$ - | \$ 74,970,580 |
| Infrastructure assets - construction in progress | 9,520,141 | 24,357,755 | (1,041,523) * | (1,772,702) | 31,063,671 |
| Total capital assets not being depreciated | <u>84,490,721</u> | <u>24,357,755</u> | <u>(1,041,523)</u> | <u>(1,772,702)</u> | <u>106,034,251</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 25,271,562 | 116,059 | - | 2,892,712 | 28,280,333 |
| Infrastructure | 82,885,999 | 385,652 | - | 31,937,384 | 115,209,035 |
| Public domain and system infrastructure | 7,193,940 | - | - | - | 7,193,940 |
| Parks and recreation facilities | 33,815,819 | - | - | (33,815,819) | - |
| Furniture, fixtures and equipment | 12,055,265 | 1,481,755 | (756) | 758,425 | 14,294,689 |
| Vehicles | 6,665,925 | 1,325,091 | (22,220) | - | 7,968,796 |
| Total capital assets being depreciated | <u>167,888,510</u> | <u>3,308,557</u> | <u>(22,976)</u> | <u>1,772,702</u> | <u>172,946,793</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (1,617,109) | (563,871) | - | (367,072) | (2,548,052) |
| Infrastructure | (55,991,301) | (3,106,458) | - | (9,962,021) | (69,059,780) |
| Public domain and system infrastructure | (2,455,913) | (359,697) | - | - | (2,815,610) |
| Parks and recreation facilities | (10,852,722) | - | - | 10,852,722 | - |
| Furniture, fixtures and equipment | (7,584,188) | (1,244,670) | - | (523,629) | (9,352,487) |
| Vehicles | (4,355,208) | (762,487) | 22,220 | - | (5,095,475) |
| Total accumulated depreciation | <u>(82,856,441)</u> | <u>(6,037,183)</u> | <u>22,220</u> | <u>-</u> | <u>(88,871,404)</u> |
| Total capital assets being depreciated, net | <u>85,032,069</u> | <u>(2,728,626)</u> | <u>(756)</u> | <u>1,772,702</u> | <u>84,075,389</u> |
| Governmental activities capital assets, net | <u>\$ 169,522,790</u> | <u>\$ 21,629,129</u> | <u>\$ (1,042,279)</u> | <u>\$ -</u> | <u>\$ 190,109,640</u> |
| Business-type activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Infrastructure assets - construction in progress | \$ - | \$ 1,356,167 | \$ - | \$ - | \$ 1,356,167 |
| Capital assets being depreciated: | | | | | |
| Infrastructure assets - stormwater improvements | 23,098,745 | 801,395 | - | - | 23,900,140 |
| Furniture, fixtures and equipment | 6,477 | - | - | - | 6,477 |
| Vehicles | 47,779 | - | - | - | 47,779 |
| Total capital assets being depreciated | <u>23,153,001</u> | <u>801,395</u> | <u>-</u> | <u>-</u> | <u>23,954,396</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure assets - stormwater improvements | (3,583,110) | (471,324) | - | - | (4,054,434) |
| Furniture, fixtures and equipment | (5,200) | (422) | - | - | (5,622) |
| Vehicles | (37,476) | (4,416) | - | - | (41,892) |
| Total accumulated depreciation | <u>(3,625,786)</u> | <u>(476,162)</u> | <u>-</u> | <u>-</u> | <u>(4,101,948)</u> |
| Total capital assets being depreciated, net | <u>19,527,215</u> | <u>325,233</u> | <u>-</u> | <u>-</u> | <u>19,852,448</u> |
| Business-type activities capital assets, net | <u>\$ 19,527,215</u> | <u>\$ 1,681,400</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,208,615</u> |

* Disposal of construction in progress represents conveyance to Miami-Dade County of costs incurred by the City on a County project. Amount was refunded by the County.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

VII. CAPITAL ASSETS (Continued)

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

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 1,005,069 |
| Police | 698,268 |
| Public works | 2,442,495 |
| Parks and recreation | 1,669,262 |
| Building | 187,851 |
| Planning and zoning | 34,238 |
| Total depreciation expense - governmental activities | <u>\$ 6,037,183</u> |
| Business-type activities: | |
| Stormwater | <u>\$ 476,162</u> |

VIII. 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 these 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 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.

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

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

VIII. LONG-TERM DEBT (Continued)

Debt service requirements to maturity for the fiscal year ended September 30, 2016 are summarized as follows:

| Series 2006A | Principal | Interest | Total |
|--------------|---------------------|---------------------|---------------------|
| 2017 | 480,421 | 263,681 | 744,102 |
| 2018 | 501,117 | 242,985 | 744,102 |
| 2019 | 522,705 | 221,398 | 744,103 |
| 2020 | 545,223 | 198,880 | 744,103 |
| 2021 | 568,710 | 175,392 | 744,102 |
| 2022-2026 | 3,232,845 | 497,669 | 3,730,514 |
| 2027 | 546,453 | 11,625 | 558,078 |
| Total | <u>\$ 6,397,474</u> | <u>\$ 1,611,630</u> | <u>\$ 8,009,104</u> |

| Series 2007A | Principal | Interest | Total |
|--------------|---------------------|---------------------|---------------------|
| 2017 | 480,188 | 265,846 | 746,034 |
| 2018 | 501,022 | 245,012 | 746,034 |
| 2019 | 522,761 | 223,273 | 746,034 |
| 2020 | 545,443 | 200,591 | 746,034 |
| 2021 | 569,109 | 176,925 | 746,034 |
| 2022-2026 | 3,238,073 | 492,095 | 3,730,168 |
| 2027 | 547,788 | 11,737 | 559,525 |
| Total | <u>\$ 6,404,384</u> | <u>\$ 1,615,479</u> | <u>\$ 8,019,863</u> |

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| Series 2007B | Principal | Interest | Total |
|--------------|-------------------|------------------|-------------------|
| 2017 | 58,239 | 10,613 | 68,852 |
| 2018 | 61,740 | 9,846 | 71,586 |
| 2019 | 65,451 | 9,034 | 74,485 |
| 2020 | 69,385 | 8,172 | 77,557 |
| 2021 | 73,556 | 7,259 | 80,815 |
| 2022-2026 | 439,662 | 20,552 | 460,214 |
| 2027 | 77,730 | 502 | 78,232 |
| Total | <u>\$ 845,763</u> | <u>\$ 65,978</u> | <u>\$ 911,741</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. On September 16, 2013 the Miami-Dade County Stormwater Utility Revenue Refunding Bonds, Series 2013, refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 1999 and Series 2004, except for the Stormwater Utility Revenue Bonds, Series 2004, maturing on April 1, 2014 and April 1, 2015. As a result of this, the County adjusted the City's required payment schedule. This resulted in a reduction in the amount of interest to be paid over the remaining life and an increase in the amount of principal to be paid. This resulted in a cash flow savings of approximately \$35,000 per year over the life of the new payment plan to the County. As a result of the increase in principal to be paid, during 2014 the City reported a deferred loss on refunding of \$576,213 in the statement of net position which is being amortized to interest expense over the remaining life of the debt. As of September 30, 2016, the remaining balance of the deferred loss on refunding amounted to \$419,063.

Debt service requirements to maturity for the fiscal year ended September 30, 2016 are summarized as follows:

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 2017 | 427,323 | 237,629 | 664,952 |
| 2018 | 442,306 | 222,843 | 665,149 |
| 2019 | 457,289 | 207,539 | 664,828 |
| 2020 | 473,282 | 191,717 | 664,999 |
| 2021 | 489,735 | 175,342 | 665,077 |
| 2022-2026 | 2,713,857 | 610,565 | 3,324,422 |
| 2027-2029 | 1,864,085 | 130,451 | 1,994,536 |
| Total | <u>\$ 6,867,877</u> | <u>\$ 1,776,086</u> | <u>\$ 8,643,963</u> |

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

VIII. LONG-TERM DEBT (Continued)

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, 2016 was \$231,445 and the balance of the remaining principal payments range from \$132,430 to \$315,290 through September 2027.

Debt service requirements to maturity for the fiscal year ended September 30, 2016 are summarized as follows:

| | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2017 | 240,055 | 107,461 | 347,516 |
| 2018 | 248,870 | 97,752 | 346,622 |
| 2019 | 258,505 | 87,683 | 346,188 |
| 2020 | 268,550 | 77,215 | 345,765 |
| 2021 | 279,210 | 66,340 | 345,550 |
| 2022-2026 | 1,180,800 | 164,508 | 1,345,308 |
| 2027 | 146,575 | 7,329 | 153,904 |
| Total | <u>\$ 2,622,565</u> | <u>\$ 608,288</u> | <u>\$ 3,230,853</u> |

Long-term debt activity for the fiscal year ended September 30, 2016 was as follows:

| | Beginning | Additions | Reductions | Ending | Due Within One Year |
|------------------------------------|----------------------|----------------------|---------------------|----------------------|------------------------|
| Governmental Activities | | | | | |
| Capital Improvement Revenue Bonds: | | | | | |
| Series 2006A | \$ 6,858,054 | \$ - | \$ 460,580 | \$ 6,397,474 | \$ 480,421 |
| Series 2007A | 6,864,603 | - | 460,219 | 6,404,384 | 480,188 |
| Series 2007B | 900,700 | - | 54,937 | 845,763 | 58,239 |
| Total Bonds | <u>14,623,357</u> | <u>-</u> | <u>975,736</u> | <u>13,647,621</u> | <u>1,018,848</u> |
| Other Liabilities: | | | | | |
| QNIP bonds | 2,854,010 | - | 231,445 | 2,622,565 | 240,055 |
| OPEB liability | 1,108,000 | 222,000 | - | 1,330,000 | - |
| Compensated absences | 1,354,414 | 1,856,884 | 1,838,822 | 1,372,476 | 250,000 |
| Net pension liability | 6,339,973 | 14,939,854 | 1,715,981 | 19,563,846 | - |
| Total Other Liabilities | <u>11,656,397</u> | <u>17,018,738</u> | <u>3,786,248</u> | <u>24,888,887</u> | <u>490,055</u> |
| Total Governmental Activities | | | | | |
| Long-Term Liabilities | <u>\$ 26,279,754</u> | <u>\$ 17,018,738</u> | <u>\$ 4,761,984</u> | <u>\$ 38,536,508</u> | <u>\$ 1,508,903</u> |
| Business-Type Activities | | | | | |
| Stormwater Utility Revenue Bonds | <u>\$ 7,279,307</u> | <u>\$ -</u> | <u>\$ 411,430</u> | <u>\$ 6,867,877</u> | <u>\$ 427,323</u> |

IX. INTEREST RATE SWAPS

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53) addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. In accordance with the standard, all derivatives are reported on the statement of net position 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 position as a deferral, or in the statement of activities as investment revenue or loss.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
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IX. INTEREST RATE SWAPS (Continued)

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, 2016, all swap liabilities, are offset by a corresponding deferred outflow of resources on the statement of net position.

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 tables provides a summary of the basic terms of the swap agreements as of September 30, 2016:

| Associated Bonds | Initial Notional | Current Notional | Effective Date | Maturity Date | Rate Paid | Rate Received | Fair Value | Bank Counterparty | Counterparty Ratings Moody's/S&P/Fitch |
|------------------|------------------|------------------|----------------|---------------|-----------|------------------------------|----------------------|-------------------|--|
| Series 2006 A | 10,000,000 | 6,397,474 | 5/4/2006 | 4/1/2027 | 4.24% | 65% of 3-Month LIBOR + 0.45% | (\$1,050,391) | Regions Bank | Baa3/BBB+/BBB |
| Series 2007 A | 10,000,000 | 6,404,384 | 1/16/2007 | 4/1/2027 | 4.27% | 65% of 3-Month LIBOR + 0.45% | (\$1,062,608) | Regions Bank | Baa3/BBB+/BBB |
| | | | | | | | <u>(\$2,112,999)</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) plus 0.45%, just like the underlying variable rate bonds.

Fair Value: Long-term interest rates have declined since the execution of the swaps and as of September 30, 2016 the swaps had a negative fair value of (\$1,050,391) and (\$1,062,608) 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.

Pursuant to GASB Statement No. 72, the settlement amounts are then adjusted for the nonperformance risk of each party to the swap to arrive at the fair value. For each swap, the nonperformance risk was computed as the total cost of the transactions required to hedge the default exposure. Default probabilities were derived from observable inputs that fall into Level 2 of the GASB Statement No. 72 fair value hierarchy. A risk adjusted amount is calculated using the income approach, which uses the discounted cash flow method to discount the amounts of market expected future cash flows to a single present value, using a rate of return that takes into account the relative risk of cash flows and time value of money. The difference between the nonperformance risk free valuation and risk adjusted valuation is the transaction's risk adjusted amount. This risk adjusted amount is applied to the nonperformance risk free valuation to get the fair value under GASB 72.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IX. INTEREST RATE SWAPS (Continued)

Credit Risk: As of September 30, 2016, 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 Baa3 by Moody's, BBB+ by Standard & Poor's, and BBB by Fitch as of September 30, 2016.

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.

X. EMPLOYEE RETIREMENT PLANS

Florida Retirement System Plan

All budgeted City employees are eligible to participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple-employer defined benefit pension plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature establishes and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for the FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications or at the Division's website.

Pension Plan

Plan Description and Benefits Provided

The Pension Plan is a multiple-employer cost sharing defined benefit pension plan. All budgeted City employees are eligible to participate in the Pension Plan. The City's payroll for the 120 employees covered by the System for the year ended September 30, 2016 was \$9,238,938.

The 2011 Florida Legislative session passed Senate Bill 2100, making substantive changes to the FRS. The bill was signed into law effective July 1, 2011. The bill requires all FRS Investment and Pension Plan members to make 3% employee contributions on a pretax basis. Employees who are in the Deferred Retirement Option Program (DROP) are not required to pay employee contributions. The bill changed the annual interest rate of the DROP from 6.5% to 1.3% per year. Furthermore, the bill eliminated the cost-of-living adjustment (COLA) on FRS services earned on or after July 1, 2011. However, a reduced COLA will be calculated if a member's retirement or DROP participation date is effective on or after August 1, 2011.

CITY OF DORAL, FLORIDA
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SEPTEMBER 30, 2016

X. EMPLOYEE RETIREMENT PLANS (Continued)

Under the bill, the Pension Plan's vesting requirement changes from 6 years to 8 years. For new employees initially enrolled in the Pension Plan on or after July 1, 2011, those members will be vested upon completion of 8 years of creditable services. For existing employees, vesting will remain at 6 years of creditable service.

The bill also changed the Pension Plan's normal retirement date. For Special Risk Class, the age increases from 55 to 60 years of age, and the years of creditable service increases from 25 to 30 years. For all other classes, the age increases from 62 to 65 years of age, and the years of creditable service increases from 30 to 33 years. Upon vesting, those members are entitled to an annual retirement benefit payable monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State statute.

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.

Contributions and Funding Policy

The City required contribution rates are established by the Florida Legislature. Employees within 5 years of retirement may elect to participate in the DROP. The City contributes 11.33% of salaries for participants of the DROP. During 2016 the City had one employee participating in this program.

Effective July 1, 2011 employees are required to contribute 3% of salaries to the System. The employer contribution for regular employees, senior management, and special risk members applicable to the last three fiscal years are as follows:

| Employer Contribution Rates | Regular Employees | Senior Management | Special Risk Members |
|-----------------------------------|----------------------|----------------------|-------------------------|
| Effective 7/1/14 | 6.07% | 19.84% | 40.77% |
| Effective 7/1/15 | 5.56% | 19.73% | 31.25% |
| Effective 7/1/16 | 5.80% | 20.05% | 26.34% |

The City's contribution to the FRS for the last three years were as follows:

| | 2016 | 2015 | 2014 |
|------------------------|--------------|--------------|--------------|
| Employer contribution | \$ 1,817,153 | \$ 1,580,262 | \$ 1,254,454 |
| Percentage contributed | 100% | 100% | 100% |

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2016, the City reported a liability of \$16,116,104 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was approximately 0.064%, which was an increase of approximately 0.015% from its proportion measured as of June 30, 2015.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

X. EMPLOYEE RETIREMENT PLANS (Continued)

For the year ended September 30, 2016, the City recognized pension expense of \$2,874,822. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 1,233,973 | \$ 150,052 |
| Changes of assumptions | 974,976 | - |
| Net difference between projected and actual earnings on pension plan investments | 4,165,817 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 2,505,417 | 271,260 |
| City contributions subsequent to the measurement date | 424,652 | - |
| | <u>\$ 9,304,835</u> | <u>\$ 421,312</u> |

The \$424,652 reported as deferred outflows of resources related to the Pension Plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Year Ended September 30: | |
|--------------------------|--------------|
| 2017 | \$ 1,274,882 |
| 2018 | \$ 1,274,882 |
| 2019 | \$ 2,898,976 |
| 2020 | \$ 2,173,330 |
| 2021 | \$ 626,809 |
| Thereafter | \$ 209,992 |

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.60% |
| Actuarial cost method | Individual entry age |
| Salary increases | 3.25% average, including inflation |
| Investment rate of return | 7.60%, net of pension plan investment expense |

Mortality rates were based on the Generational RP-2000 Mortality Table, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used to determine the total pension liability as of June 30, 2016 were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. Differences between the assumptions used for June 30, 2016 measurement date calculations and June 30, 2015 measurement date calculations are limited to the new mortality tables for those in active employment, and the change in the discount rate for the Pension Plan from 7.65% as of June 30, 2015 to 7.60% for June 30, 2016.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

X. EMPLOYEE RETIREMENT PLANS (Continued)

The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Each asset class assumption is based on a consistent set of underlying assumptions. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> |
|------------------------|------------------------------|---|---|
| Cash | 1% | 3.0% | 3.0% |
| Fixed income | 18% | 4.7% | 4.6% |
| Global equity | 53% | 8.1% | 6.8% |
| Real estate (property) | 10% | 6.4% | 5.8% |
| Private equity | 6% | 11.5% | 7.8% |
| Strategic investments | 12% | 6.1% | 5.6% |
| Total | <u>100%</u> | | |

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.60%) or one percentage-point higher (8.60%) than the current rate:

| | <u>1% Decrease (6.60%)</u> | <u>Current Discount Rate (7.60%)</u> | <u>1% Increase (8.60%)</u> |
|---|------------------------------------|--|------------------------------------|
| City's proportionate share of the net pension liability | \$ 29,670,839 | \$ 16,116,104 | \$ 4,833,578 |

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

X. EMPLOYEE RETIREMENT PLANS (Continued)

HIS Plan

Plan Description and Benefits Provided

The HIS Plan is a multiple-employer cost-sharing defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions and Funding Policy

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. The employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for all classes through September 30, 2016 were 1.66%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy to all participants, benefits may be reduced or cancelled.

For the fiscal year ending September 30, 2016, the City's contributions to the HIS Plan totaled approximately \$143,000.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2016, the City reported a liability of \$3,447,742 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was approximately 0.029%, which was an increase of approximately 0.004% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the City recognized pension expense of \$400,916. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 7,854 |
| Changes of assumptions | 541,038 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,743 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 626,357 | - |
| City contributions subsequent to the measurement date | 35,597 | - |
| | <u>\$ 1,204,735</u> | <u>\$ 7,854</u> |

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

X. EMPLOYEE RETIREMENT PLANS (Continued)

The \$35,597 reported as deferred outflows of resources related to the HIS Plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Year Ended September 30: | |
|--------------------------|------------|
| 2017 | \$ 210,242 |
| 2018 | \$ 210,242 |
| 2019 | \$ 209,910 |
| 2020 | \$ 209,750 |
| 2021 | \$ 183,389 |
| Thereafter | \$ 137,751 |

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|------------------------------------|
| Inflation | 2.60% |
| Actuarial cost method | Individual entry age |
| Salary increases | 3.25% average, including inflation |
| Investment rate of return | 2.85% |

Mortality rates were based on the Generational RP-2000 Mortality Table, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used to determine the total pension liability as of June 30, 2016 were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. Differences between the assumptions used for June 30, 2016 measurement date calculations and June 30, 2015 measurement date calculations are limited to the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index used in the valuation of the HIS Plan (municipal rate decreased from 3.80% to 2.85%), and the new mortality tables for those in active employment.

Discount Rate

The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (1.85%) or one percentage-point higher (3.85%) than the current rate:

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

X. EMPLOYEE RETIREMENT PLANS (Continued)

| | 1% Decrease (1.85%) | Current Discount Rate (2.85%) | 1% Increase (3.85%) |
|---|------------------------------------|--|------------------------------------|
| City's proportionate share of the net pension liability | \$ 3,955,343 | \$ 3,447,742 | \$ 3,026,460 |

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida State Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Effective July 1, 2012, allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Senior Management Service class 7.67%, and Special Risk class 14.0%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

For the fiscal year ending September 30, 2016, the City's contributions for participants in the Investment Plan totaled approximately \$436,000.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

X. EMPLOYEE RETIREMENT PLANS (Continued)

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%. Additionally, 18% is contributed to the City Council.

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.

XI. COMMITMENTS AND CONTINGENCIES

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 the general liability insurance 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.

Leases

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 was required to commence construction of the City police station within three years of the commencement date of the lease. An amendment was made to the lease to commence construction until no later than August 18, 2013. The City renegotiated a three year extension to the agreement giving the City until August 18, 2016 to commence construction. During 2016 construction of the police station commenced and is expected to be completed during fiscal year ending September 30, 2017.

Other: The City leases equipment under various leases, most of which are executed on a year-to-year basis. Rental expenses for equipment leases for the year ended September 30, 2016 amounted to approximately \$375,000. Future commitments under operating leases at September 30, 2016 approximate \$90,000 per year through 2019.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

XI. COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments

At September 30, 2016, the City is in the process of various construction projects including the construction of an 18 acre park, multiple roadway infrastructure improvements, and construction of police and public works expansion. The commitments remaining for the cost of construction is approximately \$35 million. The projects are currently in various stages of design, engineering, and/or construction.

XII. 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 October 1, 2016 was used in the valuation. This data included current medical coverage for current employees and retirees.

Claims Data

The claims are based on age adjusted premiums.

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 used 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 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 Florida Retirement System Pension Plan.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

XII. OTHER POST EMPLOYMENT BENEFITS (Continued)

Economic Assumptions

The discount rate is 4%. The medical trend assumption is based on a model developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in December 2007 and updated in September 2014. The following baseline assumptions were used as input variables into this model:

| | |
|---|-------|
| Rate of Inflation | 2.4% |
| Rate of Growth in Real Income / GDP per capita | 1.5% |
| Extra Trend due to Technology and other factors | 1.0% |
| Health Share of GDP Resistance Point | 25.0% |
| Year for Limiting Cost Growth to GDP Growth | 2075 |

The pre-65 medical trend was increased to reflect the impact of the Cadillac Tax, for this purpose general inflation was assumed to be 2.5% per annum.

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

Benefit Eligibility

Participants must meet the eligibility of the Florida Retirement System which is:

Initially Enrolled Before July 1, 2011

Regular Class – earlier of

- Age 62 with 6 years of service,
- Age after 62 that member becomes vested, or
- 30 years of service regardless of age

Special Risk Class – earlier of

- Age 55 with 6 years of special risk service,
- Age after 55 that member becomes vested,
- 25 years of service consisting of both special risk service and up to 4 years of wartime military service and age 52,
- 25 years of special risk service regardless of age, or
- 30 years of any credible service, regardless of age

Initially Enrolled On or After July 1, 2011

Regular Class – earlier of

- Age 65 with 8 years of service,
- Age after 65 that member becomes vested, or
- 33 years of service regardless of age

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

XII. OTHER POST EMPLOYMENT BENEFITS (Continued)

Special Risk Class – earlier of

- Age 60 with 8 years of special risk service,
- Age after 60 that member becomes vested,
- 30 years of service consisting of both special risk service and up to 4 years of wartime military service and age 57,
- 30 years of special risk service regardless of age, or
- 33 years of any credible service, regardless of age

Members are eligible for early retirement or reduced retirement if vested and within the 20 years of normal retirement age. The benefit is reduced 5% for each year remaining from a member's early retirement age to his/her normal retirement age. General participants are assumed to be eligible for early retirement at age 55 and Police participants at age 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.

Public safety participants receive a \$5 subsidy from the 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 24 year period as a level percentage of payroll for fiscal year ended September 30, 2016.

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 the following baseline assumptions as input variables into the model:

| | |
|---|-------|
| Rate of Inflation | 2.4% |
| Rate of Growth in Real Income / GDP per capita | 1.5% |
| Extra Trend due to Technology and other factors | 1.0% |
| Health Share of GDP Resistance Point | 25.0% |
| Year for Limiting Cost Growth to GDP Growth | 2075 |

The pre-65 medical trend was increased to reflect the impact of the Cadillac Tax, for this purpose general inflation was assumed to be 2.5% per annum.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

XII. OTHER POST EMPLOYMENT BENEFITS (Continued)

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 No. 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 September 30, 2016 is as follows:

| | | |
|--|----|-----------|
| Annual required contribution (ARC) | \$ | 226,000 |
| Interest on net OPEB obligation | | 44,000 |
| Adjustment to annual required contribution | | (48,000) |
| Annual OPEB cost | | 222,000 |
| Contributions made | | - |
| Increase in net OPEB obligation | | 222,000 |
| Net OPEB obligation - beginning of year | | 1,108,000 |
| Net OPEB obligation - end of year | \$ | 1,330,000 |

Schedule of Employer Contributions

| Year Ended September 30 | Annual OPEB Cost | Actual Contribution | Percentage Contributed | OPEB Obligation |
|-------------------------------|------------------------|------------------------|---------------------------|--------------------|
| 2014 | \$ 140,000 | \$ - | 0.0% | 958,000 |
| 2015 | \$ 150,000 | \$ - | 0.0% | 1,108,000 |
| 2016 | \$ 222,000 | \$ - | 0.0% | 1,330,000 |

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (a - b)/c |
|-----------------------------|--|---|-----------------------------------|--------------------------|---------------------------|---|
| 10/1/2013 | - | 581,000 | 581,000 | 0.0% | 6,392,000 | 9.09% |
| 10/1/2014 | - | 715,000 | 715,000 | 0.0% | 6,877,000 | 10.40% |
| 10/1/2015 | - | 1,043,000 | 1,043,000 | 0.0% | 8,065,358 | 12.93% |

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 actual accrued liability for benefits.

CITY OF DORAL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

XII. OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the terms of the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in effect at the valuation date and the pattern of sharing benefit costs between the City and plan members to that point. Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

| | |
|-------------------------|---|
| 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 trend table is split for Pre-Medicare and Post-Medicare aged participants. 9.00% initial; 4.24% ultimate |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DORAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 18,631,489 | \$ 18,631,489 | \$ 17,937,470 | \$ (694,019) |
| Utility taxes | 7,437,000 | 7,437,000 | 8,429,829 | 992,829 |
| Franchise fees | 4,205,000 | 4,205,000 | 4,175,420 | (29,580) |
| Intergovernmental revenues | 5,351,756 | 5,351,756 | 5,371,452 | 19,696 |
| Licenses, permits and fines | 10,157,000 | 10,157,000 | 11,644,839 | 1,487,839 |
| Communication service tax | 4,281,330 | 4,281,330 | 4,246,691 | (34,639) |
| Charges for services | 1,984,100 | 1,984,100 | 2,220,712 | 236,612 |
| Grants and contributions | 35,000 | 35,000 | 942,445 | 907,445 |
| Investment income | 400,000 | 400,000 | 752,024 | 352,024 |
| Miscellaneous | 330,000 | 330,000 | 1,212,375 | 882,375 |
| Total revenues | <u>52,812,675</u> | <u>52,812,675</u> | <u>56,933,257</u> | <u>4,120,582</u> |
| Expenditures: | | | | |
| General government | | | | |
| Elected officials | 1,102,097 | 1,102,097 | 986,950 | 115,147 |
| Manager's office | 665,747 | 726,204 | 683,681 | 42,523 |
| Public affairs | 785,313 | 824,541 | 624,739 | 199,802 |
| City clerk | 548,943 | 573,101 | 481,833 | 91,268 |
| Finance department | 1,040,648 | 1,034,548 | 947,778 | 86,770 |
| City attorney | 625,000 | 1,103,577 | 1,057,985 | 45,592 |
| Human resources | 707,353 | 657,353 | 556,837 | 100,516 |
| Information technology | 4,894,742 | 5,003,539 | 4,020,589 | 982,950 |
| Economic development | 372,342 | 363,842 | 262,091 | 101,751 |
| General government | <u>2,601,340</u> | <u>2,634,403</u> | <u>2,345,534</u> | <u>288,869</u> |
| Total general government | 13,343,525 | 14,023,205 | 11,968,017 | 2,055,188 |
| Police | 20,551,843 | 21,325,477 | 19,947,301 | 1,378,176 |
| Public works | 6,327,326 | 10,783,423 | 8,184,233 | 2,599,190 |
| Parks and recreation | 21,179,661 | 29,329,474 | 9,910,738 | 19,418,736 |
| Building | 3,690,779 | 3,986,379 | 3,687,055 | 299,324 |
| Planning and zoning | 1,004,691 | 1,140,052 | 964,477 | 175,575 |
| Code enforcement | 1,319,797 | 1,319,797 | 1,230,322 | 89,475 |
| Debt service: | | | | |
| Principal | 1,207,183 | 1,207,183 | 1,207,181 | 2 |
| Interest | <u>747,902</u> | <u>747,902</u> | <u>694,016</u> | <u>53,886</u> |
| Total expenditures | 69,372,707 | 83,862,892 | 57,793,340 | 26,069,552 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | <u>(16,560,032)</u> | <u>(31,050,217)</u> | <u>(860,083)</u> | <u>30,190,134</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (400,000) | (400,000) | (400,000) | - |
| Appropriation of prior year fund balance | <u>16,960,032</u> | <u>31,450,217</u> | <u>-</u> | <u>(31,450,217)</u> |
| Total other financing sources (uses) | <u>16,560,032</u> | <u>31,050,217</u> | <u>(400,000)</u> | <u>(31,450,217)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,260,083)</u> | <u>\$ (1,260,083)</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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental revenues | \$ 2,664,899 | \$ 2,664,899 | \$ 2,952,057 | \$ 287,158 |
| Impact fees | 2,719,867 | 2,719,867 | 2,751,825 | 31,958 |
| Grant revenues | 1,021,654 | 1,021,654 | 1,283,540 | 261,886 |
| Investment income | - | - | 60,896 | 60,896 |
| Total revenues | <u>6,406,420</u> | <u>6,406,420</u> | <u>7,048,318</u> | <u>641,898</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | <u>12,059,584</u> | <u>20,075,642</u> | <u>6,737,681</u> | <u>13,337,961</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | <u>(5,653,164)</u> | <u>(13,669,222)</u> | <u>310,637</u> | <u>13,979,859</u> |
| Other financing sources (uses) | | | | |
| Appropriation of prior year fund balance | <u>5,653,164</u> | <u>13,669,222</u> | <u>-</u> | <u>(13,669,222)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 310,637</u> | <u>\$ 310,637</u> |

See notes to budgetary comparison schedule

CITY OF DORAL, FLORIDA
BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECTS FUND - PARK IMPACT FEE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Impact fees and special assessments | \$ 1,500,000 | \$ 1,500,000 | \$ 2,651,002 | \$ 1,151,002 |
| Interest income | - | - | 16,083 | 16,083 |
| Total revenues | <u>1,500,000</u> | <u>1,500,000</u> | <u>2,667,085</u> | <u>1,167,085</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Parks and recreation | - | 8,199,926 | 7,992,688 | 207,238 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | <u>1,500,000</u> | <u>(6,699,926)</u> | <u>(5,325,603)</u> | <u>1,374,323</u> |
| Other financing sources (uses) | | | | |
| Appropriation of prior year fund balance | - | 8,199,926 | - | (8,199,926) |
| Net change in fund balance | <u>\$ 1,500,000</u> | <u>\$ 1,500,000</u> | <u>\$ (5,325,603)</u> | <u>\$ (6,825,603)</u> |

See notes to budgetary comparison schedule

CITY OF DORAL, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Notes to Budgetary Comparison Schedules

Annual appropriated budgets are prepared for the General Fund, Transportation Fund, Park Impact Fee Fund, Police Impact Fee Fund, Capital Improvement Projects Fund, and Infrastructure Replacement 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 fiscal year ended September 30, 2016, there were supplemental appropriations of \$14,490,186 in the General Fund, \$8,016,058 in the Transportation Fund, \$8,199,927 in the Park Impact Fee Fund, \$1,614,072 in the Police Impact Fee Fund, and \$303,159 in the Capital Improvement Projects Fund.
5. Formal budgetary integration is employed as a management control device for the General Fund.
6. The budget for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF DORAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST 3 FISCAL YEARS*

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|--------------|--------------|
| City's proportion of the net pension liability (asset) | 0.06382596% | 0.04908490% | 0.04200912% |
| City's proportionate share of the net pension liability (asset) | \$ 16,116,104 | \$ 6,339,973 | \$ 2,563,174 |
| City's covered-employee payroll | \$ 9,129,495 | \$ 7,828,489 | \$ 6,564,017 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 176.53% | 80.99% | 39.05% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.88% | 92.00% | 96.09% |

* The amounts presented for each fiscal year were determined as of 6/30 (measurement date of the collective net pension liability). GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

CITY OF DORAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST 3 FISCAL YEARS*

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|----------------|
| Contractually required contribution | \$ 1,817,153 | \$ 1,454,377 | \$ 1,173,805 |
| Contributions in relation to the contractually required contribution | \$ (1,817,153) | \$ (1,454,377) | \$ (1,173,805) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 9,238,938 | \$ 8,065,358 | \$ 6,877,000 |
| Contributions as a percentage of covered-employee payroll | 19.67% | 18.03% | 17.07% |

* GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

CITY OF DORAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST 3 FISCAL YEARS*

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|
| City's proportion of the net pension liability (asset) | 0.02958271% | 0.02589614% | 0.02194310% |
| City's proportionate share of the net pension liability (asset) | \$ 3,447,742 | \$ 2,640,999 | \$ 2,051,733 |
| City's covered-employee payroll | \$ 9,129,495 | \$ 7,828,489 | \$ 6,564,017 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 37.76% | 33.74% | 31.26% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.97% | 0.50% | 0.99% |

* The amounts presented for each fiscal year were determined as of 6/30 (measurement date of the collective net pension liability). GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

CITY OF DORAL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST 3 FISCAL YEARS*

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|--------------------|
| Contractually required contribution | \$ 143,366 | \$ 125,885 | \$ 80,649 |
| Contributions in relation to the contractually required contribution | <u>\$ (143,366)</u> | <u>\$ (125,885)</u> | <u>\$ (80,649)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 9,238,938 | \$ 8,065,358 | \$ 6,877,000 |
| Contributions as a percentage of covered-employee payroll | 1.55% | 1.56% | 1.17% |

* GASB 68 requires information for 10 years; until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Law Enforcement Trust Fund – This fund accounts for proceeds received from the sale of property seized and forfeited through Local, State and Federal agencies. Funds are to be expended in compliance with applicable Federal, State and Local law, regulations and orders.

Capital Projects Fund

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

Police Impact Fee Fund – This fund accounts for a fee applied to each unit of new construction single-family, duplex and multifamily buildings for the purpose of police department improvements.

Infrastructure Replacement Fund – This fund was established for the purpose of planning and budgeting for capital maintenance and replacement needs and accounting for such costs. This includes major government facilities, infrastructure, equipment, and networks that enable the delivery of public sector services.

CITY OF DORAL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

| | Special Revenue | Capital Projects | | | Total |
|--|----------------------------|-----------------------------------|------------------------|---------------------------------|--------------|
| | Law Enforcement Trust Fund | Capital Improvement Projects Fund | Police Impact Fee Fund | Infrastructure Replacement Fund | |
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 568,299 | \$ 288,443 | \$ 3,202,691 | \$ 100,000 | \$ 4,159,433 |
| Accounts receivable - net | 8,119 | - | - | - | 8,119 |
| Total assets | \$ 576,418 | \$ 288,443 | \$ 3,202,691 | \$ 100,000 | \$ 4,167,552 |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 9,080 | \$ - | \$ - | \$ 9,080 |
| Escrow deposits | 8,049 | - | - | - | 8,049 |
| Due to other funds | 59,127 | - | - | - | 59,127 |
| Total liabilities | 67,176 | 9,080 | - | - | 76,256 |
| <u>FUND BALANCES</u> | | | | | |
| Restricted | 489,650 | 250,882 | 1,588,619 | 100,000 | 2,429,151 |
| Committed | 19,592 | 28,481 | 1,614,072 | - | 1,662,145 |
| Total fund balances | 509,242 | 279,363 | 3,202,691 | 100,000 | 4,091,296 |
| Total liabilities and fund balances | \$ 576,418 | \$ 288,443 | \$ 3,202,691 | \$ 100,000 | \$ 4,167,552 |

CITY OF DORAL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | <u>Special Revenue</u> | <u>Capital Projects</u> | | | <u>Total</u> |
|---|-----------------------------------|--|-------------------------------|--|---------------------|
| | <u>Law Enforcement Trust Fund</u> | <u>Capital Improvement Projects Fund</u> | <u>Police Impact Fee Fund</u> | <u>Infrastructure Replacement Fund</u> | |
| Revenues: | | | | | |
| Fines and forfeitures | \$ 181,851 | \$ - | \$ - | \$ - | \$ 181,851 |
| Impact fees | - | - | 852,299 | - | 852,299 |
| Interest income | - | - | 3,650 | - | 3,650 |
| Total revenues | <u>181,851</u> | <u>-</u> | <u>855,949</u> | <u>-</u> | <u>1,037,800</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Police | 54,935 | - | - | - | 54,935 |
| Capital outlay | 99,459 | 206,374 | - | - | 305,833 |
| Total expenditures | <u>154,394</u> | <u>206,374</u> | <u>-</u> | <u>-</u> | <u>360,768</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>27,457</u> | <u>(206,374)</u> | <u>855,949</u> | <u>-</u> | <u>677,032</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | <u>-</u> | <u>300,000</u> | <u>-</u> | <u>100,000</u> | <u>400,000</u> |
| Net changes in fund balance | 27,457 | 93,626 | 855,949 | 100,000 | 1,077,032 |
| Fund balances, beginning | <u>481,785</u> | <u>185,737</u> | <u>2,346,742</u> | <u>-</u> | <u>3,014,264</u> |
| Fund balances, ending | <u>\$ 509,242</u> | <u>\$ 279,363</u> | <u>\$ 3,202,691</u> | <u>\$ 100,000</u> | <u>\$ 4,091,296</u> |

CITY OF DORAL, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

| | Law Enforcement Trust Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------------------|--------------|---------------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ - | \$ - | \$ 181,851 | \$ 181,851 |
| Expenditures: | | | | |
| Current: | | | | |
| Police | - | - | 154,394 | (154,394) |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | - | - | 27,457 | 27,457 |
| Other financing sources (uses) Appropriation of prior year fund balance | - | - | - | - |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,457</u> | <u>\$ 27,457</u> |

CITY OF DORAL, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Police Impact Fee Fund

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Impact fees | \$ 180,000 | \$ 180,000 | \$ 852,299 | \$ 672,299 |
| Interest income | - | - | 3,650 | 3,650 |
| Total revenues | <u>180,000</u> | <u>180,000</u> | <u>855,949</u> | <u>675,949</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Police | <u>180,000</u> | <u>1,794,072</u> | <u>-</u> | <u>1,794,072</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | <u>-</u> | <u>(1,614,072)</u> | <u>855,949</u> | <u>2,470,021</u> |
| Other financing sources (uses) | | | | |
| Appropriation of prior year fund balance | <u>-</u> | <u>1,614,072</u> | <u>-</u> | <u>(1,614,072)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 855,949</u> | <u>\$ 855,949</u> |

CITY OF DORAL, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Capital Improvement Projects Fund

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Grant revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | 300,000 | 603,159 | 206,374 | 396,785 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | <u>(300,000)</u> | <u>(603,159)</u> | <u>(206,374)</u> | <u>396,785</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 300,000 | 300,000 | 300,000 | - |
| Appropriation of prior year fund balance | <u>-</u> | <u>303,159</u> | <u>-</u> | <u>(303,159)</u> |
| Total other financing sources (uses) | 300,000 | 603,159 | 300,000 | (303,159) |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 93,626</u> | <u>\$ 93,626</u> |

CITY OF DORAL, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Infrastructure Replacement Fund

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Grant revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | 100,000 | 100,000 | 100,000 | - |
| Net change in fund balance | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ -</u> |

STATISTICAL SECTION

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> |
|---|-------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i> | 70-73 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i> | 74-77 |
| Debt Capacity <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> | 78-81 |
| Demographic and Economic Information <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> | 82-83 |
| Operating Information <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> | 84-86 |

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 POSITION BY COMPONENT *
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets ** | \$ 23,202,258 | \$ 39,639,029 | \$ 41,662,505 | \$ 92,251,381 | \$ 119,771,884 | \$ 141,379,804 | \$ 141,542,303 | \$ 143,180,968 | \$ 152,045,423 | \$ 173,839,454 |
| Restricted | 3,177,068 | 3,754,632 | 5,515,965 | 10,168,722 | 11,033,844 | 13,214,721 | 18,900,716 | 20,635,882 | 27,958,935 | 24,021,001 |
| Unrestricted | 38,051,098 | 24,459,667 | 48,331,904 | 50,479,055 | 38,183,021 | 39,117,307 | 52,132,770 | 68,520,006 | 68,462,838 | 63,459,632 |
| Total governmental activities net position | <u>64,430,424</u> | <u>67,853,328</u> | <u>95,510,374</u> | <u>152,899,158</u> | <u>168,988,749</u> | <u>193,711,832</u> | <u>212,575,789</u> | <u>232,336,856</u> | <u>248,467,196</u> | <u>261,320,087</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets ** | 164,604 | 869,798 | 1,090,316 | 3,558,431 | 6,974,941 | 9,998,262 | 9,981,984 | 10,251,848 | 12,719,354 | 14,759,801 |
| Restricted | 5,110,253 | 6,947,066 | 9,060,722 | 11,335,185 | 10,614,726 | 11,675,417 | 13,087,937 | 15,286,069 | 14,817,975 | 15,797,725 |
| Unrestricted | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities net position | <u>5,274,857</u> | <u>7,816,864</u> | <u>10,151,038</u> | <u>14,893,616</u> | <u>17,589,667</u> | <u>21,673,679</u> | <u>23,069,921</u> | <u>25,537,917</u> | <u>27,537,329</u> | <u>30,557,526</u> |
| Total government: | | | | | | | | | | |
| Net investment in capital assets ** | 23,366,862 | 40,508,827 | 42,752,821 | 95,809,812 | 126,746,825 | 151,378,066 | 151,524,287 | 153,442,816 | 164,764,777 | 188,599,255 |
| Restricted | 8,287,321 | 10,701,698 | 14,576,687 | 21,503,907 | 21,648,570 | 24,890,138 | 31,988,653 | 35,921,951 | 42,776,730 | 39,818,726 |
| Unrestricted | 38,051,098 | 24,459,667 | 48,331,904 | 50,479,055 | 38,183,021 | 39,117,307 | 52,132,770 | 61,832,414 | 68,462,838 | 63,459,632 |
| Total government net position | <u>\$ 69,705,281</u> | <u>\$ 75,670,192</u> | <u>\$ 105,661,412</u> | <u>\$ 167,792,774</u> | <u>\$ 186,578,416</u> | <u>\$ 215,385,511</u> | <u>\$ 235,645,710</u> | <u>\$ 251,197,181</u> | <u>\$ 276,004,345</u> | <u>\$ 291,877,613</u> |

* Effective with the implementation of GASB Statement No. 63 in fiscal year 2013, Net Assets was renamed Net Position.

** Effective with the implementation of GASB Statement No. 63 in fiscal year 2013, Invested in Capital Assets, Net of Related Debt was renamed Net Investment in Capital Assets.

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 4,042,423 | \$ 6,392,127 | \$ 9,254,163 | \$ 9,395,586 | \$ 9,377,567 | \$ 8,798,055 | \$ 8,204,661 | \$ 8,389,824 | \$ 11,600,181 | \$ 13,092,689 |
| Public safety | 13,318,322 | 15,608,252 | 13,272,672 | 13,309,746 | 13,075,987 | 12,965,522 | 12,489,625 | 13,407,671 | 14,465,522 | 20,704,715 |
| Community development ** | - | - | - | - | - | - | - | - | - | - |
| Building department ** | 3,075,941 | 3,431,312 | 2,681,306 | 2,409,914 | 2,385,076 | 2,233,942 | 2,596,095 | 2,864,600 | 3,459,627 | 3,876,139 |
| Planning & zoning department ** | 851,765 | 1,271,656 | 1,490,300 | 1,756,263 | 1,611,160 | 1,675,114 | 1,646,449 | 1,659,889 | 2,029,350 | 2,210,100 |
| Public works | 894,629 | 1,596,806 | 2,449,170 | 4,436,348 | 4,185,763 | 4,252,964 | 5,532,198 | 6,080,384 | 7,134,089 | 7,962,384 |
| Parks and recreation | 2,166,591 | 2,414,919 | 2,933,542 | 3,581,420 | 3,142,369 | 5,098,902 | 5,181,129 | 4,721,102 | 5,312,829 | 6,313,838 |
| Mitigation/ QNIP | 398,178 | 17,371,673 | 380,362 | 6,407,677 | 381,493 | - | - | - | - | - |
| Interest on long-term debt | 984,740 | 928,928 | 920,428 | 1,006,180 | 1,069,561 | 868,321 | 963,412 | 830,011 | 730,862 | 673,704 |
| Total governmental activities | 25,732,589 | 49,015,673 | 33,381,943 | 42,303,134 | 35,228,976 | 35,892,820 | 36,613,569 | 37,953,481 | 44,732,460 | 54,833,569 |
| Business-type activities: | | | | | | | | | | |
| Stormwater utility | 49,501 | 770,723 | 805,418 | 2,238,982 | 1,554,642 | 1,381,554 | 2,786,111 | 1,802,865 | 2,435,450 | 1,878,698 |
| Total business-type activities | 49,501 | 770,723 | 805,418 | 2,238,982 | 1,554,642 | 1,381,554 | 2,786,111 | 1,802,865 | 2,435,450 | 1,878,698 |
| Total government expenses | \$ 25,782,090 | \$ 49,786,396 | \$ 34,187,361 | \$ 44,542,116 | \$ 36,783,618 | \$ 37,274,374 | \$ 39,399,680 | \$ 39,756,346 | \$ 47,167,910 | \$ 56,712,267 |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 925,276 | \$ 874,751 | \$ 976 | \$ 128,823 | \$ 112,836 | \$ 125,626 | \$ 132,997 | \$ 21,223 | \$ 24,405 | \$ 25,551 |
| Building department | 7,046,317 | 4,841,501 | 3,263,765 | 2,812,662 | 4,412,564 | 4,957,425 | 7,021,431 | 6,952,601 | 9,266,485 | 9,347,590 |
| Community development | - | - | - | - | - | - | - | - | - | - |
| Planning & zoning department | 152,749 | 440,845 | 855,403 | 914,770 | 996,774 | 1,148,344 | 1,334,366 | 2,202,349 | 1,825,735 | 2,185,310 |
| Public safety | 1,357,086 | 1,059,257 | 1,420,671 | 1,186,253 | 1,281,524 | 2,387,197 | 1,902,291 | 2,023,454 | 2,498,809 | 2,432,741 |
| Public works | - | - | 851,038 | 290,544 | 908,130 | 1,925,115 | 1,890,988 | 2,791,693 | 6,217,993 | 3,023,982 |
| Parks/recreation | 2,139,521 | 532,021 | 429,071 | 728,160 | 1,762,181 | 2,075,532 | 2,231,399 | 1,673,723 | 3,843,519 | 3,287,354 |
| Operating grants and contributions | | | | | | | | | | |
| General government | - | - | 40,586 | - | - | - | - | - | - | - |
| Parks/recreation | 416,319 | - | - | - | - | - | - | - | - | 460,000 |
| Public safety | - | - | 8,863 | - | - | - | 300,000 | 91,360 | 5,584 | 11,354 |
| Capital grants and contributions | | | | | | | | | | |
| General government | - | - | 147,000 | - | - | 35,372 | - | - | 86,492 | - |
| Public safety | - | - | - | - | - | 1,686,744 | 20,986 | 23,112 | 216,415 | 16,025 |
| Public works | - | - | 764,951 | 732,460 | 947,429 | 161,348 | 204,866 | 1,115,394 | 560,590 | 1,288,040 |
| Parks/recreation | - | - | 5,828,755 | - | - | 2,500 | - | 2,671 | 5,500 | 450,566 |
| Total governmental activities program revenues | 12,037,268 | 7,748,375 | 13,611,079 | 6,793,672 | 10,421,438 | 14,505,203 | 15,039,324 | 16,897,580 | 24,551,527 | 22,528,513 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Stormwater utility | 2,990,054 | 3,207,457 | 2,899,271 | 3,752,026 | 3,803,236 | 3,796,658 | 3,848,250 | 3,733,063 | 3,827,559 | 3,855,651 |
| Operating grants and contributions | - | 110,845 | - | 369,815 | 360,407 | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - | 1,595,521 | 257,523 | 505,487 | 506,039 | 750,000 |
| Total business-type activities program revenues | 2,990,054 | 3,318,302 | 2,899,271 | 4,121,841 | 4,163,643 | 5,392,179 | 4,105,773 | 4,238,550 | 4,333,598 | 4,605,651 |
| Total program revenues | \$ 15,027,322 | \$ 11,066,677 | \$ 16,510,350 | \$ 10,915,513 | \$ 14,585,081 | \$ 19,897,382 | \$ 19,145,097 | \$ 21,136,130 | \$ 28,885,125 | \$ 27,134,164 |
| Net (expense) revenue: | | | | | | | | | | |
| Governmental activities | \$(13,695,321) | \$(41,267,298) | \$(19,770,864) | \$(35,509,462) | \$(24,807,538) | \$(21,387,617) | \$(21,574,245) | \$(21,055,901) | \$(20,180,933) | \$(32,305,056) |
| Business-type activities | 2,940,553 | 2,547,579 | 2,093,853 | 1,882,859 | 2,609,001 | 4,010,625 | 1,319,662 | 2,435,685 | 1,898,148 | 2,726,953 |
| Total net expense | \$(10,754,768) | \$(38,719,719) | \$(17,677,011) | \$(33,626,603) | \$(22,198,537) | \$(17,376,992) | \$(20,254,583) | \$(18,620,216) | \$(18,282,785) | \$(29,578,103) |
| General revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 20,893,975 | \$ 24,179,740 | \$ 25,389,666 | \$ 22,448,001 | \$ 19,868,535 | \$ 19,766,557 | \$ 17,031,372 | \$ 15,383,682 | \$ 17,103,609 | \$ 17,937,470 |
| Utility taxes | 4,339,239 | 6,020,561 | 6,151,070 | 6,452,449 | 6,600,735 | 6,803,372 | 7,271,270 | 7,915,628 | 8,012,390 | 8,429,829 |
| Communications services tax | 4,019,547 | 4,085,310 | 4,743,877 | 5,205,814 | 4,920,479 | 5,080,171 | 4,980,273 | 5,519,464 | 4,846,707 | 4,246,691 |
| Franchise taxes | 3,278,696 | 5,586,792 | 5,703,733 | 5,887,483 | 4,344,291 | 4,947,073 | 4,597,851 | 3,982,872 | 4,047,368 | 4,175,420 |
| Intergovernmental | 7,765,837 | 3,432,355 | 2,665,510 | 3,136,493 | 3,560,046 | 4,717,657 | 6,678,764 | 7,074,393 | 7,661,687 | 8,323,509 |
| Investment earnings and other | 2,114,194 | 991,239 | 2,496,612 | 890,892 | 765,501 | 561,988 | 199,726 | 358,342 | 703,354 | 832,653 |
| Other revenue | - | - | - | - | - | 3,653,477 | - | - | - | - |
| Miscellaneous | 190,337 | 394,205 | 277,442 | 322,575 | 566,532 | 580,405 | 409,337 | 582,588 | 623,750 | 1,212,375 |
| Total governmental activities | 42,601,825 | 44,690,202 | 47,427,910 | 44,343,707 | 40,626,119 | 46,110,700 | 41,168,593 | 40,816,969 | 42,998,865 | 45,157,947 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings and other | - | (5,572) | 240,321 | 264,004 | 87,050 | 73,387 | 18,154 | 42,310 | 91,084 | 293,424 |
| Total business-type activities | - | (5,572) | 240,321 | 264,004 | 87,050 | 73,387 | 18,154 | 42,310 | 91,084 | 293,424 |
| Total general revenues | \$ 42,601,825 | \$ 44,684,630 | \$ 47,668,231 | \$ 44,607,711 | \$ 40,713,169 | \$ 46,184,087 | \$ 41,186,747 | \$ 40,859,279 | \$ 43,089,949 | \$ 45,451,371 |
| Debt forgiveness | \$ - | \$ - | \$ - | \$ - | \$ 271,010 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Change in net position: | | | | | | | | | | |
| Governmental activities | \$ 28,906,504 | \$ 3,422,904 | \$ 27,657,046 | \$ 8,834,245 | \$ 16,089,591 | \$ 24,723,083 | \$ 19,594,348 | \$ 19,761,068 | \$ 22,817,932 | \$ 12,852,891 |
| Business-type activities | 2,940,553 | 2,542,007 | 2,334,174 | 2,146,863 | 2,696,051 | 4,084,012 | 1,337,816 | 2,477,995 | 1,989,232 | 3,020,377 |
| Total change in net position | \$ 31,847,057 | \$ 5,964,911 | \$ 29,991,220 | \$ 10,981,108 | \$ 18,785,642 | \$ 28,807,095 | \$ 20,932,164 | \$ 22,239,063 | \$ 24,807,164 | \$ 15,873,268 |

* Effective with the implementation of GASB Statement No. 63 in fiscal year 2013, Net Assets was renamed Net Position.

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

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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General fund: | | | | | | | | | | |
| Reserved | \$ 617,475 | \$ 17,607,202 | \$ 1,899,761 | \$ 11,410,036 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved and designated | - | - | - | 26,775,000 | - | - | - | - | - | - |
| Unreserved | 43,759,009 | 24,617,572 | 41,344,944 | 13,063,995 | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | 335,440 | 388,354 | 161,833 | 200,816 | 8,790 | 9,152 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | 5,335,272 | 4,141,453 | 7,934,049 | 8,976,944 | 14,490,186 | 22,278,672 |
| Unassigned | - | - | - | - | 20,888,609 | 35,075,273 | 45,852,964 | 61,431,181 | 62,545,560 | 53,496,629 |
| Total general fund | <u>44,376,484</u> | <u>42,224,774</u> | <u>43,244,705</u> | <u>51,249,031</u> | <u>26,559,321</u> | <u>39,605,080</u> | <u>53,948,846</u> | <u>70,608,941</u> | <u>77,044,536</u> | <u>75,784,453</u> |
| All other governmental funds: | | | | | | | | | | |
| Reserved | 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 | - | - | - | - | - | - | - | - | - | - |
| Capital projects fund | (5,630,185) | 3,371,076 | 5,559,535 | - | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | 11,033,844 | 11,324,481 | 14,781,778 | 15,602,116 | 9,943,141 | 11,604,935 |
| Committed | - | - | - | - | 12,858,436 | 225,891 | 3,694,235 | 4,762,862 | 18,015,794 | 12,416,066 |
| Assigned | - | - | - | - | - | - | 424,703 | 270,904 | - | - |
| Unassigned | - | - | - | - | - | 2,595,027 | - | - | - | - |
| Total all other governmental funds | <u>(2,970,347)</u> | <u>3,653,712</u> | <u>11,075,500</u> | <u>10,229,387</u> | <u>23,892,280</u> | <u>14,145,399</u> | <u>18,900,716</u> | <u>20,635,882</u> | <u>27,958,935</u> | <u>24,021,001</u> |
| Total governmental funds | <u>\$ 41,406,137</u> | <u>\$ 45,878,486</u> | <u>\$ 54,320,205</u> | <u>\$ 61,478,418</u> | <u>\$ 50,451,601</u> | <u>\$ 53,750,479</u> | <u>\$ 72,849,562</u> | <u>\$ 91,244,823</u> | <u>\$105,003,471</u> | <u>\$ 99,805,454</u> |

Note: New fund balance classifications added beginning Fiscal Year 2011 with the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|---------------------|---------------------|---------------------|------------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues: | | | | | | | | | | |
| Ad valorem taxes | \$ 20,893,975 | \$ 24,179,740 | \$ 25,389,666 | \$ 22,448,001 | \$ 19,868,535 | \$ 19,766,557 | \$ 17,031,372 | \$ 15,383,682 | \$ 17,103,609 | \$ 17,937,470 |
| Franchise fees | 3,278,696 | 5,586,792 | 5,703,733 | 5,887,483 | 4,344,291 | 4,947,073 | 4,597,851 | 3,982,872 | 4,047,368 | 4,175,420 |
| Utility taxes | 4,339,239 | 6,020,561 | 6,151,070 | 6,452,449 | 6,600,735 | 6,803,372 | 7,271,270 | 7,915,628 | 8,012,390 | 8,429,829 |
| Communications services tax | 4,019,547 | 4,085,310 | 4,743,877 | 5,205,814 | 4,920,479 | 5,080,171 | 4,980,273 | 5,519,464 | 4,846,707 | 4,246,691 |
| Impact fees | 1,304,751 | 304,993 | - | - | - | - | - | - | 10,057,455 | 6,255,126 |
| Licenses, permits and fines | 8,911,239 | 6,476,391 | 5,189,771 | 4,820,997 | 6,282,078 | 8,033,873 | 10,410,450 | 11,303,153 | 12,940,075 | 11,826,690 |
| Intergovernmental revenue | 7,765,837 | 3,432,355 | 3,238,317 | 3,136,493 | 3,560,046 | 4,717,655 | 6,678,764 | 7,074,393 | 7,661,687 | 8,323,509 |
| Grants | 416,319 | - | 3,822,869 | 732,460 | 1,948,862 | 1,885,964 | 225,852 | 1,141,177 | 874,581 | 2,225,985 |
| Charges for services | 1,404,959 | 941,671 | 1,058,346 | 1,240,215 | 2,190,498 | 4,585,368 | 4,103,022 | 4,361,890 | 679,416 | 2,220,712 |
| Investment income | 2,114,194 | 991,239 | 2,496,612 | 890,892 | 765,501 | 561,988 | 199,726 | 358,342 | 703,354 | 832,653 |
| County contributions | - | - | 2,967,286 | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | 3,653,477 | - | - | - | - |
| Miscellaneous | 190,337 | 394,205 | 277,442 | 322,575 | 566,532 | 580,405 | 709,337 | 673,948 | 623,750 | 1,212,375 |
| Total revenues | 54,639,093 | 52,413,257 | 61,038,989 | 51,137,379 | 51,047,557 | 60,615,903 | 56,207,917 | 57,714,549 | 67,550,392 | 67,686,460 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 4,361,334 | 12,324,554 | 7,944,991 | 7,607,245 | 7,289,967 | 7,762,037 | 7,098,768 | 6,872,927 | 10,486,031 | 11,043,543 |
| Public safety | 13,321,448 | 17,696,614 | 12,424,819 | 12,174,931 | 11,925,430 | 11,409,610 | 11,770,981 | 12,867,951 | 14,275,190 | 16,248,248 |
| Community development | - | - | - | - | - | - | - | - | - | - |
| Building department | 3,136,195 | 3,360,946 | 2,595,514 | 2,324,468 | 2,323,994 | 2,190,425 | 2,479,507 | 2,700,697 | 3,231,640 | 3,687,055 |
| Planning & zoning department | 840,422 | 1,373,831 | 660,443 | 940,664 | 733,300 | 763,577 | 770,265 | 740,026 | 851,650 | 964,477 |
| Public works | 1,532,432 | 4,835,676 | 4,337,079 | 2,795,827 | 2,320,683 | 2,407,942 | 3,222,023 | 3,427,931 | 4,771,966 | 5,519,159 |
| Parks and recreation | 17,976,592 | 6,272,388 | 4,043,174 | 3,498,325 | 3,043,217 | 3,348,673 | 3,473,086 | 3,028,267 | 3,631,397 | 4,643,925 |
| Mitigation/ QNIP | 398,178 | 379,062 | 17,752,035 | 6,407,677 | 381,493 | - | - | - | - | - |
| Code Enforcement | - | - | 827,722 | 791,819 | 838,232 | 884,225 | 838,762 | 884,398 | 1,095,752 | 1,210,561 |
| Capital outlay * | - | - | - | 4,926,791 | 30,253,895 | 26,259,761 | 5,453,543 | 6,813,343 | 13,550,419 | 27,666,312 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 283,145 | 797,827 | 1,114,022 | 1,716,599 | 2,051,185 | 1,418,030 | 1,115,679 | 1,144,018 | 1,156,686 | 1,207,181 |
| Interest and other fiscal charges | 984,740 | 900,010 | 897,471 | 946,820 | 1,074,478 | 872,745 | 886,221 | 839,730 | 741,013 | 694,016 |
| Total expenditures | 42,834,486 | 47,940,908 | 52,597,270 | 44,131,166 | 62,235,874 | 57,317,025 | 37,108,835 | 39,319,288 | 53,791,744 | 72,884,477 |
| Excess (deficiency) of revenues over expenditures | 11,804,607 | 4,472,349 | 8,441,719 | 7,006,213 | (11,188,317) | 3,298,878 | 19,099,082 | 18,395,261 | 13,758,648 | (5,198,017) |
| Other financing sources (uses): | | | | | | | | | | |
| Proceeds from debt | - | - | - | 152,000 | 161,500 | - | - | - | - | - |
| Proceeds from capital leases | - | - | - | - | - | - | - | - | - | - |
| Transfers in | 4,774,650 | 11,473,072 | 6,198,327 | 1,505,339 | 18,906,970 | 4,000,000 | 2,224,635 | - | - | 400,000 |
| Transfers out | (4,774,650) | (11,473,072) | (6,198,327) | (1,505,339) | (18,906,970) | (4,000,000) | (2,224,635) | - | - | (400,000) |
| Total other financing sources (uses) | - | - | - | 152,000 | 161,500 | - | - | - | - | - |
| Net change in fund balances | \$ 11,804,607 | \$ 4,472,349 | \$ 8,441,719 | \$ 7,158,213 | \$ (11,026,817) | \$ 3,298,878 | \$ 19,099,082 | \$ 18,395,261 | \$ 13,758,648 | \$ (5,198,017) |
| Debt service as a percentage of non-capital expenditures | 3.05% | 3.67% | 3.98% | 7.29% | 10.83% | 7.96% | 6.75% | 6.50% | 4.95% | 4.39% |

* Previously reported under department expenditures

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

CITY OF DORAL, FLORIDA

NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

| Fiscal Year Ended <u>September 30,</u> | Real Property | | | Total Net Assessed <u>Value</u> | Total Direct Tax <u>Rate</u> | Tax | Estimated Actual Value as a Percentage of Net Assessed <u>Value</u> |
|--|---------------------------------|--------------------------------|------------------------------|---------------------------------------|---------------------------------------|---------------|---|
| | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Personal Property</u> | | | | |
| 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% |
| 2011 | 3,161,978,948 | 4,748,006,395 | 579,454,649 | 8,489,439,992 | 2.437 | \$ 20,688,765 | 0.24% |
| 2012 | 3,312,983,103 | 4,772,615,450 | 576,831,880 | 8,662,430,433 | 2.222 | \$ 19,247,920 | 0.22% |
| 2013 | 3,551,392,971 | 4,707,004,491 | 599,050,879 | 8,857,448,341 | 1.928 | \$ 17,077,160 | 0.19% |
| 2014 | 4,035,545,395 | 4,783,211,865 | 687,192,078 | 9,505,949,338 | 1.928 | \$ 18,327,470 | 0.19% |
| 2015 | 4,497,349,164 | 4,974,418,342 | 684,094,294 | 10,155,861,800 | 1.900 | \$ 19,296,137 | 0.19% |
| 2016 | 5,180,142,638 | 5,236,460,406 | 728,647,555 | 11,145,250,599 | 1.900 | \$ 21,175,976 | 0.19% |

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.

CITY OF DORAL, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

| Fiscal Year | Tax Roll Year | City of Doral | | Overlapping Rates (1) | | | | | | | | | | | | | Total Direct and Overlapping Rates |
|-------------|---------------|--------------------|------------|-----------------------|-----------------|----------------------|--------------------------|-----------------|--------------------|--------------------|-----------------|----------------------|-------|---------------|--------------|---------------------|------------------------------------|
| | | General Operations | Total City | Miami-Dade County | | | Miami-Dade Fire & Rescue | | | Miami-Dade Schools | | | Other | SFWMD Millage | FIND Millage | Total State Millage | |
| | | | | Operating Millage | Service Millage | Total County Millage | Operating Millage | Service Millage | Total Fire Millage | Operating Millage | Service Millage | Total School Millage | | | | | |
| 2007 | 2006 | 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 |
| 2008 | 2007 | 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 |
| 2009 | 2008 | 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 |
| 2010 | 2009 | 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 |
| 2011 | 2010 | 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 |
| 2012 | 2011 | 2.438 | 2.438 | 4.805 | 0.285 | 5.090 | 2.450 | 0.013 | 2.463 | 7.765 | 0.240 | 8.005 | 0.742 | 0.374 | 0.035 | 0.408 | 19.146 |
| 2013 | 2012 | 2.222 | 2.222 | 4.704 | 0.285 | 4.989 | 2.450 | 0.013 | 2.463 | 7.765 | 0.233 | 7.998 | 0.734 | 0.368 | 0.035 | 0.402 | 18.807 |
| 2014 | 2013 | 1.928 | 1.928 | 4.704 | 0.422 | 5.126 | 2.449 | 0.013 | 2.462 | 7.644 | 0.333 | 7.977 | 0.731 | 0.352 | 0.035 | 0.387 | 18.611 |
| 2015 | 2014 | 1.928 | 1.928 | 4.667 | 0.450 | 5.117 | 2.421 | 0.011 | 2.432 | 7.775 | 0.199 | 7.974 | 1.010 | 0.158 | 0.035 | 0.192 | 18.653 |
| 2016 | 2015 | 1.900 | 1.900 | 4.667 | 0.450 | 5.117 | 2.421 | 0.009 | 2.429 | 7.413 | 0.199 | 7.612 | 0.993 | 0.146 | 0.032 | 0.178 | 18.229 |

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).

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

| 2016 | | | | 2007 | | | |
|-----------------------------------|---------------------------|-------------|---|---------------------------------|---------------------------|-------------|---|
| <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> |
| PSBP INDUSTRIAL LLC | \$ 229,335,359 | 1 | 2.20% | WEST DADE COUNTY ASSOCIATES | \$ 146,600,000 | 1 | 1.60% |
| WEST DADE COUNTY ASSOCIATES | 143,800,000 | 2 | 1.38% | ATLAS PROPERTY I LLC | 130,992,840 | 2 | 1.43% |
| AMB PROPERTY LP | 87,756,011 | 3 | 0.84% | CENTURY GRAND ONE LLP | 82,064,800 | 3 | 0.90% |
| TRUMP ENDEAVOR 12 LLC | 71,928,760 | 4 | 0.69% | DORAL WEST ACQUISITION LLC | 72,000,000 | 4 | 0.79% |
| SUMMIT PROPERTIES PARTNERSHIP | 69,019,096 | 5 | 0.66% | SUMMIT PROPERTIES LP | 70,000,000 | 5 | 0.76% |
| PARK SQUARE 1 LLC | 67,680,415 | 6 | 0.65% | METROPOLITAN LIFE INSURANCE CO. | 57,000,000 | 6 | 0.62% |
| LENNAR HOMES LLC | 66,963,378 | 7 | 0.64% | CARNIVAL CORPORATION | 56,900,000 | 7 | 0.62% |
| FLORDALE LLC | 66,254,820 | 8 | 0.64% | KSL HOTEL CORPORATION | 51,432,265 | 8 | 0.56% |
| PPF AMLI 11481 NW 41ST STREET LLC | 63,275,000 | 9 | 0.61% | ATLAS PROPERTY I LLC | 47,796,400 | 9 | 0.52% |
| AERC DORAL WEST LLC | 62,680,000 | 10 | 0.60% | FLAGLER DEVELOPMENT COMPANY | 47,539,956 | 10 | 0.52% |
| | <u>\$ 928,692,839</u> | | <u>8.92%</u> | | <u>\$ 762,326,261</u> | | <u>8.32%</u> |

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

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> |
| 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% |
| 2011 | 20,744,000 | 19,658,043 | 94.76% | 337,575 | 19,995,618 | 96.39% |
| 2012 | 19,668,000 | 19,343,191 | 98.35% | 296,282 | 19,639,473 | 99.85% |
| 2013 | 18,278,000 | 17,031,372 | 93.18% | 29,824 | 17,061,195 | 93.34% |
| 2014 | 16,269,251 | 15,383,682 | 94.56% | 8,744 | 15,392,426 | 94.61% |
| 2015 | 17,411,000 | 17,101,157 | 98.22% | 8,205 | 17,109,362 | 98.27% |
| 2016 | 18,331,489 | 17,594,091 | 95.98% | 2,636 | 17,596,727 | 95.99% |

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

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</u> Obligation <u>Bonds</u> | <u>Revenue</u> <u>Bonds</u> | <u>QNIP</u> <u>Bonds</u> | <u>Activities</u> <u>Revenue</u> <u>Bonds</u> | | | |
| 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 | 2.80% | 824 |
| 2011 | - | 18,130,761 | 3,562,490 | 8,230,105 | 29,923,356 | 2.14% | 643 |
| 2012 | - | 17,309,874 | 3,368,970 | 7,930,052 | 28,608,896 | 2.09% | 611 |
| 2013 | - | 16,452,024 | 3,288,815 | 7,618,510 | 27,359,349 | 1.96% | 555 |
| 2014 | - | 15,557,819 | 3,076,234 | 7,676,131 | 26,310,184 | 1.80% | 497 |
| 2015 | - | 14,623,356 | 2,854,010 | 7,279,307 | 24,756,673 | 1.59% | 445 |
| 2016 | - | 13,647,621 | 2,622,565 | 6,867,876 | 23,138,062 | 1.42% | 390 |

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

(1) Personal income amounts calculated using U.S. Census Bureau data.

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, 2016

| <u>Government Unit</u> | 2016 | | |
|------------------------------------|-----------------------------|---|---|
| | <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 | \$ 16,270,186 | 100.00% | \$ 16,270,186 |
| Overlapping Debt: | | | |
| Miami-Dade County (1) | 1,597,781,000 | 4.4303% | 70,786,492 |
| Miami-Dade County School Board (1) | 519,258 | 4.4303% | <u>23,005</u> |
| Subtotal, Overlapping Debt | | | 70,809,496 |
| Total Direct and Overlapping Debt | | | <u>\$ 87,079,682</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, divided 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> |
|-------------|-----------------------|-------------------------------------|----------------------------------|--|
| 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 |
| 2011 | 46,516 | 73,734 | 12.0% | 1,397,713 |
| 2012 | 47,534 | 71,656 | 5.9% | 1,371,900 |
| 2013 | 49,253 | 71,695 | 5.7% | 1,396,717 |
| 2014 | 52,889 | 70,446 | 4.3% | 1,462,010 |
| 2015 | 55,660 | 72,623 | 4.6% | 1,553,137 |
| 2016 | 59,304 | 72,933 | 4.3% | 1,627,242 |

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 (Total Personal Income = Population x per capita income)

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

| | 2016 | | | | 2007 | | |
|-----------------------------------|-----------------|------------------|-------------|--------------------------------------|--|-----------------|------------------|
| | <u>Employer</u> | <u>Employees</u> | <u>Rank</u> | | <u>Percentage of Total City Employment</u> | <u>Employer</u> | <u>Employees</u> |
| CARNIVAL CRUISE LINES | 2,380 | 1 | 3.07% | CARNIVAL CORPORATION | 2,380 | 1 | 26.69% |
| TRUMP ENDEAVOR 12 LLC | 900 | 2 | 1.16% | MARRIOTT INTERNATIONAL | 1,031 | 2 | 11.56% |
| UNIVISION NETWORK LTD PARTNERSHIP | 800 | 3 | 1.03% | RYDER TRUCK RENTAL | 462 | 3 | 5.18% |
| LEON MEDICAL CENTER INC | 760 | 4 | 0.98% | SUPREME INTERNATIONAL CORPORATION | 420 | 4 | 4.71% |
| MIAMI HERALD MEDIA COMPANY | 635 | 5 | 0.82% | PERRY ELLIS INTERNATIONAL, INC | 420 | 5 | 4.71% |
| SUPREME INTERNATIONAL CORPORATION | 525 | 6 | 0.68% | BLUE CROSS BLUE SHIELD OF FL INC | 412 | 6 | 4.62% |
| AMADEUS NORTH AMERICA LLC | 450 | 7 | 0.58% | BRINKS INCORPORATED | 366 | 7 | 4.10% |
| PERRY ELLIS INTERNATIONAL INC | 420 | 8 | 0.54% | POST, BUCKLEY, SCHUH & JERNIGAN, INC | 285 | 8 | 3.20% |
| BLUE CROSS BLUE SHIELD OF FL INC | 412 | 9 | 0.53% | WAL MART STORES, EAST LP | 285 | 9 | 3.20% |
| BRINKS INCORPORATED | 366 | 10 | 0.47% | SEARS ROEBUCK & COMPANY | 250 | 10 | 2.80% |
| Total | 7,648 | | | | 6,311 | | |

Source: Data provided by the City of Doral's Planning & Zoning Department

CITY OF DORAL, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of Employees: | | | | | | | | | | |
| City Council | 2 | 3 | 1 | 1 | 1 | 1 | 2 | 11 | 10 | 10 |
| City Manager's Office | 6 | 5 | 6 | 7 | 8 | 8 | 8 | 9 | 13 | 14 |
| City Clerk's Office | 4 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 3 | 3 |
| City Attorney's Office * | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Finance Department | 3 | 4 | 6 | 7 | 7 | 7 | 7 | 8 | 9 | 9 |
| Procurement | - | - | - | - | - | 1 | 2 | 2 | 2 | 2 |
| Administrative Services | 2 | - | - | - | - | - | - | - | - | - |
| Police Department | 110 | 130 | 124 | 133 | 135 | 118 | 125 | 138 | 150 | 164 |
| Community Development ** | - | - | - | - | - | - | - | - | - | - |
| Building and Permitting ** | 28 | 30 | 30 | 30 | 29 | 29 | 29 | 32 | 37 | 38 |
| Planning & Zoning ** | 5 | 7 | 7 | 7 | 7 | 8 | 8 | 7 | 9 | 9 |
| Code Compliance ** | 10 | 10 | 10 | 12 | 12 | 12 | 14 | 14 | 16 | 14 |
| Licensing ** | 2 | 2 | - | - | - | - | - | - | - | - |
| Public Works | 10 | 15 | 15 | 17 | 17 | 19 | 21 | 25 | 27 | 32 |
| Parks and Recreation | 27 | 32 | 36 | 35 | 35 | 34 | 37 | 45 | 43 | 50 |
| Human Resources | 2 | 3 | 3 | 3 | 3 | 3 | 4 | 3 | 4 | 4 |
| IT | - | 4 | 7 | 7 | 8 | 8 | 7 | 6 | 10 | 13 |
| Total Number of Employees | <u>212</u> | <u>249</u> | <u>249</u> | <u>263</u> | <u>266</u> | <u>252</u> | <u>267</u> | <u>305</u> | <u>334</u> | <u>363</u> |

Source: City of Doral Finance Department

The City was incorporated on June 24, 2003.

* 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>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Police personnel and officers | 110 | 130 | 124 | 133 | 135 | 118 | 125 | 138 | 150 | 158 |
| Police calls for service | 35,406 | 42,545 | 29,308 | 46,270 | 30,291 | 40,437 | 36,784 | 40,877 | 25,620 | 29,623 |
| Planning and development: | | | | | | | | | | |
| Building permits issued | 3,500 | 2,320 | 3,730 | 3,755 | 4,611 | 5,352 | 8,743 | 5,425 | 9,546 | 10,093 |

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.

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

| <u>Function/Program</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government: | | | | | | | | | | |
| Number of general government buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Shifts | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 4 |
| Fire: | | | | | | | | | | |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Planning and development | | | | | | | | | | |
| Building permits issued | 3,500 | 2,320 | 3,730 | 3,755 | 4,611 | 5,352 | 8,743 | 5,425 | 9,546 | 10,093 |
| Engineering and public works | | | | | | | | | | |
| Total square miles | 15.00 | 15.00 | 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 | 20.0 | 20.2 | 20.7 | 37.7 | 39.0 | 41.0 | 42.7 |
| Transportation: | | | | | | | | | | |
| Miles of streets | 175.0 | 175.0 | 175.0 | 200.0 | 177.0 | 177.5 | 204.0 | 205.0 | 206.0 | 208.0 |
| Number of street lights | 410 | 410 | 410 | 431 | 453 | 457 | 472 | 5,304 * | 5,417 * | 5,428 * |
| Number of traffic signals | 61 | 61 | 61 | 66 | 71 | 75 | 68 | 69 | 70 | 72 |
| Culture and recreation: | | | | | | | | | | |
| Miles of waterways | 11.30 | 11.30 | 11.30 | 11.30 | 11.30 | 11.30 | 11.30 | 11.30 | 11.30 | 11.30 |
| Parks acreage | 109 | 109 | 109 | 110 | 111 | 121 | 121 | 123 | 123 | 123 |
| Community center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Baseball/softball fields | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Utility system: | | | | | | | | | | |
| Miles of mains | 203.00 | 203.00 | 203.00 | 383.00 | 383.00 | 384.00 | 381.00 | 388.95 | 423.58 | 448.99 |
| Fire hydrants - City of Doral | 2,166 | 2,166 | 2,166 | 2,342 | 2,342 | 2,355 | 2,342 | 2,347 | 2,359 | 2,592 |

Sources: Various City Departments

* Inclusive of the City and County right-of-way as well as private and non-private residential.

COMPLIANCE SECTION



**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, in accordance with the 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Doral, Florida (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rodriguez Trueba & Company

Rodriguez, Trueba & Co., P.A.
Doral, Florida
March 30, 2017



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

Report on the Financial Statements

We have audited the financial statements of the City of Doral, Florida (the "City"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 30, 2017.

Auditors' Responsibility

We conducted our audit in accordance 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 Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required By Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Auditors' Report on Compliance with the Requirements of Section 218.415, Florida Statutes in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated March 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was created pursuant to the constitution of the State of Florida, Home Rule Charter of Miami-Dade County, Article 5, Section 5.05. There were no component units related to the City.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. The assessment was completed as of the fiscal year end. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, City Council, and applicable management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Rodriguez Trueba & Company

Rodriguez, Trueba & Co., P.A.
Doral, Florida
March 30, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

We have examined the City of Doral, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

Rodriguez Trueba & Company

Rodriguez, Trueba & Co., P.A.
Doral, Florida
March 30, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major State Project

We have audited the City of Doral, Florida's (the "City") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2016. The City's major State projects and are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major State projects based on our audit of the types of compliance requirements referred to above. 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 Chapter 10.550, Rules of the Auditor General. Those standards, and Chapter 10.550, Rules of the Auditor General, 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 State project 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 on compliance for each major State project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, 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.

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 State project 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 material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Rodriguez Trueba & Company

Rodriguez, Trueba & Co., P.A.
Doral, Florida
March 30, 2017

CITY OF DORAL, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2016

| <u>State Agency/ Pass-Through Grantor/ Program Title</u> | <u>State CSFA Number</u> | <u>State Grant Number</u> | <u>State Expenditures</u> |
|--|----------------------------------|-----------------------------------|-----------------------------------|
| Florida Department of State, Division of Cultural Affairs | | | |
| <u>Direct Program:</u> | | | |
| Cultural Facilities Grant Program | 45.014 | 15.9.300.579 | \$ <u>355,000</u> |
| Florida Department of Environmental Protection | | | |
| <u>Direct Program:</u> | | | |
| Statewide Surface Water Restoration and Wastewater Projects | 37.039 | LP13204 | 750,000 |
| <u>Direct Program:</u> | | | |
| Division of Waste Management | | | |
| Voluntary Cleanup Tax Credit | 37.056 | Cert 611 | <u>500,000</u> |
| Total Florida Department of Environmental Protection | | | <u>1,250,000</u> |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | \$ <u><u>1,605,000</u></u> |

The accompanying notes are an integral part of this schedule

CITY OF DORAL, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the City of Doral and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. 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 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 AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR MAJOR FEDERAL AWARDS/STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

CITY OF DORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

| | |
|---|---------------------------|
| Type of auditors’ report issued: | <i>Unmodified Opinion</i> |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | ___ yes <u>X</u> no |
| Significant deficiencies identified not considered to be material weakness? | ___ yes <u>X</u> no |
| Non-compliance material to financial statements noted? | ___ yes <u>X</u> no |

State Financial Assistance

| | |
|--|---------------------------|
| Internal control over major projects: | |
| Material weakness(es) identified? | ___ yes <u>X</u> no |
| Significant deficiencies identified not considered to be material weakness? | ___ yes <u>X</u> no |
| Type of auditors’ report issued on compliance for major state projects: | <i>Unmodified Opinion</i> |
| Any audit findings disclosed that are required to be reported in accordance with rule 10.557 of the Auditor General of the State of Florida? | |
| | ___ yes <u>X</u> no |

Identification of major state projects:

| <u>State Projects</u> | <u>State CSFA No.</u> |
|--|-----------------------|
| Division of Cultural Affairs – Cultural Facilities Grant Program | 45.014 |
| Division of Waste Management – Voluntary Cleanup Tax Credit | 37.056 |
| Dollar threshold used to distinguish between Type A and Type B projects: | \$300,000 |

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – MAJOR STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – OTHER ISSUES

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