

City of Coral Gables, Florida
Comprehensive Annual
Financial Report

Fiscal Year Ended
September 30, 2010



ON THE COVER:

THE CORAL GABLES COUNTRY CLUB

997 North Greenway Drive, Coral Gables, Florida 33134

The Coral Gables Golf and Country Club and the Granada Golf Course, once the Merrick Family's vegetable field, were part of the original 1921 city plan by George Merrick and landscape architect Frank Button. The golf course, designed by the nationally known team of Langford & Moreau, opened on January 15, 1923. Three months later, the clubhouse, designed by Hampton and Reimbert, became Coral Gables' first public building. The six original coral rock arches reflect the Coral Gables Mediterranean style that helped set the tone for the City's architecture. The Coral Gables Golf and Country Club quickly became the epicenter of the new community and played an important role in its development. Salesmen, including Merrick himself, entertained prospective buyers there and showed them home sites from its distinctive tower.

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the
FISCAL YEAR ENDED
September 30, 2010



"The City Beautiful"

Prepared by
FINANCE DEPARTMENT

CITY OF CORAL GABLES, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

CITY COMMISSION

DONALD D. SLESNICK II, *MAYOR*

WILLIAM H. KERDYK, JR., *Vice Mayor* WAYNE "CHIP" WITHERS *Commissioner*
MARIA ELENA ANDERSON, *Commissioner* RAFAEL CABRERA JR., *Commissioner*

CITY MANAGER

Patrick G. Salerno

FINANCE DIRECTOR

DONALD G. NELSON, C.P.A.

ASSISTANT FINANCE DIRECTOR

ADOLFO E. SANORES

Introductory Section

TABLE OF CONTENTS

LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT

CITY OF CORAL GABLES
ORGANIZATIONAL CHART

LIST OF PRINCIPAL OFFICIALS



[This Page Intentionally Left Blank]

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal - Finance Director.....	iii
Certificate of Achievement	vii
City of Coral Gables Organizational Chart....	viii
List of Principal Officials.....	ix

FINANCIAL SECTION

Report of Independent Certified Public Accountants.....	1
Management’s Discussion and Analysis (Unaudited).....	3

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Assets	14
Statement of Activities.....	15

Fund Financial Statements

Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	21
Statement of Net Assets – Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Assets – Fiduciary Funds.....	27
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	28

Notes to Financial Statements	29
--	----

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	59
Schedule of Funding Progress.....	60
Notes to Required Supplementary Information.....	61

COMBINING INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheet– Nonmajor Governmental Funds.....	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Nonmajor Governmental Funds	68
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Debt Service Fund	69
Combining Statement of Net Assets – Internal Service Funds.....	72
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds.....	73
Combining Statement of Cash Flows – Internal Service Funds	74
Combining Statement of Fiduciary Net Assets – Pension Trust Funds.....	76
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	77
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	78

TABLE OF CONTENTS

	PAGE
STATISTICAL SECTION (Unaudited)	
Net Assets by Component	81
Changes in Net Assets	82
Fund Balances, Governmental Funds	83
Changes in Fund Balances, Governmental Funds	84
Property Tax Levies and Tax Collections	85
Assessed Values of Taxable Property	85
Property Tax Rates Direct and Overlapping Governments.....	85
Principal Taxpayers	86
Special Assessment Billings and Collections.....	86
Ratio of Outstanding Debt by Type	87
Ratio of Annual Debt Service for General Bonded Debt to Total General Government Expenditures.....	87
Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds	88
Demographic and Economic Statistics	89
General Government Tax Revenue by Source.....	89
Principal Employers	90
Position Control – Full Time Positions	91
Operating Indicators by Function/Program	92
Capital Asset Statistics by Function/Program	93



The City of Coral Gables

Finance Department

CITY HALL 405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

March 30, 2011

Honorable Mayor, Members of the
City Commission and City Manager
City Hall
City of Coral Gables, Florida

Mayor, Commissioners and City Manager:

We are pleased to present the City of Coral Gables, Florida Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010, pursuant to Florida state law. The financial statements were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants retained by the City and paid from its public funds.

Responsibility for the accuracy and fairness of the presentation, including disclosures, rests with management of the City. We believe the data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. The City of Coral Gables has established comprehensive internal controls designed to ensure that the City's assets are protected from loss, theft or misuse and adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"). Because the cost of internal control should not exceed the benefits likely to be derived, the City's internal controls are designed to provide reasonable assurance that these objectives are met.

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's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITION AND OUTLOOK

The City has a residential population of 45,501 and encompasses 14.3 square miles southwest of Miami in Miami-Dade County, Florida. Since its incorporation in 1925, it has been considered one of South Florida's premier residential communities. The City experienced a decrease in total property value and new

construction in 2010 along with the rest of the Country and South Florida who also realized significant decreases in property value.

The City has more than 10.7 million square feet of office space and has developed into an international center of commerce serving as divisional headquarters for 200 multinational companies. The University of Miami, the largest private employer in Coral Gables, instructs over 15,000 students and employs over 3,000 full-time faculty and staff.

The City's economic condition is good and the outlook is stable with a well diversified business community.

MAJOR INITIATIVES

For the Year. The City's 2009-2010 Annual Budget included funding \$780,000 for Roadway Improvement Program, \$675,000 for Public Safety Building Improvements, \$350,000 for Biltmore Golf Course Environmental Remediation, \$200,000 for Alhambra Water Tower, \$300,000 for Street Improvements.

The Stormwater Fund included funding of \$2,350,000 representing the annual stormwater utility improvement program to maintain utility's infrastructure.

The Sanitary Sewer Fund included funding of \$2,700,000 to replace sanitary sewer lines and lift stations.

The City is maintaining financial stability with fiscal management controls by constantly reviewing and monitoring staff levels, and by comparing budget appropriations to actual expenditures, and estimated revenues to actual revenues. The City maintains a level of revenue sufficient to meet operating expenditures. During the year, user fees are constantly being monitored and adjusted to match increased costs while at the same time being competitive in the market place.

Moody's Investors Service has assigned an Issuer Rating of "Aa1" to the City of Coral Gables. The rating reflects Moody's assessment of Coral Gables' implicit general obligation credit strength. The ratings rationale reflects the city's large and diverse tax base, minimal debt burden and also reflects the city's strong wealth indexes that trend well above state and national levels.

Standard & Poor's Ratings Services assigned its 'AA' underlying rating (SPUR), with a stable outlook. The SPUR reflects the city's creditworthiness and the security of the city's covenant to budget and appropriate from non-ad valorem revenues. The SPUR also reflects the city's:

- Very strong to extremely strong economic indicators despite recent weakness in the property tax base;
- Currently adequate, but historically inconsistent, financial operations; and
- Low to moderate debt burden.

Long Term Financial Planning. The City Commission adopted an annual budget for Fiscal Year 2009-2010 with the primary goal of maintaining delivery of excellent services of public safety, Fire and Emergency Medical Response, Residential Garbage and Trash Collection, Parks and Recreation and preservation of the City's historic character through Planning, Zoning and Code Enforcement that this City has always provided to the commercial and residential community.

The City supports both the residential and business sectors by having attained the highest possible standard in every field. Coral Gables is among a few privileged cities to have a Class 1 Fire Department and Building and Zoning Department, an accredited Police Department and Parks and Recreation Department, and an award-winning Communications Division.

The City has planned on a \$4.4 million City-wide capital improvement program for 2010-2011. The City Administration will also reorganize departments to deliver essential services in the most efficient and effective manner.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund and debt service funds are included in the annual appropriated budget. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total appropriated for expenditures in all funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Debt Administration. At September 30, 2010, the City had \$61,200,668 of special obligation debt outstanding.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, obligations of the U.S. Treasury and repurchase agreements. The City earned interest revenue of approximately \$84,350 on all such investments for the year ended September 30, 2010.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on bank deposits was held by the State.

Risk Management. The City has a fully insured risk management program for general liability and workers' compensation. As part of this comprehensive plan, resources are being accumulated in an internal service fund to meet potential losses up to a retention level amount, and then losses are covered by excess insurance. Third-party coverage is maintained for losses exceeding established limits. Various risk control techniques including employee accident prevention training were used to minimize accident-related losses.

OTHER INFORMATION

Independent Audit. The City Charter and State Statutes require an annual audit. The accounting firm of McGladrey & Pullen, LLP was appointed by the City Commission. The Audit engagement requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Sincere appreciation is extended to each member of the Finance Department for their contributions made in the preparation of this report. This report would not have been possible without the continued leadership and support of the City Commission and City Manager.

Sincerely,



Donald G. Nelson, C.P.A.
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Coral Gables
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

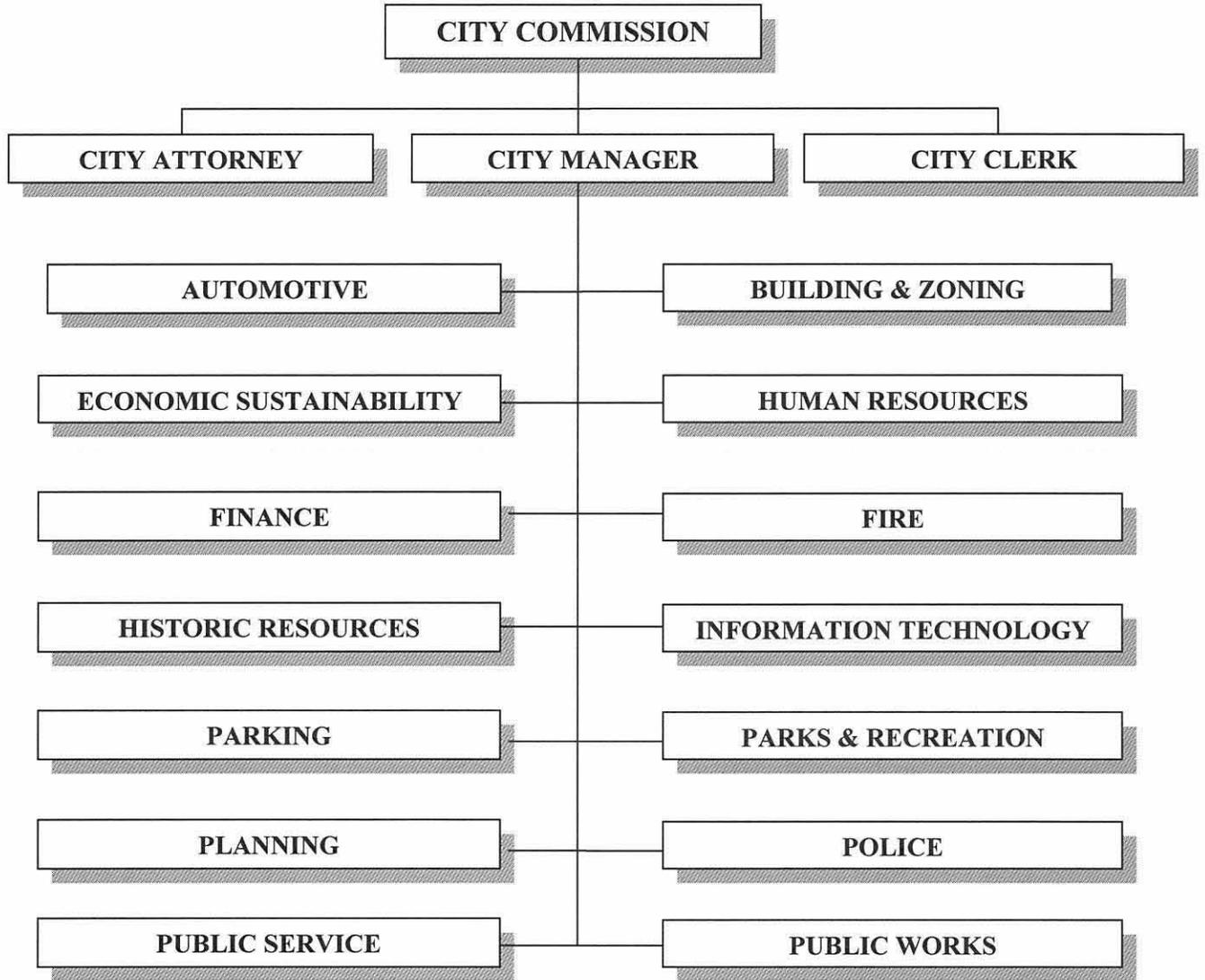
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF CORAL GABLES
ORGANIZATIONAL CHART



**CITY OF CORAL GABLES, FLORIDA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2010**

TITLE	NAME
ELECTED OFFICIALS	
Mayor	Donald D. Slesnick II
Vice Mayor	William H. Kerdyk, Jr.
Commissioner	Rafael Cabrera, Jr.
Commissioner	Maria Elena Anderson
Commissioner	Wayne "Chip" Withers
APPOINTED OFFICIALS	
City Manager	Patrick G. Salerno
City Attorney	Elizabeth Hernandez
City Clerk	Walter J. Foeman, Jr.
ADMINISTRATION OFFICIAL	
Assistant City Manager	Maria Alberro-Menendez
Assistant City Manager	Dona M. Spain
DEPARTMENT DIRECTORS	
Automotive Director	Steven Riley
Building and Zoning Director	Carmen M. Olazabal
Economic Sustainability Director	Cynthia S. Birdsill
Human Resources Director	Elsa I. Jaramillo-Velez
Finance Director	Donald G. Nelson
Fire Chief	Walter Reed
Historic Resources Preservation Officer	Kara N. Kautz
Parking Director	Kevin J. Kinney
Information Technology Director	Gee Ming Chow
Parks & Recreation Director	Fred Couceyro
Planning Director	Eric W. Riel
Police Chief	Richard Naue, Jr.
Public Service Director	Daniel B. Keys
Public Works Director	Glenn R. Kephart



[This Page Intentionally Left Blank]

Financial Section

REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION



[This Page Intentionally Left Blank]



Independent Auditor's Report

Honorable Mayor, and Members of the
City Commission, and City Manager
City of Coral Gables, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Coral Gables Retirement Fund, which represent 84% of the total assets and 59% of the total revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Coral Gables Retirement Fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, 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 Coral Gables, Florida as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover, dated March 30, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the schedules of funding progress – Retirement Systems and Postemployment Benefits Other Than Pension, and the budgetary comparison information, as listed in the table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We, and the other auditors, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections, have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Miami, Florida
March 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the City's financial statements presents management's analysis of the City's financial performance during the fiscal year that ended on September 30, 2010. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letter of Transmittal.

Financial Highlights

- The City has no outstanding voter approved debt service.
- The 2009-2010 annual principal and monthly interest payments on loans from the Sunshine State Governmental Financing Commission are totally funded from operating revenues from the General Fund, the Parking System Fund, and the Stormwater Utility Fund.
- The City's total principal debt outstanding was decreased from \$64.8 million to \$61.2 million during fiscal year 2010, as a result of \$3.6 million in scheduled principal payments.
- As of the close of the current fiscal year, the City of Coral Gables governmental funds reported combined fund balances of \$6.4 million, an increase of \$1.5 million in comparison with the prior year due to (a) new revenue sources such as fire fee assessment and red light traffic violation; (b) increase in waste collection fee and expanded ambulance transport fee; and (c) decrease in operating expenditures.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$6.5 million or 5% of the total general fund expenditures and is available for new spending.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements and notes to the financial statements. This report also includes supplementary information that provides more detail to some of the information in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements of the City provide a broad overview of the City's finances and report information about the City using accounting methods similar to those used by private sector companies.

The Statement of Net Assets includes all of the City's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to City creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. Net assets, the difference between assets and liabilities, provide the basis for computing rate of return, evaluating the capital structure of the City, and assessing the liquidity and financial flexibility of the City. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities measures the success of the City's operations over the past year and can be used to determine whether the City has successfully recovered all its costs through its services provided, as well as its credit worthiness. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide 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). Governmental activities include general government, public safety, physical environment, transportation, economic environment and culture and recreation. Business-type activities include a stormwater utility, a sanitary sewer collection system and a parking system.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund Financial Statements

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds 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. 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 eight individual governmental funds. Information is presented separately for the general fund, as it is considered a major fund. Data for the other governmental funds are aggregated into a single presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for a stormwater utility, a sanitary sewer collection system and a parking system. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its maintenance facility for automotive and other City equipment, its building maintenance, utilities and general housekeeping services for City property and for its general, automobile and workers' compensation insurance programs. Because these services primarily support governmental rather than business-type functions, they have been included within governmental activities in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. Separate information is provided for each of the City's enterprise funds. However, the City's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data are presented in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government and, consequently, are not reflected in the government-wide statements because the resources are not available to support the City's own programs. The accounting for fiduciary funds is much like that of proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 29 of this report.

Other information – In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Additionally, the City adopts an annual appropriated budget for its general fund and debt service fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on page 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 65 of this report.

Government-Wide Financial Analysis

Our analysis of the government-wide financial statements of the City begins below. One of the most important questions asked about the City’s finances is “Is the City as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Assets and the Statement of Activities report information about the City’s activities in a way that will help answer this question. These two statements report the net assets of the City and changes in them. You can think of the City’s net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the City’s net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changes to government legislation.

To begin our analysis, a summary of the City’s government-wide statement of net assets is presented in Table A-1.

Table A-1
Condensed Statement of Net Assets (In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 47.67	\$ 39.39	\$ 13.74	\$ 12.48	\$ 61.41	\$ 51.87
Capital assets	\$ 185.88	\$ 185.73	\$ 38.01	\$ 37.46	\$ 223.89	\$ 223.19
Total Assets	\$ 233.55	\$ 225.12	\$ 51.75	\$ 49.94	\$ 285.30	\$ 275.06
Current liabilities	\$ 11.06	\$ 15.14	\$ 1.84	\$ 1.98	\$ 12.90	\$ 17.12
Noncurrent liabilities	\$ 66.16	\$ 66.64	\$ 17.91	\$ 18.88	\$ 84.07	\$ 85.52
Total Liabilities	\$ 77.22	\$ 81.78	\$ 19.75	\$ 20.86	\$ 96.97	\$ 102.64
Net Assets						
Invested in capital assets, net of related debt	\$ 141.08	\$ 142.96	\$ 23.08	\$ 21.53	\$ 164.16	\$ 164.49
Restricted	\$ 1.45	\$ 1.00	\$ -	\$ -	\$ 1.45	\$ 1.00
Unrestricted	\$ 13.80	\$ (0.62)	\$ 8.92	\$ 7.55	\$ 22.72	\$ 6.93
Total Net Assets	\$ 156.33	\$ 143.34	\$ 32.00	\$ 29.08	\$ 188.33	\$ 172.42

As shown in Table A-1, total net assets amounted to \$188.33 million in fiscal 2010. The major component of this category is “invested in capital assets, net of related debt”, which represents the City’s investment in its capital assets, net of the amounts borrowed to purchase these assets. For the governmental activities, these capital assets represent 79% of total assets, while noncurrent liabilities represent 86% of the total long-term liabilities. For the business-type activities, these capital assets represent 73% of total assets, while noncurrent liabilities represent 90% of the total long-term liabilities.

Current and other assets increased \$8.28 million for governmental activities mainly due to (a) increase in cash of \$3.5 million resulting from new revenue sources such as fire fee assessment and red light traffic violation, increase in waste collection fee and expanded ambulance transport fee collection in fiscal year 2010; (b) increase in accounts receivable

of \$1.3 million particularly rental payments from the management company contracted to manage the City’s Biltmore Hotel; and (c) increase in due from other governments of \$2.99 million related to grant funds yet to be received for capital and operating expenditures spent and reimbursable from local, state and federal agencies. Current and other assets increased \$1.26 million for business-type activities mainly due to increase in revenues and decrease in operating expenses. Current liabilities decreased \$4.08 million for governmental and a decrease of \$0.014 million for business-type activities due to a decrease in accrued payroll as of year-end. Total Non-current liabilities decrease by \$1.450 million due to \$3.63 million for cash used to pay principal debt, decrease in net pension obligation of \$1.33 million, decrease in pollution remediation obligation of \$0.1 million and decrease in claims payable of \$0.58 million which was offset by new capital lease obligation of 1.16 million, increase in net OPEB obligation of \$1.17 million, million, increase in compensated absences of \$0.62 million and payable to state agency of \$1.23 million.

While the statement of net assets shows the change in financial position of net assets, the statement of activities provides answers as to the nature and source of these changes.

Table A-2
Condensed Statement of Activities (In millions of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General Revenues:						
Taxes	\$ 90.17	\$ 87.12	\$ -	\$ -	\$ 90.17	\$ 87.12
Intergovernmental	3.64	3.68	-	-	3.64	3.68
Investment Earnings	0.08	0.16	0.01	0.02	0.09	0.18
Bad Debt Expense	-	-	-	-	-	-
Miscellaneous	0.24	0.67	0.01	0.02	0.25	0.69
Program Revenues:						
Charges for Services	31.92	28.17	18.68	16.71	50.60	44.88
Operating	0.09	0.11	-	-	0.09	0.11
Capital	4.79	3.31	0.24	0.39	5.03	3.70
Total Revenues	130.93	123.22	18.94	17.14	149.87	140.36
Expenses:						
General Government	22.48	23.35	-	-	22.48	23.35
Public Safety	67.63	68.53	-	-	67.63	68.53
Physical Environment	13.67	19.43	-	-	13.67	19.43
Transportation	10.43	6.28	-	-	10.43	6.28
Economic Environment	0.65	0.59	-	-	0.65	0.59
Culture and Recreation	8.47	8.96	-	-	8.47	8.96
Interest Expense	1.18	1.39	-	-	1.18	1.39
Sanitary Sewer System	-	-	4.30	3.85	4.30	3.85
Parking System	-	-	3.68	4.11	3.68	4.11
Stormwater Utility	-	-	1.47	1.48	1.47	1.48
Total Expenses	124.51	128.53	9.45	9.44	133.96	137.97
Increase/(Decrease) in net assets before transfers	6.42	(5.31)	9.49	7.70	15.91	2.39
Transfers	6.57	8.34	(6.57)	(8.34)	-	-
Increase/(Decrease) in net assets	12.99	3.03	2.92	(0.64)	15.91	2.39
Beginning Net Assets	143.34	140.31	29.08	29.72	172.42	170.03
Ending Net Assets	\$ 156.33	\$ 143.34	\$ 32.00	\$ 29.08	\$ 188.33	\$ 172.42

Governmental activities:

The most significant increase of revenue of governmental activities for the fiscal year 2009-2010 were taxes and charges for service with increases of 3% and 13%, respectively, from the fiscal year 2008-2009. Property taxes revenues increased due to increase in tax millage rate from \$5.25 mills in fiscal year 2009 to \$5.895 in fiscal year 2010. Charges for services increased due to (a) new revenue sources such as fire fee assessment and red light traffic violation fine; (b) increase in waste collection fee and expanded ambulance transport. Investment earnings showed the most significant decrease of 50% from fiscal year 2008-2009 due to deflated performance and interest rate decreases.

The largest outflow of resources for the City is represented in the public safety function, with a decrease of 0.01% from the fiscal year 2008-2009. This represents the City's costs related to providing police and fire services as well as various ancillary services for the protection of the City's residents and businesses. During the 2009-2010 fiscal year, the City accrued a total of \$1.23 million for 2005 hurricane related expenditures which were deemed ineligible and the money is due to the State of Florida Division of Emergency Management. This increase was offset by decrease in certain payments made by the City in 2008-2009 retroactive payment of wages to firefighters and general employees of approximately \$1.1 million; earned vacation and sick leave balances paid at retirement or termination approximately \$.5 million.

Business-Type activities:

The City's business-type activities showed an increase of approximately \$2.92 million in net assets. Further analysis of this change is included in the analysis of the Proprietary Funds that follows.

Financial Analysis of the Government's Major Funds

Governmental Funds

General Fund – The General Fund recognized \$121 million of revenue during the year, offset by \$119.8 million of expenditures. As noted above, taxes represent the largest portion of revenues and public safety represents the largest portion of expenditures. The City increased its millage rate by 12% and new revenue sources were adopted to maintain a level of revenue sufficient to meet operating expenditures.

Capital Project General Improvement Fund – This fund recognized \$1.6 million in revenue offset by \$4.8 million in capital expenditures. Significant capital project expenditures include improvements of various parks and construction and improvements of City facilities.

Capital Project General Obligation Fund – This fund recognized \$1.1 million in revenue offset by \$1.6 million in capital expenditures. Significant capital project expenditures include improvements of various parks and construction and improvements of City facilities.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, for business-type activities but in more detail.

Sanitary Sewer – Operating revenues increased approximately by \$0.5 million from the prior year, while operating expenses increased approximately by \$0.5 million. This is attributable to increase in use and decreased personnel costs. Additionally, during the current year the Sanitary Sewer Fund transferred approximately \$1.5 million to the General Fund.

Parking System – Operating revenues increased approximately \$0.9 million, while operating expenses decreased approximately \$0.3 million. This is attributable to increased use of parking garages and increase in parking rates, decreased personnel costs and cost of sales and services. Additionally, during the current year the Parking Fund transferred approximately \$4.6 million to the General Fund.

Stormwater Utility Fund – Operating revenues increased approximately by \$0.5 million from the prior year, while operating expenses increased approximately by \$0.1 million. This is attributable to an increase in use and decrease in maintenance-type expense of the sewer system. Additionally, during the current year the Stormwater Utility Fund transferred approximately \$0.4 million to the General Fund.

General Fund Budgetary Highlights

Budget and actual comparison schedules are presented in the required supplementary information for the General Fund. The budget and actual comparison schedules show the original adopted budgets, the final revised budget, actual results, and variance between the final budget and actual results.

After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, loan proceeds, new grant awards, or other unanticipated revenues and expenditures.

Differences between the original budget and the final amended budget for the General Fund were relatively minor and can be summarized as follows:

The City's budgeted revenues increased from \$123.0 million to \$123.8 million from the original to the final budget. The City's budgeted expenditures increased from \$119.6 million to \$120.6 million from the original to the final budget. The revenue increases were mainly due to intergovernmental revenue of \$758,414. Decreases in rental income were primarily related to the current state of the economy.

The City budgeted for \$123.8 million in revenues and recognized \$121.1 million. The City budgeted for \$120.6 million in expenditures, but actually incurred \$119.8 million.

The revenue budgets to actual variances were due to decreases of taxes, licenses, permits, intergovernmental, recreation, rental income and investments, as a direct result of the general economic downturn.

The expenditures budgets to actual variances were due to decreases in general government, physical environment, transportation, and economic environment, as a result of management initiative for more stringent control on expenditures.

Capital Assets and Debt Administration

Capital Assets

The City’s capital assets for its governmental and business type activities as of September 30, 2010 amounted to \$223.89 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks roads, highways, and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was \$0.7 million from the end of last year. Significant additions included purchase of land for \$1 million, \$4.5 million in construction in progress, \$0.8 million in improvements other than buildings for governmental activities, and \$1.7 million in infrastructure for business-type activities. Significant additions in the construction in progress include improvements of various parks and facilities such as Country Club of Coral Gables, Venetian Pool, and Riviera Park; and construction of Coral Gables Museum.

Table A-3

Capital Assets (In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 44.16	\$ 43.15	\$ 3.70	\$ 3.70	\$ 47.86	\$ 46.85
Construction in Progress	12.07	7.55	-	0.10	12.07	7.65
Infrastructure	113.07	113.07	20.86	19.19	133.93	132.26
Improvements Other Than Buildings	39.34	38.59	0.42	0.42	39.76	39.01
Building	57.06	57.06	31.40	31.40	88.46	88.46
Machinery and Equipment	49.08	52.88	1.84	1.80	50.92	54.68
Total Capital Assets	314.78	312.30	58.22	56.61	373.00	368.91
Accumulated Depreciation	128.90	126.57	20.21	19.15	149.11	145.72
Net Capital Assets	\$ 185.88	\$ 185.73	\$ 38.01	\$ 37.46	\$ 223.89	\$ 223.19

Additional information on the City’s capital assets can be found in Note 5, page 41 of this report.

Debt Administration

The City has received an AA+ Implied Credit Rating from Standard & Poor's Corporation and a “Aa2” Implied Rating from Moody’s Investors Service. The City has no general obligation or revenue bonds outstanding as of September 30, 2010.

The City’s total outstanding Sunshine State Governmental Financing Commission principal debt outstanding as of September 30, 2010 was \$61.2 million. Financing is

provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds.

The City has utilized the Sunshine State Governmental Financing Commission since 1987 as its source to finance the acquisition and construction of City facilities. The Sunshine State Governmental Financing Commission was created in November 1985 to provide a limited number of qualifying governments to participate in pooled debt financings with pricing and cost structures not normally available to governmental entities acting individually. The loans issued from the Commission are the obligation and debt of the participating city. There are twelve cities and three counties in Florida that are members of the Commission.

Additional long-term liabilities include compensated absences payable, net pension obligation, pollution remediation obligation, net OPEB obligation, payable to a state agency and estimated claims liability related to the City's self-insurance programs. The City's General Fund is primarily utilized for the payment of these liabilities for the governmental activities. Overall long term liabilities decreased by \$1.450 million. \$3.63 million decrease in special obligation debt, decrease in net pension obligation of \$1.33 million, decrease in pollution remediation obligation of \$0.1 million and decrease in claims payable of \$0.58 million which was offset by new capital lease obligation of 1.16 million, increase in net OPEB obligation of \$1.17 million, million, increase in compensated absences of \$0.62 million and payable to state agency of \$1.23 million.

Table A-4

Long-Term Liabilities (In millions of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Special Obligation Debt	\$ 43.64	\$ 46.28	\$ 17.56	\$ 18.55	\$ 61.20	\$ 64.83
Estimated Insurance Claims	8.98	9.56	-	-	8.98	9.56
Accrued Compensated Absences	8.64	8.00	0.26	0.28	8.90	8.28
Net Pension Obligation	-	1.33	-	-	-	1.33
Capital Lease	1.16	-	-	-	1.16	-
Payable to State Agency	1.23	-	-	-	1.23	-
Pollution Remediation Obligation	0.31	0.40	-	-	0.31	0.40
Net OPEB Obligation	2.20	1.07	0.09	0.05	2.29	1.12
Total	\$ 66.16	\$ 66.64	\$ 17.91	\$ 18.88	\$ 84.07	\$ 85.52

Additional information on the City's long-term debt can be found in Note 7 and other long-term liabilities are discussed in Notes 8 and 9.

Economic Factors and Next Year's Budget and Rates

Local, national and international economic factors influence the revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth,

unemployment, and new construction and assessed valuation. Net assessed value of real and personal property within the County decreased by 7%.

The City is considered one of the premium office markets in South Florida, with 10.7 million square feet of existing prime office space and 600,000 square feet of Class “A” office space under construction for the Coral Gables submarket. The submarket is desirable due to proximity to Miami International Airport and downtown Miami, while also being convenient to executive housing, allowing officers to live and work in the City Beautiful. Access to client entertaining, with world-class restaurants and first class hotels, rich cultural offerings and a broad range of retail establishments are also looked on as important amenities.

The City of Coral Gables offers a wide range of housing choices including rental units, condominiums, and single-family homes in a stable residential real estate market. Over the years, homes in the City have appreciated at a rate significantly greater than many of the surrounding areas. The City’s property tax millage rate will be 6.072 for the 2010-2011 budget year and is .117 mills below the rolled-back rate of 6.189. It is the twelfth lowest combined tax rate of 36 taxing entities in Miami-Dade County. The median house value, estimated at \$555,686 has increased by nearly 86.0% since 1970 and has increased by nearly 62.0% since 1980. Strict zoning laws, a favorable property tax rate and responsible municipal services, together with beautiful residential areas, make Coral Gables a sought-after address.

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 City’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 405 Biltmore Way, Coral Gables, Florida 33134.

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 29,328,472	\$ 8,409,425	\$ 37,737,897
Restricted Cash and Cash Equivalents	-	2,902,976	2,902,976
Accounts Receivable, Net	10,498,630	806,168	11,304,798
Interest Receivable	6,885	-	6,885
Assessment Liens Receivable	213,975	72,960	286,935
Internal Balances	(738,207)	738,207	-
Due from Other Governments	6,460,019	803,597	7,263,616
Inventory	86,505	-	86,505
Prepaid Items	1,813,757	4,509	1,818,266
Capital Assets not being depreciated:			
Land	44,156,634	3,701,838	47,858,472
Construction in Progress	12,073,727	-	12,073,727
Capital Assets, net of accumulated depreciation:			
Infrastructure	49,575,177	11,864,226	61,439,403
Buildings	40,148,332	22,203,286	62,351,618
Improvements Other Than Buildings	30,042,528	146,476	30,189,004
Machinery and Equipment	9,879,609	101,005	9,980,614
Total Assets	<u>233,546,043</u>	<u>51,754,673</u>	<u>285,300,716</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	4,993,873	1,270,045	6,263,918
Accrued Payroll	1,121,770	113,155	1,234,925
Unearned Revenue	2,389,789	179,131	2,568,920
Due to Other Governments	52,833	-	52,833
Deposits Payable	2,501,934	277,598	2,779,532
Noncurrent Liabilities:			
Due Within One Year	12,548,676	1,368,217	13,916,893
Due After One Year	53,607,895	16,544,468	70,152,363
Total Liabilities	<u>77,216,770</u>	<u>19,752,614</u>	<u>96,969,384</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	141,074,353	23,080,309	164,154,662
Restricted for Capital Improvements	1,453,694	-	1,453,694
Unrestricted	13,801,226	8,921,750	22,722,976
Total Net Assets	<u>\$ 156,329,273</u>	<u>\$ 32,002,059</u>	<u>\$ 188,331,332</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2010

FUNCTION/PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General Government	\$ 22,476,553	\$ 13,914,951	\$ 39,663	\$ -	\$ (8,521,939)	\$ -	\$ (8,521,939)
Public Safety	67,626,456	5,847,438	-	599,428	(61,179,590)	-	(61,179,590)
Physical Environment	13,668,200	8,821,783	-	675,721	(4,170,696)	-	(4,170,696)
Transportation	10,426,083	-	30,169	-	(10,395,914)	-	(10,395,914)
Economic Environment	653,894	-	-	-	(653,894)	-	(653,894)
Culture and Recreation	8,473,939	3,338,009	25,000	3,514,054	(1,596,876)	-	(1,596,876)
Interest on Long-term Debt	1,186,837	-	-	-	(1,186,837)	-	(1,186,837)
Total Governmental Activities	124,511,962	31,922,181	94,832	4,789,203	(87,705,746)	-	(87,705,746)
Business-type Activities:							
Sanitary Sewer System	4,303,930	7,109,919	-	238,597	-	3,044,586	3,044,586
Parking System	3,676,444	9,227,722	-	-	-	5,551,278	5,551,278
Stormwater Utility	1,469,640	2,340,830	-	-	-	871,190	871,190
Total Business-type Activities	9,450,014	18,678,471	-	238,597	-	9,467,054	9,467,054
Total	\$ 133,961,976	\$ 50,600,652	\$ 94,832	\$ 5,027,800	(87,705,746)	9,467,054	(78,238,692)
General Revenues:							
Taxes:							
Property Taxes					70,277,262	-	70,277,262
Franchise Fees					6,276,301	-	6,276,301
Utilities Service Taxes					11,219,861	-	11,219,861
Other Taxes					2,399,014	-	2,399,014
Intergovernmental, not restricted for specific programs					3,641,236	-	3,641,236
Investment Earnings					75,221	9,129	84,350
Miscellaneous					239,410	13,010	252,420
Transfers					6,567,156	(6,567,156)	-
Total General Revenues and Transfers					100,695,461	(6,545,017)	94,150,444
Change in Net Assets					12,989,715	2,922,037	15,911,752
Net Assets - Beginning					143,339,558	29,080,022	172,419,580
Net Assets - Ending					\$ 156,329,273	\$ 32,002,059	\$ 188,331,332

The notes to the financial statements are an integral part of this statement.



[This Page Intentionally Left Blank]

Major Governmental Funds

General Fund - to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Capital Project General Improvement Fund – to account for all resources used for the acquisition of various major capital improvements except those financed by Enterprise Funds. Money is transferred to this fund from other funds for major capital projects.

Capital Project General Obligation Bond Fund – to account for projects toward enhancement / expansion of public parks and plazas; enhance residential and commercial areas; homeland security and to construct the Coral Gables Museum.

CITY OF CORAL GABLES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Capital Project General Improvement Fund	Capital Project General Obligation Bond Fund	Other Governmental Funds		
ASSETS						
Cash and Cash Equivalents	\$ 7,756,083	\$ 377,251	\$ 1,023	\$ 3,722,820	\$	11,857,177
Accounts Receivable, Net	10,069,902	2,017	-	244,618	-	10,316,537
Interest Receivable	6,885	-	-	-	-	6,885
Assessment Liens Receivable	117,583	69,386	-	27,006	-	213,975
Due from Other Funds	987,004	-	-	-	-	987,004
Due from Other Governments	3,186,898	388,004	2,360,072	500,124	-	6,435,098
Inventory	86,505	-	-	-	-	86,505
Prepaid Items	128,878	-	-	-	-	128,878
Total Assets	<u>22,339,738</u>	<u>836,658</u>	<u>2,361,095</u>	<u>4,494,568</u>	<u>\$</u>	<u>30,032,059</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	2,242,748	675,392	117,721	1,041,046	-	4,076,907
Accrued Payroll	1,079,526	-	-	3,397	-	1,082,923
Due to Other Funds	-	119,500	2,330,400	2,325,804	-	4,775,704
Deferred/Unearned Revenue	9,439,722	118,444	1,452,581	128,874	-	11,139,621
Refundable Deposits and Bonds	2,501,934	-	-	-	-	2,501,934
Due to Other Governments	52,833	-	-	-	-	52,833
Total Liabilities	<u>15,316,763</u>	<u>913,336</u>	<u>3,900,702</u>	<u>3,499,121</u>	<u>\$</u>	<u>23,629,922</u>
FUND BALANCES						
Reserved for:						
Encumbrances	272,511	-	-	-	-	272,511
Inventories	86,505	-	-	-	-	86,505
Prepaid Items	128,878	-	-	-	-	128,878
Unreserved reported in:						
General Fund	6,535,081	-	-	-	-	6,535,081
Special Revenue Fund	-	-	-	319	-	319
Debt Service Fund	-	-	-	883,606	-	883,606
Capital Project Funds	-	(76,678)	(1,539,607)	111,522	-	(1,504,763)
Total Fund Balances (Deficit)	<u>7,022,975</u>	<u>(76,678)</u>	<u>(1,539,607)</u>	<u>995,447</u>	<u>\$</u>	<u>6,402,137</u>
Total Liabilities and Fund Balances	<u>\$ 22,339,738</u>	<u>\$ 836,658</u>	<u>\$ 2,361,095</u>	<u>\$ 4,494,568</u>	<u>\$</u>	<u>30,032,059</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -
 TO THE STATEMENT OF NET ASSETS
 For the Fiscal Year Ended September 30, 2010

Total Fund Balances - Governmental Funds	\$	6,402,137
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		181,025,439
Other revenue is not available and therefore is deferred in the fund financial statements. However, it is recognized in the statements of net assets.		8,749,832
Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		16,962,934
The Statement of Net Assets includes an adjustment to reflect an allocation of the internal service funds income to business-type activities. This adjustment decreases the Internal Balances account of governmental activities.		(738,207)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.		
	Payable to State Agency	\$ (1,233,482)
	Compensated Absences	(8,304,958)
	Special Obligations Debt Payable	(43,638,768)
	Capital Lease Payable	(491,361)
	Pollution Remediation Obligation	(310,000)
	Net OPEB Obligation	(2,094,293)
		(56,072,862)
Total Net Assets - Governmental Activities	\$	<u>156,329,273</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Project General Improvement Fund	Capital Project General Obligation Bond Fund	Other Governmental Funds	
REVENUES					
Taxes	\$ 87,773,424	\$ -	\$ -	\$ 2,399,014	\$ 90,172,438
Licenses	3,086,382	-	-	-	3,086,382
Permits	4,193,899	-	-	-	4,193,899
Fines and Forfeitures	3,473,120	-	-	-	3,473,120
Intergovernmental	3,839,719	1,600,464	1,142,574	292,531	6,875,288
Charges for Services	12,534,515	-	-	-	12,534,515
Recreation Activity Fees	3,338,009	-	-	-	3,338,009
Rental Income	2,504,861	-	-	21,810	2,526,671
Investment Earnings	70,723	1,932	-	2,566	75,221
Special Assessments	-	14,572	-	485,077	499,649
Miscellaneous	239,386	24	-	-	239,410
Total Revenues	<u>121,054,038</u>	<u>1,616,992</u>	<u>1,142,574</u>	<u>3,200,998</u>	<u>127,014,602</u>
EXPENDITURES					
Current:					
General Government	18,000,356	-	-	-	18,000,356
Public Safety	69,089,890	-	-	-	69,089,890
Physical Environment	13,890,885	-	-	-	13,890,885
Transportation	8,314,294	357,746	-	2,308,033	10,980,073
Economic Environment	681,765	-	-	-	681,765
Culture and Recreation	8,099,279	201,517	22,066	-	8,322,862
Debt Service:					
Retirement of Principal	211,569	-	-	2,640,104	2,851,673
Interest	18,966	-	-	1,167,871	1,186,837
Capital Outlay	1,450,800	4,210,325	1,602,574	533,985	7,797,684
Total Expenditures	<u>119,757,804</u>	<u>4,769,588</u>	<u>1,624,640</u>	<u>6,649,993</u>	<u>132,802,025</u>
Excess (deficiency) of Revenues Over Expenditures before Other Financing Sources (Uses)	<u>1,296,234</u>	<u>(3,152,596)</u>	<u>(482,066)</u>	<u>(3,448,995)</u>	<u>(5,787,423)</u>
OTHER FINANCING SOURCES (Uses)					
Issuance of Debt	702,930	-	-	-	702,930
Transfers In	6,509,346	1,849,810	-	4,658,899	13,018,055
Transfers Out	(6,450,899)	-	-	-	(6,450,899)
Total Other Financing Sources	<u>761,377</u>	<u>1,849,810</u>	<u>-</u>	<u>4,658,899</u>	<u>7,270,086</u>
Net Change in Fund Balances	2,057,611	(1,302,786)	(482,066)	1,209,904	1,482,663
Fund Balances (Deficit) - Beginning	<u>4,965,364</u>	<u>1,226,108</u>	<u>(1,057,541)</u>	<u>(214,457)</u>	<u>4,919,474</u>
Fund Balances (Deficit) - Ending	<u>\$ 7,022,975</u>	<u>\$ (76,678)</u>	<u>\$ (1,539,607)</u>	<u>\$ 995,447</u>	<u>\$ 6,402,137</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended September 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 1,482,663

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays expense exceeded depreciation expense in the current period.

	Depreciation Expense	\$ (6,501,774)	
	Capital Outlay	<u>7,797,684</u>	1,295,910

Revenues in the statement of activities that are not available are not recognized in the governmental funds.

	Increase in Deferred Revenue		3,919,919
--	------------------------------	--	-----------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayment exceeded the amount issued in the current period.

	Payable to State Agency	(1,233,482)	
	Loan Repayments	2,851,673	
	Debt Proceeds	<u>(702,930)</u>	915,261

Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The net revenue of internal service funds is reported with governmental activities.

6,014,706

The amount of the internal service fund's income on transactions with business-type activities was eliminated from the governmental activities in the statement of activities.

(360,882)

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the government funds. Represents change in related balances:

	Compensated Absences	(630,004)	
	Pollution Remediation	86,227	
	Net Pension Obligation	1,337,889	
	Net OPEB Obligation	<u>(1,071,974)</u>	(277,862)

Change in Net Assets of Governmental Activities \$ 12,989,715

The notes to the financial statements are an integral part of this statement.



[This Page Intentionally Left Blank]

Major Proprietary Funds

Sanitary Sewer System Fund – accounts for the operation and maintenance of a sanitary sewer collection system providing services to certain residents of the City, the University of Miami and certain non-resident sewer connections in areas adjacent to the City. All activities necessary to provide these services are accounted for in this fund.

Parking System Fund – accounts for the provision of on-street and off-street automobile parking facilities, including six parking garages, to the residents, merchants, and visitors of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, construction maintenance and financing.

Stormwater Utility Fund – accounts for the operation and maintenance of a storm water collection system providing services to all residents of the City, and all commercial properties. All activities necessary to provide these services are accounted for in this fund.

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2010

BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS

	<u>MAJOR FUNDS</u>			<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
	<u>SANITARY SEWER SYSTEM FUND</u>	<u>PARKING SYSTEM FUND</u>	<u>STORMWATER UTILITY FUND</u>		
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 6,392,159	\$ 1,629,035	\$ 388,231	\$ 8,409,425	\$ 17,471,295
Restricted Cash and Cash Equivalents	-	277,598	2,625,378	2,902,976	-
Accounts Receivable, Net	551,149	190,442	64,577	806,168	182,093
Assessment Liens Receivable	72,960	-	-	72,960	-
Due from Other Governments	500,000	-	303,597	803,597	24,921
Due from Other Funds	-	-	-	-	3,788,700
Prepaid Items	-	4,509	-	4,509	1,684,879
Total Current Assets	<u>7,516,268</u>	<u>2,101,584</u>	<u>3,381,783</u>	<u>12,999,635</u>	<u>23,151,888</u>
Noncurrent Assets:					
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	31,401,988	-	31,401,988	-
Construction in Progress	-	-	-	-	-
Infrastructure	16,763,982	-	4,099,341	20,863,323	-
Improvements Other Than Buildings	-	417,537	-	417,537	-
Machinery and Equipment	597,190	1,179,375	66,213	1,842,778	24,284,953
Accumulated Depreciation	(8,966,021)	(10,560,145)	(684,467)	(20,210,633)	(19,434,385)
Total Noncurrent Assets	<u>8,493,131</u>	<u>26,042,613</u>	<u>3,481,087</u>	<u>38,016,831</u>	<u>4,850,568</u>
Total Assets	<u>16,009,399</u>	<u>28,144,197</u>	<u>6,862,870</u>	<u>51,016,466</u>	<u>28,002,456</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	805,123	345,154	119,768	1,270,045	916,966
Accrued Payroll and Other Expenses	10,897	40,657	61,601	113,155	38,847
Deposits Payable	-	277,598	-	277,598	-
Unearned Revenue	-	179,131	-	179,131	-
Accrued Compensated Absences	24,970	60,387	33,060	118,417	147,750
Estimated Liability for Claims Payable	-	-	-	-	5,149,000
Special Obligations Debt Payable	-	1,029,800	220,000	1,249,800	-
Capital Lease Payable	-	-	-	-	159,283
Total Current Liabilities	<u>840,990</u>	<u>1,932,727</u>	<u>434,429</u>	<u>3,208,146</u>	<u>6,411,846</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	31,499	69,384	32,814	133,697	181,943
Estimated Liability for Claims Payable	-	-	-	-	3,832,000
Special Obligations Debt Payable	-	13,897,100	2,415,000	16,312,100	-
Capital Lease Payable	-	-	-	-	512,242
Net OPEB Obligation	31,011	47,926	19,734	98,671	101,491
Total Noncurrent Liabilities	<u>62,510</u>	<u>14,014,410</u>	<u>2,467,548</u>	<u>16,544,468</u>	<u>4,627,676</u>
Total Liabilities	<u>903,500</u>	<u>15,947,137</u>	<u>2,901,977</u>	<u>19,752,614</u>	<u>11,039,522</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	8,493,131	11,115,713	3,471,465	23,080,309	4,850,568
Unrestricted	6,612,768	1,081,347	489,428	8,183,543	12,112,366
Total Net Assets	<u>\$ 15,105,899</u>	<u>\$ 12,197,060</u>	<u>\$ 3,960,893</u>	<u>\$ 31,263,852</u>	<u>\$ 16,962,934</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				738,207	
Net assets of business-type activities				<u>\$ 32,002,059</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended September 30, 2010

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	MAJOR FUNDS			TOTALS	
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM	STORMWATER UTILITY FUND		
OPERATING REVENUES					
Charges for Services:					
Sewer Use Charges	\$ 7,109,919	\$ -	\$ -	\$ 7,109,919	\$ -
Service Use Charges	-	-	2,340,830	2,340,830	-
Billings to Departments for Insurance Protection	-	-	-	-	13,251,803
Parking Fees:					
On Street Meters	-	5,038,224	-	5,038,224	-
Meter and Permit Lots	-	1,297,890	-	1,297,890	-
Parking Garages	-	2,557,025	-	2,557,025	-
Parking Leases	-	334,583	-	334,583	-
Rental of Equipment and Facilities to Various Funds	-	-	-	-	13,980,117
Other Operating Revenues	-	-	-	-	4,909
Total Operating Revenues	<u>7,109,919</u>	<u>9,227,722</u>	<u>2,340,830</u>	<u>18,678,471</u>	<u>27,236,829</u>
OPERATING EXPENSES					
Administration	1,144,996	1,651,127	915,129	3,711,252	4,128,783
Cost of Sales and Services	3,038,468	1,019,621	412,528	4,470,617	6,202,866
Benefit Payments	-	-	-	-	6,493,635
Insurance	-	-	-	-	2,510,233
Depreciation	272,676	706,397	77,070	1,056,143	1,923,340
Total Operating Expenses	<u>4,456,140</u>	<u>3,377,145</u>	<u>1,404,727</u>	<u>9,238,012</u>	<u>21,258,857</u>
Operating Income	<u>2,653,779</u>	<u>5,850,577</u>	<u>936,103</u>	<u>9,440,459</u>	<u>5,977,972</u>
NONOPERATING REVENUES (EXPENSES)					
Interest	6,213	2,141	775	9,129	117
Interest Expense	-	(465,972)	(106,912)	(572,884)	-
Miscellaneous	15	12,995	-	13,010	8,505
Gain from Sale of Capital Assets	-	-	-	-	28,112
Total Nonoperating Revenues (Expenses)	<u>6,228</u>	<u>(450,836)</u>	<u>(106,137)</u>	<u>(550,745)</u>	<u>36,734</u>
Income Before Contributions	2,660,007	5,399,741	829,966	8,889,714	6,014,706
Capital Contributions from State Grants	107,767	-	130,830	238,597	-
Income Before Transfers	2,767,774	5,399,741	960,796	9,128,311	6,014,706
Transfers Out	(1,538,938)	(4,644,058)	(384,160)	(6,567,156)	-
Change In Net Assets	1,228,836	755,683	576,636	2,561,155	6,014,706
Net Assets - Beginning	13,877,063	11,441,377	3,384,257		10,948,228
Net Assets - Ending	<u>\$ 15,105,899</u>	<u>\$ 12,197,060</u>	<u>\$ 3,960,893</u>		<u>\$ 16,962,934</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				360,882	
Change in net assets of business-type activities				<u>\$ 2,922,037</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2010

	<u>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				
	<u>MAJOR FUNDS</u>			<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
	<u>SANITARY SEWER SYSTEM</u>	<u>PARKING SYSTEM FUND</u>	<u>STORMWATER UTILITY FUND</u>		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 7,417,628	\$ 9,169,123	\$ 2,511,211	\$ 19,097,962	\$ 29,776,538
Payments to employees	(1,158,842)	(1,692,167)	(878,304)	(3,729,313)	(4,176,143)
Payments to suppliers	(2,970,804)	(1,016,559)	(687,250)	(4,674,613)	(16,378,474)
Net cash provided by (used in) operating activities	<u>3,287,982</u>	<u>6,460,397</u>	<u>945,657</u>	<u>10,694,036</u>	<u>9,221,921</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Contributions from Other Governments	-	-	-	-	8,505
Transfers in from (out to) Other Funds	(1,538,938)	(4,644,058)	(384,160)	(6,567,156)	-
Due to Other Funds	(4,030,268)	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(5,569,206)</u>	<u>(4,644,058)</u>	<u>(384,160)</u>	<u>(6,567,156)</u>	<u>8,505</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,036,036)	(44,265)	(534,457)	(1,614,758)	(100,598)
Proceeds from sale of capital assets	-	-	-	-	28,112
Principal paid on debt	-	(986,700)	-	(986,700)	-
Interest paid on debt	-	(465,972)	(106,912)	(572,884)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,036,036)</u>	<u>(1,496,937)</u>	<u>(641,369)</u>	<u>(3,174,342)</u>	<u>(72,486)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES					
Interest and dividends received	6,228	15,136	775	22,139	117
Net increase (decrease) in cash and cash equivalents	<u>(3,311,032)</u>	<u>334,538</u>	<u>(79,097)</u>	<u>(3,055,591)</u>	<u>9,158,057</u>
Cash and Cash Equivalents - Beginning	9,703,191	1,572,095	3,092,706	14,367,992	8,313,238
Cash and Cash Equivalents - Ending	<u>\$ 6,392,159</u>	<u>\$ 1,906,633</u>	<u>\$ 3,013,609</u>	<u>\$ 11,312,401</u>	<u>\$ 17,471,295</u>
Reconciliation to the statement of net assets					
Cash and Cash Equivalents	\$ 6,392,159	\$ 1,629,035	\$ 388,231	\$ 8,409,425	\$ 17,471,295
Restricted assets, Cash and Cash Equivalents	-	277,598	2,625,378	2,902,976	-
Total	<u>\$ 6,392,159</u>	<u>\$ 1,906,633</u>	<u>\$ 3,013,609</u>	<u>\$ 11,312,401</u>	<u>\$ 17,471,295</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 2,653,779	\$ 5,850,577	\$ 936,103	\$ 9,440,459	\$ 5,977,972
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation Expense	272,676	706,397	77,070	1,056,143	1,923,340
Change in assets and liabilities:					
Accounts Receivable	307,709	(33,834)	67,930	341,805	878,409
Due from Other Funds	-	-	-	-	1,661,300
Due from Other Governments	-	-	102,451	102,451	-
Prepays	-	(4,509)	-	(4,509)	(333,516)
Accounts Payable	67,664	7,571	(154,722)	(79,487)	(261,224)
Deposits Payable	-	3,662	-	3,662	-
Accrued Payroll and Other Expenses	(26,114)	(41,210)	26,046	(41,278)	(102,895)
Accrued Compensated Absences	(3,605)	(24,361)	678	(27,288)	3,587
Due to Other Funds	-	-	(120,000)	(120,000)	-
Unearned Revenues	-	(28,427)	-	(28,427)	-
Claims Payable	-	-	-	-	(577,000)
Net OPEB Obligation	15,873	24,531	10,101	50,505	51,948
Total adjustments	<u>634,203</u>	<u>609,820</u>	<u>9,554</u>	<u>1,253,577</u>	<u>3,243,949</u>
Net cash provided by (used in) operating activities	<u>\$ 3,287,982</u>	<u>\$ 6,460,397</u>	<u>\$ 945,657</u>	<u>\$ 10,694,036</u>	<u>\$ 9,221,921</u>
Noncash capital financing activities					
Capital Assets Acquired through Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ 671,525
Capital Contributions from State Grants	<u>\$ (107,767)</u>	<u>\$ -</u>	<u>\$ (130,830)</u>	<u>\$ (238,597)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2010

	Pension Trust Funds	Agency Funds
ASSETS	<u> </u>	<u> </u>
Cash and Cash Equivalents	\$ 13,204,259	\$ 8,101,215
Receivables:		
Accrued Interest and Dividends	449,297	-
Buyback Receivable	43,331	-
Share Plan Contributions	198,101	-
Employee Contributions	194,395	-
Receivable for Securities Sold	5,459,533	-
Other Receivables	9,328	-
Total Receivables	<u>6,353,985</u>	<u>-</u>
Securities Lending Cash Collateral - Invested	<u>44,629,163</u>	<u>-</u>
Investments at fair value:		
U.S. Government and Agency	13,165,170	-
Domestic Fixed Income Fund	11,852,637	-
Global fixed income	11,806,419	-
Corporate Bonds	19,066,581	-
State of Israel Bond	100,000	-
Common Stocks	104,133,815	-
Domestic Equity Fund	1,679,802	-
International Equity	48,633,797	-
Real Estate Investment Trust (REIT)	13,388,465	-
Mutual Funds	9,842,800	-
Total Investments	<u>233,669,486</u>	<u>-</u>
Total Assets	<u>297,856,893</u>	<u>8,101,215</u>
LIABILITIES		
Accounts Payable	833,435	-
Payable for Securities Purchased	886,065	-
Due to the Retirement System	93,559	-
Obligations under Securities Lending	44,629,163	-
Deferred Compensation Payable	-	805,566
Due to Other Governments	-	7,295,649
Total Liabilities	<u>46,442,222</u>	<u>\$ 8,101,215</u>
NET ASSETS		
Net Assets held in trust for pension benefits	<u>\$ 251,414,671</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2010

	Pension Trust Funds
Additions:	
City Contributions	\$ 25,615,725
Share Plan Contributions	270,485
Total Government Contributions	25,886,210
Employees:	
Employee contributions	2,754,747
Buybacks	81,111
Total Employee Contributions	2,835,858
Total Contributions	28,722,068
Investment Income:	
Net Appreciation in the Fair Value of Investments	15,948,512
Interest and Dividends	6,049,225
Other Income	472,306
Total Investment Income	22,470,043
Less Investment Expenses	1,506,334
Total Investment Income before Securities Lending Activity	20,963,709
Securities Lending Activities:	
Security Lending Income	119,821
Security Lending Fees and Rebates	(41,366)
Net Income from Security Lending Activities	78,455
Total Net Investment Income	21,042,164
Total Additions	49,764,232
Deductions:	
Pension Benefits Paid	29,804,606
Refunds of Contributions	215,937
Administrative Expense	540,571
Total Deductions	30,561,114
Net Increase	19,203,118
Net Assets Held in Trust for Pension Benefits:	
Beginning of Year	232,211,553
End of Year	\$ 251,414,671

The notes to the financial statements are an integral part of this statement.

**CITY OF CORAL GABLES, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Coral Gables (the "City") have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

(a) Reporting Entity

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the applicable funds governed by the City Commission of the City of Coral Gables. For financial reporting purposes, all funds, organizations, institutions, agencies, departments, and offices that make up the City's legal entity and constitute its primary government are included. The City of Coral Gables Health Facility Authority (Authority) is a related organization because the City Commission has the responsibility of appointing the members of the Authority Board. However, it is not included as a part of the financial reporting entity because it is fiscally independent and it has no financial accountability to the City. The Authority is not exclusively for the benefits of City residents and the City Commission cannot impose its will over operations, cannot hire, reassign or dismiss management, and cannot remove Authority Board members without cause. The City does not have any component units as defined by GASB Codification of Government Accounting and Financial Reporting Standards, Section 2100.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. As a basic rule, the government-wide financial statements are consolidated. However, an exception must be made for inter-fund services provided and used between functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

Internal Service Funds of a government (which traditionally provide services primarily to other funds of the government) are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are included in the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate governmental activities.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address

activities or obligations of the City, these funds are excluded from the government-wide statements.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of 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. The financial statements of Agency Fund are prepared using the accrual basis of accounting. Agency Funds are purely custodial and thus do not involve measurement of result of operations. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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 three months of the end of the fiscal year with the exception of property tax revenue, which is deferred unless received within sixty days after year-end. 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, pension, other post employment benefits, and claims and judgments, are recorded only when payment is due.

Revenues considered measurable are recognized, if available are as follows: Property Taxes when levied for, Garbage and Trash Fees, Franchise Taxes, Utility Service Taxes, Intergovernmental when eligibility requirements are met, Charges for Services, Recreation Activity, Rental Income, Occupational License, Interest

Income, and Ambulance Transport Fees. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the City.

1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources that relate to the general operations of the City, except for those required to be accounted for in another fund.

Capital Project General Obligation Bond Fund - accounts for projects toward enhancement/expansion of public parks and plazas; enhance residential and commercial areas; homeland security and to construct the Coral Gables Museum.

Capital Project General Improvement Fund - accounts for all resources used for the acquisition for all resources used for the acquisition of various major capital improvements except those financed by Enterprise Funds. This fund is reported as major fund because of public interest and consistency.

Additionally, the City reports the following nonmajor governmental funds:

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the periodic payment of principal, interest, and expenditures on special obligation long-term debt of governmental funds, specifically, Sunshine State Notes issued by the City for various capital projects.

Special Revenue Hurricane Fund - The Special Revenue Hurricane Fund is used to account for financial resources and uses related to hurricane preparedness, debris clean up, replanting trees,

renewals and replacement of City's assets damaged during the hurricane season.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities such as general and roadway improvement projects.

2) Proprietary Fund Types

Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

The City reports the following major proprietary funds:

Sanitary Sewer System Fund – This fund is used to account for the operation and maintenance of a sanitary sewer collection system providing services to certain residents of the City, the University of Miami and certain non-resident sewer connections in areas adjacent to the City.

Parking System Fund – This fund is used to account for the provision of on-street and off-street automobile parking facilities, including six parking garages, to the residents, merchants, and visitors of the City.

Stormwater Utility Fund – This fund is used to account for the operation and maintenance of a stormwater collection system providing services to all residents of the City and all commercial properties.

The City also reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for fleet maintenance, general maintenance (building maintenance, utilities and general housekeeping services) and insurance services provided to other departments of the City on a cost reimbursement basis.

Pension Trust Funds – Pension Trust Funds are used to account for the accumulation of resources to be used for retirement benefits of all employees at appropriate amounts and times in the future and for supplemental retirement benefits for police officers and fire fighters, and, consequently, are not reflected in the government-wide statements because the resources are not available to support the City's own programs.

Agency Fund – Agency Funds are custodial in nature and do not involve measurement of results of operations:

Employee Benefits Fund – Accounts for the value of the employees' excess sick leave balance which is paid to the employees each year through deposits in this fund which the City handles as custodian in accordance with the agreement between the City and its employees. The funds are to be paid to employees upon retirement or to the employee's named beneficiary upon death.

Law Enforcement Fund – Accounts for confiscated assets of South Florida Money Laundering Strike Force (Strike Force) which have been released by the judicial courts to be placed in the fund, the fund which the City handles as custodian.

In the government-wide financial statements, amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(d) Pooled Cash and Temporary Investments

The City maintains a cash and investment pool that is available for use by most funds. Each fund's portion of this pool is included in the financial statements as "Cash and Cash Equivalents". Cash and Cash Equivalents is defined to include cash on hand, demand deposits, cash with a state agency and investments with private agencies with original maturities of three months or less. Interest earned on pooled cash and investments is allocated monthly based on cash and investment balances of the respective funds. Additionally, each fund's equity in the City's investment pool is considered to be a cash equivalent since the funds can be deposited or effectively withdrawn at any time without prior notice or penalty.

(e) Investments

The Local Government Surplus Funds Trust Fund operates in accordance with appropriate state laws and regulations. The investments held by Local Government Surplus Fund Trust Fund are allocated among two funds, LGIP (formerly known as LGIP-A) and Fund B (formerly known as LGIP-B). For LGIP, a 2a7-like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2010, the City's investment in LGIP-A is \$1,000. Fund B is accounted for as a fluctuating Net Asset Value (NAV) pool. The balance of the City's investment in LGIP-B as of

September 30, 2010 amounted to \$920,797, with NAV factor of 0.70706.

Also, the City has investments in money market funds that are accounted for as fluctuating Net Asset Value (NAV) pool. The balance as of September 30, 2010 amounted to \$39,532,990, with NAV factor of 1.00. The City's other investments as of September 30, 2010 of \$1,500,000 are reported at fair value. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Investments for the pension plans are discussed in Note 4.

(f) Receivables

All receivables are reported net of an allowance for uncollectibles. Receivables are analyzed for their collectability based on the terms of the agreement and the financial assessment of the creditor.

Following are the significant components of the receivables due to the City at September 30, 2010:

1. Taxes, Franchise Fees, False Alarms and Rent – This amount represents communications and utility taxes, franchise fees, false alarms and rent payments due by September 30, 2010, but not collected as of that date;
2. Waste Fees – This amount represents the unpaid, billed charges for various fines and municipal services.

(g) Due From Other Governments

Due from other governments primarily consists of amounts due to the City as of September 30, 2010 such as ad valorem tax, grant revenues, fines and other fees.

(h) Inventories

Inventories are stated at cost using the weighted average method.

Inventory is accounted for using the consumption method whereby inventories are recorded as expenditures when they are used.

(i) Prepaid Items

Prepaid item is accounted for using the consumption method and recorded as expenditure/expense in the fund level and government-wide financial statements in the period benefited.

(j) Capital Assets

Capital asset acquisitions are recorded as expenditures in the governmental fund financial statements and include property, plant, equipment and infrastructure assets (i.e., streets, alleys, sidewalks, drainage and lighting systems). Capital assets are recorded at historical cost in the government-wide and proprietary fund financial statements. In the case of gifts or contributions, such assets are recorded at fair value at the date of receipt. Capital assets are defined as assets with an initial, individual cost of more than \$1,000 plus life more than one year.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

	<u>Year</u>
Buildings	50
Improvements other than Buildings	15-45
Machinery and Equipment	4-10
Infrastructure	15-80

(k) Accounts Payable and Accrued Payroll

Accounts payable primarily consists of amounts due to vendors and contractors for various operational and capital purchases. Accrued payroll includes salaries and wages as well as related fringe benefits.

(l) Long-Term Obligations

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental-wide and proprietary fund type Statements of Net Assets. Bonds payable are reported net of the applicable bond premiums or discounts and deferred refunding amounts. Bond premiums, discounts, and issuance costs are amortized over the life of the bonds using the interest method. Deferred amounts on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method, which does not result in a material difference from the effective interest method.

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

(m) Deferred and Unearned Revenues

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and the fund financial statements. In addition, amounts related to governmental fund receivables that are measurable, but not available, are recorded as deferred revenue in the governmental fund financial statement.

(n) Inter-Fund Transactions

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” or “advances 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”.

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds’ operating statements.

(o) Capital Contributions

Capital contributions are recorded in certain Enterprise and Internal Service Funds and consist primarily of donations from private sources or other governmental entities.

(p) Restricted Assets

The Stormwater Utility Fund has restricted assets representing unspent proceeds from issuance of special obligation bonds to be used for capital improvements.

The Parking Fund has restricted assets which are set aside for customer deposits.

(q) Fund Balance/Net Assets

1) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative managerial plans that are subject to change.

2) Net Assets

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets, net of related debt, restricted or unrestricted. The first category represents net assets related to property, plant, equipment and infrastructure reduced by depreciation and outstanding debt used to construct or purchase the capital asset. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. All remaining amounts are considered to be unrestricted.

(r) Operating versus Non-operating Income

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 the fund’s principal ongoing operations. The principal operating revenues of the City’s Enterprise and Internal Service Funds are charges to customers for sales and services. Operating revenues for the Enterprise Funds include sewer and stormwater service fees as well as user fees at the various City parking facilities. For the Internal Service Funds, operating revenues include charges to other departments for various maintenance and insurance services. Operating expenses for the Enterprise and Internal Service Funds include costs of sales and services, administrative fees, insurance payments and depreciation. All revenues and expenses not meeting this definition are considered non-operating items.

(s) Use of Restricted Resources

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

(t) Compensated Absences

City employees earn both vacation and sick leave. Vacation leave may be taken, converted into cash with certain restrictions, or accumulated up to certain limits and paid upon retirement or termination.

Sick leave may be taken or accumulated and paid up to certain limits upon retirement or death. The current liability for vacation and sick leave (up to a specified amount) is reflected in the accrued compensated absences amounts in the government-wide, proprietary and fiduciary fund financial statements. According to City Commission Resolution No. 15199, unused sick leave in excess of the maximum amount is deferred in the Employee Benefit Fund until payable to the employee. The excess sick leave is fully funded. 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. Accrued compensated absences of the governmental activities is not reported in the balance sheet of the governmental funds and, accordingly, represents a reconciling item between the fund financial statements and government-wide financial statements. Payments are generally paid out of the General Fund.

(u) Pollution Remediation Obligation

The City accrues future pollution remediation costs that meet the measurement criteria as outlined in GASB 49. These liabilities are shown as part of the non-current liabilities in the Statement of Net Assets. The City measures pollution remediation costs using the expected cash flow technique. The estimated cost of all pollution remediation is measured annually and adjusted when benchmarks are met or when new information indicates changes in estimated outlays due to changes in remediation plan or operating conditions.

(v) Employee Benefits Plan and Net Pension Asset/Obligation

The City provides a defined benefit pension plan covering substantially all regular full-time general, police and fire department employees. The City also provides two defined contribution plans, Police Officers' Pension Fund and Firefighters' Pension Fund, as supplement to the benefits provided under the defined benefit pension plan.

(w) Post Employment Benefits Other Than Pensions (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 a blended rates used for of 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 requirement of the City of Coral Gables Retirement System covering substantially all regular full time general, police, and fire department employees 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 and proprietary financial statements related to the implicit subsidy. The OPEB plan does not issue separate financial statements.

(x) Application of FASB Standards

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

(y) 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(z) New Accounting Pronouncement Adopted

At September 30, 2010, the City adopted the provision of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement required that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

As a result of the implementation of GASB 51, the City determined that easements were donated to the City in previous years and have indefinite useful life. Accordingly, the City opted to apply the provisions of GASB 51 prospectively.

The provision of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, is effective for the City in the fiscal year 2010. However, the City has no derivative instruments and accordingly the provision of GASB 53 was not adopted.

NOTE 2 — REAL AND PERSONAL PROPERTY TAXES

Property taxes are levied to support the fiscal period commencing October 1, each year. Taxes are payable beginning November 1 and become delinquent the following April 1. Unpaid taxes represent a lien against the property until paid. The City's real and personal property taxes for all property located within the City are levied each October on the taxable value assessed as of the prior January 1. Taxable values are established by the Miami-Dade County Property Appraiser at market value, less statutory exemptions.

The taxable value of property at January 1, 2009, upon which the 2009-2010 levy was based, was approximately \$12.3 billion. A tax levy of 5.895 mills (\$5.895 per \$1,000 of taxable value) was required to finance general operations for the fiscal year ended September 30, 2010.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable are summarized below and are shown net of allowance for doubtful accounts as follows:

	Governmental Activities	Business-Type Activities
General Fund		
Franchise Taxes	\$ 833,936	\$ -
False Alarms	543,731	-
Utility Taxes	971,256	-
Delinquent Waste Fees	2,488,493	-
Biltmore Hotel and Golf Course	3,770,836	-
Granada Golf Course	125,155	-
Leased Properties	282,162	-
Other	1,118,279	-
	<u>10,133,848</u>	-
Less: Allowance	(63,946)	-
Total	<u>10,069,902</u>	-
General Improvement Fund		
Miscellaneous	2,017	-
Total	<u>2,017</u>	-
Other Governmental Fund		
Roadway Improvements	31,008	-
BID Accounts	202,610	-
Debt Service	11,000	-
Total	<u>244,618</u>	-
Parking Fund		
Parking Leased Space	-	191,031
Parking – General	-	387,633
		<u>578,664</u>
Less: Allowance	-	(388,222)
Total	-	<u>190,442</u>
Sanitary Sewer Fund		
General Waterworks	-	472,835
Miscellaneous	-	78,729
		<u>551,564</u>
Less Allowance	-	(415)
Total	-	<u>551,149</u>
Stormwater Fund		
Service Use Charges	-	64,577
Total	-	<u>64,577</u>
Total Governmental Funds	<u>10,316,537</u>	
Total Business-Type Activities/Proprietary Funds		<u>\$ 806,168</u>
Internal Service Fund		
Insurance recovery from excess insurance carrier	108,960	
Miscellaneous	73,133	
	<u>182,093</u>	
Total	<u>\$ 10,498,630</u>	

NOTE 4 — CASH AND INVESTMENTS

Deposits. As of September 30, 2010, the City’s cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments
Governmental activities	\$ 29,328,472	\$ -
Business-type activities	11,312,401	-
Pension Trust Funds	13,204,259	233,669,486
Agency Funds	8,099,128	-
Total	<u>\$ 61,944,260</u>	<u>\$ 233,669,486</u>
Total Cash, Cash Equivalents and Investments		<u>\$ 295,613,746</u>
Deposits	\$ 21,303,387	
Investments	<u>274,310,359</u>	
Total Deposits and Investments		<u>\$ 295,613,746</u>

The City maintains interest-bearing and non-interest-bearing bank deposits, which are carried on the statement of net assets and balance sheets as cash and cash equivalent, which were entirely insured by Federal depository insurance or collateral held by the State Treasurer. Under provision of the Florida Security for Public Deposits Act, Chapter 280, all qualified public depositories are required to pledge collateral having a market value equal to or greater than the depository’s collateral pledging level. As described above, the City’s policy does not allow for any custodial credit risk for deposits.

Authorized Investments. State statutes authorize the City to invest any surplus funds in notes, bonds and other obligations of agencies of the United States which are unconditionally guaranteed by the U.S. Government. Also Commercial Paper, Certificates of deposit issued by domestic and foreign financial institutions in the United States Savings accounts and to invest in a pool of investments administered by the State of Florida known as the Local Government Surplus Funds Trust Fund. The investments held by Local Government Surplus Fund Trust Fund are allocated among two funds, LGIP (formerly known as LGIP-A) and Fund B (formerly known as LGIP-B). For LGIP, a 2a7-like pool, the value of the City’s position is the same as the value of the pool shares and is recorded at amortized cost. The SBA is not a registrant with the Securities and Exchange Commission. SBA accounts are not subject to custodial credit risk categorization as these investments are not evidenced by securities that exist in physical or book entry form and they do not have a credit rating.

The City of Coral Gables Retirement Fund investment policy is determined by the Board of Trustees. The policy has been identified by the Board to conduct the operations of the Plan in a manner so that the assets will provide for the pension and other benefits provided under applicable laws, including City ordinances,

preserving principal while maximizing the rate of return.

The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common.

Investments in all equity securities shall be limited to fully and easily negotiable equity securities and shall not exceed 70% of the market value of the total fund assets. No more than 5% (at cost) of the portfolio may be invested in the shares of a single corporate issuer. Investments in securities (equity or fixed income) issued by foreign corporations are limited to no more than 25% of fund assets. Investments in shares of public companies that have been publicly traded for less than a year are limited to no more than 15% of the market value of the total equity portfolio. Convertible securities are not to exceed 10% of the market value of the total equity portfolio.

The fixed income portfolio shall comply with the following: the average credit quality of the bond portfolio shall be "A" or higher. The duration of the fixed income portfolio should be less than 135% of the duration of the market index. Investments in all corporate fixed income securities shall be limited to securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. Yankee bonds and non U.S. dollar denominated bonds may not exceed 10% of the entire fixed income portfolio. No more than 10% at cost of an investment managers total fixed income portfolio shall be invested in the securities of any single corporate issuer.

Securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio. Investments in Collateralized Mortgage Obligations (CMOS) shall be limited to 25% of the market value of the investment managers' total portfolio and shall be restricted to issues backed by the full faith of the U.S. Government, an agency thereof, or are rated AAA by a major rating service and PAC (Planned amortization class), NAC (non-accelerated securities) or VADM (very accurately defined maturity) securities.

There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof. Fixed income funds may be managed through the purchase of open-ended, no-load mutual funds or commingled funds. Fixed income funds purchased by investment advisors are expected to adhere to the

guidelines herein. The board implicitly accepts the policy of a mutual fund or commingled fund when it makes a direct investment.

Investments in real estate shall not exceed 15% at market valuation of the total fund assets. All real estate investments shall be made through participation in diversified commingled funds of real properties. These funds shall be broadly diversified as to property type and location. Experienced and professional real property investment managers shall manage all real estate investments.

The Police Officers' Pension Fund's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to conduct the operations of the Fund in a manner so that the assets will provide the pension and other benefits provided under applicable laws, including City ordinances, preserving capital while obtaining a reasonable total rate of return. The Trustees are prohibited to invest in bonds issued by a corporation, state or municipality, futures, general obligations issued by a foreign government (excluding the State of Israel), hedge funds, internally managed assets, limited partnerships, margin accounts, options, private equity, private mortgages, and securities lending.

Investment in common stock or capital stock shall be limited to those listed on a major U.S. stock exchange and limited to no more than 60% (at market) of the Fund's total asset value, with no more than 5% of the Fund's total assets, at cost, invested in the common stock of any one company. Investments in stocks of foreign companies shall be limited to 25% of the value of the portfolio. Real estate investment trusts (REIT) are a separate assets class and shall be restricted to those that trade on a major exchange.

Types of Investments

Florida statutes and the Coral Gables Retirement Fund investment policy authorize the Trustees to invest funds in various investments. The current target asset allocation range of these investments at market is as follows:

Authorized Investments	Minimum	Maximum
Domestic equities	40%	50%
Fixed income	0%	20%
International equities	15%	25%
Real estate	5%	15%

Florida Statutes and Police Officers' Pension Fund investment policy authorize the Trustees to invest funds in various investments. The current actual and target allocations of these investments at September 30, 2009 are as follows:

Authorized Investments	Target % of Portfolio	Actual % of Portfolio
Domestic equity	38%	40%
REIT	5%	5%
Cash	20%	22%
International equity	12%	12%
Fixed Income	25%	21%

Investment experience producing a market value percent exceeding the stated limit does not arbitrarily mean assets are to be liquidated to satisfy the limit.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturity as a means of managing exposure to fair value losses arising from increasing interest rates.

As a means of limiting its exposure to interest rate risk, the Coral Gables Retirement Fund, Police Officers' Pension Fund and Firefighters' Pension Fund diversify their investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities

Information about the sensitivity of the fair value of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by investment type and maturity:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money Market Fund	\$ 39,532,990	\$ 39,532,990	\$ -	\$ -	\$ -
Agency Notes	1,500,000	1,500,000	-	-	-
*State Board of Administration	921,797	921,797	-	-	-
	<u>\$ 41,954,787</u>	<u>\$ 41,954,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Weighted average portfolio maturity limited to 90 days

Information about the sensitivity of the fair values of the Coral Gables Retirement Fund's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund investments by maturity at September 30, 2010:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. government and agency	\$ 12,904,972	\$ -	\$ 2,779,461	\$ 2,371,930	\$ 7,753,581
Corporate bonds	19,066,581	-	10,201,973	5,949,646	2,914,962
Domestic fixed income fund	11,365,999	-	7,270,893	4,095,106	-
Global fixed income	11,806,419	-	5,897,735	5,908,684	-
	<u>\$ 55,143,971</u>	<u>\$ -</u>	<u>\$ 26,150,062</u>	<u>\$ 18,325,366</u>	<u>\$ 10,668,543</u>

Information about the sensitivity of the fair values of the Police Officers' Pension Funds' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund's investments by maturity at September 30, 2010:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 260,198	\$ -	\$ -	\$ 260,198	\$ -
Fixed income funds	486,638	-	-	486,638	-
State of Israel bonds	100,000	100,000	-	-	-
	<u>\$ 846,836</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 746,836</u>	<u>\$ -</u>

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). It is the City's and Firefighters' Pension Fund's policy to limit its investments to the top rating issued by NRSRO's. Information about the sensitivity of the fair value of the City's and Firefighters' Pension Fund's investments to credit ratings is provided by the following table that shows the distribution of the investments by investment type:

Investment Type	Quality Credit Rating Standard & Poor	Fair Value
Money Market Fund	Aaa	\$ 39,532,990
Agency Notes	AAAE	1,500,000
		<u>41,032,990</u>
Mutual Funds	Not Rated	9,842,800
State Board of Administration	Not Rated	921,797
		<u>\$ 51,797,587</u>

Credit Risk

The Coral Gables Retirement fund and Police Officers' Pension Fund investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses Coral Gables Retirement Fund's credit ratings by investment type, at September 30, 2010 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 12,904,972	23.40%
Quality rating of credit risk debt securities		
AAA	15,223,667	27.61
AA+	994,396	1.80
AA	1,318,665	2.39
AA-	544,686	0.99
A+	466,831	0.85
A	7,132,000	12.93
A-	3,038,283	5.51
BBB+	1,563,127	2.84
BBB	7,275,148	13.19
BBB-	836,479	1.52
BB	2,251,130	4.08
B	1,097,332	1.99
CCC+	-	-
Not rated	497,255	0.90
Total credit risk debt Securities	42,238,999	76.60
Total fixed income securities	\$ 55,143,971	100%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

The following table discloses Police Officers' Pension Fund's credit ratings by investment type, at September 30, 2010 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 260,198	30.73%
Quality rating of credit risk debt securities		
A	586,638	69.27
Total credit risk debt Securities	\$ 846,836	100%

Concentration of Credit Risk: The Coral Gables Retirement Fund policy for Pension Investments limits investments in equities and fixed income securities to no more than 5% and 10% respectively in any one issue. The investment policy of the Police Officers' Pension Fund contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2010.

Custodial Credit Risk: The City does not have a formal policy, but its practice is to ensure that all investments are held by the City or its counterparty in the City's name. These investments are uninsured and unregistered.

Consistent with the Coral Gables Retirement Fund investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

In accordance with the Police Officers' Pension Fund's investment policy, the investments are held by the Fund's custodial bank and registered in the Fund's name. All of the Fund's deposits are insured and or collateralized by a financial institution separate from the Fund's depository financial institution.

Securities Lending Transactions

The Coral Gables Retirement Fund is authorized by the state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Plan's custodial bank. All loans can be terminated on demand by either the Plan or the borrowers, although the average term of loans is approximately fifty-eight days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Plan's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At year end, the pool has a weighted average term to maturity of nineteen days.

The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

The following represents the balances relating to securities lending transactions at September 30, 2010:

Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested
U.S. government and agency obligations	\$ 7,549,758	\$ 7,722,124
Domestic corporate stocks	31,611,485	32,425,221
Domestic corporate bonds	4,373,802	4,481,818
Total securities lent	\$ 43,535,045	\$ 44,629,163

The contract with the Plan's custodian requires the custodian to indemnify the Plan if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Plan has no credit risk exposure to borrowers because the amounts of collateral held by the Plan exceed the amounts the borrowers owe the Plan. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

NOTE 5 — CAPITAL ASSETS

The following summarizes capital asset activity for the fiscal year ended September 30, 2010:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	\$ 43,152,999	\$ 1,003,635	\$ -	\$ 44,156,634
Construction in Progress	7,554,268	4,519,459	-	12,073,727
Total Non-depreciable Assets	<u>50,707,267</u>	<u>5,523,094</u>	<u>-</u>	<u>56,230,361</u>
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	57,057,675	-	-	57,057,675
Improvements Other Than Buildings	38,586,459	753,790	-	39,340,249
Machinery and Equipment	52,883,829	2,292,923	6,092,015	49,084,737
Total Depreciable Assets	<u>261,595,983</u>	<u>3,046,713</u>	<u>6,092,015</u>	<u>258,550,681</u>
Less Accumulated Depreciation for:				
Infrastructure	60,471,589	3,021,254	-	63,492,843
Buildings	15,786,599	1,122,744	-	16,909,343
Improvements Other Than Buildings	8,309,206	988,515	-	9,297,721
Machinery and Equipment	42,004,542	3,292,601	6,092,015	39,205,128
Total Accumulated Depreciation	<u>126,571,936</u>	<u>8,425,114</u>	<u>6,092,015</u>	<u>128,905,035</u>
Total Depreciable Assets, net	<u>135,024,047</u>	<u>(5,378,401)</u>	<u>-</u>	<u>129,645,646</u>
Governmental Activities Capital Assets, net	<u>\$ 185,731,314</u>	<u>\$ 144,693</u>	<u>\$ -</u>	<u>\$ 185,876,007</u>
Business-Type Activities:				
Nondepreciable Assets:				
Land	\$ 3,701,838	\$ -	\$ -	\$ 3,701,838
Construction in Progress	101,571	-	101,571	-
Total Non-depreciable Assets	<u>3,803,409</u>	<u>-</u>	<u>101,571</u>	<u>3,701,838</u>
Depreciable Assets:				
Infrastructure	19,191,259	1,672,064	-	20,863,323
Buildings	31,401,988	-	-	31,401,988
Improvements Other Than Buildings	417,537	-	-	417,537
Machinery and Equipment	1,798,513	44,265	-	1,842,778
Total Depreciable Assets	<u>52,809,297</u>	<u>1,716,329</u>	<u>-</u>	<u>54,525,626</u>
Less Accumulated Depreciation for:				
Infrastructure	8,655,281	343,816	-	8,999,097
Buildings	8,547,076	651,626	-	9,198,702
Improvements Other Than Buildings	254,060	17,001	-	271,061
Machinery and Equipment	1,698,073	43,700	-	1,741,773
Total Accumulated Depreciation	<u>19,154,490</u>	<u>1,056,143</u>	<u>-</u>	<u>20,210,633</u>
Total Depreciable Assets, net	<u>33,654,807</u>	<u>660,186</u>	<u>-</u>	<u>34,314,993</u>
Business-Type Activities Capital Assets, net	<u>\$ 37,458,216</u>	<u>\$ 660,186</u>	<u>\$ 101,571</u>	<u>\$ 38,016,831</u>
Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2010:				
Governmental Activities:				
General Government				\$ 4,672,758
Public Safety				781,254
Transportation				1,943,181
Culture and Recreation				572,135
Physical Environment				455,786
Total depreciation expense – Governmental Activities				<u>\$ 8,425,114</u>
Business-Type Activities:				
Sanitary Sewer System Fund				\$ 272,676
Parking System Fund				706,397
Stormwater Utility Fund				77,070
Total depreciation expense – Business-Type Activities				<u>\$ 1,056,143</u>

NOTE 6 — INTERFUND TRANSACTIONS

The interfund balances below represent short-terms loans to cover temporary negative balances in each funds' equity in pooled cash and the time lag between when interfund transactions are recorded in the accounting system and the payments between the Funds are made. The composition of interfund balances at September 30, 2010 is as follows:

<u>Due from/to other funds</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities:		
Major governmental fund:		
General	\$ 987,004	\$ -
General Improvement		119,500
General Obligation Bond	-	2,330,400
Nonmajor governmental fund:		
Other governmental funds	-	2,325,804
Major proprietary fund:		
Stormwater Utility	-	-
Sanitary Sewer	-	-
Internal Service fund:		
Insurance Fund	3,788,700	-
	<u>\$ 4,775,704</u>	<u>\$ 4,775,704</u>

Interfund transfers for the fiscal year ended September 30, 2010 are as follows:

<u>Interfund Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
Major governmental fund:		
General	\$ 6,509,346	\$ 6,450,899
General Improvement	1,849,810	-
Nonmajor governmental fund:		
Other governmental funds	4,658,899	-
Major proprietary fund		
Sanitary Sewer	-	1,538,938
Parking System	-	4,644,058
Stormwater Utility	-	384,160
	<u>\$ 13,018,055</u>	<u>\$ 13,018,055</u>

Transfer out from the General Fund to the Debt Service is required to provide funds for debt service requirements related to the special revenue bonds. The transfers from the General Fund to Capital Project General Improvement Fund and Transportation Fund were primarily to provide additional funds for capital project expenditures. Transfers out from Sanitary Sewer, Parking Systems and Stormwater Utility to the General Fund were primarily to provide resources as subsidy for the cost of general operations of the General Fund.

NOTE 7 - LONG-TERM DEBT

(a) Following is a summary of the City's Special Obligation Bonds at September 30, 2010:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/10	Current Portion
Governmental Activities:							
05-31-1995	04/01/2010	-	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ -	\$ -
05-19-1999	07-01-2016	*0.31%	20,000,000	20,000,000	10,995,000	9,005,000	1,325,000
04-09-2001	04-01-2026	*0.36%	29,000,000	29,000,000	24,569,000	4,431,000	187,000
05-09-2001	07-01-2016	*0.31%	1,400,000	1,400,000	744,332	655,668	96,395
01-07-2004	10-01-2028	3.00%	10,395,000	10,210,000	1,501,900	8,708,100	285,200
01-07-2004	10-01-2028	4.50%	5,615,000	5,615,000	775,000	4,840,000	160,000
07-24-2006	04-01-2031	*0.62%	1,500,000	1,500,000	240,000	1,260,000	60,000
07-24-2006	04-01-2031	0.36%	4,500,000	4,500,000	720,000	3,780,000	180,000
07-26-2007	04-01-2032	*0.62%	3,500,000	3,500,000	222,000	3,278,000	82,000
07-26-2007	04-01-2032	*0.37%	4,500,000	4,500,000	344,000	4,156,000	123,000
09-29-2009	10-01-2019	3.98%	3,525,000	3,525,000	-	3,525,000	295,000
			<u>86,635,000</u>	<u>86,450,000</u>	<u>42,811,232</u>	<u>43,638,768</u>	<u>2,793,595</u>
Business-Type Activities:							
06-19-1996	04-01-2016	*0.31%	9,300,000	9,300,000	5,390,000	3,910,000	575,000
01-01-2004	07-01-2016	*0.31%	1,500,000	1,500,000	705,000	795,000	120,000
01-07-2004	10-01-2028	3.00%	11,800,000	11,985,000	1,763,100	10,221,900	334,800
09-29-2009	10-01-2019	3.98%	2,635,000	2,635,000	-	2,635,000	220,000
			<u>25,235,000</u>	<u>25,420,000</u>	<u>7,858,100</u>	<u>17,561,900</u>	<u>1,249,800</u>
			<u>\$ 111,870,000</u>	<u>\$ 111,870,000</u>	<u>\$ 50,669,332</u>	<u>\$ 61,200,668</u>	<u>\$ 4,043,395</u>

The City's special obligation bonds consist of loans from the Sunshine State Governmental Financing Commission and are collateralized and payable from non-ad valorem tax revenues of the City. With respect to the governmental special obligation bonds, fiscal year 2010 debt service was \$3,807,975 while total non-ad valorem tax revenue totaled \$23,536,412. For the business-type special obligation bonds, fiscal year 2010 debt service totaled \$1,559,584 while total non-ad valorem revenue totaled \$11,568,552. All revenue pledges remain in effect for the life of the special obligation bonds.

All of the loans are tax exempt except for the \$5,615,000 loan issued on January 7, 2004, \$1,500,000 loan issued on July 24, 2006 and \$3,500,000 loan issued July 26, 2007, which are not tax-exempt. The loans have a fixed rate of interest calculated based on the outstanding balance of each bond series.

The City has utilized the Sunshine State Governmental Financing Commission since 1987 as its source to finance the acquisition and construction of City facilities. The Sunshine State Governmental Financing Commission (the Commission) was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida. As of September 30, 2010, the Commission's membership consists of the following Florida governmental units: City of Coral Gables; City of Coral Springs; City of Daytona Beach; City of Ft. Lauderdale; City of Jacksonville; City of Lakeland; City of Miami; City of Hollywood; City of Miami Beach; City of Orlando; City of St. Petersburg; City of Tallahassee; City of Vero Beach; Miami-Dade County; Palm Beach County; and Polk County. In addition, City of Fort Pierce, Leon County and the City of West Palm Beach participate in the Commission's programs as non-members. Other Florida local governments may in the future become members or non-member participants, including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

*The loans have a variable rate of interest, which is calculated based on a weighted average rate for the entire pool on the amount of bonds and commercial paper outstanding at the end of every trade or maturity period. The rate shown in the above table is the rate at September 30, 2010.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Total annual debt service requirements on-debt outstanding as of September 30, 2010, are as follows:

BUSINESS-TYPE ACTIVITIES			
Fiscal Year	Parking Special Obligation Bonds		
	Principal	Interest	Total Required
2011	\$ 1,249,800	\$ 718,264	\$ 1,968,064
2012	1,305,600	671,304	1,976,904
2013	1,361,400	621,465	1,982,865
2014	1,409,500	573,261	1,982,761
2015	1,473,000	514,346	1,987,346
2020	4,687,900	1,776,208	6,464,108
2025	3,078,000	1,027,550	4,105,550
2029	2,996,700	277,264	3,273,964
Total	17,561,900	\$ 6,179,662	\$ 23,741,562
Current portion	(1,249,800)		
Long-term portion	\$ 16,312,100		

GOVERNMENTAL ACTIVITIES							Governmental Activities Total Requirements
Fiscal Year	Special Obligation Bonds			Capital Leases			
	Principal	Interest	Total Required	Principal	Interest	Total Required	
2011	\$ 2,793,595	\$ 1,917,211	\$ 4,710,806	\$ 308,648	\$ 38,173	\$ 346,821	\$ 5,057,627
2012	2,906,614	1,804,415	4,711,029	320,227	25,896	346,123	5,057,152
2013	3,029,875	1,687,668	4,717,543	293,347	15,489	308,836	5,026,379
2014	3,153,089	1,563,711	4,716,800	240,664	5,957	246,621	4,963,421
2015	3,292,168	1,435,027	4,727,195	-	-	-	4,727,195
2020	10,773,127	5,313,965	16,087,092	-	-	-	16,087,092
2025	8,666,000	3,317,603	11,983,603	-	-	-	11,983,603
2030	7,774,000	1,186,428	8,960,428	-	-	-	8,960,428
2032	1,250,300	70,641	1,329,941	-	-	-	1,329,941
Total	43,638,768	\$ 18,296,669	\$ 61,944,437	1,162,886	\$ 85,515	\$ 1,248,401	\$ 63,192,838
Current portion	(2,793,595)			(308,648)			
Long-term portion	\$ 40,845,173			\$ 854,238			

During the year ended September 30, 2010, the following changes occurred in long-term liabilities of governmental activities:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Accrued Compensated Absences	\$ 8,001,060	\$ 3,745,213	\$ 3,111,622	\$ 8,634,651	\$ 3,804,828
Claims Payable	9,558,000	-	577,000	8,981,000	5,149,000
Special Obligation Debt	46,278,872	-	2,640,104	43,638,768	2,793,595
Capital Lease	-	1,374,455	211,569	1,162,886	308,648
Pollution Remediation Obligation	396,227	-	86,227	310,000	310,000
	\$ 64,234,159	\$ 5,119,668	\$ 6,626,522	\$ 62,727,305	\$ 12,366,071

During the year ended September 30, 2010, the following changes occurred in long-term liabilities of business type activities:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Accrued Compensated Absences	\$ 279,402	\$ 57,607	\$ 84,895	\$ 252,114	\$ 145,554
Special Obligation Debt	18,548,600	-	986,700	17,561,900	1,249,800
	\$ 18,828,002	\$ 57,607	\$ 1,071,595	\$ 17,814,014	\$ 1,395,354

(b) Capital Lease Obligations

The City has entered into certain lease agreements as lessee for financing the acquisition of certain vehicles and equipments for use by different departments. These lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The original present value of the minimum payments under the arrangement and the capitalized basis is \$1,374,455, which is included in capital assets as machinery and equipment, net of accumulated depreciation of \$111,868.

Future minimum lease obligations of the governmental activities are as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2010	\$ 1,248,401
Less: Amount representing interest	<u>85,515</u>
Present value of minimum lease payments	<u>\$ 1,162,886</u>

(c) Conduit Loan

As an accommodation to the company that manages the Biltmore Golf Course and to reduce the cost of the rental of golf carts, the City entered into a capital lease agreement for financing the acquisition of golf carts. In connection with the capital lease agreement, the City and the management company entered into Assumption of Liability and Guaranty Agreement which provides that the management company assumes all liability under the capital lease, including but not limited to the timely payment to the City of the lease payments and guarantying the performance of the lease obligations. Accordingly, the capital lease obligation is not reported as liability in the City’s financial statements. As of September 30, 2010, the present value of the minimum lease payment is \$330,935.

(d) Reimbursement of Grant Funds to the State of Florida

As a result of the project closeout and final reconciliation of several grant projects related to the 2005 hurricane related expenditures, the State of Florida Division of Emergency Management (State) determined that certain cost of clean-up activities which were funded by the State are ineligible and required the City to refund the cost to the State. The total ineligible cost is \$1.2 million and the City is negotiating with the State to pay the amount over a period of 11 years with no interest. As of March 3, 2011, the terms of payment have not been finalized between the State and the City.

NOTE 8 — EMPLOYEE PENSION PLANS

(a) Defined Benefit Plan

Coral Gables Retirement Plan

(1) Plan Description

Organization - The City of Coral Gables Retirement System (the “Plan”) is a single employer defined benefit pension plan, covering substantially all regular full time general, police, and fire department employees of the City of Coral Gables, Florida (the “City”) that have met the conditions of eligibility.

The following is a brief description of the Plan provided for general information purposes only. Members should refer to the Plan document for more complete information.

Plan Membership – Plan membership consisted of the following as of October 1, 2009:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	768
<hr/>	
Current Employees:	
Vested	395
Non-vested	360
<u>Total</u>	755

Pension Benefits - Participants may retire and receive normal retirement benefits upon reaching the earlier of age 65 or when the participants age plus years of credited service equals or exceeds 70 (Rule of 70).

Upon normal retirement, participants will receive a monthly pension, payable for life, equal to 3% of the highest three-year average annual earnings multiplied by years of credited service with a maximum of 75% of average annual earnings. All participants, with the exception of members of the bargaining units represented by the Fraternal Order of Police, Lodge No. 7, and the International Association of Firefighters, Local 1210, who retire after completing 40 years of service, the benefit will be calculated using 80% of the highest two year average annual earnings.

Early retirement, disability, death and other benefits are also provided.

Deferred Retirement Option Plan- Members who continue employment with the City and pass normal retirement date may freeze their accrued benefit and

enter the Deferred Retirement Option Plan (the "DROP"). Maximum participation in the DROP shall be 5 years for general and police members and 8 years for firefighter members.

For members electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits.

DROP payments contributed to a member's DROP account earn interest at a rate equal to actual rate of return on the Plan's portfolio from a minimum of 3% to a maximum of the assumed rate of return.

Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive their monthly retirement benefit. The value of the DROP account at September 30, 2010 was \$14,774,841.

Cost of Living Adjustment - Effective January 1 of each year, participants who were receiving benefits for the full preceding year will receive a cost of living increase based on a formula as defined in the ordinance, if the market value rate of return is greater than or equal to 10%. Cost of living adjustments may be granted only if the Plan remains in a net positive experience position, determined on a cumulative basis from October 1, 2007.

Termination - If a member terminates employment before retirement, their contributions are returned to them. The Plan also provides a special provision for vested benefits for employees who terminate after 10 years of service.

Funding Requirements - All participants are required to contribute 5% of their total earnings to the Plan. Effective September 30, 2009, any member other than firefighter or police officer, who is not included in any bargaining unit for collective bargaining purposes, are required to contribute an additional 5% of total earnings to the Plan. The City is required to pay into the Plan such amount as necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid to the members.

Investments - The Plan has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment consultant who monitors

the investing activity. The investments owned are held by a custodian in the name of the Plan. The Plan provides for investment in U.S. Government securities, money market funds, bonds, notes, common stock and international equity securities.

The Coral Gables Retirement Plan issues a publicly available financial report that includes the applicable financial statements and required supplementary information. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Retirement System Administrator, 405 Biltmore Way, Coral Gables, Florida 33134.

(2) Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. City and Share Plan contributions are recognized as revenue when due pursuant to the actuarial valuation. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and dividend income are recorded as earned.

Cash and cash equivalents - The Plan considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments - Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. The market values for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2010. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investment securities is based on appraisals plus fiscal year-to-date capital expenditures.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with the gains and losses realized on sales of investments. Dividends and interest income are recognized as earned. Purchases and sales of investments are recorded on a trade-date basis.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

Income Tax Status - The Plan is exempt from Federal income taxes under the Internal Revenue Code and, therefore, has recorded no income tax liabilities or expense.

Risks and Uncertainties - Contributions to the Plan and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

(3) Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2009, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Valuation Date	10/1/09
Actuarial Value of Assets	\$262,434
Actuarial Accrued Liability (AAL) Entry Age	\$460,409
Unfunded AAL (UAAL)	\$197,975
Funded Ratio	57.0%
Annual Covered Payroll	\$ 52,693
UAAL as a % of Covered Payroll	375.7%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date - 10/01/09
 Actuarial cost method –
 Individual Entry Age Normal Cost Method
 Amortization method –
 Level payment, closed
 Remaining amortization period – 30 years
 Asset valuation method –
 Expected value based on cash flow and the Investment Return assumption, applied to beginning Market Value, adjusted by 20% of the difference between expected and actual asset values for each of the previous five years, and reduced by the value of the DROP accounts. The result cannot be greater than 120% of market value or less than 80% of market value (5-year roll forward method) DROP account balances are added to the final value.

Actuarial assumptions:
 Investment rate of return* –
 7.75%, compounded annually
 Projected salary increases* –
 3.75% plus seniority and merit scale
 *Includes inflation – 3.75%

(4) Funding Requirements and Contributions

Actual Contributions - The actual City contribution, for active employees and the Share Plan contributions for the year ended September 30, 2010 amounted to \$24,573,145 and was determined by the October 1, 2008 actuarial valuation. For the fiscal year ended September 30, 2010, the actual amount of covered payroll was approximately \$56,514,000.

City, Share Plan and Employee contributions consisted of the following:

	Amount	Percent of Actual Annual Covered Member Payroll
City	\$ 24,302,660	43.00%
Share Plan	270,485	0.48%
Employee	2,835,858	5.02%
Total	\$ 27,409,003	48.50%

Actuarially Determined Contributions - The contributions required from the City of Coral Gables for the fiscal year ended September 30, 2010, were actuarially determined by the October 1, 2008 valuation report to be \$24,302,660. The actuarially computed annual covered payroll amounted to approximately \$53,452,000. The amount covers the following:

	Amount	Percent of Actuarially Computed Covered Covered Payroll
Normal cost plus interest	\$ 9,694,828	18.14%
Amortization of unfunded liability	14,607,832	27.33%
Total	\$ 24,302,660	45.47%

Annual Pension Cost and Net Pension Obligation

Annual pension cost is a measure of the periodic cost of an employer's participation in a defined pension plan. The annual pension cost for the PERS for the fiscal years ended September 30, 2008, 2009 and 2010 are as follows (in thousands)

	2008	2009	2010
Annual pension cost	\$ 24,681	\$ 22,366	\$ 24,303
Percentage of annual pension cost contributed	94.83%	114.26%	105.50%
Net pension obligation at end of year	\$ 4,527	\$ 1,337	\$ -

The City's annual pension cost and net pension obligation (NPO) related to the PERS for the fiscal year ended September 30, 2010 is as follows (in thousands):

Annual required contribution	\$ 24,303
Interest on net pension obligation	-
Annual pension cost	24,303
Actual contribution	25,640
Increase (Decrease) in net pension obligation	(1,337)
Net pension obligation at beginning of year	1,337
Net pension obligation at end of year	\$ -

Plan Changes – The Plan has adopted changes that will take effect subsequent to the fiscal year end for those employees included in the Teamster Local Union 769 bargaining unit and excluded employees not included in a collective bargaining unit. The changes are as follows:

- Benefits of all current employees will be frozen effective September 30, 2010, based on 3% multiplier and three year average final compensation.
- Current employees will be 100% vested in their accrued benefit as of September 30, 2010.

- Bargaining unit employees' pension contributions were increased from 5% to 10% effective September 30, 2010.
- Normal retirement benefit formula shall be 2.25% multiplied by the average final compensation times years of future service. For excluded employees (i.e. employees not covered by a collective bargaining agreement) the formula shall be as follows:
 - (a) Managerial employees: 3% multiplier for first 10 years; 2.25% thereafter;
 - (b) Professional/supervisory employees: 2.5% multiplier for first 10 years; 2.25% thereafter;
 - (c) Confidential employees: 2.25% multiplier; and
 - (d) Appointed officials: 3% multiplier.
- Normal retirement date for employees with less than 10 years of creditable service on September 30, 2010 shall be age 62 with 10 years of service; age 65 with 6 years of service or "rule of 80".
- Average final compensation shall be the highest five year average.

The following is condensed financial information for the pension plan that does not issue a stand-alone report.

CITY OF CORAL GABLES, FLORIDA
CERTAIN STATEMENTS OF FIDUCIARY NET ASSETS
FIREFIGHTERS' PENSION FUND
September 30, 2010

	Firefighters' Pension Fund
ASSETS	
Cash and Cash Equivalents	\$ 999,509
Due from Other Governments	-
Investments at Fair Value:	
Mutual Funds	9,842,800
Total Assets	10,842,309
LIABILITIES	
	-
NET ASSETS	
Restricted for Employees' Retirement Systems	\$ 10,842,309

CITY OF CORAL GABLES, FLORIDA
CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FIREFIGHTERS' PENSION FUND
For the Fiscal Year Ended September 30, 2010

	Firefighters' Pension Fund
ADDITIONS	
Contributions:	
Employer	\$ 864,679
Investment Income:	
Appreciation in the Fair Value of Investments	240,697
Investment Earnings	179,186
Total Investment Income	419,883
Less Investment Expense	24,971
Net Investment Income	394,912
Total	1,259,591
DEDUCTIONS	
Employee Benefits	70,060
Change in Net Assets	1,189,531
Net Assets – Beginning	9,652,778
Net Assets – Ending	\$ 10,842,309

(b) Defined Contribution Plans

The City provides pension benefits for its Police Officers and Firefighters, as a supplement to the benefits provided under the Coral Gables Retirement defined benefit pension plan, through two defined contribution plans, the Police Officers' Pension Fund and Firefighters' Pension Fund. Benefits from these plans depend solely on amounts contributed to the plans,

plus investment earnings. Employer contributions to both plans are the proceeds of a tax on certain insurance companies collected by the State of Florida and distributed to qualified municipalities according to Florida Statutes, Chapter 185 for Police Officers and Chapter 175 for Firefighters. The plan is administered by the Police and Firefighters Pension Board. The Pension Board with approval of the City Commission has authority for amending the plan.

Police Officers

(1) Plan Description

Police Officers participate from the date of employment as a police officer. Contributions to the plan are distributed to participants based on the years of service for the individual participant as it relates to the total years of service for all participants.

Employees are fully vested after 10 years of service; no partial vesting is provided. Amounts forfeited by employees who leave employment before 10 years of service are redistributed to the remaining participants.

The employer contribution for the fiscal year was \$448,386 representing 3.0% of total covered payroll of the Police Department of \$14,448,987.

The Police Officers Plan issues a publicly available financial report that includes the applicable financial statements and required supplementary information. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 405 Biltmore Way, Coral Gables, Florida 33134.

(2) Summary of Significant Accounting Policies

Basis of accounting – the financial statement of the Fund have been prepared on the accrual basis of accounting. State contributions are recognized as revenue pursuant to approval by the State of Florida. Distributions are recognized when due and payable pursuant to the Fund. Interest and dividend income are recorded as earned.

Investments – Reported at fair value which is based on the closing sales price or bid price as reported by recognized security exchanges. Bonds are reported at established fair value. Securities that have no quoted market price are presented at estimated fair value as provided by custodial bank and investment counsel.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statements of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

Firefighters

(1) Plan Description

Firefighters participate from the date of employment as a firefighter. Contributions to the plan are distribut-

ed to participants based on a formula of 5 shares for being a firefighter plus 1 additional share for every 5 years of service as a firefighter. Employees in service prior to August 25, 1987 are fully vested; the remaining employees become fully vested after 10 years of service; no partial vesting is provided. Amounts forfeited by non-vested employees who leave employment are redistributed to the remaining participants.

The employer contribution for the fiscal year was \$788,265, representing 5 % of total covered payroll of the Fire Department of \$13,154,554. In addition, the Plan received from the State of Florida supplemental contribution of \$76,414.

The Firefighters’ Plan does not issue a publicly available financial report that includes the applicable financial statements and required supplementary information.

(2) Summary of Significant Accounting Policies

Basis of accounting – the financial statement of the Fund have been prepared on the accrual basis of accounting. State contributions are recognized as revenue pursuant to approval by the State of Florida. Distributions are recognized when due and payable pursuant to the Fund. Interest and dividend income are recorded as earned.

Investments – Reported at fair value which is based on the closing sales price or bid price as reported by recognized security exchanges. Bonds are reported at established fair value. Securities that have no quoted market price are presented at estimated fair value as provided by custodial bank and investment counsel.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statements of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

NOTE 9 — POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - 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 where premiums are determined based upon a blend of active employees and retirees. 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.

Funding Policy – The City is financing the post employment benefits on a pay-as-you go basis. There are no separate trust funds or equivalent arrangement into which the City contributes to advance-fund the OPEB obligations, as it does for its retiree pension plans. Annual required implied contributions amounted to \$1,634,274 for the current fiscal year, toward which the City made an implied contributions amounted to \$465,820. At September 30, 2010, the City recognized a net OPEB obligation of 2,195,784 for governmental activities and \$98,671 for business-type activities in its government-wide statement of net assets and proprietary fund statement. The internal service funds reported a net OPEB obligation of \$101,491. The net OPEB obligation is a function of annual required contribution, interest, adjustments to the annual required contribution and actual employers’ contribution made to the plan.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual 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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty year. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan as an implicit subsidy, and changes in the City’s net OPEB obligation to the retiree health plan:

Annual Required Contribution (ARC)	\$1,634,274
Interest on Net OPEB Obligation	44,801
Adjustment to ARC	<u>(38,828)</u>
Annual OPEB Cost (Expense)	1,640,247
Estimated Employer Contribution	<u>465,820</u>
Increase in Net OPEB Obligation	1,174,427
Net OPEB Obligation- beginning of year	<u>1,120,028</u>
Net OPEB Obligation- ending of year	<u>\$2,294,455</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2010	\$1,640,204	28.4%	\$2,294,455
September 30, 2009	\$1,524,204	26.5%	\$1,120,028

Funded Status and Funding Progress – as of September 30, 2010, the OPEB schedule of funding progress was as follows:

Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 0	\$ 21,100,332	\$ 21,100,332	0.0%	\$57,458,250	36.7%

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan member) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of the assets consistent with the long-term perspective of the calculations.

Significant actuarial assumptions and methods used to estimate the OPEB liability are as follows:

Valuation date	September 30, 2009
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll, Open
Amortization period	30 years
Actuarial assumptions:	
Assumed rate of return on investments	4.00%
Assumed rates of salary increase	4.25% and 5.75% per year depending on the member’s age and employment group
Assumed payroll growth	4.00% per year
Initial trend rate	9.00
Ultimate trend rate	4.5% (includes inflation at 3.75%)

NOTE 10 — POLLUTION REMEDIATION OBLIGATIONS

As of September 30, 2010, the City is involved in two (2) pollution remediation obligating events as follows:

- (a) Biltmore Golf Course – In August 2003, the City received a Notice of Violation (NOV) from Miami-Dade County Department of Environmental Resource Management (DERM) that documented contamination found in an onsite soakage pit and an adjacent monitoring well. The City through its consultant proposed a natural background study for arsenic, in addition to a supplemental site assessment report (SSAR). The City submitted two revisions to the Site Assessment Report Addendum (SARA) in January 2006 and August 2008. The City has bid Phase 1 of 2 for this remediation project and expects the work to be completed on this phase by July 2011. Phase 2 of this remediation project will be bid out during the summer and work is anticipated to be completed by the end of 2011. The City estimates the costs for this entire obligating event to be \$300,000.
- (b) Granada Golf Course – In April 1988, City applied for entry into the State of Florida Department of Environmental Protection (FDEP) Early Detection Incentive Program. This program allowed for funding and cleanup assistance to be allocated for eligible sites. The City voluntarily removed a 6,000 gallon underground storage tank. As of February 17, 2011, the City has tasked its consultant to proceed with sampling of the area surrounding the former footprint of the underground storage tank. The City approximates the cost for this action not to exceed \$10,000.

As of September 30, 2010, the City’s total liability related to the pollution remediation obligating event is \$310,000.

NOTE 11 — INSURANCE PROGRAM

The City has a self insurance program, for General Liability, Automobile Liability and Workers’ Compensation. The City uses a professional servicing organization as third party administrator for the program. The City has established a separate Internal Service Fund to record the activity related to the insurance program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can

be reasonably estimated. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

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.

The City purchases excess insurance over retention of \$500,000 per occurrence for Workers’ Compensation. For General and Automobile Liability, the retention is \$350,000 and, as stated in the Scope Limitation section, the City is protected by Florida Statute 768.28 which limits losses to \$100,000 per person / \$200,000 per occurrence except for certain federal causes of action.

The City is fully insured for its employee health program except Police Officers and Firefighters. The Police Officers and Firefighters have fully insured individual health care plans.

The following schedule presents the changes in claim liabilities for the past two years for the Internal Service Funds:

	2010	2009
Unpaid claim payable, beginning	\$ 9,558,000	\$ 9,878,000
Incurring claims and claim adjustments	5,916,635	3,306,422
Claims payments	(6,493,635)	(3,626,422)
Unpaid claims payable, ending	<u>\$ 8,981,000</u>	<u>\$ 9,558,000</u>

Settled claims have not exceeded coverage in any of the past three years.

NOTE 12 — DEFICIT IN NET ASSETS AND FUND BALANCE OF INDIVIDUAL FUNDS

The Capital Project General Improvement Fund deficit of \$76,678 is due to increase in various maintenance and improvements of major capital facilities. The Capital Project Roadway Improvement Fund and Transportation Fund deficit of \$250,822 and \$1,091,350, respectively, are attributable to increase in various roads and streets maintenance and improvements, and operation of the trolley system. The City will increase its funding through the General Fund. The Capital Project General Obligation Bond Fund has a deficit of \$1,539,607. The deficit will be offset with reimbursements from Miami-Dade County

shall pay \$5,000 each month starting January 2, 2011 through October 1, 2011. Starting October 1, 2011, the monthly base rent shall be \$20,000 payable in advance on the first day of each month. The monthly base rent for each successive rental year shall be increased by 3.00% annually.

In addition to the base rent, commencing on October 1, 2012 and throughout the initial term of the agreement, management company shall pay the City additional annual percentage rent equivalent to 6.00% of the amount by which the gross revenue for the rental year exceeds \$4 million, less the amount by which the real estate tax assessed for the rental year exceeds the adjusted base real estate tax. The adjusted base real estate tax is defined as \$26,943 in the first rental year and shall be increased by 3.00% annually.

Also, the agreement required the management company to deposit to an escrow agent designated in the agreement, (a) \$627,000 representing an amount equal to the cost of certain improvements which are to be disbursed by the escrow agent upon request by the management to pay for the completion of certain improvements prior to the Possession Date or the City can designate the undisbursed portion of the escrow fund for liquidated damages resulting from an event of default by management company under the agreement; and (b) additional \$145,000 on March 30, 2010 for cost of certain equipment. As of September 30, 2010, these escrow accounts have been used for the completion of certain improvements and cost of equipment and remaining balance was \$65,103.

Also, the agreement required that additional funds in the amount of \$415,000 be deposited no later than December 1, 2010 to be used for either cost overruns for the management company's improvement requirements, items and equipment required to be installed in the facility, or as liquidated damages for an event of default by the management company. As of March 4, 2011, the additional funds were used to pay for the management company's improvement requirements, items and equipment required to be installed in the facility.

Biltmore Hotel – the agreement commenced on February 10, 1986 with a term of up to fifty (50) years. Based on the agreement, the City is entitled to receive on a quarterly basis, \$300,000 as base fee which is adjusted for the effect of cumulative price index over the life of the agreement, and percentage fee equals to 3.5% of the annual net revenue from the operation of the property which is netted against the base fee should it exceeds the base fee. At September 30, 2010, the City billed the base fee amount of \$561,360 and the

3.5% of the annual net revenue for a total fee amount of \$1,105,915. In addition, the City bills the management company rental income which represents reimbursements of principal and interest on loans obtained by the City to renovate the property. For the year ended September 30, 2010, the City billed the management company \$715,086 as rental income. Total loans obtained and used by the City in prior years to renovate the property amounted to \$7,935,000. As of September 30, 2010, the outstanding balance of the City's billing to the management company amounted to \$2,920,037.

Biltmore and Granada Golf Courses - the agreement commenced on October 1, 2003 with a term of up to twenty-five (25) years. Based on the agreement, the City is entitled to receive on a quarterly basis, \$300,000 as base fee, which is adjusted for the effect of cumulative price index over the life of the agreement, and percentage fee equals to 9% of the annual revenue from the operation of the property which is netted against the base fee should it exceeds the base fee. At September 30, 2010, the City billed the base fee amount of \$369,551 for Biltmore Golf and \$570,902 for the Granada Golf green fees. In addition, the City billed the management company for rental of golf cars in the total amount of \$72,471 in fiscal year 2010. As of September 30, 2010, the outstanding balance of the City's billing to the management company amounted to \$967,119.

Also, in 2004 the management company made a payment of \$250,000 to the City for the renovation of the Granada Golf Course. This payment is to be credited to the City as part of the percentage fee should the amount exceeds the base fee. As of September 30, 2010, the percentage fee is below the base fee of \$369,552, thus, the amount is recognized as part of deferred revenue.

As of March 4, 2011, the City is actively pursuing the collection of outstanding accounts receivable balance from the management company and determining further actions to enforce the terms of the management agreement.

NOTE 17 – PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, was issued March 2009. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that

in the next fiscal year. In addition, the City expects to receive additional grant funding to cover some of the current excesses of expenditures caused by increased project costs through new grant awards and increased funding from the General Fund.

NOTE 13 — CONTINGENCIES AND COMMITMENTS

Litigations

There are several pending claims and lawsuits in which the City is involved. The estimated liability related to these claims has been accrued in the City’s Insurance Fund. In the opinion of City management, the ultimate resolution of these claims will not materially exceed the amounts recorded in the financial statements.

Government Grants

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

Construction Commitments

The City is a party to several improvements and construction contracts. The amount remaining on these uncompleted contracts as of September 30, 2010 was approximately \$6.8 million.

NOTE 14 — MINIMUM RENTALS RECEIVABLE

Non-cancelable operating leases of property to third parties are accounted for in the enterprise funds and General Fund. The operating leases include various short term leases ranging from less than one year to twenty eight years as well as a long term lease with the management company operating the Biltmore Hotel for twenty six years. Minimum rentals receivable under these leases are as follows:

Fiscal Year	Amount
2011	\$ 5,002,978
2012	4,948,144
2013	4,906,379
2014	4,845,580
2015	4,735,054
2016-2020	19,526,891
2021-2025	17,726,108
2025-2030	14,111,772
2031-2035	8,796,788
2035-2038	1,677,839
	\$ 86,277,533

The City negotiated an agreement with a third party to operate the Biltmore Complex as a hotel on February 10, 1986. Since that date, the City receives a percentage of the gross receipts, with a \$300,000 annual minimum, adjusted for increases in the CPI over the next 40 years.

The cost of assets under operating leases is \$34,434,241, with a net book value of \$26,185,392. Depreciation expense on leased assets was \$629,905 for the fiscal year ended September 30, 2010.

NOTE 15 — BUDGETARY GAAP

For the year ended September 30, 2010, expenditures exceeded appropriations in the Public Safety (the legal level of budgetary control) of the General Fund by \$194,313 mainly due to personnel related costs, such as unanticipated overtime amounts and training expenses.

NOTE 16 – MANAGEMENT AGREEMENTS

The City has entered into management agreements with third parties for the management, operation and maintenance of facilities owned by the City. Major terms of these management agreements are as follows:

Country Club of Coral Gables – the agreement was executed on August 6, 2009 and amended on March 30, 2010, with an initial term of up to ten (10) years, with an option to renew the agreement for an additional period of ten (10) years. Based on the agreement, the City and the management company are required to complete certain improvements to the facilities prior to the turnover of the management of the facility by the City to the management company (Possession Date). The Possession Date shall occur no later than October 30, 2010. The rent commencement date is October 1, 2011 and the management company

comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2011.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

NOTE 18 – LINE OF CREDIT

The City has available revolving line of credit demand notes in the principal amount not to exceed \$8 million to provide for the City's emergency needs. The line of credit is to be paid from the City's non-ad valorem revenues. As of September 30, 2010, the City has not used the line of credit.

NOTE 19 – LAW ENFORCEMENT

The City's financial statements include the Law Enforcement Agency Fund. This fund is used to report resources held for the South Florida Money Laundering Strikeforce (Strike Force) in a purely custodial capacity. The Strike Force is made up of 15 police agencies including the City's police force working together towards the elimination of specific crime activities. Accumulated resources from confiscation of property, principally cash are distributed by court order to individuals, private organizations, or other governments. The assets held in custody by the City are also recognized as a liability.



[This Page Intentionally Left Blank]

Required Supplementary Information

(Unaudited)

Supplementary Information
Notes to Required Supplementary Information



[This Page Intentionally Left Blank]

CITY OF CORAL GABLES, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 89,445,646	\$ 89,445,646	\$ 87,773,424	\$ (1,672,222)
Licenses	3,092,000	3,092,000	3,086,382	(5,618)
Permits	4,205,250	4,205,250	4,193,899	(11,351)
Fines and Forfeitures	2,093,000	2,093,000	3,473,120	1,380,120
Intergovernmental	3,682,338	4,440,752	3,839,719	(601,033)
Charges for Services	11,376,700	11,376,700	12,534,515	1,157,815
Recreation Activity Fees	3,617,225	3,617,225	3,338,009	(279,216)
Rental Income	5,098,112	4,598,112	2,504,861	(2,093,251)
Investment Earnings	254,000	254,000	70,723	(183,277)
Miscellaneous	167,145	667,145	239,386	(427,759)
Total Revenues	<u>123,031,416</u>	<u>123,789,830</u>	<u>121,054,038</u>	<u>(2,735,792)</u>
EXPENDITURES				
Current:				
General Government	18,180,195	18,248,970	18,000,356	248,614
Public Safety	68,100,220	68,895,577	69,089,890	(194,313)
Physical Environment	13,912,882	13,922,364	13,890,885	31,479
Transportation	8,393,331	8,392,920	8,314,294	78,626
Economic Environment	752,568	777,568	681,765	95,803
Culture and Recreation	8,593,234	8,680,481	8,099,279	581,202
Debt Service:				
Retirement of Principal	211,569	211,569	211,569	-
Interest	18,966	18,966	18,966	-
Capital Outlay	1,450,800	1,450,800	1,450,800	-
Total Expenditures	<u>119,613,765</u>	<u>120,599,215</u>	<u>119,757,804</u>	<u>841,411</u>
Excess of Revenues Over Expenditures	<u>3,417,651</u>	<u>3,190,615</u>	<u>1,296,234</u>	<u>(1,894,381)</u>
OTHER FINANCING SOURCES (Uses)				
Issuance of Debt	-	-	702,930	702,930
Transfers In	4,864,374	5,421,248	6,509,346	1,088,098
Transfers Out	(6,372,025)	(6,450,899)	(6,450,899)	-
Total Other Financing Sources (Uses)	<u>(1,507,651)</u>	<u>(1,029,651)</u>	<u>761,377</u>	<u>1,791,028</u>
Net Change in Fund Balance	<u>\$ 1,910,000</u>	<u>\$ 2,160,964</u>	<u>2,057,611</u>	<u>\$ (103,353)</u>
Fund Balance - Beginning			<u>4,965,364</u>	
Fund Balance - Ending			<u>\$ 7,022,975</u>	

See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CORAL GABLES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
(Unaudited)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of
			Actuarial Accrued Liability (UAAL)(3)-(2)			Annual Covered Payroll (4)/(6)
October 1, 2009	\$262,434	\$460,409	\$197,975	57.0%	\$52,693	375.7%
October 1, 2008	\$265,381	\$433,904	\$168,523	61.2%	\$53,452	315.3%
October 1, 2007	\$258,489	\$403,073	\$144,584	64.1%	\$46,126	313.5%

Note: Dollar amounts in thousands

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
(Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued	Unfunded	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of
		Liability (AAL) Entry Age (b)	Actuarial Accrued Liability (UAAL) (b-a)			Covered Payroll (b-a)/c
September 30, 2010	-	\$21,100,332	\$21,100,332	0%	\$57,458,250	36.7%
September 30, 2009	-	\$19,884,156	\$19,884,156	0%	\$55,248,317	36.0%

CITY OF CORAL GABLES, FLORIDA

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION
(Unaudited)**

Note 1 – Budgets and Legal Compliance

(a) Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general and debt service fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

(b) During July of each year, the City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year. The proposed budget is prepared by funds, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. During September of each year the City Commission holds two public hearings for adoption of the budget by ordinance. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is the total appropriated by fund. Management may make transfers of appropriations between funds and must seek City Commission approval to change the total appropriated budget amount.

The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2010 that are included in the final amended budget. For the fiscal year, there was one supplemental appropriation ordinance increasing revenues by \$758,414 and increasing appropriations \$985,450.



[This Page Intentionally Left Blank]

Combining Individual Fund Statements and Schedules

These financial statements provide a more detailed view of the Special Revenue, Debt Service, Capital Projects, Internal Service, Pension Trust and Agency Fund types included in the Basic Financial Statements presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.



[This Page Intentionally Left Blank]

Nonmajor Governmental Funds

Capital Projects Funds:

Roadway Improvement Fund – to account for the construction costs of resurfacing and rebuilding certain city streets along with the related curbs, gutters, drainage and streelights. These acquisitions are funded from the City’s share of a local option gasoline sales tax plus the proceeds realized from certain deferred assessment lien revenue on roadway improvement assessments.

Transportation Fund – to account for the costs of the Urban Improvement Program which was set in place to assist the flow of traffic in the commercial areas and to provide connectivity to the metrorail.

Impact Fees Fund – to account for receipts of impact fees imposed to new developments within the City, and expenditures for the type of system improvements for which the impact fee was imposed and only within the impact fee benefit district where the impact fee was collected.

Special Revenue Hurricane Fund - is used to account for financial resources and uses related to hurricane preparedness, debris clean up, replanting trees, renewals and replacement of City’s assets damaged during the hurricane season.

Debt Service Fund - Sunshine State Notes - to accumulate funds for the repayment of ten loans.

- 1) A \$20,000,000 loan due in annual principal installments of \$773,983 - \$1,690,000 with variable interest calculated and paid monthly, until final maturity in 2016. Issued in 1999 for the Biltmore Conference Center and various capital projects.
- 2) A \$29,000,000 loan due in annual principal installments of \$138,000 - 396,000 with variable interest calculated and paid monthly, until final maturity in 2026. Issued in 2001 for the construction of various capital projects.
- 3) A \$1,400,000 loan due in annual principal installments of \$59,176 – \$123,027 with variable interest calculated and paid monthly, until final maturity in 2016. Issued in 2001 for the Biltmore Conference Center.
- 4) A \$10,395,000 loan due in annual principal installments of \$178,000 – 695,000 with fixed interest calculated and paid monthly until final maturity in 2029. Issue in 2004 for Information Technology equipment and applications, renovation of City Hall Anex Building, and relocation of the Public Works Department.
- 5) A \$5,615,000 loan due in annual principal installments of \$85,000 - \$400,000 with fixed interest calculated and paid monthly until final maturity in 2029. Issued in 2004 for the Country Club of Coral Gables and renovations of the Biltmore Golf Course.
- 6) A \$1,500,000 note due in annual principal installments of \$60,000 – with variable interest calculated and paid monthly, until final maturity in 2031. Issued in 2006 for the purchase of 427 Biltmore Way Bldg.. Financing is provided by a general pledge of resources other than property taxes, and the amount needed is transferred from other funds.

- 7) A \$4,500,000 note due in annual principal installments of \$180,000 – with variable interest calculated and paid monthly, until final maturity in 2031. Issued in 2006 for the purchase of 427 Biltmore Way Bldg.. Financing is provided by a general pledge of resources other than property taxes, and the amount needed is transferred from other funds.
- 8) A \$3,500,000 note due in annual principal installments of \$70,000 - \$243,000 with variable interest calculated and paid monthly until final maturity in 2032. Issued in 2007 for the Biltmore Golf Course. Financing is provided by a general pledge of resources other than property taxes, and the amount needed is transferred from other funds.
- 9) A \$4,500,000 note due in annual principal installments of \$110,000 - \$273,000 with variable interest calculated and paid monthly, until final maturity in 2032. Issued in 2007 for various Capital Project and purchase of 286, 292, 294 Miracle Mile properties. Financing is provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds.
- 10) A \$3,525,000 loan due in annual principal installments of \$295,000 - \$420,000 with fixed interest calculated and paid semi-annually until final maturity in 2019. Issued in 2009 for the Coral Gables Museum. Financing is provided by a general pledge of resources other than property taxes.

CITY OF CORAL GABLES, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2010

-----Capital Projects-----						
	Roadway Improvement Fund	Transportation Fund	Impact Fees Fund	Special Revenue Hurricane Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 1,279	\$ 1,098	\$ 1,453,694	\$ 987,323	\$ 1,279,426	\$ 3,722,820
Accounts Receivable, Net	233,618	-	-	-	11,000	244,618
Assessment Liens Receivable	-	-	-	-	27,006	27,006
Due from Other Governments	97,772	329,211	-	73,141	-	500,124
Total Assets	<u>332,669</u>	<u>330,309</u>	<u>1,453,694</u>	<u>1,060,464</u>	<u>1,317,432</u>	<u>4,494,568</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	414,808	217,137	-	-	409,101	1,041,046
Accrued Payroll	2,675	722	-	-	-	3,397
Due to Other Funds	135,000	1,203,800	-	987,004	-	2,325,804
Deferred/Unearned Revenue	31,008	-	-	73,141	24,725	128,874
Total Liabilities	<u>583,491</u>	<u>1,421,659</u>	<u>-</u>	<u>1,060,145</u>	<u>433,826</u>	<u>3,499,121</u>
FUND BALANCES (DEFICIT)						
Unreserved	(250,822)	(1,091,350)	1,453,694	319	883,606	995,447
Total Fund Balances (Deficit)	<u>(250,822)</u>	<u>(1,091,350)</u>	<u>1,453,694</u>	<u>319</u>	<u>883,606</u>	<u>995,447</u>
Total Liabilities and Fund Balances	<u>\$ 332,669</u>	<u>\$ 330,309</u>	<u>\$ 1,453,694</u>	<u>\$ 1,060,464</u>	<u>\$ 1,317,432</u>	<u>\$ 4,494,568</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2010

	Capital Projects					Total Nonmajor Governmental Funds
	Roadway Improvement Fund	Transportation Fund	Impact Fees Fund	Special Revenue Hurricane Fund	Debt Service Fund	
REVENUES						
Gasoline Sales Tax	\$ 1,052,197	\$ -	\$ -	\$ -	\$ -	\$ 1,052,197
Municipal Surtax	-	1,346,817	-	-	-	1,346,817
Special Assessments	-	-	452,456	-	32,621	485,077
Rental Income	-	21,810	-	-	-	21,810
Intergovernmental	279,072	-	-	13,459	-	292,531
Investment Earnings	-	-	-	-	2,566	2,566
Total Revenues	<u>1,331,269</u>	<u>1,368,627</u>	<u>452,456</u>	<u>13,459</u>	<u>35,187</u>	<u>3,200,998</u>
EXPENDITURES						
Current:						
Transportation	1,036,451	1,271,582	-	-	-	2,308,033
Debt Service:						
Retirement of Principal	-	-	-	-	2,640,104	2,640,104
Interest	-	-	-	-	1,167,871	1,167,871
Capital Outlay	463,985	70,000	-	-	-	533,985
Total Expenditures	<u>1,500,436</u>	<u>1,341,582</u>	<u>-</u>	<u>-</u>	<u>3,807,975</u>	<u>6,649,993</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(169,167)</u>	<u>27,045</u>	<u>452,456</u>	<u>13,459</u>	<u>(3,772,788)</u>	<u>(3,448,995)</u>
OTHER FINANCING SOURCES						
Transfers In	-	200,439	-	-	4,458,460	4,658,899
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>200,439</u>	<u>-</u>	<u>-</u>	<u>4,458,460</u>	<u>4,658,899</u>
Net Change in Fund Balances (Deficit)	(169,167)	227,484	452,456	13,459	685,672	1,209,904
Fund Balances (Deficit) - Beginning	<u>(81,655)</u>	<u>(1,318,834)</u>	<u>1,001,238</u>	<u>(13,140)</u>	<u>197,934</u>	<u>(214,457)</u>
Fund Balances (Deficit) - Ending	<u>\$ (250,822)</u>	<u>\$ (1,091,350)</u>	<u>\$ 1,453,694</u>	<u>\$ 319</u>	<u>\$ 883,606</u>	<u>\$ 995,447</u>

CITY OF CORAL GABLES, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DEBT SERVICE FUND - SUNSHINE STATE LOANS
 For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 22,500	\$ 22,500	\$ 32,621	\$ 10,121
Investment Earnings	10,000	10,000	2,560	(7,440)
Miscellaneous	-	-	6	6
Total Revenues	<u>32,500</u>	<u>32,500</u>	<u>35,187</u>	<u>2,687</u>
EXPENDITURES				
Debt Service:				
Retirement of Principal	2,917,931	2,917,931	2,640,104	277,827
Interest	1,773,388	1,573,029	1,167,871	405,158
Total Expenditures	<u>4,691,319</u>	<u>4,490,960</u>	<u>3,807,975</u>	<u>682,985</u>
Deficiency of Revenues Under Expenditures	(4,658,819)	(4,458,460)	(3,772,788)	685,672
OTHER FINANCING SOURCES				
Transfers In	4,458,460	4,458,460	4,458,460	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>4,458,460</u>	<u>4,458,460</u>	<u>4,458,460</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (200,359)</u>	<u>\$ -</u>	<u>685,672</u>	<u>\$ 685,672</u>
Fund Balances - Beginning			<u>197,934</u>	
Fund Balances - Ending			<u>\$ 883,606</u>	



[This Page Intentionally Left Blank]

Internal Service Funds

Motor Pool Fund - to account for the costs of operating a maintenance facility for automotive and other various types of equipment used by other City departments. The operating and maintenance costs are allocated to the user departments by charging a flat rate annual rental for the equipment. Rental charges are updated annually based on detail maintenance and operating cost records kept for each item of equipment provided. The equipment itself is acquired by the Motor Pool Fund and financing is provided by charging the user departments an annual replacement charge based upon the estimated life of the equipment.

Public Facilities Fund - to account for the costs of providing building maintenance, utilities and general housekeeping services for all city property. Financing is provided by charging the user departments an annual rental fee based upon actual costs.

Insurance Fund - to account for the cost to provide general liability, automobile liability and workers' compensation insurance administered by an outside professional insurance service, and the cost to provide health care. Financing is provided by insurance premium charges to the user departments and investment earnings on accumulated reserves.

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 September 30, 2010

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 3,989,603	\$ 2,521,584	\$ 10,960,108	\$ 17,471,295
Accounts Receivable, Net	68,933	4,200	108,960	182,093
Due from Other Funds	-	-	3,788,700	3,788,700
Due from Other Governments	-	5,062	19,859	24,921
Prepaid Items	-	-	1,684,879	1,684,879
Total Current Assets	4,058,536	2,530,846	16,562,506	23,151,888
Noncurrent Assets:				
Capital Assets:				
Equipment	24,018,976	265,977	-	24,284,953
Accumulated Depreciation	(19,171,971)	(262,414)	-	(19,434,385)
Total Noncurrent Assets	4,847,005	3,563	-	4,850,568
Total Assets	8,905,541	2,534,409	16,562,506	28,002,456
LIABILITIES				
Current Liabilities:				
Accounts Payable	203,689	589,117	124,160	916,966
Accrued Payroll	25,118	13,729	-	38,847
Accrued Compensated Absences	95,499	52,251	-	147,750
Claims Payable	-	-	5,149,000	5,149,000
Capital Lease Payable	159,283	-	-	159,283
Total Current Liabilities	483,589	655,097	5,273,160	6,411,846
Noncurrent Liabilities:				
Accrued Compensated Absences	122,932	59,011	-	181,943
Claims Payable	-	-	3,832,000	3,832,000
Capital Lease Payable	512,242	-	-	512,242
Net OPEB Obligation	62,022	39,469	-	101,491
Total Noncurrent Liabilities	697,196	98,480	3,832,000	4,627,676
Total Liabilities	1,180,785	753,577	9,105,160	11,039,522
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,847,005	3,563	-	4,850,568
Unrestricted	2,877,751	1,777,269	7,457,346	12,112,366
Total Net Assets	\$ 7,724,756	\$ 1,780,832	\$ 7,457,346	\$ 16,962,934

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2010

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services:				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 13,251,803	\$ 13,251,803
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	4,444,050	-	-	4,444,050
Equipment Replacement Charges	3,260,181	-	-	3,260,181
Facilities	-	6,275,886	-	6,275,886
Miscellaneous Service Charges	4,909	-	-	4,909
Total Operating Revenues	<u>7,709,140</u>	<u>6,275,886</u>	<u>13,251,803</u>	<u>27,236,829</u>
OPERATING EXPENSES				
Administration	2,615,928	1,512,855	-	4,128,783
Cost of Sales and Services	2,612,767	3,590,099	-	6,202,866
Benefit Payments	-	-	6,493,635	6,493,635
Insurance	-	-	2,510,233	2,510,233
Depreciation	1,923,271	69	-	1,923,340
Total Operating Expenses	<u>7,151,966</u>	<u>5,103,023</u>	<u>9,003,868</u>	<u>21,258,857</u>
Operating Income	<u>557,174</u>	<u>1,172,863</u>	<u>4,247,935</u>	<u>5,977,972</u>
NONOPERATING REVENUES				
Interest Earnings	40	-	77	117
Miscellaneous	8,505	-	-	8,505
Gain from Sale of Capital Assets	28,112	-	-	28,112
Total Nonoperating Revenues	<u>36,657</u>	<u>-</u>	<u>77</u>	<u>36,734</u>
Income Before Transfers	593,831	1,172,863	4,248,012	6,014,706
Transfers Out	-	-	-	-
Change In Net Assets	593,831	1,172,863	4,248,012	6,014,706
Net Assets - Beginning	7,130,925	607,969	3,209,334	10,948,228
Net Assets - Ending	<u>\$ 7,724,756</u>	<u>\$ 1,780,832</u>	<u>\$ 7,457,346</u>	<u>\$ 16,962,934</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2010

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 7,660,402	\$ 6,271,686	\$ 15,844,450	\$ 29,776,538
Payments to employees	(2,640,830)	(1,535,313)	-	(4,176,143)
Payments to suppliers	(2,624,647)	(3,770,035)	(9,983,792)	(16,378,474)
Net cash provided by (used in) operating activities	<u>2,394,925</u>	<u>966,338</u>	<u>5,860,658</u>	<u>9,221,921</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Contributions from Other Governments	8,505	-	-	8,505
Net cash provided by (used in) noncapital financing activities	<u>8,505</u>	<u>-</u>	<u>-</u>	<u>8,505</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(97,035)	(3,563)	-	(100,598)
Proceeds from sale of capital assets	28,112	-	-	28,112
Net cash provided by (used in) capital and related financing activities	<u>(68,923)</u>	<u>(3,563)</u>	<u>-</u>	<u>(72,486)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Interest and dividends received	40	-	77	117
Net increase in cash and cash equivalents	<u>2,334,547</u>	<u>962,775</u>	<u>5,860,735</u>	<u>9,158,057</u>
Cash and Cash Equivalents - Beginning	1,655,056	1,558,809	5,099,373	8,313,238
Cash and Cash Equivalents - Ending	<u>\$ 3,989,603</u>	<u>\$ 2,521,584</u>	<u>\$ 10,960,108</u>	<u>\$ 17,471,295</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income	\$ 557,174	\$ 1,172,863	\$ 4,247,935	\$ 5,977,972
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation Expense	1,923,271	69	-	1,923,340
Change in assets and liabilities:				
Accounts Receivable	(48,738)	(4,200)	931,347	878,409
Due from Other Funds	-	-	1,661,300	1,661,300
Prepaid Items	-	-	(333,516)	(333,516)
Accounts Payable	(11,880)	(179,936)	(69,408)	(261,224)
Accrued Payroll and Other Expenses	(62,099)	(40,796)	-	(102,895)
Accrued Compensated Absences	5,451	(1,864)	-	3,587
Claims Payable	-	-	(577,000)	(577,000)
Net OPEB Obligation	31,746	20,202	-	51,948
Total adjustments	<u>1,837,751</u>	<u>(206,525)</u>	<u>1,612,723</u>	<u>3,243,949</u>
Net cash provided by (used in) operating activities	<u>\$ 2,394,925</u>	<u>\$ 966,338</u>	<u>\$ 5,860,658</u>	<u>\$ 9,221,921</u>
Noncash capital financing activities				
Capital assets acquired through capital lease	<u>\$ 671,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,525</u>

Fiduciary Funds

Pension Trust Funds

Coral Gables Retirement Fund - to account for the accumulation of resources to be used for retirement annuities of all employees at appropriate amounts and times in the future. Resources are provided by employer contributions determined by an actuarial study, and investment earnings.

Police Officers' Pension Fund and Fire Fighters Pension Fund - to account for accumulation of resources to be used for supplemental retirement benefits for police officers and fire fighters. Resources are provided by annual employer contributions and investment earnings. Individual participation is based upon years of service. Individuals may withdraw their equity upon retirement.

Agency Fund

Employee Benefits Fund – to account for the value of employees' excess sick leave deposited in a sick leave bank held by the City as custodian.

Law Enforcement Fund - to account for resources provided as a result of certain police investigations, seizures and forfeitures.

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
September 30, 2010

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 11,343,571	\$ 861,179	\$ 999,509	\$ 13,204,259
Receivables:				
Accrued Interest and Dividends	446,895	2,402	-	449,297
Buyback Receivable	43,331	-	-	43,331
Share Plan Contributions	198,101	-	-	198,101
Employee Contributions	194,395	-	-	194,395
Receivable for Securities Sold	5,459,533	-	-	5,459,533
Other receivables	9,328	-	-	9,328
Total Receivables	<u>6,351,583</u>	<u>2,402</u>	<u>-</u>	<u>6,353,985</u>
Securities Lending Cash Collateral - Invested	<u>44,629,163</u>	<u>-</u>	<u>-</u>	<u>44,629,163</u>
Investments at fair value:				
U.S. Government and Agency	12,904,972	260,198	-	13,165,170
Domestic Fixed Income Fund	11,365,999	486,638	-	11,852,637
Global fixed income	11,806,419	-	-	11,806,419
Corporate Bonds	19,066,581	-	-	19,066,581
State of Israel Bond	-	100,000	-	100,000
Common Stocks	102,556,390	1,577,425	-	104,133,815
Domestic Equity Fund	1,679,802	-	-	1,679,802
International Equity	48,159,630	474,167	-	48,633,797
Real Estate Investment Trust (REIT)	13,175,567	212,898	-	13,388,465
Mutual Funds	-	-	9,842,800	9,842,800
Total Investments	<u>220,715,360</u>	<u>3,111,326</u>	<u>9,842,800</u>	<u>233,669,486</u>
Total Assets	<u>283,039,677</u>	<u>3,974,907</u>	<u>10,842,309</u>	<u>297,856,893</u>
LIABILITIES				
Accounts Payable	827,910	5,525	-	833,435
Payable for Securities Purchased	886,065	-	-	886,065
Due to the Retirement System	-	93,559	-	93,559
Obligations under Securities Lending	44,629,163	-	-	44,629,163
Total Liabilities	<u>46,343,138</u>	<u>99,084</u>	<u>-</u>	<u>46,442,222</u>
NET ASSETS				
Net Assets held in trust for pension benefits	<u>\$ 236,696,539</u>	<u>\$ 3,875,823</u>	<u>\$ 10,842,309</u>	<u>\$ 251,414,671</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2010

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
Additions:				
City Contributions	\$ 24,302,660	\$ 448,386	\$ 864,679	\$ 25,615,725
Share Plan Contributions	270,485	-	-	270,485
Total Government Contributions	<u>24,573,145</u>	<u>448,386</u>	<u>864,679</u>	<u>25,886,210</u>
Employees:				
Employee contributions	2,754,747	-	-	2,754,747
Buybacks	81,111	-	-	81,111
Total Employee Contributions	<u>2,835,858</u>	<u>-</u>	<u>-</u>	<u>2,835,858</u>
Total Contributions	<u>27,409,003</u>	<u>448,386</u>	<u>864,679</u>	<u>28,722,068</u>
Investment Income:				
Net Appreciation in the Fair Value of Investments	15,424,160	283,655	240,697	15,948,512
Interest and Dividends	5,805,384	64,655	179,186	6,049,225
Other Income	471,719	587	-	472,306
Total Investment Income	<u>21,701,263</u>	<u>348,897</u>	<u>419,883</u>	<u>22,470,043</u>
Less Investment Expenses	1,462,713	18,650	24,971	1,506,334
Total Investment Income before Securities Lending Activity	<u>20,238,550</u>	<u>330,247</u>	<u>394,912</u>	<u>20,963,709</u>
Securities Lending Activities:				
Security Lending Income	119,821	-	-	119,821
Security Lending Fees and Rebates	(41,366)	-	-	(41,366)
Net Income from Security Lending Activities	<u>78,455</u>	<u>-</u>	<u>-</u>	<u>78,455</u>
Total Net Investment Income	<u>20,317,005</u>	<u>330,247</u>	<u>394,912</u>	<u>21,042,164</u>
Total Additions	<u>47,726,008</u>	<u>778,633</u>	<u>1,259,591</u>	<u>49,764,232</u>
Deductions:				
Pension Benefits Paid	29,241,730	492,816	70,060	29,804,606
Refunds of Contributions	215,937	-	-	215,937
Administrative Expense	267,091	273,480	-	540,571
Total Deductions	<u>29,724,758</u>	<u>766,296</u>	<u>70,060</u>	<u>30,561,114</u>
Net Increase	18,001,250	12,337	1,189,531	19,203,118
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	218,695,289	3,863,486	9,652,778	232,211,553
End of Year	<u>\$ 236,696,539</u>	<u>\$ 3,875,823</u>	<u>\$ 10,842,309</u>	<u>\$ 251,414,671</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2010

	Employee Benefits Fund	Law Enforcement Fund	Total Agency Funds
ASSETS			
Cash and Cash Equivalents			
Beginning	\$ 988,685	\$ 9,012,640	\$ 10,001,325
Additions	81,358	3,186,484	3,267,842
Deductions	(258,852)	(4,909,100)	(5,167,952)
Total Assets	<u>811,191</u>	<u>7,290,024</u>	<u>8,101,215</u>
LIABILITIES			
Deferred Compensation Payable			
Beginning	983,060	-	983,060
Additions	94,857	-	94,857
Deductions	(272,351)	-	(272,351)
Ending	<u>805,566</u>	<u>-</u>	<u>805,566</u>
Due to Other Governments			
Beginning	5,625	9,012,640	9,018,265
Additions	-	3,186,484	3,186,484
Deductions	-	(4,909,100)	(4,909,100)
Ending	<u>5,625</u>	<u>7,290,024</u>	<u>7,295,649</u>
Total Liabilities	<u>\$ 811,191</u>	<u>\$ 7,290,024</u>	<u>\$ 8,101,215</u>

Statistical Section

(UNAUDITED)

This part of the City of Coral Gables' 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.

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

Debt Capacity

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



[This Page Intentionally Left Blank]

TABLE 1
CITY OF CORAL GABLES
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities									
Invested in capital assets, net of related debt	\$150,323,624	\$149,598,620	\$144,390,262	\$141,639,049	\$141,673,723	\$139,512,991	\$140,912,940	\$142,963,136	\$141,074,353
Restricted	3,487,877	3,118,227	-	-	300,000	-	-	1,001,238	1,453,694
Unrestricted	3,367,420	4,114,829	9,033,243	5,783,177	1,703,127	3,328,883	-	(624,816)	13,801,226
Total business-type activities net assets	\$157,178,921	\$156,831,676	\$153,423,505	\$147,422,226	\$143,676,850	\$142,841,874	\$140,912,940	\$ 143,339,558	\$ 156,329,273
Business-type Activities									
Invested in capital assets, net of related debt	\$14,971,480	\$15,968,325	\$11,052,753	\$15,970,401	\$16,128,212	\$18,930,925	\$19,399,108	\$21,533,924	\$23,080,309
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	468,045	990,965	6,419,428	4,880,472	8,362,064	10,143,471	10,320,047	7,546,098	8,921,750
Total business-type activities net assets	\$15,439,525	\$16,959,290	\$17,472,181	\$20,850,873	\$24,490,276	\$29,074,396	\$29,719,155	\$ 29,080,022	\$ 32,002,059
Primary Government									
Invested in capital assets, net of related debt	\$165,295,104	\$165,566,945	\$155,443,015	\$157,609,450	\$157,801,935	\$158,443,916	\$160,312,048	\$164,497,060	\$164,154,662
Restricted	3,487,877	3,118,227	-	-	300,000	-	-	1,001,238	1,453,694
Unrestricted	3,835,465	5,105,794	15,452,671	10,663,649	10,065,191	13,472,354	10,320,047	6,921,282	22,722,976
Total primary government net assets	\$172,618,446	\$173,790,966	\$170,895,686	\$168,273,099	\$168,167,126	\$171,916,270	\$170,632,095	\$172,419,580	\$188,331,332

Note: Historical data for ten years will be displayed as it becomes available.

TABLE 2
CITY OF CORAL GABLES
CHANGES IN NET ASSETS
LAST NINE YEARS (accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental Activities:									
General government	\$ 10,985,189	\$ 12,807,218	\$ 19,259,266	\$ 18,735,309	\$ 22,591,752	\$ 21,697,557	\$ 22,880,968	\$ 23,349,213	\$ 22,476,553
Public Safety	44,324,748	47,740,806	56,243,067	69,493,373	82,857,461	69,844,742	70,019,943	68,528,429	67,626,456
Physical environment	14,189,694	12,143,256	17,224,303	16,795,942	18,996,962	20,842,416	19,427,236	19,427,373	13,668,200
Transportation	5,134,294	4,145,679	6,544,841	7,630,380	6,185,567	6,348,931	6,068,973	6,284,102	10,426,083
Economic Environment	412,106	499,510	559,987	605,991	681,712	732,910	691,803	587,993	653,894
Culture and Recreation	6,838,956	11,175,469	4,583,627	9,031,840	10,589,595	10,290,416	10,226,932	8,959,144	8,473,939
Interest on long-term debt	911,422	607,524	1,233,166	1,367,725	1,491,412	1,741,825	1,936,947	1,391,416	1,186,837
Depreciation	7,520,399	7,682,502	-	-	-	-	-	-	-
Total governmental activities expenses	90,316,808	96,801,964	105,648,257	123,660,560	143,394,461	131,498,797	131,252,802	128,527,670	124,511,962
Business-type activities:									
Sanitary Sewer System	5,979,427	6,176,092	5,912,644	4,980,669	3,936,494	4,209,514	4,230,483	3,854,930	4,303,930
Parking System	2,401,339	2,508,818	2,709,911	2,797,421	4,078,910	4,286,312	4,254,921	4,112,309	3,676,444
Stormwater Utility	1,193,312	1,201,072	1,506,395	1,353,267	1,369,480	1,276,688	1,325,574	1,476,060	1,469,440
Total business-type activities	9,574,078	9,885,982	10,128,950	9,131,357	9,384,884	9,772,514	9,810,978	9,443,299	9,450,014
Total primary government	\$ 99,890,886	\$ 106,687,946	\$ 115,777,207	\$ 132,791,917	\$ 152,779,345	\$ 141,271,311	\$ 141,063,780	\$ 137,970,969	\$ 133,961,976
Program Revenues									
Governmental Activities:									
Charges for services:									
General government	\$ 10,850,495	\$ 10,596,765	\$ 11,928,422	\$ 13,886,553	\$ 14,363,890	\$ 15,699,777	\$ 15,224,883	\$ 14,161,870	\$ 13,914,951
Public Safety	3,120,292	4,076,698	4,030,687	3,306,899	3,386,783	2,926,106	2,298,024	2,723,731	5,847,438
Physical environment	5,668,294	5,716,580	5,765,680	6,423,751	6,407,987	6,783,403	7,036,996	7,653,827	8,821,783
Transportation	-	-	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-	-	-
Culture and Recreation	4,067,357	4,086,321	2,815,351	2,960,042	3,826,206	3,747,163	3,576,441	3,631,334	3,338,009
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,481,406	1,478,001	1,482,412	9,042,210	17,132,223	2,478,666	238,033	108,762	94,832
Capital grants and contributions	1,072,096	4,172,352	3,828,986	58,750	835,796	2,156,192	1,281,665	3,308,654	4,789,203
Total governmental activities program revenue	26,259,940	30,126,717	29,851,338	35,678,205	45,952,885	33,791,307	29,656,042	31,588,178	36,806,216
Business-type activities:									
Charges for services:									
Sanitary Sewer System	5,933,635	6,325,769	6,110,263	7,103,375	6,966,131	7,455,717	6,793,767	6,541,910	7,109,919
Parking System	6,754,093	7,722,841	7,960,206	8,244,087	8,777,493	9,187,646	9,088,332	8,311,688	9,227,722
Stormwater Utility	1,166,895	1,491,832	1,502,537	1,495,481	1,490,437	1,496,153	1,546,412	1,857,694	2,340,830
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	554,196	-	392,233	238,597
Total business-type activities program revenue	13,854,623	15,540,442	15,573,006	16,842,943	17,234,061	18,693,712	17,428,511	17,103,525	18,917,068
Total primary government program revenue	\$ 40,114,563	\$ 45,667,159	\$ 45,424,344	\$ 52,521,148	\$ 63,186,946	\$ 52,485,019	\$ 47,084,553	\$ 48,691,703	\$ 55,723,284
Net(Expense) Revenue									
Governmental activities	\$ (64,056,868)	\$ (66,675,247)	\$ (75,796,719)	\$ (87,982,355)	\$ (97,441,576)	\$ (97,707,490)	\$ (101,596,760)	\$ (96,939,492)	\$ (87,705,746)
Business-type activities	4,280,545	5,654,460	5,444,056	7,711,586	7,849,177	8,921,198	7,617,533	7,660,226	9,467,054
Total primary government net expenses	\$ (59,776,323)	\$ (61,020,787)	\$ (70,352,663)	\$ (80,270,769)	\$ (89,592,399)	\$ (88,786,292)	\$ (93,979,227)	\$ (89,279,266)	\$ (78,238,692)
General Revenues and other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 36,644,901	\$ 40,077,925	\$ 47,969,473	\$ 53,466,648	\$ 61,868,946	\$ 69,730,264	\$ 66,388,634	\$ 66,397,191	\$ 70,277,262
Franchise fees	4,195,780	4,634,295	5,745,884	5,486,704	6,691,724	7,283,548	7,161,421	7,049,737	6,276,301
Utility taxes	9,436,958	9,658,278	9,540,782	9,594,365	9,939,425	10,186,819	10,422,786	11,293,277	11,219,861
Other Taxes	-	-	-	2,503,017	2,717,415	2,645,290	2,569,027	2,378,268	2,399,014
Intergovernmental	3,387,867	5,172,570	4,327,293	4,452,521	6,076,666	4,252,076	4,053,651	3,684,951	3,641,236
Investment Earnings	820,703	583,918	719,165	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221
Bad Debt Expense	-	-	-	-	-	(4,229,491)	-	-	-
Miscellaneous	1,606,956	2,027,843	2,518,392	1,047,855	546,076	310,400	453,448	667,778	239,410
Special items	2,060,136	-	-	-	-	-	-	-	-
Transfers	3,760,502	4,523,447	4,958,622	4,381,200	4,280,430	4,585,899	7,227,011	8,343,575	6,567,156
Total governmental activities	61,913,803	66,678,276	75,779,611	81,981,076	93,696,200	96,872,514	99,666,826	99,973,128	100,695,461
Business-type activities:									
Investment Earnings	41,491	17,180	14,060	31,153	56,481	80,468	232,392	23,493	9,129
Miscellaneous	223	21,298	13,397	17,153	14,175	168,353	21,845	20,723	13,010
Transfers	(3,760,502)	(4,523,447)	(4,958,622)	(4,381,200)	(4,280,430)	(4,585,899)	(7,227,011)	(8,343,575)	(6,567,156)
Total business-type activities	(3,718,788)	(4,484,969)	(4,931,165)	(4,332,894)	(4,209,774)	(4,337,078)	(6,972,774)	(8,299,359)	(6,545,017)
Total primary government	\$ 58,195,015	\$ 62,193,307	\$ 70,848,446	\$ 77,648,182	\$ 89,486,426	\$ 92,535,436	\$ 92,694,052	\$ 91,673,769	\$ 94,150,444
Change in Net Assets									
Governmental activities	\$ (2,143,065)	\$ 3,029	\$ (17,108)	\$ (6,001,279)	\$ (3,745,376)	\$ (834,976)	\$ (1,929,934)	\$ 3,033,636	\$ 12,989,715
Business-type activities	561,757	1,169,491	512,891	3,378,692	3,639,403	4,584,120	644,759	(639,133)	2,922,037
Total primary government	\$ (1,581,308)	\$ 1,172,520	\$ 495,783	\$ (2,622,587)	\$ (105,973)	\$ 3,749,144	\$ (1,285,175)	\$ 2,394,503	\$ 15,911,752

Note: Historical data for ten years will be displayed as it becomes available.

TABLE 3
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved for:										
Encumbrance	\$ 1,510,633	\$ 231,159	\$ 1,221,952	\$ 362,891	\$ 346,109	\$ 343,460	\$ 586,407	\$ 504,291	\$ 333,082	\$ 272,511
Federal Emergency Management Agency	-	-	-	-	-	-	-	-	-	-
Inventories	223,268	209,949	192,379	131,895	129,037	96,193	96,193	96,193	84,139	86,505
Prepaid Items	19,444	27,744	18,722	69,424	71,719	47,524	50,575	27,416	46,366	128,878
Police Education	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	4,000,000	4,000,000	3,943,354	-	-	-	-
State Asset Forfeiture	-	-	837,914	-	-	-	-	-	-	-
Law Enforcement Trust	980,000	980,000	-	-	-	-	-	-	-	-
Cable TV Utilization	184,658	-	-	-	-	-	-	-	-	-
Coral Gables House	10,040	6,941	2,732	-	-	-	-	-	-	-
Historic Preservation	35,275	39,192	41,458	-	-	-	-	-	-	-
Orange Bowl Scholarship	670	670	670	-	-	-	-	-	-	-
Youth Center Concession	251	251	251	-	-	-	-	-	-	-
Pinewood Cemetery	15,915	4,971	3,762	-	-	-	-	-	-	-
Firefighters Rescue	5,915	15,260	10,457	-	-	-	-	-	-	-
Dade County Schools Resource	17,686	17,686	17,686	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
General Fund	-	4,622,777	2,970,840	5,618,134	3,739,598	4,774,357	10,169,006	9,195,207	4,501,777	6,535,081
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Undesignated	607,987	-	-	-	-	-	(1,364,918)	-	-	-
Total general fund	\$ 3,611,742	\$ 6,156,600	\$ 5,318,823	\$ 10,182,344	\$ 8,286,463	\$ 9,204,888	\$ 9,537,263	\$ 9,823,107	\$ 4,965,364	\$ 7,022,975
All Other Governmental Funds										
Reserved for:										
Encumbrance	\$ -	\$ 69,131	\$ 163,887	\$ 1,045,854	\$ 173,424	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	-	-	-	6,859	6,861	-	6,853	-	-	-
Transportation	-	-	774,850	-	-	749,750	-	-	-	-
Capital Projects Fund	64,844	-	-	-	-	-	-	-	-	-
Debt Service Fund	1,892,923	1,884,923	3,118,227	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	-	-	-	-	(9,234,466)	(865,546)	-	(13,140)	(13,140)	319
Designated Debt Service	-	-	-	4,137,746	4,074,889	3,596,787	2,881,918	2,301,631	197,934	883,606
Designated Capital Projects	-	-	-	-	-	-	2,592,192	-	-	-
Undesignated	16,857,939	-	-	-	-	-	-	-	-	-
Undesignated for Law Enforcement Trust	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	3,284,294	(229,804)	808,806	853,510	1,045,192	-	(402,542)	(230,684)	(1,504,763)
Total all other governmental funds	\$ 18,815,706	\$ 5,238,348	\$ 3,827,160	\$ 5,999,265	\$ (4,125,782)	\$ 4,526,183	\$ 5,480,963	\$ 1,885,949	\$ (45,890)	\$ (620,838)

CITY OF CORAL GABLES-COMPREHENSIVE ANNUAL FINANCIAL REPORT-FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes	\$ 44,725,076	\$ 51,509,060	\$ 56,443,516	\$ 65,648,114	\$ 71,050,734	\$ 81,217,510	\$ 89,845,921	\$ 86,541,868	\$ 87,118,473	\$ 90,172,438
Licenses	2,197,366	2,167,844	2,635,641	2,849,665	2,850,746	2,857,303	2,887,848	2,921,161	3,038,646	3,086,382
Permits	7,026,208	6,081,162	5,156,616	4,758,264	6,534,460	6,285,880	7,056,610	5,687,950	4,007,602	4,193,899
Fines and Forfeitures	1,673,096	2,372,762	2,445,472	3,328,089	2,841,931	2,763,587	2,719,620	2,593,690	2,888,947	3,473,120
Intergovernmental	-4,854,533	3,898,962	3,971,216	-4,278,574	-4,525,996	29,021,549	11,123,623	6,315,384	7,390,708	6,875,288
Charges for Services	7,485,275	7,298,160	7,333,240	7,511,162	8,776,856	8,088,297	8,834,802	8,478,227	8,770,139	12,534,515
Recreation Activity Fees	1,426,781	4,067,354	4,086,321	2,509,353	2,651,141	3,497,707	3,747,159	3,576,441	3,631,334	3,338,009
Rental Income	672,984	1,731,465	2,705,085	4,305,672	3,216,339	3,399,246	3,682,386	3,610,721	3,126,219	2,526,671
Investment earnings	-	631,538	499,983	670,599	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221
Bad Debt	-	-	-	-	-	-	(4,229,491)	-	-	-
Special Assessments	737,275	254,287	107,063	140,008	377,466	325,849	52,521	364,965	711,258	499,649
Interest Earned	1,342,092	-	-	-	-	-	-	-	-	-
Contributions and Donations from Private Sources	349,110	622,899	110,071	-	-	-	-	-	-	-
Proceeds from Confiscated Property	-	-	-	-	-	-	-	-	-	-
Proceeds from South Florida Task Force	-	-	593,242	-	-	-	-	-	-	-
Proceeds from Treasury Department	-	-	107,296	-	-	-	-	-	-	-
Miscellaneous	112,581	861,792	274,303	2,024,465	243,252	451,601	308,261	453,448	667,778	239,410
Hurricane Relief	110,857	-	-	-	-	-	-	-	-	-
Total revenues	72,713,234	81,497,285	86,469,065	98,023,965	104,117,687	139,484,047	128,136,969	121,934,703	121,509,455	127,014,602
EXPENDITURES										
Current:										
General Government	10,712,786	11,121,629	12,130,302	15,659,815	16,127,144	17,967,796	18,077,121	18,247,668	20,512,518	18,000,356
Public Safety	41,572,394	44,686,107	47,454,161	51,861,284	67,967,083	78,388,358	67,908,526	70,467,344	71,460,365	69,089,890
Physical Environment	13,246,925	14,562,824	15,128,081	16,437,244	17,057,530	17,971,512	19,021,263	19,509,302	20,063,855	13,890,885
Transportation	2,148,799	5,391,900	3,999,181	5,490,005	4,858,971	5,852,517	5,524,148	6,178,011	6,660,672	10,980,073
Economic Environment	407,335	412,106	499,510	523,349	598,638	645,291	721,991	704,232	607,676	681,765
Culture and Recreation	4,096,914	6,979,543	8,040,035	7,057,479	8,329,576	10,018,717	10,125,697	9,613,602	8,919,266	8,322,862
Debt service:										
Principal	1,940,000	18,428,313	2,191,244	1,993,506	2,476,731	2,695,528	2,357,400	2,617,586	2,717,833	2,851,673
Interest and Other Charges	1,268,497	945,719	634,398	1,233,166	1,367,725	1,491,412	1,741,825	1,935,947	1,391,416	1,186,837
Capital outlay	8,143,846	2,491,551	3,303,915	3,507,097	1,336,417	5,162,956	10,267,919	3,197,192	8,047,190	7,797,684
Total expenditures	83,537,496	105,019,692	93,380,827	103,762,945	120,119,815	140,194,087	135,745,890	132,470,884	140,380,791	132,802,025
Excess (deficiency) of revenues over expenditures	(10,824,262)	(23,522,407)	(6,911,762)	(5,738,980)	(16,002,128)	(710,040)	(7,608,921)	(10,536,181)	(18,871,336)	(5,787,423)
OTHER FINANCING SOURCES (USES)										
Debt Issued	-	4,000,000	-	-	-	-	-	-	-	-
Debt Proceeds	30,400,000	-	-	15,825,000	-	6,000,000	8,547,013	-	3,525,000	702,930
Principal Repymt.-Current Bond Refunding	-	-	-	(11,060,000)	-	-	-	-	-	-
Transfers In	21,317,845	23,620,475	8,994,285	20,531,907	9,245,150	8,703,944	12,498,880	11,026,884	14,972,721	13,018,055
Transfers Out	(20,848,649)	(19,982,066)	(4,331,488)	(15,573,285)	(5,263,950)	(4,423,514)	(12,149,817)	(3,799,873)	(6,415,967)	(6,450,899)
Total other financing sources (uses)	30,869,196	7,638,409	4,662,797	9,723,622	3,981,200	10,280,430	8,896,076	7,227,011	12,081,754	7,270,086
SPECIAL ITEMS:										
Proceeds from Sale of Land	-	1,567,519	-	-	-	-	-	-	-	-
Proceeds from Sale of Chamber of Commerce	-	-	-	-	-	-	-	-	-	-
Land & Building	-	492,617	-	-	-	-	-	-	-	-
Total Special Items	-	2,060,136	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 20,044,934	\$ (13,823,862)	\$ (2,248,965)	\$ 3,984,642	\$ (12,020,928)	\$ 9,570,390	\$ 1,287,155	\$ (3,309,170)	\$ (6,789,582)	\$ 1,482,663
Debt service as a percentage of noncapital expenditures	4.44%	23.30%	3.24%	3.33%	3.34%	3.20%	3.38%	3.65%	3.20%	3.34%

**TABLE 5
CITY OF CORAL GABLES, FLORIDA
PROPERTY TAX LEVIES AND TAX COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	TOTAL TAX LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY OF LEVY
2001	\$32,146,610	\$30,995,302	96.42%	-	\$30,995,302	96.42%
2002	\$38,147,651	\$36,809,810	96.49%	-	\$36,809,810	96.49%
2003	\$42,069,327	\$39,742,848	94.47%	\$222,862	\$39,965,710	95.00%
2004	\$50,591,645	\$47,423,035	93.74%	\$170,691	\$47,593,726	94.07%
2005	\$56,576,305	\$47,362,514	83.71%	\$231,212	\$47,593,726	84.12%
2006	\$66,217,669	\$61,399,559	92.72%	\$332,579	\$61,732,138	93.23%
2007	\$73,452,215	\$69,634,307	94.80%	\$95,957	\$69,730,264	94.93%
2008	\$72,556,824	\$65,791,821	90.68%	\$596,813	\$66,388,634	91.50%
2009	\$68,055,518	\$64,821,722	95.25%	\$787,734	\$65,609,457	96.41%
2010	\$72,300,304	\$67,309,836	93.10%	\$937,052	\$68,246,888	94.39%

**TABLE 6
CITY OF CORAL GABLES, FLORIDA
ASSESSED VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	ASSESSED VALUE (1)		TOTAL ASSESSED VALUE *	TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY		
2001	\$5,475,511,376	\$318,230,048	\$5,793,741,424	5.841
2002	\$6,145,018,585	\$320,830,060	\$6,465,848,645	5.841
2003	\$6,769,267,008	\$336,684,311	\$7,105,951,319	5.841
2004	\$7,834,696,998	\$363,954,901	\$8,198,651,899	5.990
2005	\$7,834,696,998	\$346,181,099	\$8,180,878,097	6.150
2006	\$10,072,262,531	\$537,053,435	\$10,609,315,966	6.150
2007	\$11,383,139,491	\$348,009,820	\$11,731,149,311	5.250
2008	\$12,743,051,207	\$337,759,609	\$13,080,810,816	5.250
2009 **	\$12,388,660,415	\$321,475,554	\$12,710,135,969	5.250
2010 ***	\$11,517,484,781	\$306,492,339	\$11,823,977,120	5.250

(1) Source: Miami Dade County Property Appraiser - according to Florida law, Taxable property is assessed at 100% of estimated actual value and further reduced by various Statutory Exemptions.

* Final tax roll values from the Department of Property Appraisal.

(**) Source: Based on Certification of Taxable Value Form DR-420 for Year 2009.

(***) Source: Based on Certification of Taxable Value Form DR-420 for Year 2010.

**TABLE 7
CITY OF CORAL GABLES, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	CITY TAX RATES			TOTAL CITY MILLAGE	COUNTY MILLAGE	SCHOOL MILLAGE	STATE MILLAGE	TOTAL
	OPERATING MILLAGE	DEBT SERVICE MILLAGE						
2001	5.841	0.000		5.841	6.716	9.376	0.736	22.6685
2002	5.841	0.000		5.841	6.716	9.376	0.736	22.6685
2003	5.841	0.000		5.841	6.765	9.252	0.735	22.5935
2004	5.990	0.000		5.990	7.184	8.687	0.735	22.5960
2005	6.150	0.000		6.150	7.069	8.438	0.074	22.3920
2006	6.150	0.000		6.150	6.808	8.105	0.735	21.7988
2007	5.250	0.000		5.250	5.670	7.948	0.659	19.5270
2008	5.250	0.000		5.250	5.926	7.797	0.659	19.6320
2009	5.250	0.000		5.250	5.926	7.797	0.659	19.6320
2010	5.895	0.000		5.895	6.005	7.995	0.659	20.5540

Florida law limits the city, school and county each to a maximum of \$10 per \$1,000 taxable value for operations. Millage tax rates are per \$1,000 taxable value.

**TABLE 8
CITY OF CORAL GABLES, FLORIDA
PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO**

TAXPAYER	2009			2000		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE
			\$12,710,135,969			\$5,793,741,424
Douglas Colonnade LLC	\$ 96,400,000	1	0.76 %	\$ -	-	- %
Merrick Park LLC	73,650,500	2	0.58	-	-	-
355 Alhambra Plaza LTD	68,000,000	3	0.54	34,962,521	2	0.60
DEKA USA Colonnade LLC	66,400,000	4	0.52	-	-	-
Coral Gables Associates	60,100,000	5	0.47	32,600,000	3	0.56
The Collection Properties LLC	57,000,000	6	0.45	-	-	-
South Florida Equities Inc.	54,800,000	7	0.43	-	-	-
Prisa Ponce de Leon, LLC	51,100,000	8	0.40	-	-	-
Ponte Gadeu Gables, LLC	45,551,820	9	0.36	-	-	-
RREEF America Reit II Corp ZZZZ	45,200,000	10	0.36	-	-	-
Douglas Entrance Holding LTP Par.	-	-	-	39,600,000	1	0.68
Ibex Colonnade Group	-	-	-	29,300,000	4	0.51
Gables Grand Plaza	-	-	-	28,500,000	5	0.49
550 Biltmore Inc.	-	-	-	28,400,000	6	0.49
Strategic Hotel Capital Ltr Partners	-	-	-	25,250,004	7	0.44
Health South Doctor's Hospital	-	-	-	24,600,553	8	0.42
Emanuel Edelstein & George Goldbloom	-	-	-	20,812,736	9	0.36
Blumberg & Alhambra Partners	-	-	-	20,500,000	10	0.35
Totals	\$ 618,202,320		4.86 %	\$ 284,525,814		4.91 %

Property assessed on January 1, 2009 for 2009-2010 present year tax levy.

**TABLE 9
CITY OF CORAL GABLES, FLORIDA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

(amounts expressed in thousands)

FISCAL YEAR ENDED	SPECIAL ASSESSMENT BILLINGS	SPECIAL ASSESSMENT COLLECTED(1)
2001	1,253	909
2002	595	497
2003	992	626
2004	996	1,101
2005	868	609
2006	1,436	797
2007	916	1,016
2008	752	740
2009	889	735
2010	905	831

(1) Includes prepayments and foreclosures.

**TABLE 10
CITY OF CORAL GABLES, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
SEPTEMBER 30, 2010
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME *	PER CAPITA *
	SPECIAL OBLIGATION BONDS	CAPITAL LEASES	NOTES PAYABLE	PARKING SPECIAL OBLIGATION BONDS				
2001	54,920,000	-	-	7,990,000	62,910,000	3084%	1,482.15	
2002	40,491,687	-	-	7,620,000	48,111,687	2078%	1,135.86	
2003	38,300,443	-	-	7,230,000	45,530,443	1967%	1,074.92	
2004	41,071,937	-	-	20,240,000	61,311,937	2777%	1,433.69	
2005	38,595,206	221,521	-	19,504,800	58,321,527	2591%	1,366.84	
2006	41,899,678	144,757	-	18,657,800	60,702,235	2675%	1,419.57	
2007	47,729,174	360,117	-	17,775,000	65,864,291	2886%	1,531.73	
2008	45,289,405	182,300	-	16,859,500	62,331,205	2523%	1,361.00	
2009	46,278,872	-	-	18,548,600	64,827,472	2592%	1,424.75	
2010	43,638,768	1,162,886	-	17,561,900	62,363,554	2562%	1,370.60	

* See Table 13 for personal income and population data.

**TABLE 11
CITY OF CORAL GABLES, FLORIDA
RATIO OF ANNUAL DEBT SERVICE FOR
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES
LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

FISCAL YEAR ENDED	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	DEBT SERVICE AS PERCENTAGE OF TOTAL GENERAL EXPENDITURES
2001	***	-	-	75,375	0%
2002	***	-	-	100,371	0%
2003	***	-	-	87,742	0%
2004	***	-	-	99,321	0%
2005	***	-	-	115,671	0%
2006	***	-	-	129,497	0%
2007	***	-	-	120,323	0%
2008	***	-	-	121,203	0%
2009	***	-	-	125,255	0%
2010	***	-	-	119,758	0%

***Due to adoption of GASB Statement No.34 the General Fund now includes certain other funds of the City

TABLE 12
CITY OF CORAL GABLES, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2010
 (amounts expressed in thousands)

JURISDICTION	NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING	PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES	AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES
Dade County, Florida			
General Obligation Bonds	\$ 881,276		
Less Sinking Fund Reserve	<u>21,784</u>	5.0%	<u>\$ 42,975</u>
TOTAL NET GENERAL OBLIGATION DEBT	<u>\$ 859,492</u>		<u>\$ 42,975</u>

*The City's General Obligation Bond Debt was paid in full in Fiscal Year 9/30/98.

*The City has no legal debt requirement.

**TABLE 13
CITY OF CORAL GABLES, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	(1) POPULATION	(2) PERSONAL INCOME	(1) PER CAPITA INCOME	(1) MEDIAN AGE	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2001	42,445 *	2,039,737	48,056	42.0	10,242	3.0%
2002	42,357 *	2,314,768	54,649	38.7	10,374	4.2%
2003	42,357 *	2,314,768	54,649	38.7	10,704	3.7%
2004	42,765 *	2,207,700	51,624	39.5	10,391	3.3%
2005	42,669 *	2,250,960	52,754	39.5	10,078	2.7%
2006	42,761 *	2,269,369	53,071	39.5	9,596	2.5%
2007	43,000 *	2,282,053	53,071	39.5	9,354	2.4%
2008	45,798 *	2,470,802	53,950	40.7	10,071	3.4%
2009	45,501 *	2,501,372	54,974	41.4	10,257	7.1%
2010	45,501 *	2,433,848	53,490	41.9	12,917	8.4%

DATA SOURCES

(1) Bureau of the Census with intervening estimates by Demographics on call

* Bureau of Economic and Business Research, University of Florida

(2) Amounts expressed in thousands

(3) School District - Public and Private School

(4) State Department of Labor: www.labormarket.info.com

**TABLE 13A
CITY OF CORAL GABLES, FLORIDA
GENERAL GOVERNMENT TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

(amounts expressed in thousands)

FISCAL YEAR ENDED	GENERAL PROPERTY TAXES (1)	FRANCHISE TAXES	UTILITIES SERVICES TAXES	OTHER TAXES	TOTAL TAXES
2001	\$30,865	\$4,941	\$7,783	-	\$43,589
2002	\$36,645	\$4,196	\$9,437	-	\$50,278
2003	\$40,078	\$4,634	\$9,658	-	\$54,370
2004	\$47,969	\$5,496	\$9,541	-	\$63,006
2005	\$53,467	\$5,487	\$9,594	\$2,503	\$71,051
2006	\$64,587	\$6,691	\$9,939	\$2,717	\$83,934
2007	\$69,730	\$7,284	\$10,187	\$2,645	\$89,846
2008	\$66,389	\$7,161	\$10,423	\$2,569	\$86,542
2009	\$66,397	\$7,049	\$11,293	\$2,378	\$87,117
2010	\$70,277	\$6,276	\$11,210	\$2,399	\$90,162

(1) Net collections of Current and Delinquent Taxes including penalties and discounts.

TABLE 14
CITY OF CORAL GABLES
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND TEN YEARS AGO

<u>Employers</u>	Fiscal Year Ended September 30,			
	2010		2000	
	<u>Employees</u>	Percentage of Total <u>Employment</u>	<u>Employees</u>	Percentage of Total <u>Employment</u>
University of Miami	13,464 *	64.14%	3,338	42.08%
Doctors Hospital Baptist Hospital	1088	5.18%	900	11.35%
Bayview Financial Training	900	4.29%	N/A	N/A
The Biltmore Hotel	795	3.79%	600	7.56%
City of Coral Gables	760	3.62%	850	10.71%
Dade County Public Schools	534	2.54%	737	9.29%
Baptist Health South Florida	500	2.38%	190	2.40%
Coral Gables Hospital	487	2.32%	598	7.54%
Commercebank	206	0.98%	N/A	N/A
Bill Ussery Motor	250	1.19%	N/A	N/A
Bacardi USA	330	1.57%	N/A	N/A
Del Monte Fresh Produce	313	1.49%	150	1.89%
Banco Mercantil Venezuela	280	1.33%	250	3.15%
Gables Engineering, Inc.	248	1.18%	200	2.52%
Yard House Restaurant	234	1.11%	N/A	N/A
IBM Corporation	215	1.02%	120	1.51%
Univision Radio Florida	200	0.95%	N/A	N/A
International Bank of Miami	186	0.89%	N/A	N/A
Total	20,990	100.00%	7,933	100.00%

* Faculty & Full/Partime Employees

TABLE 15
CITY OF CORAL GABLES
POSITION CONTROL
FULL TIME POSITIONS
FIVE YEAR COMPARISONS

FUNCTION / PROGRAM	2006	2007	2008	2009	2010
City Commission	6	7	7	7	7
City Attorney	4	4	4	5	4
City Clerk	4	5	5	5	5
City Manager	11	11	11	11	10
Human Resources	11	12	12	12	9
Building and Zoning	56	56	61	62	54
Planning	5	5	5	4	4
Historic Resources	5	5	4	4	3
Public Works	74	76	77	75	59
Finance	30	30	30	28	29
Information Technology	10	10	18	17	15
Public Service	116	115	112	111	93
Automotive	30	29	28	25	23
Police	258	254	256	249	242
Fire	143	146	145	147	145
Parks & Recreation	33	32	29	31	26
Development	5	5	3	3	4
Parking	32	33	31	29	28

Note - Historical data for ten years will be displayed as it becomes available.

TABLE 16
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety:										
Police:										
Physical arrests	1,057	1,021	973	902	925	1,012	1,173	1,000	881	991
Traffic Violations	18,461	19,296	20,985	22,055	22,758	23,198	27,556	24,915	26,399	20,750
Parking violations	93,714	94,031	156,151	151,269	119,156	114,614	114,924	105,485	101,644	122,596
Fire:										
Emergency response	6,236	6,267	6,650	8,978	8,347	7,453	7,453	8,000	8,000	8,000
Fire Inspections conducted	1,938	3,250	4,000	4,200	6,200	6,604	6,604	6,600	6,600	6,600
General Government:										
Tax Rates										
Utility Services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Water	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication Service	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Gas	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Gas	7%	7%	7%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Cable Television	5%	5%	5%	5%	5.0%	5%	5%	5%	5%	5%

**TABLE 17
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government:											
<i>Area</i>											
Land (sq. miles)	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25
Water (sq. miles)	0	0	0	0	0	0	0	0	0	0	0
<i>Infrastructure</i>											
Paved streets	228	228	228	228	228	228	228	228	228	228	228
Unpaved streets	0	0	0	0	0	0	0	0	0	0	0
Canals and waterways	45	45	45	45	45	45	45	45	45	45	45
FPL owned streetlights	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Public Safety:											
<i>Fire</i>											
Stations	3	3	3	3	3	3	3	3	3	3	3
<i>Police</i>											
Stations	1	1	1	1	1	1	1	1	1	1	1
Culture and Recreation:											
<i>Recreation</i>											
Public beach (miles)	0	0	0	0	0	0	0	0	0	0	0
Municipal parks	14	14	14	14	14	14	14	14	14	14	14
Municipal swimming pool	1	1	1	1	1	1	1	1	1	1	1
36-hole municipal golf course	1	1	1	1	1	1	1	1	1	1	1
19-hole municipal golf course	1	1	1	1	1	1	1	1	1	1	1
Recreational areas (acres)	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Recreation centers	1	1	1	1	1	1	1	1	1	1	1
<i>Municipal Water System</i>											
Water mains (miles)	0	0	0	0	0	0	0	0	0	0	0
Fire hydrants	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260
<i>Municipal Sewer System</i>											
Wastewater force main (miles)	10	10	10	10	10	10	10	10	10	10	10
Wastewater lift stations	32	32	32	32	32	32	32	32	32	32	32

Sources: Various City Departments



[This Page Intentionally Left Blank]

City of Coral Gables, Florida

Single Audit Reports in Accordance with
OMB Circular A-133 and Management Letter
in Accordance with the *Rules of the Auditor General*
of the State of Florida
Year Ended September 30, 2010



McGladrey & Pullen, LLP
Certified Public Accountants

Table of Contents

Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Independent Auditor's 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	3 – 4
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	5 – 6
Schedule of Findings and Questioned Costs	7 – 9
Summary Schedule of Prior Audit Findings	10
Management Letter Required By Chapter 10.550 of the <i>Rules of the</i> <i>Auditor General</i> of the State of Florida	11 – 12
Appendix A –Status of Prior Year's Recommendations to Improve Financial Management	13 – 17

City of Coral Gables, Florida

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2010

Federal Grantor, Pass-Through Entity Federal Awards	CFDA No.	Contract/ Grant No.	Total Expenditures
U.S. Department of Transportation:			
Federal Highway Administration –			
Ponce de Leon Median Installation and Roadway Improvement Phase II	20.205	FN426491-1-58.01	\$ 32,304
Total U.S. Department of Transportation			<u>32,304</u>
U.S. Department of Justice:			
06 Urban Area Security Initiative –			
Agreement 07DS-5S-11-23-02-379	97.067	06 UASI	212,555
07 Urban Area Security Initiative –			
Agreement 09DS-24-11-23-02-011	97.067	07 UASI	282,606
09 Recovery Act Edward Byrne (Netmotion)	16.738	DOJ-2009-SB-B9-1231	56,627
09 JAG (Graffiti)	16.738	DOJ-2009-DJ-BX-0462	7,685
10 JAGC (Domestic Violence)	16.738	10 JAGC-Dade-4-4X-169	7,923
Total U.S. Department of Justice			<u>567,396</u>
Total Expenditures of Federal Awards			<u><u>\$ 599,700</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Coral Gables, Florida

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2010

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal programs of the City of Coral Gables, Florida (the "City") for the year ended September 30, 2010. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the accompanying Schedule. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



**Independent Auditor's 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**

To the Honorable Mayor and Members of the
City Commission
City of Coral Gables, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City") as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2011. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the City of Coral Gables Retirement Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item IC 2010-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

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

We also noted certain matters that we have reported to management of the City in a separate letter dated March 30, 2011.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Honorable Mayor, members of the City Commission, management of the City, state awarding agencies and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami, Florida
March 30, 2011



**Independent Auditor's Report
on Compliance With Requirements That Could Have a
Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance With
OMB Circular A-133 and on the
Schedule of Expenditures of
Federal Awards**

To the Honorable Mayor and Members of the
City Commission
City of Coral Gables, Florida

Compliance

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

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

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

Internal Control Over Compliance

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

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

Our consideration of 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2010, and have issued our report thereon dated March 30, 2011 which included reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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

McGladrey & Pullen, LLP

Miami, Florida
March 30, 2011, except for the Schedule
of Expenditures of Federal Awards dated
June 9, 2011

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2010

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> X </u> Yes	<u> </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major program:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None Reported

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

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

<u> </u> Yes	<u> X </u> No
-----------------------	-----------------

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program:</u>
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B projects: \$ 300,000

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
--	-----------------------	-----------------

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2010

II – Financial Statements Findings

A. Internal Control

IC 2010-01 – Financial Accounting and Reporting

Criteria: The City should review the internal control policies and procedures in place to provide reasonable assurance that accounting and financial year end closing process is completed in a timely and effective manner.

Condition: During the current year, we noted the following issues during the year end closing process:

- a). We noted that the Capital Asset and GASB 34 Modules of the EDEN Software has not been implemented, thereby decreasing the efficiency of year end closing process for capital assets and preparation of the CAFR.
- b). Bank reconciliations were not performed on a monthly or timely basis during the fiscal year by other departments.
- c). During the review of capital assets, it was noted that automobiles that have been sold, donated or disposed of were not removed from the capital asset detailed listing on a timely basis.
- d). The GL system as of September 30, 2010 was closed in December 2010 and trial balance was generated and provided to the auditors on January 20, 2011 with additional entries pending, due to the delay in the receipt of certain requested information from internal and external sources to complete certain closing and accrual entries.

Context: These issues were determined to be systemic in nature.

Effect: Failure to implement strong internal control policies and procedures for financial reporting could result in potential misstatements in the financial statements that are not properly detected.

Cause: Delay in the receipt of information from internal and external sources which are essential in the completion of certain closing and accrual entries as part of the accounting and financial year end process.

Recommendation: While we recognize that the City has taken significant steps towards addressing these issues through the addition of more resources in the accounting and financial reporting area, we recommend that the City review its present policies and procedures over accounting and financial reporting and implement additional procedures which may include but not be limited to the following:

- Preparation of bank reconciliations on a monthly or timely basis by other departments.
- Start the process of implementing the Capital Assets and GASB 34 Modules of the EDEN Software in fiscal year 2011 through providing training sessions to staff and consultations with EDEN specialists.
- Finance Department should develop a year end closing process checklist and timetable and communicate the tasks and cooperation required from each department and outside parties to ensure an effective and efficient annual financial closing and reporting. A primary contact person should be established to manage the preparation of the CAFR and all PBC schedules for the audit.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2010

View of responsible officials and planned corrective action: The Finance Department will complete by August 30, 2011 the year-end closing process checklist and timetable and will communicate the task and cooperation required from each city department and outside parties to ensure an effective and efficient annual financial closing and reporting. This will be implemented in order for the yearly external audit and completion of the CAFR for the year ending September 30, 2011 to be completed no later than March 31, 2012.

In February 2011, the City conducted a business process review with EDEN representatives for modules currently in use by all departments which included identifying areas of challenges and enhancements on certain system capabilities. In relation to this, the Finance Department has recommended to the City's IT Department to start the process of engaging EDEN services in providing assistance to the accountants with the process of implementing the Capital Assets and GASB 34 modules.

City of Coral Gables, Florida

Summary Schedule of Prior Audit Findings
Fiscal Year Ended September 30, 2010

I – Findings Required to be Reported in Accordance With Generally Accepted Governmental Accounting Standards

A. Internal Control

RC 2006-01, IC 2007-01, IC 2008-01 and IC 2009-01 – Financial Accounting and Reporting

Current Year's Status: There was a similar finding noted in the current year's audit. See item IC 2010-01.

B. Compliance Findings

None reported

II – Findings and Questioned Costs for Federal Awards

Internal Control and Compliance Findings

None reported



**Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

To the Honorable Mayor and Members of the
City Commission
City of Coral Gables, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City") as of and for the fiscal year ended September 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2011. Our report was modified to include a reference to other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule dated March 30, 2011, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i) 1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Recommendations made in the preceding annual financial audit report have been addressed in Appendix A to this report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes relating to local government investment policies.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. There were no current year recommendations to improve the City's financial management.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (b) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the City's financial statements.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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.

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

McGladrey & Pullen, LLP

Miami, Florida
March 30, 2011

City of Coral Gables, Florida

Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls
Fiscal Year Ended September 30, 2010

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 09-01	Logical access to IT systems		X
ML 09-02	Grant Administration		X
ML 09-03	Deficit Fund Balances	X	
ML 08-02	Approval of Information Technology (IT) Policies	X	
ML 07-04	Loan Reporting Compliance		X
ML 05-04	Internal Service Fund	X	

**Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2010**

ML 09-03 Deficit Fund Balances

Criteria: Policies and procedures should be in place to ensure that expenditure authorization for projects that will be funded with third party resources is not granted and the City should not start projects and incur expenditures until an executed contract is in place or written authorization to proceed has been granted by the funding source.

Prior Year Condition: During the review of the single audit and the trial balance as of September 30, 2009, we noted that four of the six non-major governmental funds have a deficit fund balance. The Roadway Improvement Fund has a deficit fund balance of \$81,655; the Transportation Fund has a deficit fund balance of \$1,318,834; the General Obligation Bond Fund has a deficit fund balance of \$1,057,541; and the Special Revenue Hurricane Fund has a deficit fund balance of \$13,140. These deficits were mainly due to the City starting projects and incurring significant expenditures for several public works projects without obtaining an executed agreement from the County. Without an executed agreement, there is no assurance that the County will reimburse the City for these expenditures and therefore no basis to record a receivable and related revenue for these items. As a result the City is exposing itself to the risk that the County or other funding source may not fully execute the project agreement and therefore authorize the related project expenditures. We were also informed that many of these project expenditures often involve funding from Miami-Dade County and are the result of changes in project scope which have been approved verbally by the current Miami-Dade County project manager.

Context: This condition is considered to be systemic in nature.

Effect: Failure to have an executed contract for reimbursement of expenditures may result in the City having to absorb the cost of these projects if the County or other third party funding source does not agree to execute the agreements. Also the lack of a written commitment by the County or other third party funding source has resulted in the recognition of significant expenditures in these funds without a matching source of revenue to fund these expenditures. The incurrence of the expenditures without offsetting revenue has resulted in fund balance deficits which will need to be funded.

Also, by only obtaining a verbal authorization there is no evidence to substantiate that the authorization to proceed was granted. This could result in denial of the reimbursement request by the current project manager or by a replacement manager if the current project manager is no longer involved at the time the reimbursement request is submitted due to their lack of understanding of any prior verbal commitments. In the end if the expenditures are not funded by third parties the City will have to identify and appropriate its own resources which it may or may not have at the time to cover the costs of these projects and eliminate these fund deficits.

Cause: The City failed to ensure that an executed contract for reimbursement of grant expenditures was in place before approving the creation in the system of appropriations for these projects. As a result the expenditures for these projects were approved based on available appropriations and were paid.

Prior Year Recommendation: The City should establish or revise its policies and procedures for approving appropriations to ensure that before an expenditure appropriation is approved for a capital or grant related project expenditure that a valid executed contract exists to ensure the City will receive the funding it anticipates when approving the project.

Prior year View of responsible officials and planned corrective action: The City will instruct the Finance Department to include policies and procedures that, before an expenditure appropriation is approved for a capital or grant related project expenditure, a valid executed contract exists.

**Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2010**

Current Year Status: During the current year’s audit, we noted that four of the five capital project governmental funds have a deficit fund balance. The Roadway Improvement Fund has a deficit fund balance of \$250,822; the Transportation Fund has a deficit fund balance of \$1,091,350; the GOB Fund has a deficit fund balance of \$1,539,607; and the General Improvement Fund has a deficit fund balance of \$76,678. Except for the GOB Fund, these deficits were mainly due to the to the City’s failure to increase its funding to these funds through the General Fund on a timely basis.

The GOB Fund deficit fund balance is mainly due to the timing difference in the receipts of reimbursement funds from the County. Reimbursements of expenditures which are received or will be received after ninety (90) days of year end were recognized as deferred revenue in compliance with the City’s period of availability policy. The City has obtained valid reimbursement contracts from the County for those projects in question in prior year. The deficit will be offset with reimbursement from Miami-Dade County in the next fiscal year.

Current Year Recommendation: We recommend that the City, in order to minimize deficit fund balances in capital project funds, to implement a more timely review of project status, revenue sources and expenditures in order to ensure that funds are available and if necessary, a fund transfer to cover the excess of expenditures over revenue, is made on a timely basis.

Current Year View of responsible officials and planned corrective action: The City has hired a Budget Administrator who is responsible for implementing and overseeing the newly implemented Advance Budget Module to closely monitor the budget process, including capital project expenditures, in order to minimize deficit fund balance.

ML 2008-02 – Approval of Information Technology (IT) Policies

Criteria: IT Policies and Procedures should be approved by all appropriate levels of management.

Prior Year Condition: The City has IT Security Policies and Procedures in place, which are implemented on an operational basis. These policies and procedures, however, have not been officially approved by all the required levels of City Management, specifically, the City Attorney.

Cause: The City’s IT Management indicated that this is a process with results appearing over an extended length of time.

Effect: Unapproved policies and procedures can lead to the inability to plan, develop and maintain, and evaluate an IT security framework. Outdated policies and procedures can lead to a process that is not addressing current security concerns and/or related inefficiencies due to the policies not keeping up with changing technologies and computing environments.

Prior Year Recommendation: The City should consider expediting the approval of Information Technology policies and procedures already in effect, operationally and establishing a formal procedure to ensure the policies are periodically reviewed, updated and approved in a timely manner.

**Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2010**

Prior Year View of responsible officials and planned corrective action: The latest draft of the IT Policies and Standard Operating Procedures prepared by the IT Department were sent to the City Attorney’s Office in February this year for their review. The IT Department will follow up with the City Attorney’s Office to review their comments and make any necessary changes. The IT Department will also seek inputs from the other City departments such as Human Resources. The final draft will be submitted to the City Manager for his review and approval.

Current Year Status: During the current year’s audit, we noted that the City’s IT Security Policies and Procedures have not been approved by all parties.

Current Year Recommendation: The City should consider expediting the approval of Information Technology policies and procedures already in effect, operationally and establishing a formal procedure to ensure the policies are periodically reviewed, updated and approved in a timely manner.

Current Year View of responsible officials and planned corrective action: The latest draft of the IT Policies and Procedures prepared by the IT Department was sent to the City Attorney’s Office in February 2010 for their review and was later approved. The latest draft is now in the HR Department for their review. The IT Department will follow up with the HR Department to review their comments and make any necessary changes. The IT Department will also seek inputs from the other City departments. The final draft will be submitted to the City Manager for his review and approval.

ML 05-04 – Internal Service Fund

Criteria: Internal service funds are expressly designed to function as cost-reimbursement devices. That is, an internal service fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can subsequently be allocated to the benefitting funds in the form of fees and charges. Accordingly, the use of an internal service fund is not appropriate for activities that a government only partially intends to finance through fees and charges.

Prior Year Condition: During the review of the internal service funds, we noted the public facilities fund has been operating at a loss for the past five (5) years. As of September 30, 2005 the net deficit was \$867,299. As of September 30, 2006 the net deficit was \$1,211,469. As of 9/30/06 the insurance fund had been operating at a loss for the past two years. It has a net deficit of \$4,104,885.

Context: This condition is systemic in nature.

Effect: The internal service funds are not charging sufficient rates to cover the costs of providing services to use funds.

Cause: The City has not analyzed the rates the internal service fund charges to users to ensure the activities are fully financed through fees and charges.

Prior Year Recommendation: The City should review fees charged to user departments and/or assess whether the activity still qualifies to operate as an internal service fund.

Prior Year View of Responsible Officials and Planned Corrective Action: The City will review fees charged to user departments for services received from internal service funds to ensure adequate funding is appropriated through the budget process.

**Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2010**

Current Year Status: In the current year, the City reported more revenues than expenditures in the public facilities and insurance funds through fees charged to the user departments. As of September 30, 2010, public facilities and insurance funds had net assets of \$1,780,832 and \$7,457,346, respectively.

Current Year Recommendation: Although progress has been made with the insurance fund, and the fund is operating at a net surplus, the City should continue to review fees charged to user departments in order to ensure that the benefits being provided more closely equals the fees that are charged to the user departments. Internal services funds such as the insurance fund are designed to operate at a breakeven level, by over or under funding this fund it is impacting the operating results of all the City departments contributing to the fund and could potentially result in noncompliance with Generally Accepted Accounting Principles.

Current Year View of Responsible Officials and Planned Corrective Action: The Finance Department will continue to review the fees charged to user departments for services received from internal service funds to see adequate funding is appropriated through the budget process. In addition, the City will consider establishing a policy in accordance with Governmental Accounting Standards Board Statement No.10 to reserve for emergency/catastrophic events.

Return to
THE CITY OF CORAL GABLES
P.O. BOX 141549
CORAL GABLES, FLORIDA 33114-1549

SPECIAL FOURTH CLASS BOOK

POSTMASTER
RETURN POSTAGE GUARANTEED