



**City of Coral Gables, Florida**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended September 30, 2012**

ON THE COVER:

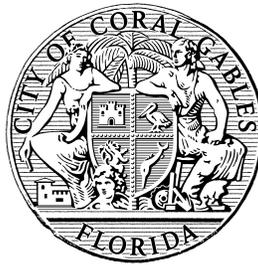
### **Country Club Prado Entrance**

The Country Club Prado Entrance, completed in 1927 was the last of the entrances to be constructed in Coral Gables. It is 240 feet wide and one-half mile in length and was designed by Denman Fink with landscape architect Frank Button in a formal Italian style at a cost of almost one million dollars. It serves as a fitting introduction to the grandest residential boulevard in the City, the Country Club Prado.

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the  
FISCAL YEAR ENDED  
September 30, 2012



*"The City Beautiful"*

Prepared by  
FINANCE DEPARTMENT

# CITY OF CORAL GABLES, FLORIDA

*COMMISSION - MANAGER FORM OF GOVERNMENT*

## CITY COMMISSION

JIM C. CASON, *MAYOR*

WILLIAM H. KERDYK, JR., *Vice Mayor*    RAFAEL CABRERA JR., *Commissioner*  
MARIA ELENA ANDERSON, *Commissioner*    FRANK C. QUESADA, *Commissioner*

## CITY MANAGER

PATRICK G. SALERNO

## FINANCE DIRECTOR

DIANA M. GOMEZ, C.P.A.

## ASSISTANT FINANCE DIRECTOR

ADOLFO E. SANORES

# Introductory Section

TABLE OF CONTENTS

LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF PRINCIPAL OFFICIALS



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## 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 .....	16
Statement of Activities .....	17

#### **Fund Financial Statements**

Balance Sheet – Governmental Funds .....	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Governmental Funds .....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities .....	23
Statement of Net Assets – Proprietary Funds .....	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	27
Statement of Cash Flows – Proprietary Funds .....	28
Statement of Fiduciary Net Assets – Fiduciary Funds .....	29
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	30

Notes to Financial Statements .....	31
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### **REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund .....	77
Schedule of Funding Progress .....	78
Notes to Required Supplementary Information .....	79

### **COMBINING INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Combining Balance Sheet– Nonmajor Governmental Funds .....	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Nonmajor Governmental Funds .....	86
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Debt Service Fund .....	87
Combining Statement of Net Assets – Internal Service Funds .....	90
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds .....	91
Combining Statement of Cash Flows – Internal Service Funds .....	92
Combining Statement of Fiduciary Net Assets – Pension Trust Funds .....	94
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds .....	95
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	96

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>STATISTICAL SECTION (Unaudited)</b>	
Net Assets by Component .....	99
Changes in Net Assets .....	100
Fund Balances, Governmental Funds .....	101
Changes in Fund Balances, Governmental Funds .....	102
Property Tax Levies and Tax Collections .....	103
Assessed Values of Taxable Property .....	103
Property Tax Rates Direct and Overlapping Governments.....	103
Principal Taxpayers .....	104
Special Assessment Billings and Collections .....	104
Ratio of Outstanding Debt by Type .....	105
Ratio of Annual Debt Service for General Bonded Debt to Total General Government Expenditures.....	105
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds .....	106
Demographic and Economic Statistics .....	107
General Government Tax Revenue by Source.....	107
Principal Employers .....	108
Position Control – Full Time Positions .....	109
Operating Indicators by Function/Program .....	110
Capital Asset Statistics by Function/Program .....	111



## The City of Coral Gables

### *Finance Department*

CITY HALL 405 BILTMORE WAY  
CORAL GABLES, FLORIDA 33134

March 18, 2013

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, 2012, pursuant to Florida state law. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America 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, and is 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 accounting principles generally accepted in the United States of America ("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 approximately 47,400 and encompasses 12.92 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 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 155 multinational companies and 26 consulates and trade offices. The University of Miami, the largest private employer in Coral Gables, instructs over 16,050 students and employs over 13,050 full-time faculty and staff.

The City supports both the residential and business sectors with excellent City services, having attained the highest possible standards in every field. In fact, Coral Gables is the only City in the State of Florida and one of only two cities nationwide to have a Class I Fire Department, a fully-accredited Police Department. In addition, Coral Gables has been named a "Tree City USA" for 26 consecutive years; it has an award-winning Communications Division and offers one of the most comprehensive Parks and Recreation programs in the state.

The City is proud to have one of only three National Landmarks in Miami-Dade County: The Biltmore Hotel, designated in 1996. There are also nine properties listed on the National Register of Historic Places, including Coral Gables Merrick House, Venetian Pool and Coral Gables City Hall, as well as over 1,300 locally designated properties.

The impact of the economic decline on the real estate market resulted in a decline of the City's property values from 2008 of \$13.4 billion to a decrease in 2009 to \$12.7 billion and a continued decrease in 2010 to \$11.9 billion. For the 2011 tax year, the City's total property value stabilized at \$11.9 billion (including new construction of \$95.7 million). Despite the multi-year decrease in property value, the City maintained its commitment to provide a high level of municipal services while reducing its property tax millage rate from \$6.072 in 2011 to \$5.869 in 2012; a decrease of approximately \$2 million in property tax revenues.

For the 2012 tax year, the City's total property value showed an increase to 12.0 billion (including new construction of \$64.8 million).

## **MAJOR INITIATIVES**

**For the Year.** The City's 2011-2012 Annual Budget included capital funding of approximately \$760,000 for Roadway Improvement Programs, \$750,000 for Public Safety Building improvements/repairs, \$550,000 for necessary repairs to the City Hall, \$250,000 for a residential yard waste pit restoration program, and \$155,000 for Venetian Pool repairs/improvements. The Stormwater Fund included funding of \$200,000 representing the annual stormwater utility improvement program to maintain utility's infrastructure. The Sanitary Sewer Fund included funding of \$5,715,000 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. User fees are monitored and adjusted to match increased costs while at the same time being competitive in the market place.

The City has maintained an Issuer Rating of "Aa1" from Moody's Investors Service. 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.

The City has maintained a “AA” underlying rating (SPUR), with a stable outlook from Standard & Poor’s Ratings Services. 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:

- 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 2011-2012 with the primary goal of striving to maintain the delivery of services such as Public Safety, Public Works, Parks and Recreation, Sanitation and preservation of the City’s historic character through thoughtful Planning, Zoning and Code Enforcement.

The City has planned on a \$3.1 million City-wide capital improvement program for 2012-2013. The City has also reorganized departments as it continues to strive to deliver essential services in the most efficient and effective manner.

The City’s goal is to grow its tax base with strategic investments throughout the City, as provided in the Neighborhood Renaissance Program (NRP). The NRP is designed to be a blueprint to create “quality settings” in which city’s residents can live, work and play. The projects included in this program are intended to make the city’s neighborhoods the most livable they can be, and will continue to build upon the City’s reputation as a city with a firm commitment to the future of its neighborhoods. This initiative outlines a number of projects that improve a host of community facilities to provide an outstanding quality of life for the residents. This program will help to further brand Coral Gables as a great and distinctive place that is poised to compete with every other place for residents, visitors, business investments and events. The NRP estimated program costs is \$27.4 million and is funded from the proceeds of Series 2012 and 2011 Revenue Bonds, impact fees, local grants and private donations.

## FINANCIAL INFORMATION

**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.

## OTHER INFORMATION

**Independent Audit.** The City Charter and State Statutes require an annual audit. The accounting firm of McGladrey, 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, 2011. This was the twenty-eighth consecutive year that the City has received this 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 Mayor, City Commission and City Manager.

Sincerely,



Diana M. Gomez, 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, 2011

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.



*Christopher P. Morrell*

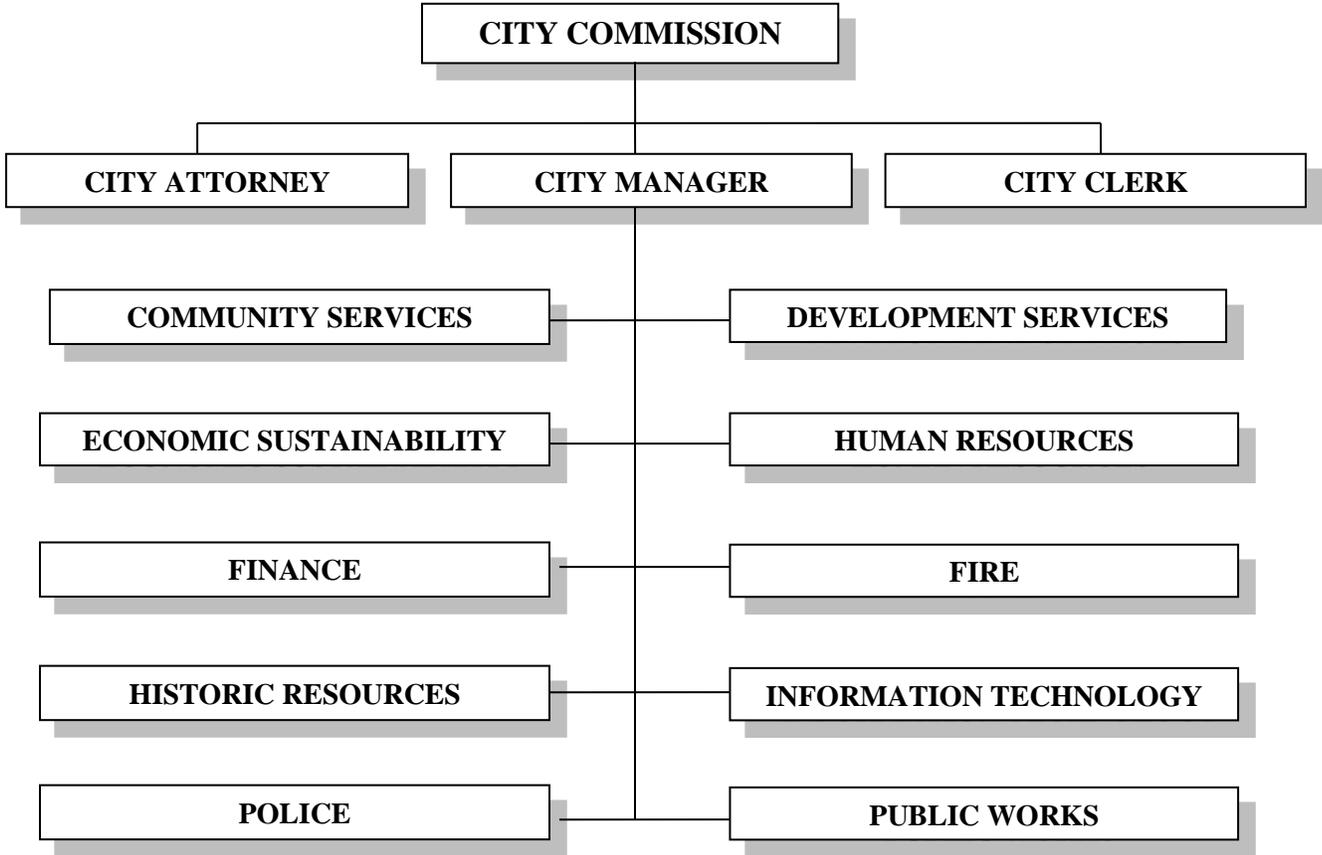
President

*Jeffrey R. Emer*

Executive Director

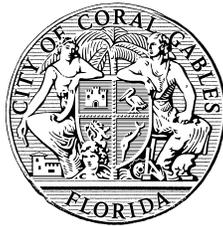
***CITY OF CORAL GABLES***

***ORGANIZATIONAL CHART***



**CITY OF CORAL GABLES, FLORIDA  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2012**

<b><u>TITLE</u></b>	<b><u>NAME</u></b>
<b>ELECTED OFFICIALS</b>	
Mayor	Jim C. Cason
Vice Mayor	William H. Kerdyk, Jr.
Commissioner	Maria Elena Anderson
Commissioner	Rafael Cabrera, Jr.
Commissioner	Frank C. Quesada
<b>APPOINTED OFFICIALS</b>	
City Manager	Patrick G. Salerno
City Attorney	Craig E. Leen
City Clerk	Walter J. Foeman, Jr.
<b>ADMINISTRATION OFFICIAL</b>	
Assistant City Manager	Carmen Olazabal
Assistant City Manager	Vacant
<b>DEPARTMENT DIRECTORS</b>	
Community Services	Jessica Keller
Development Services	Jane Tompkins
Economic Sustainability	Cynthia S. Birdsill
Human Resources	Elsa I. Jaramillo-Velez
Finance	Diana M. Gomez
Fire Chief	Walter Reed
Historic Resources Preservation Officer	Dona M. Spain
Information Technology	Gee Ming Chow
Police Chief	Scott Masington (Acting)
Public Works	Carlos Hernandez



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# Financial Section

REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

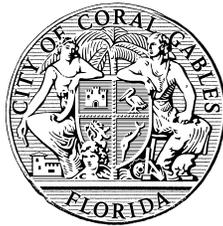
BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION



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## Independent Auditor's Report

Honorable Mayor, 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, 2012, 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 and Police Officers' Pension Fund, which represent 83% of the total assets and 65% of the total revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports 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 and Police Officers' Pension Fund is based on the reports 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the 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, 2012, 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 dated March 18, 2013, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining individual 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 individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the combining individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*McGladrey LLP*

Miami, Florida  
March 18, 2013

## 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, 2012. 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 assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$245,839,794.
- The City has no outstanding voter approved debt service.
- As of the close of the current fiscal year, the City of Coral Gables governmental funds reported combined fund balances of \$72.4 million, an increase of \$18.5 million in comparison with the prior year. Of this amount, \$21.0 million or approximately 30% is unassigned fund balance which is available for spending at the City's discretion.
- At the end of the current year, the total of the committed, assigned, and unassigned fund balance for the general fund was \$25.1 million or 21.8% of the total general fund expenditures and is available for future spending.
- The 2011-2012 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.
- In June 2012, the City issued Special Obligation Bonds Series 2012 with principal amount of \$49.3 million to accomplish the current refunding of: (a) Series 2011A bonds with outstanding balance of \$43.8 million with a fixed interest rate of 3.5; (b) Series 2009A with outstanding balance of \$2.9 million with a fixed rate of 3.98%; and (c) Series 2009B with outstanding balance of \$2.2 million with a fixed rate of 3.98%. The Series 2012 has a fixed interest rate of 2.67%. The refunding resulted in \$4.5 million of gross debt service savings and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3.5 million. In addition, the City paid \$1.3 million (excludes debt refunding payments) in scheduled principal payments in fiscal year ended 2012.

### **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 required 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 16-17 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, debt service fund, capital project general improvement fund and capital project neighborhood renaissance program fund, as they are considered major funds. 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 20-23 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 26-28 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 29-30 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 31 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 and other post-employment 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 77 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 83 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 131.58	\$ 113.11	\$ 15.32	\$ 15.49	\$ 146.90	\$ 128.60
Capital assets	177.69	182.58	42.37	39.46	220.06	222.04
Total Assets	\$ 309.27	\$ 295.69	\$ 57.69	\$ 54.95	\$ 366.96	\$ 350.64
Current liabilities	\$ 13.23	\$ 16.35	\$ 2.32	\$ 2.75	\$ 15.55	\$ 19.10
Noncurrent liabilities	88.82	89.17	16.75	17.35	105.57	106.52
Total Liabilities	\$ 102.05	\$ 105.52	\$ 19.07	\$ 20.10	\$ 121.12	\$ 125.62
Net Assets:						
Invested in capital assets, net of related debt	\$ 134.66	\$ 139.79	\$ 26.05	\$ 25.11	\$ 160.71	\$ 164.90
Restricted	10.66	8.31	-	-	10.66	8.31
Unrestricted	61.90	42.07	12.57	9.74	74.47	51.81
Total Net Assets	\$ 207.22	\$ 190.17	\$ 38.62	\$ 34.85	\$ 245.84	\$ 225.02

As shown in Table A-1, total net assets amounted to \$245.84 million in fiscal 2012. 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 57% of total assets, while noncurrent liabilities represent 87% of the total long-term liabilities. For the business-type activities, these capital assets represent 73% of total assets, while noncurrent liabilities represent 88% of the total long-term liabilities.

Current and other assets increased \$18.47 million for governmental activities mainly due to the positive results of operations of \$17.05 million as shown in the statements of activities. Current and other assets decreased \$176,000 for business-type activities mainly due to the collection of grant funds outstanding in fiscal year 2011 of \$1.20 million and increase in accounts receivable of \$1.1 million related to the sanitary sewer and stormwater customers.

Current liabilities decreased \$3.13 million for governmental activities due to (a) payment by the City of the \$2.89 million payable to state agency for its share on the red light traffic violation fees and return of grant funds received for hurricane related expenditures deemed ineligible in 2011; and (b) decrease in unearned revenue of \$221,000 relating to occupational license and rental income. Current liabilities decreased \$430,000 for business-type activities mainly due to decrease in accounts payable related to the stormwater canal dredging project completed in the current year. Total Non-current liabilities decreased by \$940,000 due to (a) scheduled principal payments in fiscal year ended 2012 of \$1.3 million (excludes debt refunding payments); and (b) new capital lease payable of \$599,000 for the acquisition of a new ambulance.

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 Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Revenues:						
Taxes	\$ 86.74	\$ 86.92	\$ -	\$ -	\$ 86.74	\$ 86.92
Intergovernmental	4.25	3.99	-	-	4.25	3.99
Investment Earnings	0.12	0.06	0.01	-	0.13	0.06
Miscellaneous	0.48	0.60	0.03	0.06	0.51	0.66
Program Revenues:						
Charges for Services	39.86	53.87	20.46	19.77	60.32	73.64
Operating	0.42	0.36	-	1.61	0.42	1.97
Capital	2.83	4.25	0.92	0.33	3.75	4.58
Total Revenues	134.70	150.05	21.42	21.77	156.12	171.82
Expenses:						
General Government	16.97	17.94	-	-	16.97	17.94
Public Safety	71.39	71.10	-	-	71.39	71.10
Physical Environment	16.92	12.75	-	-	16.92	12.75
Transportation	5.58	10.10	-	-	5.58	10.10
Economic Environment	0.73	0.55	-	-	0.73	0.55
Culture and Recreation	9.90	9.22	-	-	9.90	9.22
Interest Expense	2.11	1.36	-	-	2.11	1.36
Sanitary Sewer System	-	-	5.00	4.30	5.00	4.30
Parking System	-	-	3.94	4.03	3.94	4.03
Stormwater Utility	-	-	2.76	3.78	2.76	3.78
Total Expenses	123.60	123.02	11.70	12.11	135.30	135.13
Increase in net assets before transfers	11.10	27.03	9.72	9.66	20.82	36.69
Transfers	5.95	6.81	(5.95)	(6.81)	-	-
Increase in net assets	17.05	33.84	3.77	2.85	20.82	36.69
Beginning Net Assets	190.17	156.33	34.85	32.00	225.02	188.33
Ending Net Assets	\$ 207.22	\$ 190.17	\$ 38.62	\$ 34.85	\$ 245.84	\$ 225.02

Governmental activities:

The most significant decrease of revenue in governmental activities for the fiscal year 2011-2012 was charges for services with a decrease of 26% from the previous fiscal year. Charges for services decreased due to development agreement fee from University of Miami of \$13.4 million which was recognized in fiscal year 2011. Also, property taxes decreased by 1% or \$700,000 from the fiscal year 2010-2011. For the fiscal year 2012, the City's property tax millage rate is \$5.869 which is lower compared to the property tax millage rate of \$6.072 in fiscal year 2011.

The largest outflow of resources for the City is represented in the public safety function, with an increase of \$292,000 from the previous fiscal year mainly due to an increase in personnel costs. 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. The general government function showed a decrease of \$97,000 from the previous fiscal year mainly due to a decrease in personnel cost as a result of management initiatives towards more stringent controls on expenditures.

Business-Type activities:

The City's business-type activities showed an increase of approximately \$3.77 million in net assets. Further analysis of this change is included in the analysis of the Proprietary Funds that follows.

**Financial Analysis of the City's Major Funds**

*Governmental Funds*

General Fund - This fund recognized \$125.85 million of revenue during the fiscal year, offset by \$115.21 million of expenditures. As noted above, taxes represent the largest portion of revenues and public safety represents the largest portion of expenditures. The City decreased its millage rate by 3.3% and maintained a more stable revenue sources and adopted a more stringent control on expenditures to achieve a positive result of operations in fiscal year 2012.

Debt Service Fund – In fiscal year 2012, the City issued Special Obligation Bonds Series 2012 with principal amount of \$49.3 million to accomplish the current refunding of Series 2011A Bonds, Series 2009A Bonds, and Series 2009B Bonds. The refunding resulted in \$4.5 million of gross debt service savings and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3.5 million. In addition, the City paid \$1.3 million (excludes debt refunding payments) in scheduled principal payments in fiscal year ended 2012.

Capital Project General Improvement Fund - This fund recognized \$718,000 in revenue offset by \$817,000 in capital expenditures. Significant capital project expenditures include improvements of various parks and construction and improvements of City facilities.

Capital Project Neighborhood Renaissance Program - This fund was established for various major capital improvement projects which are funded from the proceeds of Series 2011 and 2012 Bonds and other financial sources. 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 and operating expenses increased by approximately \$404,000 and \$771,000, respectively, from the prior year. This is attributable to an increase in sewer rates of approximately 3.75% and an increase in repairs and maintenance of sewer pumps. During the current year, the Sanitary Sewer Fund received \$760,506 and \$118,000, as a transfers-in from the Stormwater Fund and Parking Fund, respectively, to provide additional funding for the repairs and maintenance of sewer pumps. Additionally, during the current year the Sanitary Sewer Fund transferred approximately \$685,000 million to the General Fund to subsidize the cost of general operations of the fund.

Parking System - Operating revenues and operating expenses increased by approximately \$176,000 and \$370,000, respectively, from the prior year. This is attributable to the increased use of on-street parking meters as a result of the installation of eighty (80) "pay and display" pay stations throughout the City, increased personnel costs, and increased cost of sales and services. Additionally, during the current year the Parking Fund transferred approximately \$4.88 million to the General Fund to subsidize the cost of general operations of the fund; and \$118,000 to the Sanitary Sewer Fund to provide additional funding for the repairs and maintenance of sewer pumps.

Stormwater Utility Fund - Operating revenues and operating expenses increased by approximately \$107,000 and \$176,000, respectively, from the prior year. This is attributable to an increase in system use and increase in maintenance-type expense of the sewer system. In addition, during fiscal year 2012 the City spent approximately \$1.20 million in canal dredging and clean-up of the C-3 Canal (Coral Gables Waterways). This project consists of maintenance and restoration dredging to remove fluvial sediments accumulated on the canal bottom and to improve the water conveyance within the drainage basin abutting the waterway. This project is partly funded by Florida Department of Environmental Protection and South Florida Water Management District. Lastly, during the current year the Stormwater Utility Fund transferred approximately \$387,000 and \$760,500 to the General Fund and Sanitary Sewer Fund, respectively.

### **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 variances 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 \$122.73 million to \$123.48 million from the original to the final budget. The City's budgeted expenditures increased from \$117.92 million to \$119.42 million from the original to the final budget. The revenue increases were mainly due to additional intergovernmental revenue of approximately \$576,000 related to public safety grants and \$172,000 of miscellaneous revenue. The expenditure increase was mainly due to expenditures related to the public safety grants, expenditures related to the land swap project, and expenditures related to the Fourth of July celebration.

The City budgeted \$123.48 million in revenue and recognized \$125.85 million. The City budgeted \$119.42 million in expenditures, but actually only incurred \$115.21 million.

The budget to actual variances in revenue were due to increases in permits, fines and forfeitures, charges for services, rental income and contribution and donations, as a direct result of the increase in construction and new developments in the City and improvement in collection of outstanding accounts.

The budget to actual variances in expenditures were due to decreases in general government, public safety, physical environment, transportation, and culture and recreation, as a result of management initiatives towards more stringent control on spending.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

The City's capital assets for its governmental and business type activities as of September 30, 2012 amounted to \$220.06 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, and bridges. The City's investment in capital assets decreased by \$1.98 million from the prior year.

During the current fiscal year, significant additions in governmental activities included \$552,000 in construction in progress and \$1.80 million in machinery and equipment. Significant additions for business-type activities included \$3.91 million in construction and progress and \$150,000 of improvements other than building. Additions in construction in progress include median installations and street improvements for governmental activities and rehabilitation and improvements of various pump stations for business-type activities.

**Table A-3***Capital Assets (In millions of dollars)*

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 45.41	\$ 45.41	\$ 3.70	\$ 3.70	\$ 49.11	\$ 49.11
Construction in Progress	1.48	3.13	4.08	2.15	5.56	5.28
Infrastructure	113.07	113.07	22.84	20.86	135.91	133.93
Improvements Other Than Buildings	45.90	43.70	0.57	0.42	46.47	44.12
Building	63.64	63.64	30.25	30.25	93.89	93.89
Machinery and Equipment	48.93	47.13	2.51	2.48	51.44	49.61
Total Capital Assets	318.43	316.08	63.95	59.86	382.38	375.94
Accumulated Depreciation	140.74	133.50	21.58	20.40	162.32	153.90
Net Capital Assets	\$ 177.69	\$ 182.58	\$ 42.37	\$ 39.46	\$ 220.06	\$ 222.04

Additional information on the City's capital assets can be found in Note 5, on page 52 of this report.

#### *Debt Administration*

The City has maintained an "AA" Implied Credit Rating from Standard & Poor's Corporation and a "Aa1" Implied Rating from Moody's Investors Service. The City has no general obligation or revenue bonds outstanding as of September 30, 2012.

The City has utilized the Sunshine State Governmental Financing Commission (the "Commission") since 1987 as its primary funding source to finance the acquisition and construction of City facilities. The Commission was created in November 1985 to provide a limited number of qualifying governments the ability 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 individually participating city. There are twelve cities and three counties in Florida that are members of the Commission.

The City's total outstanding Sunshine State Governmental Financing Commission principal debt outstanding as of September 30, 2012 was \$78.34 million. Financing is provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds.

Additional long-term liabilities include compensated absences payable, pollution remediation obligation, net OPEB obligation, payables to a state agency and estimated claims liabilities 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 \$950,000. This decrease is due primarily to the net effect of the following: \$960,000 decrease in special obligation debt, a decrease in claims payable of \$500,000, an increase in the net OPEB obligation of \$1.23 million, and a decrease in compensated absences of \$730,000.

**Table A-4**  
***Long-Term Liabilities (In millions of dollars)***

	Governmental Activities		Business- Activities		Total	
	2012	2011	2012	2011	2012	2011
Special Obligation Debt	\$ 62.54	\$ 62.98	\$ 15.80	\$ 16.32	\$ 78.34	\$ 79.30
Estimated Insurance Claims	11.77	12.27	-	-	11.77	12.27
Accrued Compensated Absences	8.03	8.76	0.28	0.28	8.31	9.04
Capital Lease	1.67	1.55	0.53	0.65	2.20	2.20
Pollution Remediation Obligation	0.21	0.21	-	-	0.21	0.21
Net OPEB Obligation	4.59	3.40	0.14	0.10	4.73	3.50
Total	\$ 88.81	\$ 89.17	\$ 16.75	\$ 17.35	\$ 105.56	\$ 106.52

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

#### *Economic Factors and Next Year's Budget and Rates*

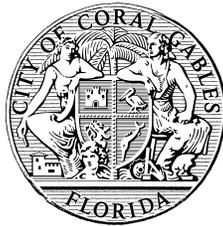
Local, national and international economic factors influence the City's revenue. Positive economic growth is correlated with increased revenue from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction and assessed property valuation. Net assessed value of real and personal property within the County increased by 1.98%.

The City is considered one of the premium office markets in South Florida, with approximately 10 million square feet of existing prime office space. The submarket is desirable due to its 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, in addition to rich cultural offerings and a broad range of retail establishments, are also seen as important amenities to attract business and growth.

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 5.669 for the 2012-2013 budget year and is .0968 mills higher than the rolled-back rate of 5.5722. It is the fourteenth lowest combined tax rate of 36 taxing entities in Miami-Dade County. The median house value, estimated at \$463,436 has increased by nearly 55% since 1970 and has increased by nearly 35% since 1980. Strict zoning laws, a favorable property tax rate, together with beautiful residential areas, make the City of 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.



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# 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, 2012

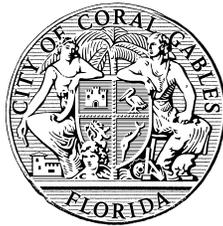
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 71,196,644	\$ 11,812,767	\$ 83,009,411
Restricted Cash and Cash Equivalents	35,135,040	252,659	35,387,699
Accounts Receivable, Net	21,285,968	1,898,611	23,184,579
Interest Receivable	6,885	-	6,885
Assessment Liens Receivable	133,896	69,696	203,592
Internal Balances	(1,214,083)	1,214,083	-
Due from Other Governments	3,229,354	69,384	3,298,738
Inventory	134,103	-	134,103
Prepaid Items	1,662,821	-	1,662,821
Capital Assets Not Being Depreciated:			
Land	45,407,634	3,701,838	49,109,472
Construction in Progress	1,481,942	4,083,737	5,565,679
Capital Assets, Net of Accumulated Depreciation:			
Infrastructure	43,532,669	13,084,034	56,616,703
Buildings	44,362,298	20,587,190	64,949,488
Improvements Other Than Buildings	34,473,791	267,626	34,741,417
Machinery and Equipment	8,436,423	652,549	9,088,972
Total Assets	<u>309,265,385</u>	<u>57,694,174</u>	<u>366,959,559</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	5,788,416	1,835,629	7,624,045
Accrued Payroll	1,187,254	68,362	1,255,616
Unearned Revenue	3,105,183	166,536	3,271,719
Due to Other Governments	462,490	-	462,490
Deposits Payable	2,683,943	252,659	2,936,602
Noncurrent Liabilities:			
Due Within One Year	11,968,955	927,659	12,896,614
Due After One Year	76,852,542	15,820,137	92,672,679
Total Liabilities	<u>102,048,783</u>	<u>19,070,982</u>	<u>121,119,765</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	134,659,013	26,049,636	160,708,649
Restricted for:			
Debt Service	2,485,639	-	2,485,639
Public Safety	1,623,730	-	1,623,730
Capital Improvements	2,291,036	-	2,291,036
Law Enforcement	1,816,854	-	1,816,854
Public and Historic Art	871,401	-	871,401
Records Management	547,860	-	547,860
911 Emergency	1,018,228	-	1,018,228
Unrestricted	61,902,841	12,573,556	74,476,397
Total Net Assets	<u>\$ 207,216,602</u>	<u>\$ 38,623,192</u>	<u>\$ 245,839,794</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, 2012

FUNCTION/PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 16,972,816	\$ 18,229,888	\$ 68,277	\$ -	\$ 1,325,349	\$ -	\$ 1,325,349
Public Safety	71,388,299	6,013,738	347,441	-	(65,027,120)	-	(65,027,120)
Physical Environment	16,926,907	9,330,652	-	772,451	(6,823,804)	-	(6,823,804)
Transportation	5,585,520	-	-	200,995	(5,384,525)	-	(5,384,525)
Economic Environment	725,712	2,600,000	-	-	1,874,288	-	1,874,288
Culture and Recreation	9,899,154	3,688,909	-	1,858,379	(4,351,866)	-	(4,351,866)
Interest on Long-term Debt	2,107,713	-	-	-	(2,107,713)	-	(2,107,713)
<b>Total Governmental Activities</b>	<b>123,606,121</b>	<b>39,863,187</b>	<b>415,718</b>	<b>2,831,825</b>	<b>(80,495,391)</b>	<b>-</b>	<b>(80,495,391)</b>
<b>Business-type Activities:</b>							
Sanitary Sewer System	5,004,038	7,605,600	-	175,555	-	2,777,117	2,777,117
Parking System	3,941,559	10,330,540	-	150,398	-	6,539,379	6,539,379
Stormwater Utility	2,758,505	2,524,565	-	594,495	-	360,555	360,555
<b>Total Business-type Activities</b>	<b>11,704,102</b>	<b>20,460,705</b>	<b>-</b>	<b>920,448</b>	<b>-</b>	<b>9,677,051</b>	<b>9,677,051</b>
<b>Total</b>	<b>\$ 135,310,223</b>	<b>\$ 60,323,892</b>	<b>\$ 415,718</b>	<b>\$ 3,752,273</b>	<b>(80,495,391)</b>	<b>9,677,051</b>	<b>(70,818,340)</b>
General Revenues:							
Taxes:							
Property Taxes					66,377,589	-	66,377,589
Franchise Fees					6,763,530	-	6,763,530
Utilities Service Taxes					10,897,549	-	10,897,549
Other Taxes					2,702,518	-	2,702,518
Intergovernmental, not restricted for specific programs					4,254,993	-	4,254,993
Investment Earnings					114,070	16,670	130,740
Miscellaneous					482,745	31,163	513,908
Transfers					5,954,456	(5,954,456)	-
<b>Total General Revenues and Transfers</b>					<b>97,547,450</b>	<b>(5,906,623)</b>	<b>91,640,827</b>
Change in Net Assets					17,052,059	3,770,428	20,822,487
Net Assets - Beginning					190,164,543	34,852,764	225,017,307
Net Assets - Ending					<b>\$ 207,216,602</b>	<b>\$ 38,623,192</b>	<b>\$ 245,839,794</b>

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



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## **Major Governmental Funds**

**General Fund** - to account for all financial resources that relate to the general operations of the City, except for those required to be accounted for in another fund.

**Debt Service Fund** – to account for and report the financial resources that are restricted, committed, or assigned 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.

**Capital Project General Improvement Fund** - to account for and report the financial resources that are restricted, committed, or assigned for the acquisition or construction of various major capital improvements except those financed by Enterprise Funds..

**Capital Project Neighborhood Renaissance Program Fund** - to account for and report the proceeds of the Special Obligation Bonds Series 2012 and Series 2011 and other financial resources that are restricted, committed, or assigned for the acquisition or construction of various major capital improvements.

CITY OF CORAL GABLES, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2012

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Capital Project Neighborhood Renaissance Program Fund	Other Governmental Funds	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 27,941,006	\$ -	\$ 12,492,557	\$ -	\$ 3,797,817	\$ 44,231,380
Restricted Cash and Cash Equivalents	6,956,986	3,187,960	59,674	21,181,756	3,748,664	35,135,040
Accounts Receivable, Net	20,660,275	11,000	425,000	-	117,787	21,214,062
Interest Receivable	6,885	-	-	-	-	6,885
Assessment Liens Receivable	106,797	4,537	22,562	-	-	133,896
Due from Other Funds	100,000	-	-	-	-	100,000
Due from Other Governments	1,345,293	-	613,839	-	1,270,222	3,229,354
Prepaid Items	28,654	-	-	-	-	28,654
Total Assets	<u>57,145,896</u>	<u>3,203,497</u>	<u>13,613,632</u>	<u>21,181,756</u>	<u>8,934,490</u>	<u>104,079,271</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	2,695,032	713,321	81,201	550,707	735,904	4,776,165
Accrued Payroll	1,138,160	-	-	-	2,906	1,141,066
Due to Other Funds	-	-	-	-	100,000	100,000
Deferred/Unearned Revenue	21,095,982	4,537	1,060,916	-	674,132	22,835,567
Refundable Deposits and Bonds	2,683,943	-	-	-	-	2,683,943
Due to Other Governments	106,858	-	-	-	-	106,858
Total Liabilities	<u>27,719,975</u>	<u>717,858</u>	<u>1,142,117</u>	<u>550,707</u>	<u>1,512,942</u>	<u>31,643,599</u>
<b>FUND BALANCES</b>						
<b>Nonspendable:</b>						
Prepaid Items	28,654	-	-	-	-	28,654
<b>Restricted to:</b>						
Law Enforcement	1,816,854	-	-	-	-	1,816,854
Public and Historic Art	871,401	-	-	-	-	871,401
Records Management	547,860	-	-	-	-	547,860
911 Emergency Fund	1,018,228	-	-	-	-	1,018,228
Debt Service Reserve	-	2,485,639	-	-	-	2,485,639
Public Safety	-	-	-	-	1,623,730	1,623,730
Parks and Recreation	-	-	-	17,054,862	1,048,440	18,103,302
Roads and Streets	-	-	-	3,296,950	-	3,296,950
Other Physical Environment	18,700	-	59,674	279,237	1,076,494	1,434,105
<b>Assigned to:</b>						
Administration Buildings	-	-	1,010,038	-	-	1,010,038
Pension Stabilization	2,500,000	-	-	-	-	2,500,000
Historical Preservation	76,449	-	-	-	-	76,449
Public Safety	21,685	-	2,768,700	-	-	2,790,385
Roads and Streets	-	-	136,534	-	-	136,534
Parks and Recreation	-	-	1,206,564	-	-	1,206,564
Cultural Services	-	-	305,355	-	-	305,355
Other Physical Environment	-	-	250,000	-	-	250,000
Other Capital Projects	-	-	6,734,650	-	3,713,988	10,448,638
Other Purposes	1,414,182	-	-	-	-	1,414,182
<b>Unassigned</b>	<u>21,111,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,104)</u>	<u>21,070,804</u>
Total Fund Balances	<u>29,425,921</u>	<u>2,485,639</u>	<u>12,471,515</u>	<u>20,631,049</u>	<u>7,421,548</u>	<u>72,435,672</u>
Total Liabilities and Fund Balances	<u>\$ 57,145,896</u>	<u>\$ 3,203,497</u>	<u>\$ 13,613,632</u>	<u>\$ 21,181,756</u>	<u>\$ 8,934,490</u>	<u>\$ 104,079,271</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, 2012

**Total Fund Balances - Governmental Funds** \$ 72,435,672

Amounts reported for *governmental activities* 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. 173,629,424

Revenues that are not available are deferred in the fund financial statements. However, it is recognized in the statements of net assets. 19,731,161

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. 18,418,855

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. (1,214,083)

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	\$	(355,632)	
Compensated Absences		(7,707,822)	
Special Obligations Debt Payable		(62,544,790)	
Capital Lease Payable		(522,176)	
Pollution Remediation Obligation		(210,000)	
Net OPEB Obligation		(4,444,007)	(75,784,427)

**Total Net Assets - Governmental Activities** \$ 207,216,602

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, 2012

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Capital Project Neighborhood Renaissance Program Fund	Other Governmental Funds	
<b>REVENUES</b>						
Taxes	\$ 84,038,668	\$ -	\$ -	\$ -	\$ 2,702,518	\$ 86,741,186
Licenses	3,148,148	-	-	-	-	3,148,148
Permits	7,935,003	-	-	-	-	7,935,003
Fines and Forfeitures	3,641,890	-	-	-	-	3,641,890
Intergovernmental	4,744,664	-	629,687	-	1,510,208	6,884,559
Charges for Services	13,947,479	-	-	-	1,500,000	15,447,479
Recreation Activity Fees	3,534,934	-	-	-	-	3,534,934
Rental Income	3,635,797	-	-	-	2,963	3,638,760
Investment Earnings	59,680	1,766	9,039	35,674	7,911	114,070
Special Assessments	-	100	36,917	-	439,539	476,556
Contributions and Donations	691,931	-	43,200	-	-	735,131
Miscellaneous	472,814	-	-	-	9,931	482,745
<b>Total Revenues</b>	<b>125,851,008</b>	<b>1,866</b>	<b>718,843</b>	<b>35,674</b>	<b>6,173,070</b>	<b>132,780,461</b>
<b>EXPENDITURES</b>						
Current:						
General Government	13,745,552	-	184,595	-	-	13,930,147
Public Safety	72,542,153	-	-	-	-	72,542,153
Physical Environment	16,810,152	-	-	-	-	16,810,152
Transportation	2,750,197	-	214,083	963,950	1,863,932	5,792,162
Economic Environment	753,151	-	-	-	-	753,151
Culture and Recreation	7,665,669	-	237,952	51,353	1,351,757	9,306,731
Debt Service:						
Retirement of Principal	232,906	43,530,034	-	-	-	43,762,940
Interest	24,766	2,082,947	-	-	-	2,107,713
Debt Issuance Costs	-	61,456	-	-	-	61,456
Capital Outlay	690,056	-	181,124	78,763	335,459	1,285,402
<b>Total Expenditures</b>	<b>115,214,602</b>	<b>45,674,437</b>	<b>817,754</b>	<b>1,094,066</b>	<b>3,551,148</b>	<b>166,352,007</b>
Excess (deficiency) of Revenues Over Expenditures before Other Financing Sources (Uses)	10,636,406	(45,672,571)	(98,911)	(1,058,392)	2,621,922	(33,571,546)
<b>OTHER FINANCING SOURCES (Uses)</b>						
Refunding Bonds Issued	-	43,096,290	-	-	-	43,096,290
Transfers In	5,954,456	3,690,240	5,979,970	-	-	15,624,666
Transfers Out	(6,652,204)	-	-	-	-	(6,652,204)
<b>Total Other Financing Sources (Uses)</b>	<b>(697,748)</b>	<b>46,786,530</b>	<b>5,979,970</b>	<b>-</b>	<b>-</b>	<b>52,068,752</b>
<b>Net Change in Fund Balances</b>	<b>9,938,658</b>	<b>1,113,959</b>	<b>5,881,059</b>	<b>(1,058,392)</b>	<b>2,621,922</b>	<b>18,497,206</b>
Fund Balances - Beginning	19,487,263	1,371,680	6,590,456	21,689,441	4,799,626	53,938,466
<b>Fund Balances - Ending</b>	<b>\$ 29,425,921</b>	<b>\$ 2,485,639</b>	<b>\$ 12,471,515</b>	<b>\$ 20,631,049</b>	<b>\$ 7,421,548</b>	<b>\$ 72,435,672</b>

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, 2012

**Net Change in Fund Balances - Total Governmental Funds** \$ 18,497,206

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	\$ (6,737,977)	
	Capital Outlay	<u>1,285,402</u>	(5,452,575)

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

	Contributed Assets	424,245	
	Increase in Deferred Revenue	<u>1,475,995</u>	1,900,240

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.

	Loan Repayments	43,762,940	
	Debt Proceeds	<u>(43,096,290)</u>	666,650

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.

2,156,713

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.

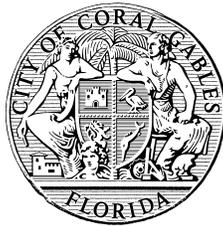
(310,483)

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 liability balances for:

	Compensated Absences	746,862	
	Net OPEB Obligation	<u>(1,152,554)</u>	(405,692)

**Change in Net Assets of Governmental Activities** \$ 17,052,059

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



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## **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 five 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.

## **Non-major Proprietary Fund**

**Stormwater Utility Fund** - accounts for the operation and maintenance of a storm water collection system providing services to all residents, and commercial properties of the City. 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, 2012

	<b>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>MAJOR FUNDS</b>			<b>NONMAJOR FUND</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
	<b>SANITARY SEWER SYSTEM FUND</b>	<b>PARKING SYSTEM FUND</b>	<b>STORMWATER UTILITY FUND</b>	<b>TOTALS</b>	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 5,860,134	\$ 4,342,232	\$ 1,610,401	\$ 11,812,767	\$ 26,965,264
Restricted Cash and Cash Equivalents	-	252,659	-	252,659	-
Accounts Receivable, Net	1,049,835	386,821	461,955	1,898,611	71,906
Inventories	-	-	-	-	134,103
Assessment Liens Receivable	69,696	-	-	69,696	-
Due from Other Governments	69,384	-	-	69,384	-
Prepaid Items	-	-	-	-	1,634,167
Total Current Assets	<u>7,049,049</u>	<u>4,981,712</u>	<u>2,072,356</u>	<u>14,103,117</u>	<u>28,805,440</u>
Noncurrent Assets:					
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	30,247,473	-	30,247,473	-
Construction in Progress	4,083,737	-	-	4,083,737	-
Infrastructure	18,745,736	-	4,099,341	22,845,077	-
Improvements Other Than Buildings	-	567,935	-	567,935	-
Machinery and Equipment	578,721	1,895,371	38,852	2,512,944	26,240,188
Accumulated Depreciation	(9,539,103)	(11,203,413)	(839,514)	(21,582,030)	(22,174,855)
Total Noncurrent Assets	<u>13,967,071</u>	<u>25,111,224</u>	<u>3,298,679</u>	<u>42,376,974</u>	<u>4,065,333</u>
Total Assets	<u>21,016,120</u>	<u>30,092,936</u>	<u>5,371,035</u>	<u>56,480,091</u>	<u>32,870,773</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	1,353,138	448,908	33,583	1,835,629	1,012,251
Accrued Payroll and Other Expenses	10,093	18,558	39,711	68,362	46,188
Deposits Payable	-	252,659	-	252,659	-
Unearned Revenue	-	166,536	-	166,536	777
Accrued Compensated Absences	34,571	63,004	37,235	134,810	152,603
Estimated Liability for Claims Payable	-	-	-	-	3,938,000
Special Obligations Debt Payable	-	550,904	105,826	656,730	-
Capital Lease Payable	-	136,119	-	136,119	345,982
Total Current Liabilities	<u>1,397,802</u>	<u>1,636,688</u>	<u>216,355</u>	<u>3,250,845</u>	<u>5,495,801</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	34,816	74,848	40,419	150,083	171,527
Estimated Liability for Claims Payable	-	-	-	-	7,836,000
Special Obligations Debt Payable	-	13,040,722	2,097,758	15,138,480	-
Capital Lease Payable	-	396,009	-	396,009	804,552
Net OPEB Obligation	33,891	67,783	33,891	135,565	144,038
Total Noncurrent Liabilities	<u>68,707</u>	<u>13,579,362</u>	<u>2,172,068</u>	<u>15,820,137</u>	<u>8,956,117</u>
Total Liabilities	<u>1,466,509</u>	<u>15,216,050</u>	<u>2,388,423</u>	<u>19,070,982</u>	<u>14,451,918</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	13,967,071	10,987,470	1,095,095	26,049,636	2,914,799
Unrestricted	5,582,540	3,889,416	1,887,517	11,359,473	15,504,056
Total Net Assets	<u>\$ 19,549,611</u>	<u>\$ 14,876,886</u>	<u>\$ 2,982,612</u>	<u>\$ 37,409,109</u>	<u>\$ 18,418,855</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				1,214,083	
Net assets of business-type activities				<u>\$ 38,623,192</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, 2012

	<b>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
	<b>MAJOR FUNDS</b>		<b>NONMAJOR FUND</b>		
	<b>SANITARY SEWER SYSTEM FUND</b>	<b>PARKING SYSTEM</b>	<b>STORMWATER UTILITY FUND</b>	<b>TOTALS</b>	
<b>OPERATING REVENUES</b>					
Charges for Services:					
Sewer Use Charges	\$ 7,605,600	\$ -	\$ -	\$ 7,605,600	\$ -
Service Use Charges	-	-	2,524,565	2,524,565	-
Billings to Departments for Insurance Protection	-	-	-	-	13,221,918
Parking Fees:					
On Street Meters	-	5,941,208	-	5,941,208	-
Meter and Permit Lots	-	1,303,377	-	1,303,377	-
Parking Garages	-	2,732,779	-	2,732,779	-
Parking Leases	-	353,176	-	353,176	-
Rental of Equipment and Facilities to Various Funds	-	-	-	-	13,158,127
Other Operating Revenues	-	-	-	-	60,896
Total Operating Revenues	<u>7,605,600</u>	<u>10,330,540</u>	<u>2,524,565</u>	<u>20,460,705</u>	<u>26,440,941</u>
<b>OPERATING EXPENSES</b>					
Administration	952,751	1,487,627	897,934	3,338,312	3,502,505
Cost of Sales and Services	3,898,257	1,347,033	542,021	5,787,311	7,246,163
Benefit Payments	-	-	-	-	1,864,909
Insurance	-	-	-	-	7,237,807
Depreciation	295,852	798,524	91,204	1,185,580	1,528,256
Total Operating Expenses	<u>5,146,860</u>	<u>3,633,184</u>	<u>1,531,159</u>	<u>10,311,203</u>	<u>21,379,640</u>
Operating Income	<u>2,458,740</u>	<u>6,697,356</u>	<u>993,406</u>	<u>10,149,502</u>	<u>5,061,301</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest	8,566	6,481	1,623	16,670	34,632
Interest Expense	-	(432,568)	(81,825)	(514,393)	(26,768)
Miscellaneous	-	31,163	-	31,163	53,785
Canal Dredging and Clean-Up Costs	-	-	(1,188,989)	(1,188,989)	-
Gain (loss) from Sale of Capital Assets	-	-	-	-	51,769
Total Nonoperating Revenues (Expenses)	<u>8,566</u>	<u>(394,924)</u>	<u>(1,269,191)</u>	<u>(1,655,549)</u>	<u>113,418</u>
Income Before Contributions	2,467,306	6,302,432	(275,785)	8,493,953	5,174,719
Capital Contributions from Federal, State and Local Grants	175,555	150,398	594,495	920,448	-
Income Before Transfers	<u>2,642,861</u>	<u>6,452,830</u>	<u>318,710</u>	<u>9,414,401</u>	<u>5,174,719</u>
Transfers In	878,584	-	-	878,584	3,000,000
Transfers Out	(685,000)	(5,000,078)	(1,147,962)	(6,833,040)	(6,018,006)
Change In Net Assets	2,836,445	1,452,752	(829,252)	3,459,945	2,156,713
Net Assets - Beginning	16,713,166	13,424,134	3,811,864		16,262,142
Net Assets - Ending	<u>\$ 19,549,611</u>	<u>\$ 14,876,886</u>	<u>\$ 2,982,612</u>		<u>\$ 18,418,855</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				310,483	
Change in net assets of business-type activities				<u>\$ 3,770,428</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, 2012

	<b>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>MAJOR FUNDS</b>			<b>NONMAJOR FUND</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
	<b>SANITARY SEWER SYSTEM FUND</b>	<b>PARKING SYSTEM FUND</b>	<b>STORMWATER UTILITY FUND</b>	<b>TOTALS</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 7,057,912	\$ 10,328,521	\$ 2,119,831	\$ 19,506,264	\$ 26,414,044
Payments to Employees	(944,768)	(1,475,053)	(909,853)	(3,329,674)	(3,453,482)
Payments to Suppliers	(3,508,937)	(1,327,035)	(1,455,295)	(6,291,267)	(16,782,918)
Net Cash Provided by (used in) Operating Activities	<u>2,604,207</u>	<u>7,526,433</u>	<u>(245,317)</u>	<u>9,885,323</u>	<u>6,177,644</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from Other Funds	878,584	-	-	878,584	3,000,000
Transfers out to Other Funds	(685,000)	(5,000,078)	(1,147,962)	(6,833,040)	(4,588,006)
Due to Other Funds	-	-	(1,000)	(1,000)	-
Canal Dredging and Clean Up Costs	-	-	(1,188,989)	(1,188,989)	-
Net Cash Provided by (used in) Noncapital Financing Activities	<u>193,584</u>	<u>(5,000,078)</u>	<u>(2,337,951)</u>	<u>(7,144,445)</u>	<u>(1,588,006)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets	(3,909,112)	(191,997)	-	(4,101,109)	(1,072,108)
Proceeds from Sale of Capital Assets	-	-	-	-	51,769
Contributions from Other Governments	377,966	150,398	1,580,182	2,108,546	-
Proceeds from Debt	-	4,050,126	2,203,584	6,253,710	-
Principal Paid on Debt	-	(4,480,850)	(2,415,000)	(6,895,850)	(241,440)
Interest Paid on Debt	-	(432,568)	(81,825)	(514,393)	(26,768)
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>(3,531,146)</u>	<u>(904,891)</u>	<u>1,286,941</u>	<u>(3,149,096)</u>	<u>(1,288,547)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>					
Interest and Dividends Received	8,566	37,644	1,623	47,833	88,417
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(724,789)</u>	<u>1,659,108</u>	<u>(1,294,704)</u>	<u>(360,385)</u>	<u>3,389,508</u>
Cash and Cash Equivalents - Beginning	6,584,923	2,935,783	2,905,105	12,425,811	23,575,756
Cash and Cash Equivalents - Ending	<u>\$ 5,860,134</u>	<u>\$ 4,594,891</u>	<u>\$ 1,610,401</u>	<u>\$ 12,065,426</u>	<u>\$ 26,965,264</u>
<b>Reconciliation to the statement of net assets</b>					
Cash and Cash Equivalents	\$ 5,860,134	\$ 4,342,232	\$ 1,610,401	\$ 11,812,767	\$ 26,965,264
Restricted Cash and Cash Equivalents	-	252,659	-	252,659	-
Total	<u>\$ 5,860,134</u>	<u>\$ 4,594,891</u>	<u>\$ 1,610,401</u>	<u>\$ 12,065,426</u>	<u>\$ 26,965,264</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating Income	\$ 2,458,740	\$ 6,697,356	\$ 993,406	\$ 10,149,502	\$ 5,061,301
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	295,852	798,524	91,204	1,185,580	1,528,256
Change in Assets and Liabilities:					
Accounts Receivable	(550,952)	(108,244)	(404,734)	(1,063,930)	(47,819)
Inventory	-	-	-	-	(134,103)
Assessment Liens Receivable	3,264	-	-	3,264	-
Due from Other Governments	-	-	-	-	20,645
Prepays	-	-	-	-	173,697
Accounts Payable	389,320	19,998	(913,274)	(503,956)	22,367
Deposits Payable	-	81,772	-	81,772	-
Accrued Payroll and Other Expenses	(5,176)	608	(22,825)	(27,393)	(3,985)
Accrued Compensated Absences	4,370	(5,614)	2,117	873	15,152
Unearned Revenues	-	24,453	-	24,453	777
Claims Payable	-	-	-	-	(496,000)
Net OPEB Obligation	8,789	17,580	8,789	35,158	37,356
Total Adjustments	<u>145,467</u>	<u>829,077</u>	<u>(1,238,723)</u>	<u>(264,179)</u>	<u>1,116,343</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ 2,604,207</u>	<u>\$ 7,526,433</u>	<u>\$ (245,317)</u>	<u>\$ 9,885,323</u>	<u>\$ 6,177,644</u>
Noncash Capital Financing Activities					
Capital Assets Acquired through Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ 599,972

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, 2012

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>	<u>                    </u>	<u>                    </u>
Cash and Cash Equivalents	\$ 10,531,621	\$ 5,082,918
Receivables:		
Accrued Interest and Dividends	474,812	-
Buyback Receivable	95,323	-
Share Plan Contributions	207,502	-
Receivable for Securities Sold	1,215,247	-
Other Receivables	12,797	-
Total Receivables	<u>2,005,681</u>	<u>-</u>
Securities Lending Cash Collateral - Invested	<u>35,443,530</u>	<u>-</u>
Investments at Fair Value:		
U.S. Government and Agency	21,039,557	-
Domestic Fixed Income Fund	13,188,577	-
Global fixed income	13,437,702	-
Corporate Bonds	22,598,660	-
Common Stocks	94,165,925	-
International Equity	49,927,749	-
Real Estate Investment Trust (REIT)	32,791,885	-
Alternative Investments	24,995,316	-
Mutual Funds	17,249,750	-
Total Investments	<u>289,395,121</u>	<u>-</u>
Prepaid Items	<u>-</u>	<u>201,390</u>
Total Assets	<u>337,375,953</u>	<u>5,284,308</u>
<b>LIABILITIES</b>		
Accounts Payable	145,901	-
Payable for Securities Purchased	3,662,573	-
Obligations under Securities Lending	35,443,530	-
Deferred Compensation Payable	-	886,264
Due to Other Governments	-	4,398,044
Total Liabilities	<u>39,252,004</u>	<u>\$ 5,284,308</u>
<b>NET ASSETS</b>		
Net Assets Held in Trust for Pension Benefits	<u>\$ 298,123,949</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, 2012

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
City Contributions	\$ 24,538,058
Share Plan Contributions	145,830
Total Government Contributions	24,683,888
Employees:	
Employee contributions	3,782,365
Buybacks	187,368
Total Employee Contributions	3,969,733
Total Contributions	28,653,621
Investment Income:	
Net Appreciation in the Fair Value of Investments	40,225,063
Interest and Dividends	6,922,664
Other Income	11,922
Total Investment Income	47,159,649
Less Investment Expenses	1,925,952
Total Investment Income before Securities Lending Activity	45,233,697
Securities Lending Activities:	
Security Lending Income	106,473
Security Lending Fees and Rebates	(37,204)
Net Income from Security Lending Activities	69,269
Total Net Investment Income	45,302,966
<b>Total Additions</b>	<b>73,956,587</b>
<b>Deductions:</b>	
Pension Benefits Paid	31,325,682
Refund of Contributions	237,056
Administrative Expenses	378,767
<b>Total Deductions</b>	<b>31,941,505</b>
Net Increase	42,015,082
Net Assets Held in Trust for Pension Benefits:	
Beginning of Year	256,108,867
End of Year	\$ 298,123,949

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, Florida (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. For financial reporting purposes, all funds, 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 the City 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 (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 governmental 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 governmental-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 Funds 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/liability mature.

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.

**Debt Service Fund** - is used to account for and report the financial resources that are restricted, committed, or assigned 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.

**Capital Project General Improvement Fund** - is used to account for and report the financial resources that are restricted, committed, or assigned for the acquisition or construction of various major capital improvements except those financed by Enterprise Funds. This fund is reported as major fund because of public interest and consistency.

**Capital Project Neighborhood Renaissance Program Fund** - is used to account for and report the proceeds of Special Obligation Bonds Series 2012 and Series 2011 and other financial resources that are restricted, committed, or assigned for the acquisition or construction of various major capital improvements.

Additionally, the City reports the following nonmajor governmental fund:

**Capital Projects Funds** - is used to account for and report the financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities such as general and roadway improvement projects; and public parks and plazas.

## 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 five parking garages, to the residents, merchants, and visitors of the City.

Additionally, the City reports the following nonmajor proprietary fund:

**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 funds:

**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 Funds** - 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 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 Short Term 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, 2012, the City's investment in LGIP-A is \$81,063. 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, 2012 amounted to \$651,887, with NAV factor of 0.94779.

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, 2012 amounted to \$63,476,675, with NAV factor of 1.00. 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, 2012:

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, 2012, but not collected as of that date;
2. Waste Fees, Ambulance Transport Fees – This amount represents the unpaid, billed charges for various fines and municipal services.
3. University of Miami (UM) Development Agreement Fee – This amount represents the remaining balance of the development agreement fee assessed to the University of Miami and is to be collected over the remaining term of eighteen (18) years.
4. Donation to Coral Gables Museum – This amount represents the remaining balance of funds pledged to the City through fiscal funding agreements with private institutions for the construction of the Coral Gables Museum. The City has met the eligibility requirement of the funding agreement.

**(g) Due From Other Governments**

Due from other governments primarily consists of amounts due to the City as of September 30, 2012 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 items are accounted for using the consumption method and recorded as expenditures/expenses 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 a useful life of 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>Asset</u>	<u>Years</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 effective 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 statements.

**(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**

Restricted assets of the government-wide and proprietary funds represents the balance of cash and cash equivalents restricted by requirements of revenue bonds, imposed constraints on the use of certain revenues by the City, and funds set aside for repayment of customer deposits.

The Capital Project Neighborhood Renaissance Program Fund and Stormwater Utility Fund have restricted assets representing unspent proceeds from the 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 fund balance in categories as nonspendable, restricted, committed, assigned and unassigned. These categories are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in fund balances can be spent.

The City’s fund balance classification policies and procedures are as follows:

Nonspendable funds are funds that cannot be spent because they are either not in spendable form (e.g. inventories and prepaids) or are legally or contractually required to be maintained intact.

Restricted funds are funds that have constraints placed on their use either externally by creditors, grantors, contributors, laws or regulations or other governments or by law through constitutional provisions or enabling legislation.

Committed funds are funds that have constraints placed on their use through the passage of a formal action by the City Commission which is the City's highest level of decision-making authority. The City Commission has the authority to set aside funds for a specific purpose and requires the passage of a resolution or ordinance. Resolutions or ordinances are equally considered as the City's highest level action. The passage of a resolution or ordinance must take place prior to September 30<sup>th</sup> of the applicable fiscal year but the amount can be determined at a later date. A resolution or ordinance would also be required to modify or rescind the specific use or amount.

Assigned funds are funds that have constraints placed on their use by the City Manager. The City Manager has the authority to set aside funds for the intended use of a specific purpose. This act would be as part of the annual budget process or in the form of a written notification to the Finance Director. Any modifications or rescissions would be in a written notification to the Finance Director. Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, that amount shall be recorded as Assigned Fund Balance.

Unassigned fund balance is the residual amount of Fund Balance in the General Fund and deficit unassigned fund balance of other governmental funds. It represents the resources available for future spending.

## **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 enabling 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 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.

When committed, assigned and unassigned resources are available for use, it is the City's policy to use committed resources first, assigned resources second, and unassigned resources last.

**(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 a 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 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) Risk Management**

The City has a self-insurance program, for General Liability, Automobile Liability and Workers' Compensation pursuant to Florida Statute Section 768.28 (*Waiver of Statute of Limitations: Exclusions: Indemnifications; Risk Management Programs*). The City is protected by Florida Statute 768.28 which limits losses to, except for certain federal causes of action, (a) \$100,000 per person / \$200,000 per occurrence for claims arising between October 1, 1981 and October 1, 2011; and (b) \$200,000 per person / \$300,000 per occurrence for claims arising after October 1, 2011.

The discounted accrued liability for estimated insurance claims represents an estimate of the ultimate cost of settling claims arising prior to year end including claims incurred but not yet reported.

The City has fully insured individual health care plans for each employee group.

**(aa) New Accounting Pronouncement Adopted**

In fiscal year 2012, the City did not adopt any new statement of financial accounting standards issued by GASB which had a significant impact on the City.

**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, 2011, upon which the 2011-2012 levy was based, was approximately \$11.9 billion. A tax levy of \$5.869 mills (\$5.869 per \$1,000 of taxable value) was required to finance general operations for the fiscal year ended September 30, 2012.

**NOTE 3 - ACCOUNTS RECEIVABLE**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
<b><u>General Fund</u></b>		
Franchise Taxes	\$ 1,002,258	\$ -
False Alarms	736,071	-
Utility Taxes	1,215,864	-
Delinquent Waste Fees	3,123,051	-
Ambulance Transport Fees	695,103	-
Granada Golf Course	140,771	-
Leased Properties	124,969	-
Donations to Coral Gables Museum	500,000	-
University of Miami Development Agreement Fee	12,900,000	-
Other	292,264	-
	<u>20,730,351</u>	<u>-</u>
Less: Allowance	(70,076)	-
Total	<u>20,660,275</u>	<u>-</u>
<b><u>Debt Service Fund</u></b>		
Miscellaneous	11,000	-
Total	<u>11,000</u>	<u>-</u>
<b><u>General Improvement Fund</u></b>		
Hammocks Lake Guardhouse	425,000	-
Total	<u>425,000</u>	<u>-</u>
<b><u>Other Governmental Funds</u></b>		
BID Accounts	117,787	-
Total	<u>117,787</u>	<u>-</u>
<b><u>Parking Fund</u></b>		
Parking Leased Space	-	371,429
Parking – General	-	403,614
		<u>775,043</u>
Less: Allowance	-	(388,222)
Total	-	<u>386,821</u>
<b><u>Sanitary Sewer Fund</u></b>		
General Waterworks	-	1,007,497
Miscellaneous	-	42,753
		<u>1,050,250</u>
Less Allowance	-	(415)
Total	-	<u>1,049,835</u>
<b><u>Stormwater Fund</u></b>		
Service Use Charges	-	461,955
Total	-	<u>461,955</u>
Total Governmental Funds	<u>21,214,062</u>	
Total Business-Type		<u>\$ 1,898,611</u>
<b><u>Internal Service Fund</u></b>		
Miscellaneous	71,906	
Total Internal Service Funds	<u>71,906</u>	
Total	<u>\$ 21,285,968</u>	

**(b) University of Miami Development Agreement Fee**

On September 28, 2010, the City and University of Miami (“UM”) entered into a development agreement to establish a new era in their relationship by promoting the health, safety, welfare and cultural advancement of the City and its residents while providing for the coordinated, comprehensive, and orderly development of the UM campus. In consideration for the terms and conditions of the agreement, UM will pay the City a total fee of \$22 million payable in annual payments which commenced on December 1, 2010 through December 1, 2029. The development agreement fee payment schedule and the present value of the remaining balance, discounted at 4.5% are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
12/1/2012	\$ 1,400,000
12/1/2013	1,100,000
12/1/2014	1,025,000
12/1/2015	1,025,000
12/1/2016	1,025,000
12/1/2017-12/1/2021	5,125,000
12/1/2022-12/1/2026	5,125,000
12/1/2027-12/1/2029	3,075,000
Total payments due to the City	<u>18,900,000</u>
Less: Amount representing imputed interest	<u>6,000,000</u>
Present value of total remaining payments due to the City	<u><u>\$ 12,900,000</u></u>

**(c) Unearned/Deferred Revenue**

The components of unearned/deferred revenue as of September 30, 2012 are as follows:

	<b>Deferred Revenues</b>	<b>Unearned Revenues</b>	<b>Total</b>
<b><u>General Fund</u></b>			
False Alarms	\$ 402,268	\$ -	\$ 402,268
Delinquent Waste Fees	2,795,340	-	2,795,340
Ambulance Transport Fees	486,572	-	486,572
Donations to Coral Gables Museum	500,000	-	500,000
University of Miami Development Agreement Fee	12,900,000	-	12,900,000
Grants and Contributions	507,363	11,751	519,114
Liens and Other Receivables	575,717	-	575,717
Prepaid Business Tax Receipts	-	2,576,738	2,576,738
Prepaid Rent and other fees	-	340,233	340,233
Total	<u>18,167,260</u>	<u>2,928,722</u>	<u>21,095,982</u>
<b><u>Debt Service Fund</u></b>			
Liens and Other Receivables	4,537	-	4,537
<b><u>General Improvement Fund</u></b>			
Grants and Contributions	586,554	26,800	613,354
Liens and Other Receivables	447,562	-	447,562
Total	<u>1,034,116</u>	<u>26,800</u>	<u>1,060,916</u>
<b><u>Other Governmental Funds</u></b>			
Grants and Contributions	525,248	148,884	674,132
Total Governmental Funds			<u>\$ 22,835,567</u>
<b><u>Internal Service Funds</u></b>			
Prepaid Rent and other fees	-	777	
Total Governmental Activities		<u>\$ 3,105,183</u>	
<b><u>Parking Fund</u></b>			
Prepaid Parking Fees	-	166,536	166,536
Total Proprietary Funds Business-Type Activities	<u>\$ -</u>	<u>\$ 166,536</u>	<u>\$ 166,536</u>

**NOTE 4 - CASH AND INVESTMENTS**

**Deposits.** As of September 30, 2012, the City’s cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments	
Governmental activities	\$ 106,331,684	\$ -	
Business-type activities	12,065,426	-	
Pension Trust Funds	10,531,621	289,395,121	
Agency Funds	5,082,918	-	
Total Cash, Cash Equivalents and Investments	<u>\$ 134,011,649</u>	<u>\$ 289,395,121</u>	<u>\$ 423,406,770</u>
Deposits			\$ 69,802,028
Investments			<u>353,604,742</u>
Total Deposits and Investments			<u>\$ 423,406,770</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 equivalents, which were entirely insured by the Federal Depository Insurance Corporation 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.

The City of Coral Gables Retirement Fund deposits are carried at cost and are included in cash and cash equivalents in the statement of plan net assets. Cash and cash equivalents include demand accounts and short-term investment funds (STIF). The allowable STIF investments are the custodial short-term (money market) commingled fund, commercial paper and U.S. governmental obligations.

**Authorized Investments**

The City does not have a formal investment policy and follows the State Statutes. The 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, commercial paper, certificates of deposit issued by domestic and foreign financial institutions in the US; and pools of investments administered by the State of Florida known as the Local Government Surplus Funds Trust Fund. These investments are 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.

City of Coral Gables Retirement Fund

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. Equity funds may be managed through the purchase of open-ended, no-load mutual funds or commingled funds. The Board implicitly accepts the policy of a mutual fund or commingled fund when it makes a direct investment.

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 Fund may invest up to 10% of the total market value of the portfolio in limited partnerships and/or private equity structures in order to diversify the Fund's portfolio and/or to enhance the Fund's return opportunities. It is understood that these types of investment may have limited liquidity and/or "lock-up" periods with no liquidity. It is also recognized that these types of investments may have higher fees and demonstrate highly variable returns over short periods of time. The Board shall consider special criteria

including, but not limited to, the following in evaluation of any investments in this category: tenure, expertise, and track record of management team; diversification potential of the alternative investment relative to other Fund investments; risk control provisions of the alternative investment; liquidity provisions of the alternative investment; use of leverage or other means of return enhancement by the alternative investment; fees and potential conflicts of interest associated with the alternative investment.

*Police Officers' Pension Fund*

The Police Officers' Pension Fund's investment policy is determined by the Board of Trustees. The policy was designed by the Board to maximize the Fund's asset value, while assuming a risk that is consistent with the Board's risk tolerance. As is prudent, the Board has adopted policy to diversify investment risk among several institutionally acceptable asset classes including equity securities, bonds debentures, and other corporate obligations. The Trustees are prohibited to invest in bonds issued by a corporation, state or municipality, futures, 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, securities lending, illiquid investments and scrutinized companies published by the Florida State Board of Administration.

Investment in common stock or capital stock shall be limited to those traded on one or more of the recognized national exchanges 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.

*Firefighters' Pension Fund*

The Firefighters' Pension Fund's investment policy is determined by the Board of Trustees. The policy was designed by the Board to preserve the purchasing power of the Fund's assets and earn a reasonable real rate of return (after inflation) over the long-term while minimizing the short-term volatility of results. To achieve these objectives, the Board adopted policy to create a conservative, well diversified and balanced portfolio of high quality equity securities, fixed income and money market securities.

Investments in equity securities shall be limited to those actively traded on a major stock exchange or NASDAQ, and shall not exceed 40% at cost of the investment manager's total portfolio. No more than 10% at cost of the plan's total assets may be invested in foreign securities. No more than 5 % at cost of the portfolio total value may be invested in the shares of a single corporate issuer. Investment in equity securities issued by corporations with a total market capitalization of \$3 billion or less shall not exceed 15% of the total portfolio equity value at cost.

Investments in corporate fixed income securities shall be limited to those that hold a rating in one of the three (3) highest classifications by a major rating service. No more than 10% at cost of the fixed income portfolio total value may be invested in the securities of any single corporate issuer. Investments in Collateral Mortgage Obligation (CMOs) shall be limited to 10% of the market value of the total fixed income portfolio and shall be restricted to those issues backed by securities issued or guaranteed by the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association, or that are rated "Aaa" by Moody or AAA" by Standard & Poor rating agencies. There is no limit imposed on investments in fixed income securities issued directly by the US Government or agency or instrumentality thereof.

Short-term investment shall be limited to direct obligations of the US Government with a maturity of one year or less, commercial paper with a maturity of 270 days or less that is rated A-1 by S&P or P-1 by Moody's, and bankers acceptance issued by the largest fifty banks in the US.

Investments in tax-exempt bonds, interest-only or principal only CMOs, interest rate swaps, precious metals, limited partnerships of any kind, real estate, REIT, venture capital, future contracts or option contracts are prohibited. Trading on margin and short term selling are also prohibited.

**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:

<u>Authorized Investments</u>	<u>Minimum</u>	<u>Maximum</u>
Domestic equities	35%	45%
International equities	15%	25%
Domestic fixed income	0%	20%
International fixed income	0%	10%
Real estate	5%	15%
Alternative	0%	10%

Florida Statutes and Police Officers' Pension Fund investment policy authorize the Trustees to invest funds in various investments. The target asset allocation range of these investments at market is as follows:

<u>Authorized Investments</u>	<u>Target % of Portfolio</u>
Domestic equity	22 - 44%
Bonds	15 - No Limit
Convertibles	2 - 8%
Treasury Inflation Protected Securities	3 - 7%
International equity	5 - 25%
Real estate	0 - 8%
Cash and cash equivalents	10 - 40%

Florida Statutes and Firefighters' Pension Fund investment policy authorize the Trustees to invest funds in various investments. The target asset allocation range of these investments at market is as follows:

<u>Authorized Investments</u>	<u>Target % of Portfolio</u>
Domestic equity	30%
Foreign equity	10%
Fixed income securities	60%

**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 various durations of maturities.

Information about the sensitivity of the fair value of the City's investments (including Agency Funds) 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	
Money Market Fund	\$ 63,476,675	\$ 63,476,675	
*State Board of Administration	732,949	732,949	
	64,209,624	\$ 64,209,624	
Deposits	59,270,404		
Total Cash and Cash Equivalents	\$ 123,480,028		

\*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, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. government and agency	\$ 21,039,557	\$ -	\$ 3,443,070	\$ 2,000,212	\$ 15,596,275
Corporate bonds	22,598,660	3,445,475	7,291,172	8,906,891	2,955,122
Domestic fixed income fund	13,188,577	-	6,589,571	6,599,006	-
Global fixed income	13,437,702	-	6,538,620	6,899,082	-
	\$ 70,264,496	\$ 3,445,475	\$ 23,862,433	\$ 24,405,191	\$ 18,551,397

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, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Fixed income funds	\$ 1,368,982	\$ 85,801	\$ 444,361	\$ 683,692	\$ 155,128

**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 investment 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	
		City	Firefighters' Pension Fund
Money Market Fund	AAAm	\$ 63,476,675	\$ -
		63,476,675	-
Mutual Funds	Not Rated	-	13,647,320
State Board of Administration	Not Rated	732,949	-
		\$ 64,209,624	\$ 13,647,320

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

The following table discloses Coral Gables Retirement Fund's credit ratings by investment type, at September 30, 2012 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 21,039,557	29.94%
Quality rating of credit risk debt securities:		
AAA	15,698,468	22.35
AA+	1,383,792	1.97
AA	1,525,385	2.17
AA-	749,273	1.07
A+	1,501,024	2.14
A	5,788,785	8.24
A-	5,951,512	8.47
BBB+	2,709,444	3.86
BBB	8,780,328	12.49
BBB-	933,757	1.33
BB+	56,568	0.08
BB	1,787,810	2.54
B and lower	1,443,861	2.05
Not rated	914,932	1.30
Total credit risk debt Securities	49,224,939	70.06
Total fixed income securities	\$ 70,264,496	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, 2012 as applicable:

	Fair Value	Percentage of Portfolio
Quality rating of credit risk debt securities:		
AAA	\$ 93,742	6.85%
AA	128,208	9.37%
A	445,633	32.55%
BAA	317,856	23.22%
BA	2,747	0.20%
Unrated Government Securities	380,796	27.82%
Total credit risk debt Securities	\$ 1,368,982	100%

**Concentration of Credit Risk:** The Coral Gables Retirement Fund policy limits investments in equities and fixed income securities to no more than 5% and 10% of an investment manager's portfolio, 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, 2012 for the City, retirement and pension fund portfolios.

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

In accordance with the Police Officers' Pension Fund's and Firefighters' Pension Fund's investment policy, 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.

**Foreign Currency Risk:** Foreign currency risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than US Dollars as well as carrying value of foreign investments. The Police Officers' Pension Fund's exposure to foreign currency risk derives mainly from its investment in international equity funds. The Fund participates in international equity funds but does not own any foreign individual securities. The investment policy of the Fund limits the foreign investments to no more than 25% of the Fund's investment balance. As of year-end, the foreign investments were 12% of total portfolio investment balance. The Fund's exposure to foreign currency risk related to foreign equity funds are as follows:

Investment	Fair Value
Vanguard Total International Stock Fund	\$ 535,356

#### *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 Fund's custodial bank. The Fund lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the Fund continues to receive dividends and interest as the owner of the loaned securities. All loans can be terminated on demand by either the Fund or the borrowers, although the average term of loans is

approximately eighty-five 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 at least 102 percent and international securities of at least 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 fifty-six 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, 2012:

<b>Securities Lent:</b>	<b>Market Value of Securities on Loan for Cash</b>	<b>Fair Value of Cash Collateral Invested</b>
U.S. government and agency obligations	\$ 450,519	\$ 462,802
Domestic corporate stocks	29,620,496	30,470,137
Domestic corporate bonds	4,396,237	4,510,591
<b>Total Securities Lent</b>	<b>\$ 34,467,252</b>	<b>\$ 35,443,530</b>

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, 2012:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
<b>Governmental Activities:</b>				
Nondepreciable Assets:				
Land	\$ 45,407,634	\$ -	\$ -	\$ 45,407,634
Construction in Progress	3,127,098	551,875	(2,197,031)	1,481,942
Total Non-depreciable Assets	<u>48,534,732</u>	<u>551,875</u>	<u>(2,197,031)</u>	<u>46,889,576</u>
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	63,643,946	-	-	63,643,946
Improvements Other Than Buildings	43,699,627	2,197,031	-	45,896,658
Machinery and Equipment	47,136,294	2,829,853	1,030,257	48,935,890
Total Depreciable Assets	<u>267,547,887</u>	<u>5,026,884</u>	<u>1,030,257</u>	<u>271,544,514</u>
Less Accumulated Depreciation for:				
Infrastructure	66,514,097	3,021,254	-	69,535,351
Buildings	18,031,162	1,250,486	-	19,281,648
Improvements Other Than Buildings	10,311,230	1,111,637	-	11,422,867
Machinery and Equipment	38,646,868	2,882,856	1,030,257	40,499,467
Total Accumulated Depreciation	<u>133,503,357</u>	<u>8,266,233</u>	<u>1,030,257</u>	<u>140,739,333</u>
Total Depreciable Assets, net	<u>134,044,530</u>	<u>(3,239,349)</u>	<u>-</u>	<u>130,805,181</u>
Governmental Activities Capital Assets, net	<u>\$ 182,579,262</u>	<u>\$ (2,687,474)</u>	<u>\$ (2,197,031)</u>	<u>\$ 177,694,757</u>
<b>Business-Type Activities:</b>				
Nondepreciable Assets:				
Land	\$ 3,701,838	\$ -	\$ -	\$ 3,701,838
Construction in Progress	2,156,379	3,909,112	(1,981,754)	4,083,737
Total Non-depreciable Assets	<u>5,858,217</u>	<u>3,909,112</u>	<u>(1,981,754)</u>	<u>7,785,575</u>
Depreciable Assets:				
Infrastructure	20,863,323	1,981,754	-	22,845,077
Buildings	30,247,473	-	-	30,247,473
Improvements Other Than Buildings	417,537	150,398	-	567,935
Machinery and Equipment	2,477,539	41,599	6,194	2,512,944
Total Depreciable Assets	<u>54,005,872</u>	<u>2,173,751</u>	<u>6,194</u>	<u>56,173,429</u>
Less Accumulated Depreciation for:				
Infrastructure	9,380,070	380,973	-	9,761,043
Buildings	9,031,747	628,536	-	9,660,283
Improvements Other Than Buildings	285,685	14,624	-	300,309
Machinery and Equipment	1,705,142	161,447	6,194	1,860,395
Total Accumulated Depreciation	<u>20,402,644</u>	<u>1,185,580</u>	<u>6,194</u>	<u>21,582,030</u>
Total Depreciable Assets, net	<u>33,603,228</u>	<u>988,171</u>	<u>-</u>	<u>34,591,399</u>
Business-Type Activities Capital Assets, net	<u>\$ 39,461,445</u>	<u>\$ 4,897,283</u>	<u>\$ (1,981,754)</u>	<u>\$ 42,376,974</u>
Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2012:				
<b>Governmental Activities:</b>				
General Government				\$ 4,191,047
Public Safety				1,266,527
Transportation				1,180,913
Culture and Recreation				939,257
Physical Environment				688,489
Total depreciation expense – Governmental Activities				<u>\$ 8,266,233</u>
<b>Business-Type Activities:</b>				
Sanitary Sewer System Fund				\$ 295,852
Parking System Fund				798,524
Stormwater Utility Fund				91,204
Total depreciation expense – Business-Type Activities				<u>\$ 1,185,580</u>

**NOTE 6 - INTERFUND TRANSACTIONS**

The interfund balances below represent short-term 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, 2012 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	\$ 100,000	\$ -
Nonmajor governmental fund:		
General Obligation Bond	-	100,000
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Interfund transfers for the fiscal year ended September 30, 2012 are as follows:

<u>Interfund Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
Major governmental fund:		
General	\$ 5,954,456	\$ 6,652,204
General Improvement	5,979,970	-
Debt Service	3,690,240	-
Major proprietary fund:		
Sanitary Sewer	878,584	685,000
Parking System	-	5,000,078
Stormwater Utility	-	1,147,962
Internal Service fund:		
Motor Pool	3,000,000	-
Insurance Fund	-	6,018,006
	<u>\$ 19,503,250</u>	<u>\$ 19,503,250</u>

Transfer out from the General Fund to the Debt Service Fund is required to provide funds to pay debt service requirements related to the special revenue bonds. The transfers out from the General Fund and Insurance Fund to Capital Project General Improvement Fund, Other Governmental Funds, and Motor Pool 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. Transfer out from Stormwater Fund to the Sanitary Sewer Fund was primarily to provide additional funds for rehabilitation of sewer pumps.

**NOTE 7 - LONG-TERM DEBT**

(a) Following is a summary of the City’s Special Obligation Bonds at September 30, 2012:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/12	Current Portion
Governmental Activities:							
01-07-2004	10-01-2028	3.00%-4.50%	\$ 10,210,000	\$ 10,210,000	\$ 2,081,500	\$ 8,128,500	\$ 303,600
01-07-2004	10-01-2028	4.75%-5.87%	5,615,000	5,615,000	1,100,000	4,515,000	170,000
09-29-2009	10-01-2019	3.98%	3,525,000	3,525,000	3,525,000	-	-
06-30-2011	10-01-2031	3.50%	39,840,633	39,840,633	39,840,633	-	-
06-30-2011	10-01-2016	0.98%	2,440,000	2,440,000	-	2,440,000	450,000
06-30-2011	10-01-2032	1.57%	4,365,000	4,365,000	-	4,365,000	150,000
06-05-2012	10-01-2031	2.67%	43,096,290	43,096,290	-	43,096,290	2,069,670
			<u>109,091,923</u>	<u>109,091,923</u>	<u>46,547,133</u>	<u>62,544,790</u>	<u>3,143,270</u>
Business-Type Activities:							
01-07-2004	10-01-2028	3.00%-4.50%	11,985,000	11,985,000	2,443,500	9,541,500	356,400
09-29-2009	10-01-2019	3.98%	2,635,000	2,635,000	2,635,000	-	-
06-30-2011	10-01-2031	3.50%	4,019,367	4,019,367	4,019,367	-	-
06-05-2012	10-01-2031	2.67%	6,253,710	6,253,710	-	6,253,710	300,330
			<u>24,893,077</u>	<u>24,893,077</u>	<u>9,097,867</u>	<u>15,795,210</u>	<u>656,730</u>
			<u>\$133,985,000</u>	<u>\$133,985,000</u>	<u>\$ 55,645,000</u>	<u>\$ 78,340,000</u>	<u>\$ 3,800,000</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 2012 debt service (excluding bond refunding) was \$2,908,803 while total non-ad valorem tax revenue totaled \$25,215,405. For the business-type special obligation bonds, fiscal year 2012 debt service (excluding bond refunding) totaled \$1,192,128 while total non-ad valorem revenue totaled \$12,855,105. All revenue pledges remain in effect for the life of the special obligation bonds.

**Series 2012** - In June 2012, the City issued special obligation bonds Series 2012 with principal amount of \$49,350,000 to accomplish the current refunding of: (a) Series 2011A bonds with outstanding balance of \$43,860,000 with a fixed interest rate of 3.5% and matures on October 1, 2031; (b) Series 2009A with outstanding balance of \$2,925,000 with a fixed rate of 3.98% and matures on October 1, 2019; and (c) Series 2009B with outstanding balance of \$2,185,000 with a fixed rate of 3.98% and matures on October 1, 2019. The Series 2012 has a fixed interest rate of 2.67% payable on April 1 and October 1 of each year and matures on October 1, 2031. Principal amount is paid annually starting October 1, 2012.

The refunding resulted in \$4,545,390 of gross debt service savings and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,536,349.

All of the City’s outstanding loans are tax exempt except for the \$5,615,000 loan issued on January 7, 2004, and \$4,365,000 loan issued on June 30, 2011, which are not tax-exempt.

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, 2012, 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.

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Total annual debt service requirements on long-term debt outstanding as of September 30, 2012, are as follows:

Fiscal Year	BUSINESS-TYPE ACTIVITIES							Business-Type
	Special Obligation Bonds			Capital Leases			Activities	
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements	
2013	\$ 656,730	\$ 527,111	\$ 1,183,841	\$ 136,119	\$ 14,538	\$ 150,657	\$ 1,334,498	
2014	643,240	537,209	1,180,449	140,277	10,381	150,658	1,331,107	
2015	661,175	516,942	1,178,117	144,562	6,096	150,658	1,328,775	
2016	678,008	495,612	1,173,620	111,170	1,823	112,993	1,286,613	
2017	696,576	473,177	1,169,753	-	-	-	1,169,753	
2022-2026	4,333,059	1,927,004	6,260,063	-	-	-	6,260,063	
2027-2031	6,051,109	1,119,747	7,170,856	-	-	-	7,170,856	
2032	2,075,313	122,044	2,197,357	-	-	-	2,197,357	
Total	15,795,210	\$ 5,718,846	\$ 21,514,056	532,128	\$ 32,838	\$ 564,966	\$ 22,079,022	
Current portion	(656,730)			(136,119)				
Long-term portion	\$ 15,138,480			\$ 396,009				

Fiscal Year	GOVERNMENTAL ACTIVITIES							Governmental
	Special Obligation Bonds			Capital Leases			Activities	
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements	
2013	\$ 3,143,270	\$ 1,782,338	\$ 4,925,608	\$ 571,100	\$ 46,682	\$ 617,782	\$ 5,543,390	
2014	3,036,760	1,893,354	4,930,114	513,321	29,073	542,394	5,472,508	
2015	3,108,826	1,799,374	4,908,200	280,988	14,784	295,772	5,203,972	
2016	3,161,992	1,702,806	4,864,798	209,964	6,584	216,548	5,081,346	
2017	3,238,424	1,603,458	4,841,882	97,337	1,461	98,798	4,940,680	
2022-2026	15,586,943	6,484,795	22,071,738	-	-	-	22,071,738	
2027-2031	20,118,893	4,076,617	24,195,510	-	-	-	24,195,510	
2032	11,149,682	840,478	11,990,160	-	-	-	11,990,160	
Total	62,544,790	\$ 20,183,220	\$ 82,728,010	1,672,710	\$ 98,584	\$ 1,771,294	\$ 84,499,304	
Current portion	(3,143,270)			(571,100)				
Long-term portion	\$ 59,401,520			\$ 1,101,610				

During the year ended September 30, 2012, 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	\$ 8,763,662	\$ 2,928,729	\$ 3,660,439	\$ 8,031,952	\$ 3,836,585
Claims Payable	12,270,000	2,752,665	3,248,665	11,774,000	3,938,000
Special Obligation Debt	62,978,533	43,096,290	43,530,033	62,544,790	3,143,270
Capital Lease	1,547,084	599,972	474,346	1,672,710	571,100
Pollution Remediation Obligation	210,000	-	-	210,000	210,000
	<u>\$ 85,769,279</u>	<u>\$ 49,377,656</u>	<u>\$ 50,913,483</u>	<u>\$ 84,233,452</u>	<u>\$ 11,698,955</u>

During the year ended September 30, 2012, 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	\$ 284,020	\$ 106,101	\$ 105,228	\$ 284,893	\$ 134,810
Special Obligation Debt	16,321,467	6,253,710	6,779,967	15,795,210	656,730
Capital Lease	648,011	-	115,883	532,128	136,119
	<u>\$ 17,253,498</u>	<u>\$ 6,359,811</u>	<u>\$ 7,001,078</u>	<u>\$ 16,612,231</u>	<u>\$ 927,659</u>

**(b) Capital Lease Obligations**

The City has entered into certain lease agreements as lessee for financing the acquisition of certain vehicles and equipment for use by different departments. These lease agreements qualify as 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 \$2,730,127 net of accumulated depreciation of \$791,735 for governmental activities; and \$702,000 as the capitalized basis and \$140,400 accumulated depreciation for business-type activities.

Future minimum lease obligations are as follows:

**Governmental Activities**

<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2012	\$ 1,771,294
Less: Amount representing interest	<u>(98,584)</u>
Present value of minimum lease payments	<u>\$ 1,672,710</u>

**Business-Type Activities**

<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2012	\$ 564,966
Less: Amount representing interest	<u>(32,838)</u>
Present value of minimum lease payments	<u>\$ 532,128</u>

**(d) 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 an 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 guaranteeing the performance of the lease obligations. Accordingly, the capital lease obligation is considered conduit loan and not reported as liability in the City's financial statements. As of September 30, 2012, the present value of the minimum lease payments is \$215,475.

**(e) 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 assessed by the State is \$1,506,404 and the City paid \$1,150,772 in February 2012. The City is disputing the remaining amount of \$355,632 and the outcome is not certain as of September 30, 2012. This amount is recognized as long-term liability in the government-wide financial statements.

**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 documents for more complete information.

*Plan Membership* - Plan membership consisted of the following as of October 1, 2011:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	853
<hr/>	
Current Employees:	
Vested	326
Non-vested	288
<b>Total</b>	<b>614</b>

*Pension Benefits*

Firefighters and police officers may retire and receive normal retirement benefits upon reaching the earlier of age 52 and 10 years of credited service; age 65 or when the participants age plus years of credited service equals or exceeds 70 (Rule of 70).

Upon normal retirement, firefighters and police officers 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.

General and excluded employees with more than 10 years of credited service at September 30, 2010 may retire and receive normal retirement benefits upon reaching the earlier of age 52 and 10 years of credited service; age 65 or when the participants age plus years of credited service equals or exceeds 70 (Rule of 70).

General and excluded employees with less than 10 years of credited service at September 30, 2010, may retire and receive normal benefits upon reaching the earlier of age 62 and 10 years of credited service; age 65 and 6 years of service; or when the participant’s age, plus years of credited service equals or exceeds 80 (Rule of 80).

Effective September 30, 2011, the normal retirement benefits for general employees shall be accrued benefits as of September 30, 2011, plus 2.25% of the average final compensation (highest five-year average) multiplied by the total years of credited service with a maximum of 75% of average final compensation.

For employees other than firefighters and police officers who are not included in any bargaining unit for collective bargaining purposes (excluded employees) normal retirement benefits are accrued benefits as of September 30, 2011, plus the following:

- (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.

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 accounts of all participants at September 30, 2012 was \$25,240,420.

*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 vesting, 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 whereby they can elect to receive, in lieu of any retirement income benefit to which a member may be entitled, an amount equal to the balance in their participant contribution account.

*Member Contribution* - All police officer and firefighter participants are required to contribute 5% of their total earnings to the Plan. Members other than firefighters or police officers, who are not included in any bargaining unit for collective bargaining purposes, are required to contribute 10% of total earnings to the Plan. Effective October 1, 2010, all participants in the Teamsters Local Union 769 Bargaining Unit are required to contribute 10% (5% prior to October 1, 2010) of total earnings to the Plan. Effective October 1, 2011 general employees who were members of Local Union 769 and management employees shall have their contribution percentage increased based on increase in City contribution requirements since the

October 1, 2009 actuarial valuation provisions. For the fiscal year ended September 30, 2012, Union 769 employees' contribution was determined to be 14.30% and management employees 12.00%.

*Funding Requirements* – 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 the members. The City's contribution is reduced by the following:

- (a) For police officers and firefighters:
  - Pursuant to Florida Statutes, Chapter 175 and 185, contributions from the State of Florida Department of Insurance consist of an excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the State contributions is provided to the Share Plan and is used to reduce the City's contribution when received.
- (b) For general employees who are members of Local Union 769 and excluded employees (effective 10/1/11):
  - Member contribution percentages for each fiscal years beginning October 1, 2011 and subsequent fiscal years shall be increased based on the increases in City contribution requirements since the October 1, 2009 actuarial valuation.
  - City contribution percentages shall be decreased by the amount of the members' contribution increases.
  - The City's October 1, 2009 contribution requirements, as adjusted for the September 27, 2010 actual impact statement, will be further adjusted for the impacts of any changes in actuarial assumptions and/or methods subsequent to October 1, 2009.

*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 for Coral Gables Retirement Plan**

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 contributions are recognized as revenue when due pursuant to the actuarial valuation. Share Plan contributions are recognized as revenue in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

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

*Investments* - Plan investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- **Debt securities:** Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporate bonds, and global and domestic bond funds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.
- **Equity Securities:** These include common stocks and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. 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, 2012. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.
- **Alternative investments:** These investments include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2012. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

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. Purchases and sales of investments are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

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.

*Subsequent Events* - Management has evaluated subsequent events through March 7, 2013 related to the Plan, the date which the financial statements were available for issue.

*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, 2011, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Valuation Date	10/1/11
Actuarial Value of Assets	\$264,628
Actuarial Accrued Liability (AAL) Entry Age	\$499,648
Unfunded AAL (UAAL)	\$235,020
Funded Ratio	53.0%
Annual Covered Payroll	\$ 40,864
UAAL as a % of Covered Payroll	574.6%

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 date follows:

- Valuation date - 10/01/11
- 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 contributions, for active employees and the Share Plan contributions for the year ended September 30, 2012 amounted to \$23,146,379 and was determined by the October 1, 2010 actuarial valuation. For the fiscal year ended September 30, 2012, the actual amount of covered payroll was approximately \$52,304,000.

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

	<b>Amount</b>	<b>Percent of Actual Annual Covered Member Payroll</b>
City	\$ 23,000,549	43.97%
Share Plan	145,830	0.28%
Employee	3,969,733	7.59%
<b>Total</b>	<b>\$ 27,116,112</b>	<b>51.84%</b>

*Actuarially Determined Contributions* - The contributions required from the City of Coral Gables for the fiscal year ended September 30, 2012, were actuarially determined by the October 1, 2010 valuation report to be \$23,000,549. The actuarially computed annual covered payroll amounted to approximately \$46,950,000.

Funding requirements based on valuations prior to October 1, 2009, disclosed a specific dollar amount for the minimum required employer contribution which was based on the actuarially projected payroll. For the year ended September 30, 2011, at the request of the Division of Retirement, the City was required to contribute an amount based on the actuarially determined percentage of actual pensionable payroll (“percentage of payroll method”). The actuarially determined percentage was 40.98% for the fiscal year ended September 30, 2011. As a result, the City contribution based on the actual pensionable wages of \$52,240,271 amounted to \$21,408,063.

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan’s actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. For the year ended September 30, 2012, the Plan determined to use the “fixed dollar contribution amount”.

The required City contributions cover the following for the fiscal years ended September 30, 2012:

	<b>Amount</b>	<b>Percent of Actuarially Computed Covered Payroll</b>
Normal cost plus interest	\$ 5,468,917	11.65%
Amortization of unfunded liability	17,531,632	37.34%
<b>Total</b>	<b>\$ 23,000,549</b>	<b>48.99%</b>

*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 Plan for the fiscal years ended September 30, 2010, 2011 and 2012 are as follows (in thousands):

	<b>2010</b>	<b>2011</b>	<b>2012</b>
Annual pension cost	\$ 24,303	\$ 21,408	\$ 23,000
Percentage of annual pension cost contribution	106%	101%	100%
Net pension obligation at end of year	-	-	-

The following is condensed financial information for the Firefighters' Pension Fund, which does not issue a stand-alone report.

CITY OF CORAL GABLES, FLORIDA  
 CERTAIN STATEMENTS OF FIDUCIARY NET ASSETS  
 FIREFIGHTERS' PENSION FUND  
 September 30, 2012

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 14,981
Due from Other Governments	113,943
Investments at Fair Value:	
Mutual Funds	13,647,320
Total Assets	<u>13,776,244</u>
<b>LIABILITIES</b>	
	<u>-</u>
<b>NET ASSETS</b>	
Restricted for Employees' Retirement Systems	<u>\$ 13,776,244</u>

CITY OF CORAL GABLES, FLORIDA  
 CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS  
 FIREFIGHTERS' PENSION FUND  
 For the Fiscal Year Ended September 30, 2012

<b>ADDITIONS</b>	
<b>Contributions:</b>	
Employer	<u>\$ 1,063,135</u>
<b>Investment Income:</b>	
Appreciation in the Fair Value of Investments	1,366,487
Investment Earnings	192,680
Total Investment Income	<u>1,559,167</u>
Less Investment Expense	<u>137,045</u>
Net Investment Loss	<u>1,422,122</u>
Total	2,485,257
<b>DEDUCTIONS</b>	
Employee Benefits	<u>12,611</u>
Change in Net Assets	2,472,646
Net Assets – Beginning	<u>11,303,598</u>
Net Assets – Ending	<u>\$ 13,776,244</u>

## **(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 City contributions for the fiscal year were \$474,374 representing 3.4% of total covered payroll of the Police Department of \$13,925,563.

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 Retirement System Administrator, 3810 Inverrary Blvd., Lauderhill, Florida 33319.

#### **(2) Summary of Significant Accounting Policies**

*Basis of accounting* - the financial statement of the Police Plan 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 terms of the Fund. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

*Investments* - Reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. 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 distributed 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 City contributions for the fiscal year were \$996,265, representing 6.8 % of total covered payroll of the Fire Department of \$14,532,531. In addition, the Plan received from the State of Florida supplemental contributions of \$66,870.

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 Fire Plan 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 – The City provides health insurance benefits to its retired employees through a single-employer program administered by the City. 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 - Currently, the City's Retiree Health Care Plan is unfunded. 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 \$1,859,560 for the current fiscal year, toward which the City made an implied contributions which amounted to \$653,151. At September 30, 2012, the City recognized a net OPEB obligation of \$4,588,045 for governmental activities

and \$135,565 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 \$144,038 which is reported in the governmental activities total previously mentioned. 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 years. The following table shows the components of the City's annual OPEB cost for the year ended, 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)	\$ 1,859,560
Interest on Net OPEB Obligation	139,941
Adjustment to ARC	<u>(121,282)</u>
Annual OPEB Cost (Expense)	1,878,219
Employer Contribution	<u>653,151</u>
Increase in Net OPEB Obligation	1,225,068
Net OPEB Obligation- beginning of year	<u>3,498,542</u>
Net OPEB Obligation- ending of year	<u>\$ 4,723,610</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:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
September 30, 2012	\$1,878,219	34.78%	\$4,723,610
September 30, 2011	\$1,790,840	32.80%	\$3,498,542
September 30, 2010	\$1,640,204	28.40%	\$2,294,455

Funded Status and Funding Progress - as of September 30, 2012, the OPEB schedule of funding progress was as follows:

<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) -Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percent-age of Covered Payroll</b>
(a)	(b)	(b-a)	(a/b)	(c)	Payroll
\$0	\$ 26,635,663	\$ 26,635,663	0.0%	\$ 50,035,509	53.2%

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. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Valuation date	September 30, 2012
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%
Inflation rate	3.75%

**NOTE 10 - POLLUTION REMEDIATION OBLIGATIONS**

As of September 30, 2012, 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 Permitting, Environment and Regulatory Affairs (PERA) (formerly 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) to address the contamination found in the identified areas. The City has completed Phase 1 of this project and submitted the report for this phase to PERA for review. The City is currently in the process of soliciting bids to complete Phase 2 and expects this work to be completed by end of fiscal year 2013. The City estimates the remaining costs for this entire obligating event to be \$200,000.
- (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 24, 2012, the City has tasked its consultant to proceed with sampling of the area surrounding the former footprint of the underground storage tank. The City is currently evaluating the sampling data and anticipates the cost for this action not to exceed \$10,000.

As of September 30, 2012, the City's total liability related to the pollution remediation obligating event is \$210,000.

**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. The City is protected by Florida Statute 768.28 which limits losses to, except for certain federal causes of action, (a) \$100,000 per person / \$200,000 per occurrence for claims arising between October 1, 1981 and October 1, 2011; and (b) \$200,000 per person / \$300,000 per occurrence for claims arising after October 1, 2011.

The City is fully insured for its employee health program except for Police Officers and Firefighters. For Police Officers and Firefighters, the City obtained 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:

	<b>2012</b>	<b>2011</b>
Unpaid claim payable, beginning	\$ 12,270,000	\$ 8,981,000
Incurred claims and claim adjustments	2,752,665	5,664,936
Claims payments	(3,248,665)	(2,375,936)
Unpaid claims payable, ending	\$ 11,774,000	\$ 12,270,000

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 Obligation Bond Fund has a deficit of \$41,104. The deficit will be offset with reimbursements from Miami-Dade County in the next fiscal year.

**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 are not likely to have a material, adverse impact to the financial position of the City.

**Government Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, 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, however, 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, 2012 was approximately \$3.5 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 and Golf Courses and lease and development agreement on City owned land parcels. Minimum rentals receivable under these leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 4,797,406
2014	4,734,525
2015	4,649,547
2016	4,387,054
2017	3,616,269
2018-2022	16,709,226
2023-2027	14,592,196
2028-2032	10,528,474
2033-2037	6,056,886
2038-2042	935,625
	<u>\$ 71,007,208</u>

**The Palace at Coral Gables** - On July 14, 2008, through the Ordinance No. 2007-36, the City entered into Lease and Development Agreement, and Garage Lease and Development Agreement with the Palace Management Group LLC (“The Palace”) for the development, construction and operation of a senior housing facility and garage on parcels of land owned by the City (as amended, collectively the “Agreements” and each individually an “Agreement”). Following are some significant terms of the Agreements:

- (a) Lease and Development Agreement - This Agreement covers the development, construction and operation of the senior housing facility. Based on the Agreement, (a) the initial term of the lease is for thirty (30) years commencing on August 1, 2011 (first day of the month following the Possession Date of July 28, 2011) with an option to renew the lease term for up to two (2) additional terms of thirty (30) years each and for a third additional term of nine (9) years, for a total possible maximum term of ninety-nine (99) years, (b) a monthly fee of \$950.00 from August 2008 to July 31, 2011, as pre-possession/good standing fee prior to the start of the lease term, (c) a monthly fixed base rent of \$9,500 from August 1, 2011 through July 31, 2013, (d) starting August 1, 2013, the total yearly fixed base rent is increased yearly by \$9,500 until the

total yearly fixed base rent is equal to \$237,500, and thereafter until the end of the initial lease term, (e) during the first renewal of the lease term, the yearly fixed base rent is increased to \$242,250 commencing on the second year of the first renewal term will be increased by 2% per year until the end of the final lease term, including any further renewals thereof, (f) in addition to the yearly fixed base rent, starting August 1, 2014 a percentage base rent is to be paid to the City equal to 0.5% of the project revenue of each rental year. The percentage base rent rate is increased by 0.1% yearly until the rate is equal to 2%, and thereafter remains as the rate for the remainder of the initial lease term and renewal terms.

In addition, as part of the Agreement, the Palace conveyed to the City the title on two parcels of land that became part of the land owned by the City on where the project is being built. The agreed market value of the parcels of land was \$1,251,000.

- (b) Parking Garage Lease and Development Agreement - This Agreement covers the development, construction and operation of the Parking Component of the facility for public parking, private parking and retail spaces. Based on the Agreement, (a) the initial term of the lease is for thirty (30) years commencing on August 1, 2011 (first day of the month following the Possession Date of July 28, 2011) with an option to renew the lease term for up to two (2) additional terms of thirty (30) years each and for a third additional term of nine (9) years, for a total possible maximum term of ninety-nine (99) years, (b) a monthly fee of \$50 from August 2008 to July 31, 2011 as pre-possession/good standing fee, (c) a monthly fixed base rent of \$500 from August 1, 2011 through July 31, 2013, (d) Starting August 1, 2013, the total yearly fixed base rent is increased yearly by \$500 until the total yearly fixed base rent is equal to \$12,500, and thereafter until the end of the initial lease term, (e) during the first renewal of the lease term, the yearly fixed base rent is increased to \$12,750 commencing on the second year of the first renewal term and will be increased by 2% per year until the end of the final lease term, including any further renewals thereof, (f) in addition to the yearly fixed base rent, starting August 1, 2014 a percentage base rent is to be paid to the City equal to 0.5% of the project revenue of each rental year. The percentage base rent rate is increased by 0.1% yearly until the rate is equal to 2%, and thereafter remains as the rate for the remainder of the initial lease term and renewal terms.

In relation to the public parking component of the Parking Facility, the Palace petitioned the City and Miami-Dade County to create the "Palace at Coral Gables Community Development District" ("CDD") to assist in the financing of this component. The City supported the creation of the CDD and it was established by the Board of County Commissioners of Miami-Dade County through Ordinance No. 10-49 on July 20, 2010, pursuant to the provision of Chapter 190 of the Florida Statutes. In July 2011, the CDD issued its Special Assessment Revenue Bonds Series 2011 in the amount of \$9.470 million with interest rate of 5% to 5.625% and maturity date of May 1, 2042. The proceeds from issuance of the special assessment bond was used to finance the construction of the public parking facility. The special assessment bonds are payable from CDD's assessments levied on the senior housing facility, retail space, private parking facility, and net revenues of the public parking facility. The Palace is required to maintain an escrow fund and deposit amount approximately equal to three (3) times the maximum annual debt service under the CDD bonds to be used solely for the payment of special assessments levied by the CDD. During the construction of the public parking facility, the bond proceeds will be released to the Palace to pay the prorata share of the public parking component construction costs. On July 28, 2011, prior to commencement of construction, the Palace granted a sublease of the public parking portion to the CDD, and the CDD and the City of Coral Gables entered into an Interlocal Agreement regarding operation and funding of the CDD.

In relation to the CDD special assessment bonds, the City through Resolution No. 2011-56 dated March 22, 2011 agreed to guarantee the payment of the bonds and the City and the bond trustee entered into a Guaranty Agreement. As provided in the guaranty agreement, the City agrees to: (a) irrevocably agree to pay to the Trustee from any legally available funds, for the benefit of the bondholders, that portion of the principal and interest on the bonds that becomes due for payment but unpaid due to the occurrence and continuation of events calling for guarantor payment; (b) the City's obligation under the guarantee agreement is limited to a maximum annual debt service amount of \$700,000 and a maximum total debt service amount of \$21 million; (c) the obligation of the City will not constitute a general debt, liability or obligation of the City within the meaning of any constitutional or statutory limitation; (d) the City agrees to budget, appropriate and pay to the Trustee any deficiency amount within ten (10) business days of the receipt of notice of deficiency from the Trustee while the CDD bonds are outstanding; (e) the City received \$225,000 from the proceeds of the CDD bond in consideration for the City's guaranty; (f) in the event that the City's guaranty is called upon, the Palace is considered in default of the two (2) lease agreements and the City may exercise its rights and remedies, which include but not limited, for the City to initiate a reversion of the Palace's leasehold interest in both the private and public facilities.

At September 30, 2012, the City billed to and received from the Palace \$114,000 and \$6,000 for the Lease and Development Agreement and Parking Garage Lease and Development Agreement, respectively. In addition, there are no events or occurrences resulting to the City's guaranty to be called.

The cost of assets under operating leases is \$64,503,788, with a net book value of \$54,894,411. Depreciation expense on leased assets was \$619,198 for the fiscal year ended September 30, 2012.

#### ***NOTE 15 - 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. The rent commencement date is October 1, 2011 and the management company pays \$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, the 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.

For the year ended September 30, 2012, the City billed and collected from the management company \$240,000 as rental income.

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.

Prior to December 19, 2011, the management company was delinquent in making the required quarterly payments for a period of three (3) years. On December 19, 2011 through Resolution 2011-305, the City and the management company entered into a Settlement and Release Agreement. As part of the agreement, the management company paid to the City \$4,283,655 which represents the total amount owed to the City as of December 19, 2011.

At September 30, 2012, the City billed the base fee amount of \$581,900 and the 3.5% of the annual net revenue of \$676,379 for a total fee amount of \$1,258,279. 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, 2012, the City billed the management company \$151,253 as rental income. Total loans obtained and used by the City in prior years to renovate the property amounted to \$7,935,000.

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.

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, 2012, the amount is recognized as part of deferred revenue.

On December 19, 2011 through Resolution 2011-305, the City and the management company executed the first amendment to the management agreement for Biltmore and Granada Public Golf Courses. The amendment to the agreement includes: (a) the management company agreed to pay the City \$650,000 as settlement of past due base fees for the Biltmore Golf Course of \$1,292,612 as of December 19, 2011; (b) the annual base fee of \$300,000 payable on a quarterly basis is amended to \$160,000. The quarterly payment of base fee in the amount of \$40,000 is due and payable starting October 1, 2013; and (c) the provisions on percentage fees to be paid based on annual revenues have been removed.

***NOTE 16 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED***

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangement*, was issued December 2010. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership. The Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators. It requires governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. In addition, it is designed to alleviate the confusion that can arise when determining what guidance should be applied in complex circumstances, which previously were not specifically addressed in GASB literature. The provisions of this Statement will be effective for the City beginning with its fiscal year ending September 30, 2013.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, was issued November 2010. This Statement is designed to improve financial reporting for governmental entities. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate

organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement will be effective for the City beginning with its fiscal year ending September 30, 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance and pronouncements that are included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The provisions of this Statement will be effective for the City beginning with its fiscal year ending September 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued June 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement will be effective for the City beginning with its fiscal year ending September 30, 2013.

GASB Statement No. 65, *Item Previously Reported as Assets and Liabilities*, was issued March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 66, *Technical Corrections – 2012-An Amendment of GASB Statements No. 10 and No.62*, was issued March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, was issued June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of Statement 67 are effective for financial statements for fiscal years beginning after June 15, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of Statement 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

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

**NOTE 17 - 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.

**NOTE 18 – SUBSEQUENT EVENT**

On February 19, 2013, the City Commission through Resolution No. 2013-37 approved the issuance of two loans from the Sunshine State Governmental Financing Commission:

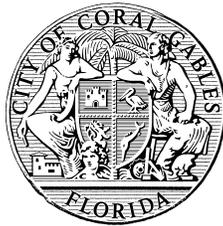
- (a) Series 2013A with principal amount not to exceed \$17.3 million with a tax-exempt interest rate of 2.4%, final maturity date of October 1, 2028. The proceeds will be used to refund all or a portion of Series 2004A loans which has an outstanding balance of \$17.6 million and interest rate ranging from 3.0% to 4.5%; and
- (b) Series 2013B with principal amount not to exceed \$4.7 million with a taxable interest rate of 3.43%, final maturity date of October 1, 2028. The proceeds will be used to refund all or a portion of Series 2004B loans which has an outstanding balance of \$4.5 million and interest rate ranging from 4.75% to 5.87% .

# Required Supplementary Information

(Unaudited)

## Supplementary Information

### Notes to Required Supplementary Information



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**CITY OF CORAL GABLES, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND (Unaudited)**  
 For the Fiscal Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 84,254,826	\$ 84,254,826	\$ 84,038,668	\$ (216,158)
Licenses	3,190,000	3,190,000	3,148,148	(41,852)
Permits	5,595,400	5,595,400	7,935,003	2,339,603
Fines and Forfeitures	3,341,000	3,341,000	3,641,890	300,890
Intergovernmental	4,174,338	4,750,778	4,744,664	(6,114)
Charges for Services	13,114,608	13,114,608	13,947,479	832,871
Recreation Activity Fees	3,429,400	3,429,400	3,534,934	105,534
Rental Income	4,890,076	4,890,076	3,635,797	(1,254,279)
Investment Earnings	75,000	75,000	59,680	(15,320)
Contributions and Donations	500,000	500,000	691,931	191,931
Miscellaneous	168,311	340,589	472,814	132,225
Total Revenues	<u>122,732,959</u>	<u>123,481,677</u>	<u>125,851,008</u>	<u>2,369,331</u>
<b>EXPENDITURES</b>				
Current:				
General Government	14,365,018	14,513,529	13,745,552	767,977
Public Safety	73,284,570	73,914,707	72,542,153	1,372,554
Physical Environment	17,758,044	17,759,932	16,810,152	949,780
Transportation	2,850,953	2,850,953	2,750,197	100,756
Economic Environment	693,050	776,946	753,151	23,795
Culture and Recreation	8,085,167	8,209,524	7,665,669	543,855
Debt Service:				
Retirement of Principal	310,082	236,582	232,906	3,676
Interest	28,800	28,800	24,766	4,034
Capital Outlay	545,098	1,132,471	690,056	442,415
Total Expenditures	<u>117,920,782</u>	<u>119,423,444</u>	<u>115,214,602</u>	<u>4,208,842</u>
Excess of Revenues Over Expenditures	<u>4,812,177</u>	<u>4,058,233</u>	<u>10,636,406</u>	<u>6,578,173</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Transfers In	6,202,000	6,202,000	5,954,456	(247,544)
Transfers Out	(9,284,528)	(9,284,528)	(6,652,204)	2,632,324
Total Other Financing Sources (Uses)	<u>(3,082,528)</u>	<u>(3,082,528)</u>	<u>(697,748)</u>	<u>2,384,780</u>
Net Change in Fund Balance	<u>\$ 1,729,649</u>	<u>\$ 975,705</u>	<u>9,938,658</u>	<u>\$ 8,962,953</u>
Fund Balance - Beginning			<u>19,487,263</u>	
Fund Balance - Ending			<u>\$ 29,425,921</u>	

See notes to required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION****CITY OF CORAL GABLES RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS**

(Unaudited)

(Amounts in thousands)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)(3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Annual Covered Payroll (4)/(6)
October 1, 2011	\$264,628	\$499,648	\$235,020	53.0%	\$40,864	575.1%
October 1, 2010	\$265,081	\$460,732	\$195,651	57.5%	\$46,950	416.7%
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%

**OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS**

(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
September 30, 2012	-	\$26,635,663	\$26,635,663	0%	\$50,035,509	53.2%
September 30, 2011	-	\$25,317,350	\$25,317,350	0%	\$49,102,420	51.6%
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**

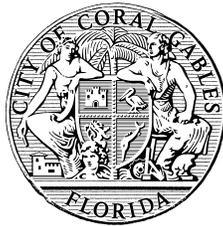
**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION  
(Unaudited)**

**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 fund, 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.

(c) The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2012 that are included in the final amended budget. For the fiscal year, there was one supplemental appropriation ordinance increasing revenues by \$748,718 and increasing appropriations by \$1,502,662.

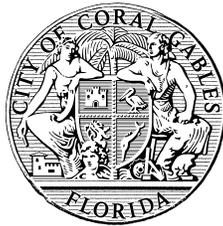


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## **Combining Individual Fund Statements and Schedules**

These financial statements provide a more detailed view of the 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.



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## **Nonmajor Governmental Funds**

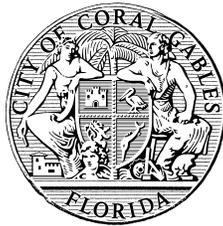
### **Capital Projects Funds:**

**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 on 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.

**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.



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CITY OF CORAL GABLES, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2012

	<u>Capital Projects</u>				
	<u>Roadway Improvement Fund</u>	<u>Transportation Fund</u>	<u>General Obligation Bond Fund</u>	<u>Impact Fees Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,580,388	\$ 188,821	\$ 28,608	\$ -	\$ 3,797,817
Restricted Cash and Cash Equivalents	-	-	-	3,748,664	3,748,664
Accounts Receivable, Net	117,787	-	-	-	117,787
Due from Other Governments	552,431	400,969	316,822	-	1,270,222
Total Assets	<u>4,250,606</u>	<u>589,790</u>	<u>345,430</u>	<u>3,748,664</u>	<u>8,934,490</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	344,639	301,176	90,089	-	735,904
Accrued Payroll	1,841	1,065	-	-	2,906
Due to Other Funds	-	-	100,000	-	100,000
Deferred/Unearned Revenue	453,740	23,947	196,445	-	674,132
Total Liabilities	<u>800,220</u>	<u>326,188</u>	<u>386,534</u>	<u>-</u>	<u>1,512,942</u>
<b>FUND BALANCES (DEFICIT)</b>					
<b>Restricted to:</b>					
Public Safety	-	-	-	1,623,730	1,623,730
Parks and Recreation	-	-	-	1,048,440	1,048,440
Other Physical Environment	-	-	-	1,076,494	1,076,494
<b>Assigned to:</b>					
Other Capital Projects	3,450,386	263,602	-	-	3,713,988
<b>Unassigned</b>					
Total Fund Balances (Deficit)	<u>3,450,386</u>	<u>263,602</u>	<u>(41,104)</u>	<u>3,748,664</u>	<u>7,421,548</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 4,250,606</u>	<u>\$ 589,790</u>	<u>\$ 345,430</u>	<u>\$ 3,748,664</u>	<u>\$ 8,934,490</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, 2012

	<b>Capital Projects</b>				
	<b>Roadway Improvement Fund</b>	<b>Transportation Fund</b>	<b>General Obligation Bond Fund</b>	<b>Impact Fees Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Gasoline Sales Tax	\$ 1,115,066	\$ -	\$ -	\$ -	\$ 1,115,066
Municipal Surtax	-	1,587,452	-	-	1,587,452
Special Assessments	-	-	-	439,539	439,539
Rental Income	-	2,963	-	-	2,963
Intergovernmental	142,764	-	1,367,444	-	1,510,208
Charges for Services	1,500,000	-	-	-	1,500,000
Investment Earnings	3,803	50	373	3,685	7,911
Miscellaneous	9,931	-	-	-	9,931
Total Revenues	<u>2,771,564</u>	<u>1,590,465</u>	<u>1,367,817</u>	<u>443,224</u>	<u>6,173,070</u>
<b>EXPENDITURES</b>					
Current:					
Transportation	537,069	1,326,863	-	-	1,863,932
Culture and Recreation	-	-	1,351,240	517	1,351,757
Capital Outlay	300,590	-	34,869	-	335,459
Total Expenditures	<u>837,659</u>	<u>1,326,863</u>	<u>1,386,109</u>	<u>517</u>	<u>3,551,148</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,933,905</u>	<u>263,602</u>	<u>(18,292)</u>	<u>442,707</u>	<u>2,621,922</u>
Net Change in Fund Balances	1,933,905	263,602	(18,292)	442,707	2,621,922
Fund Balances (Deficit) - Beginning	<u>1,516,481</u>	<u>-</u>	<u>(22,812)</u>	<u>3,305,957</u>	<u>4,799,626</u>
Fund Balances (Deficit) - Ending	<u>\$ 3,450,386</u>	<u>\$ 263,602</u>	<u>\$ (41,104)</u>	<u>\$ 3,748,664</u>	<u>\$ 7,421,548</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ -	\$ -	\$ 100	\$ 100
Investment Earnings	-	-	1,766	1,766
Total Revenues	-	-	1,866	1,866
<b>EXPENDITURES</b>				
Debt Service:				
Retirement of Principal	768,658	768,658	43,530,034	(42,761,376)
Interest	3,707,870	3,707,870	2,082,947	1,624,923
Debt Issuance Costs	-	-	61,456	(61,456)
Total Expenditures	4,476,528	4,476,528	45,674,437	(41,197,909)
Deficiency of Revenues Under Expenditures	(4,476,528)	(4,476,528)	(45,672,571)	(41,196,043)
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	-	-	43,096,290	43,096,290
Transfers In	4,476,528	4,476,528	3,690,240	(786,288)
Total Other Financing Sources	4,476,528	4,476,528	46,786,530	42,310,002
Net Change in Fund Balances	\$ -	\$ -	1,113,959	\$ 1,113,959
Fund Balances - Beginning			1,371,680	
Fund Balances - Ending			\$ 2,485,639	



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## **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 for 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 third party administrator, 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, 2012

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 9,461,115	\$ 4,327,837	\$ 13,176,312	\$ 26,965,264
Accounts Receivable, Net	56,915	11,275	3,716	71,906
Inventory	134,103	-	-	134,103
Prepaid Items	-	-	1,634,167	1,634,167
Total Current Assets	<u>9,652,133</u>	<u>4,339,112</u>	<u>14,814,195</u>	<u>28,805,440</u>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Equipment	25,977,704	262,484	-	26,240,188
Accumulated Depreciation	(21,920,383)	(254,472)	-	(22,174,855)
Total Noncurrent Assets	<u>4,057,321</u>	<u>8,012</u>	<u>-</u>	<u>4,065,333</u>
Total Assets	<u>13,709,454</u>	<u>4,347,124</u>	<u>14,814,195</u>	<u>32,870,773</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	381,223	591,110	39,918	1,012,251
Accrued Payroll	30,769	15,419	-	46,188
Unearned Revenue	-	500	277	777
Accrued Compensated Absences	96,735	55,868	-	152,603
Claims Payable	-	-	3,938,000	3,938,000
Capital Lease Payable	345,982	-	-	345,982
Total Current Liabilities	<u>854,709</u>	<u>662,897</u>	<u>3,978,195</u>	<u>5,495,801</u>
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	114,071	57,456	-	171,527
Claims Payable	-	-	7,836,000	7,836,000
Capital Lease Payable	804,552	-	-	804,552
Net OPEB Obligation	88,965	55,073	-	144,038
Total Noncurrent Liabilities	<u>1,007,588</u>	<u>112,529</u>	<u>7,836,000</u>	<u>8,956,117</u>
Total Liabilities	<u>1,862,297</u>	<u>775,426</u>	<u>11,814,195</u>	<u>14,451,918</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,906,787	8,012	-	2,914,799
Unrestricted	8,940,370	3,563,686	3,000,000	15,504,056
Total Net Assets	<u>\$ 11,847,157</u>	<u>\$ 3,571,698</u>	<u>\$ 3,000,000</u>	<u>\$ 18,418,855</u>

**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, 2012

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for Services:				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 13,221,918	\$ 13,221,918
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	5,976,722	-	-	5,976,722
Equipment Replacement Charges	1,243,000	-	-	1,243,000
Facilities	-	5,938,405	-	5,938,405
Miscellaneous Service Charges	60,896	-	-	60,896
Total Operating Revenues	<u>7,280,618</u>	<u>5,938,405</u>	<u>13,221,918</u>	<u>26,440,941</u>
<b>OPERATING EXPENSES</b>				
Administration	2,182,848	1,319,657	-	3,502,505
Cost of Sales and Services	3,293,581	3,952,582	-	7,246,163
Benefit Payments	-	-	1,864,909	1,864,909
Insurance	-	-	7,237,807	7,237,807
Depreciation	1,526,442	1,814	-	1,528,256
Total Operating Expenses	<u>7,002,871</u>	<u>5,274,053</u>	<u>9,102,716</u>	<u>21,379,640</u>
Operating Income	<u>277,747</u>	<u>664,352</u>	<u>4,119,202</u>	<u>5,061,301</u>
<b>NONOPERATING REVENUES</b>				
Interest Earnings	7,480	5,040	22,112	34,632
Miscellaneous	6,480	-	47,305	53,785
Gain from Sale of Capital Assets	51,769	-	-	51,769
Interest Expense	(26,768)	-	-	(26,768)
Total Nonoperating Revenues	<u>38,961</u>	<u>5,040</u>	<u>69,417</u>	<u>113,418</u>
Income Before Transfers	316,708	669,392	4,188,619	5,174,719
Transfers In	3,000,000	-	-	3,000,000
Transfers Out	-	-	(6,018,006)	(6,018,006)
Change In Net Assets	3,316,708	669,392	(1,829,387)	2,156,713
Net Assets - Beginning	8,530,449	2,902,306	4,829,387	16,262,142
Net Assets - Ending	<u>\$ 11,847,157</u>	<u>\$ 3,571,698</u>	<u>\$ 3,000,000</u>	<u>\$ 18,418,855</u>

**CITY OF CORAL GABLES, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended September 30, 2012

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 7,250,326	\$ 5,927,130	\$ 13,236,588	\$ 26,414,044
Payments to Employees	(2,144,335)	(1,309,147)	-	(3,453,482)
Payments to Suppliers	(3,375,822)	(3,917,433)	(9,489,663)	(16,782,918)
Net Cash Provided by (used in) Operating Activities	<u>1,730,169</u>	<u>700,550</u>	<u>3,746,925</u>	<u>6,177,644</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in from Other Funds	3,000,000	-	-	3,000,000
Transfers out to Other Funds	-	-	(4,588,006)	(4,588,006)
Net Cash Provided by (used in) Noncapital Financing Activities	<u>3,000,000</u>	<u>-</u>	<u>(4,588,006)</u>	<u>(1,588,006)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(1,070,640)	(1,468)	-	(1,072,108)
Proceeds from Sale of Capital Assets	51,769	-	-	51,769
Principal Paid on Debt	(241,440)	-	-	(241,440)
Interest Paid on Debt	(26,768)	-	-	(26,768)
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>(1,287,079)</u>	<u>(1,468)</u>	<u>-</u>	<u>(1,288,547)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>				
Interest and Dividends Received	13,960	5,040	69,417	88,417
Net Increase (Decrease) in Cash and Cash Equivalents	3,457,050	704,122	(771,664)	3,389,508
Cash and Cash Equivalents - Beginning	6,004,065	3,623,715	13,947,976	23,575,756
Cash and Cash Equivalents - Ending	<u>\$ 9,461,115</u>	<u>\$ 4,327,837</u>	<u>\$ 13,176,312</u>	<u>\$ 26,965,264</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating Income (Loss)	\$ 277,747	\$ 664,352	\$ 4,119,202	\$ 5,061,301
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Depreciation Expense	1,526,442	1,814	-	1,528,256
Change in Assets and Liabilities:				
Accounts Receivable	(50,937)	(11,275)	14,393	(47,819)
Inventory	(134,103)	-	-	(134,103)
Due from Other Governments	20,645	-	-	20,645
Prepaid Items	-	-	173,697	173,697
Accounts Payable	51,862	35,149	(64,644)	22,367
Accrued Payroll and Other Expenses	562	(4,547)	-	(3,985)
Unearned Revenue	-	500	277	777
Accrued Compensated Absences	14,878	274	-	15,152
Claims Payable	-	-	(496,000)	(496,000)
Net OPEB Obligation	23,073	14,283	-	37,356
Total Adjustments	<u>1,452,422</u>	<u>36,198</u>	<u>(372,277)</u>	<u>1,116,343</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ 1,730,169</u>	<u>\$ 700,550</u>	<u>\$ 3,746,925</u>	<u>\$ 6,177,644</u>
Noncash Capital Financing Activities				
Capital Assets Acquired through Capital Lease	\$ 599,972	\$ -	\$ -	\$ 599,972

## **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, 2012

	<b>Coral Gables Retirement Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,700,628	\$ 816,012	\$ 14,981	\$ 10,531,621
Receivables:				
Accrued Interest and Dividends	474,812	-	-	474,812
Buyback Receivable	95,323	-	-	95,323
Share Plan Contributions	93,559	-	113,943	207,502
Receivable for securities sold	1,215,247	-	-	1,215,247
Other receivables	12,797	-	-	12,797
Total Receivables	1,891,738	-	113,943	2,005,681
Securities Lending Cash Collateral - Invested	35,443,530	-	-	35,443,530
Investments at fair value:				
U.S. Government and Agency	21,039,557	-	-	21,039,557
Domestic Fixed Income Fund	13,188,577	-	-	13,188,577
Global fixed income	13,437,702	-	-	13,437,702
Corporate Bonds	22,598,660	-	-	22,598,660
Common Stocks	94,165,925	-	-	94,165,925
International Equity	49,927,749	-	-	49,927,749
Real Estate Investment Trust (REIT)	32,791,885	-	-	32,791,885
Alternative Investments	24,995,316	-	-	24,995,316
Mutual Funds	-	3,602,430	13,647,320	17,249,750
Total Investments	272,145,371	3,602,430	13,647,320	289,395,121
Total Assets	319,181,267	4,418,442	13,776,244	337,375,953
<b>LIABILITIES</b>				
Accounts Payable	145,901	-	-	145,901
Payable for Securities Purchased	3,662,573	-	-	3,662,573
Obligations under Securities Lending	35,443,530	-	-	35,443,530
Total Liabilities	39,252,004	-	-	39,252,004
<b>NET ASSETS</b>				
Net Assets held in trust for pension benefits	\$ 279,929,263	\$ 4,418,442	\$ 13,776,244	\$ 298,123,949

CITY OF CORAL GABLES, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended September 30, 2012

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
<b>Additions:</b>				
City Contributions	\$ 23,000,549	\$ 474,374	\$ 1,063,135	\$ 24,538,058
Share Plan Contributions	145,830	-	-	145,830
Total Government Contributions	23,146,379	474,374	1,063,135	24,683,888
Employees:				
Employee contributions	3,782,365	-	-	3,782,365
Buybacks	187,368	-	-	187,368
Total Employee Contributions	3,969,733	-	-	3,969,733
Total Contributions	27,116,112	474,374	1,063,135	28,653,621
Investment Income:				
Net Appreciation in the Fair Value of Investments	38,338,722	519,854	1,366,487	40,225,063
Interest and Dividends	6,621,097	108,887	192,680	6,922,664
Other Income	11,785	137	-	11,922
Total Investment Income	44,971,604	628,878	1,559,167	47,159,649
Less Investment Expenses	1,761,227	27,680	137,045	1,925,952
Total Investment Income before Securities Lending Activity	43,210,377	601,198	1,422,122	45,233,697
Securities Lending Activities:				
Security Lending Income	106,473	-	-	106,473
Security Lending Fees and Rebates	(37,204)	-	-	(37,204)
Net Income from Security Lending Activities	69,269	-	-	69,269
Total Net Investment Income	43,279,646	601,198	1,422,122	45,302,966
<b>Total Additions</b>	<b>70,395,758</b>	<b>1,075,572</b>	<b>2,485,257</b>	<b>73,956,587</b>
<b>Deductions:</b>				
Pension Benefits Paid	30,693,352	619,719	12,611	31,325,682
Refunds of Contributions	237,056	-	-	237,056
Administrative Expense	329,558	49,209	-	378,767
<b>Total Deductions</b>	<b>31,259,966</b>	<b>668,928</b>	<b>12,611</b>	<b>31,941,505</b>
Net Increase	39,135,792	406,644	2,472,646	42,015,082
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	240,793,471	4,011,798	11,303,598	256,108,867
End of Year	\$ 279,929,263	\$ 4,418,442	\$ 13,776,244	\$ 298,123,949

**CITY OF CORAL GABLES, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
 For the Fiscal Year Ended September 30, 2012

	<b>Employee Benefits Fund</b>	<b>Law Enforcement Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents			
Beginning	\$ 896,630	\$ 5,726,136	\$ 6,622,766
Additions	18,734	3,889,341	3,908,075
Deductions	(23,475)	(5,424,448)	(5,447,923)
Prepaid Items	-	201,390	201,390
Total Assets	<u>891,889</u>	<u>4,392,419</u>	<u>5,284,308</u>
<b>LIABILITIES</b>			
Deferred Compensation Payable			
Beginning	891,005	-	891,005
Additions	19,495	-	19,495
Deductions	(24,236)	-	(24,236)
Ending	<u>886,264</u>	<u>-</u>	<u>886,264</u>
Due to Other Governments			
Beginning	5,625	5,726,136	5,731,761
Additions	-	3,889,341	3,889,341
Deductions	-	(5,223,058)	(5,223,058)
Ending	<u>5,625</u>	<u>4,392,419</u>	<u>4,398,044</u>
Total Liabilities	<u>\$ 891,889</u>	<u>\$ 4,392,419</u>	<u>\$ 5,284,308</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.

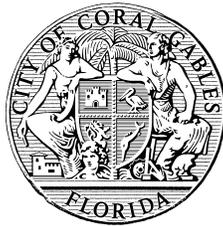
### **Demographic and Economic Information**

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.



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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 149,598,620	\$ 144,390,262	\$ 141,639,049	\$ 141,673,723	\$ 139,512,991	\$ 140,912,940	\$ 142,963,136	\$ 141,074,353	\$ 139,786,744	\$ 134,659,013
Restricted	3,118,227	-	-	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748
Unrestricted	4,114,829	9,033,243	5,783,177	1,703,127	3,328,883	-	(624,816)	13,801,226	42,070,763	61,902,841
Total Net Assets	\$ 156,831,676	\$ 153,423,505	\$ 147,422,226	\$ 143,676,850	\$ 142,841,874	\$ 140,912,940	\$ 143,339,558	\$ 156,329,273	\$ 190,164,543	\$ 207,216,602
<b>Business-type Activities</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 15,968,325	\$ 11,052,753	\$ 15,970,401	\$ 16,128,212	\$ 18,930,925	\$ 19,399,108	\$ 21,533,924	\$ 23,080,309	\$ 25,118,022	\$ 26,049,636
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	990,965	6,419,428	4,880,472	8,362,064	10,143,471	10,320,047	7,546,098	8,921,750	9,734,742	12,573,556
Total Net Assets	\$ 16,959,290	\$ 17,472,181	\$ 20,850,873	\$ 24,490,276	\$ 29,074,396	\$ 29,719,155	\$ 29,080,022	\$ 32,002,059	\$ 34,852,764	\$ 38,623,192
<b>Primary Government</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 165,566,945	\$ 155,443,015	\$ 157,609,450	\$ 157,801,935	\$ 158,443,916	\$ 160,312,048	\$ 164,497,060	\$ 164,154,662	\$ 164,904,766	\$ 160,708,649
Restricted	3,118,227	-	-	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748
Unrestricted	5,105,794	15,452,671	10,663,649	10,065,191	13,472,354	10,320,047	6,921,282	22,722,976	51,805,505	74,476,397
Total Net Assets	\$ 173,790,966	\$ 170,895,686	\$ 168,273,099	\$ 168,167,126	\$ 171,916,270	\$ 170,632,095	\$ 172,419,580	\$ 188,331,332	\$ 225,017,307	\$ 245,839,794

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 12,807,218	\$ 19,259,266	\$ 18,735,309	\$ 22,591,752	\$ 21,697,557	\$ 22,880,968	\$ 23,349,213	\$ 22,476,553	\$ 17,942,595	\$ 16,972,816
Public Safety	47,740,806	56,243,067	69,493,373	82,857,461	69,844,742	70,019,943	68,528,429	67,626,456	71,096,529	71,388,299
Physical environment	12,143,256	17,224,303	16,795,942	18,996,962	20,842,416	19,427,236	19,427,373	13,668,200	12,747,191	16,926,907
Transportation	4,145,679	6,544,841	7,630,380	6,185,567	6,348,931	6,068,973	6,284,102	10,426,083	10,103,982	5,585,520
Economic Environment	499,510	559,987	605,991	681,712	732,910	691,803	587,993	653,894	547,916	725,712
Culture and Recreation	11,175,469	4,583,627	9,031,840	10,589,595	10,290,416	10,226,932	8,959,144	8,473,939	9,220,799	9,899,154
Interest on long-term debt	607,524	1,233,166	1,367,725	1,491,412	1,741,825	1,936,947	1,391,416	1,186,837	1,364,343	2,107,713
Depreciation	7,682,502	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	96,801,964	105,648,257	123,660,560	143,394,461	131,498,797	131,252,802	128,527,670	124,511,962	123,023,355	123,606,121
<b>Business-type activities:</b>										
Sanitary Sewer System	6,176,092	5,912,644	4,980,669	3,936,494	4,209,514	4,230,483	3,854,930	4,303,930	4,304,721	5,004,038
Parking System	2,508,818	2,709,911	2,797,421	4,078,910	4,286,312	4,254,921	4,112,309	3,676,444	4,027,320	3,941,559
Stormwater Utility	1,201,072	1,506,395	1,353,267	1,369,480	1,276,688	1,325,574	1,476,060	1,469,640	3,775,173	2,758,505
Total business-type activities	9,885,982	10,128,950	9,131,357	9,384,884	9,772,514	9,810,978	9,443,299	9,450,014	12,107,214	11,704,102
Total primary government	\$ 106,687,946	\$ 115,777,207	\$ 132,791,917	\$ 152,779,345	\$ 141,271,311	\$ 141,063,780	\$ 137,970,969	\$ 133,961,976	\$ 135,130,569	\$ 135,310,223
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for services:										
General government	\$ 10,596,765	\$ 11,928,422	\$ 13,886,553	\$ 14,363,890	\$ 15,699,777	\$ 15,224,883	\$ 14,161,870	\$ 13,914,951	\$ 34,643,739	\$ 18,229,888
Public Safety	4,076,698	4,030,687	3,306,899	3,386,783	2,926,106	2,298,024	2,723,731	5,847,438	6,732,024	6,013,738
Physical environment	5,716,580	5,765,680	6,423,751	6,407,987	6,783,403	7,036,996	7,653,827	8,821,178	9,487,606	9,330,652
Economic Environment	-	-	-	-	-	-	-	-	1,962,748	2,600,000
Culture and Recreation	4,086,321	2,815,351	2,960,042	3,826,206	3,747,163	3,576,441	3,631,334	3,338,009	1,038,967	3,688,909
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,478,001	1,482,412	9,042,210	17,132,223	2,478,666	238,033	108,762	94,832	359,559	415,718
Capital grants and contributions	4,172,352	3,828,986	58,750	835,796	2,156,192	1,281,665	3,308,654	4,789,203	4,253,176	2,831,825
Total governmental activities program revenue	30,126,717	29,851,538	35,678,205	45,952,885	33,791,307	29,656,042	31,588,178	36,806,216	58,477,819	43,110,730
<b>Business-type activities:</b>										
Charges for services:										
Sanitary Sewer System	6,325,769	6,110,263	7,103,375	6,966,131	7,455,717	6,793,767	6,541,910	7,109,919	7,201,475	7,605,600
Parking System	7,722,841	7,960,206	8,244,087	8,777,493	9,187,646	9,088,332	8,311,688	9,227,722	10,154,202	10,330,540
Stormwater Utility	1,491,832	1,502,537	1,495,481	1,490,437	1,496,153	1,546,412	1,857,694	2,340,830	2,417,095	2,524,565
Operating grants and contributions	-	-	-	-	-	-	-	-	1,606,542	-
Capital grants and contributions	-	-	-	-	554,196	-	392,233	238,597	324,445	920,448
Total business-type activities program revenue	15,540,442	15,573,006	16,842,943	17,234,061	18,693,712	17,428,511	17,103,525	18,917,068	21,703,759	21,381,153
Total primary government program revenue	\$ 45,667,159	\$ 45,424,544	\$ 52,521,148	\$ 63,186,946	\$ 52,485,019	\$ 47,084,553	\$ 48,691,703	\$ 55,723,284	\$ 80,181,578	\$ 64,491,883
<b>Net(Expense) Revenue</b>										
Governmental activities	\$ (66,675,247)	\$ (75,796,719)	\$ (87,982,355)	\$ (97,441,576)	\$ (97,707,490)	\$ (101,596,760)	\$ (96,939,492)	\$ (87,705,746)	\$ (64,545,536)	\$ (80,495,391)
Business-type activities	5,654,460	5,444,056	7,711,586	7,849,177	8,921,198	7,617,533	7,660,226	9,467,054	9,596,545	9,677,051
Total primary government net expenses	\$ (61,020,787)	\$ (70,352,663)	\$ (80,270,769)	\$ (89,592,399)	\$ (88,786,292)	\$ (93,979,227)	\$ (89,279,266)	\$ (78,238,692)	\$ (54,948,991)	\$ (70,818,340)
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 40,077,925	\$ 47,969,473	\$ 53,466,648	\$ 61,868,946	\$ 69,730,264	\$ 66,388,634	\$ 66,397,191	\$ 70,277,262	\$ 67,078,084	\$ 66,377,589
Franchise fees	4,634,295	5,745,884	5,486,704	6,691,724	7,283,548	7,161,421	7,049,737	6,276,301	6,335,532	6,763,530
Utility taxes	9,658,278	9,540,782	9,594,365	9,939,425	10,186,819	10,422,786	11,293,277	11,219,861	10,953,661	10,897,549
Other Taxes	-	-	2,503,017	2,717,415	2,645,290	2,569,027	2,378,268	2,399,014	2,552,642	2,702,518
Intergovernmental	5,172,570	4,327,293	4,452,521	6,076,666	4,252,076	4,053,651	3,684,951	3,641,236	3,990,300	4,254,993
Investment Earnings	583,918	719,165	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070
Bad Debt Expense	-	-	-	-	(4,229,491)	-	-	-	-	-
Miscellaneous	2,027,843	2,518,392	1,047,855	546,076	310,400	453,448	667,778	239,410	603,945	482,745
Transfers	4,523,447	4,958,622	4,381,200	4,280,430	4,585,899	7,227,011	8,343,575	6,567,156	6,807,873	5,954,456
Total governmental activities	66,678,276	75,779,611	81,981,076	93,696,200	96,872,514	99,666,826	99,973,128	100,695,461	98,380,806	97,547,450
<b>Business-type activities:</b>										
Investment Earnings	17,180	14,060	31,153	56,481	80,468	232,392	23,493	9,129	9,266	16,670
Miscellaneous	21,298	13,397	17,153	14,175	168,353	21,845	20,723	13,010	52,767	31,163
Transfers	(4,523,447)	(4,958,622)	(4,381,200)	(4,280,430)	(4,585,899)	(7,227,011)	(8,343,575)	(6,567,156)	(6,807,873)	(5,954,456)
Total business-type activities	(4,484,969)	(4,931,165)	(4,332,894)	(4,209,774)	(4,337,078)	(6,972,774)	(8,299,359)	(6,545,017)	(6,745,840)	(5,906,623)
Total primary government	\$ 62,193,307	\$ 70,848,446	\$ 77,648,182	\$ 89,486,426	\$ 92,535,436	\$ 92,694,052	\$ 91,673,769	\$ 94,150,444	\$ 91,634,966	\$ 91,640,827
<b>Change in Net Assets</b>										
Governmental activities	\$ 3,029	\$ (17,108)	\$ (6,001,279)	\$ (3,745,376)	\$ (834,976)	\$ (1,929,934)	\$ 3,033,636	\$ 12,989,715	\$ 33,825,270	\$ 17,052,059
Business-type activities	1,169,491	512,891	3,378,692	3,639,403	4,584,120	644,759	(639,133)	2,922,037	2,850,705	3,770,428
Total primary government	\$ 1,172,520	\$ 495,783	\$ (2,622,587)	\$ (105,973)	\$ 3,749,144	\$ (1,285,175)	\$ 2,394,503	\$ 15,911,752	\$ 36,675,975	\$ 20,822,487

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)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>										
Reserved for:										
Encumbrance	\$ 1,221,952	\$ 362,891	\$ 346,109	\$ 343,460	\$ 586,407	\$ 504,291	\$ 333,082	\$ 272,511	\$ -	\$ -
Federal Emergency Management Agency	-	-	-	-	-	-	-	-	-	-
Inventories	192,379	131,895	129,037	96,193	96,193	96,193	84,139	86,505	-	-
Prepaid Items	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	-	-	-	-	-	-	-	-	-	-
Cable TV Utilization	-	-	-	-	-	-	-	-	-	-
Coral Gables House	2,732	-	-	-	-	-	-	-	-	-
Historic Preservation	41,458	-	-	-	-	-	-	-	-	-
Orange Bowl Scholarship	670	-	-	-	-	-	-	-	-	-
Youth Center Concession	251	-	-	-	-	-	-	-	-	-
Pinewood Cemetery	3,762	-	-	-	-	-	-	-	-	-
Firefighters Rescue	10,457	-	-	-	-	-	-	-	-	-
Dade County Schools Resource	17,686	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
General Fund	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	-	-	-	-	(1,364,918)	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	126,320	28,654
Restricted	-	-	-	-	-	-	-	-	3,629,399	4,273,043
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	3,367,565	4,012,316
Unassigned	-	-	-	-	-	-	-	-	12,363,979	21,111,908
<b>Total general fund</b>	<b>\$ 5,318,823</b>	<b>\$10,182,344</b>	<b>\$ 8,286,463</b>	<b>\$9,204,888</b>	<b>\$ 9,537,263</b>	<b>\$ 9,823,107</b>	<b>\$ 4,965,364</b>	<b>\$ 7,022,975</b>	<b>\$ 19,487,263</b>	<b>\$29,425,921</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Encumbrance	\$ 163,887	\$ 1,045,854	\$ 173,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	-	6,859	6,861	-	6,853	-	-	-	-	-
Transportation	774,850	-	-	749,750	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	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	-	-	-	-	-	-	-	-	-	-
Undesignated for Law Enforcement Trust	-	-	-	-	-	-	-	-	-	-
Capital projects funds	(229,804)	808,806	853,510	1,045,192	-	(402,542)	(230,684)	(1,504,763)	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	26,367,078	26,925,026
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	8,106,937	16,125,829
Unassigned	-	-	-	-	-	-	-	-	(22,812)	(41,104)
<b>Total all other governmental funds</b>	<b>\$ 3,827,160</b>	<b>\$ 5,999,265</b>	<b>\$(4,125,782)</b>	<b>\$4,526,183</b>	<b>\$ 5,480,963</b>	<b>\$ 1,885,949</b>	<b>\$ (45,890)</b>	<b>\$ (620,838)</b>	<b>\$ 34,451,203</b>	<b>\$43,009,751</b>

Note: GASB54 was implemented during  
Fiscal Year 2011

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Taxes	\$ 56,443,516	\$ 65,648,114	\$ 71,050,734	\$ 81,217,510	\$ 89,845,921	\$ 86,541,868	\$ 87,118,473	\$ 90,172,438	\$ 86,919,919	\$ 86,741,186
Licenses	2,635,641	2,849,665	2,850,746	2,857,303	2,887,848	2,921,161	3,038,646	3,086,382	3,052,875	3,148,148
Permits	5,156,616	4,758,264	6,534,460	6,285,880	7,056,610	5,687,950	4,007,602	4,193,899	8,568,709	7,935,003
Fines and Forfeitures	2,445,472	3,328,089	2,841,931	2,763,587	2,719,620	2,593,690	2,888,947	3,473,120	3,996,367	3,641,890
Intergovernmental	3,971,216	4,278,574	4,525,996	29,021,549	11,123,623	6,315,384	7,390,708	6,875,288	5,000,978	6,884,559
Charges for Services	7,333,240	7,511,162	8,776,856	8,088,297	8,834,802	8,478,227	8,770,139	12,534,515	15,680,153	15,447,479
Recreation Activity Fees	4,086,321	2,509,353	2,651,141	3,497,707	3,747,159	3,576,441	3,631,334	3,338,009	3,816,728	3,534,934
Rental Income	2,705,085	4,305,672	3,216,339	3,399,246	3,682,386	3,610,721	3,126,219	2,526,671	7,355,922	3,638,760
Investment earnings	499,983	670,599	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070
Bad Debt	-	-	-	-	(4,229,491)	-	-	-	-	-
Special Assessments	107,063	140,008	377,466	325,849	52,521	364,965	711,258	499,649	2,222,203	476,556
Contributions and Donations from Private Sources	110,071	-	-	-	-	-	-	-	1,140,000	735,131
Proceeds from South Florida Task Force	593,242	-	-	-	-	-	-	-	-	-
Proceeds from Treasury Department	107,296	-	-	-	-	-	-	-	-	-
Miscellaneous	274,303	2,024,465	243,252	451,601	308,261	453,448	667,778	239,410	603,945	482,745
Total revenues	86,469,065	98,023,965	104,117,687	139,484,047	128,136,969	121,934,703	121,509,455	127,014,602	138,416,568	132,780,461
<b>EXPENDITURES</b>										
Current:										
General Government	12,130,302	15,659,815	16,127,144	17,967,796	18,077,121	18,247,668	20,512,518	18,000,356	14,134,472	13,930,147
Public Safety	47,454,161	51,861,284	67,967,083	78,388,358	67,908,526	70,467,344	71,460,365	69,089,890	70,798,025	72,542,153
Physical Environment	15,128,081	16,437,244	17,057,530	17,971,512	19,021,263	19,509,302	20,063,855	13,890,885	12,315,830	16,810,152
Transportation	3,999,181	5,490,005	4,858,971	5,852,517	5,524,148	6,178,011	6,660,672	10,980,073	10,158,367	5,792,162
Economic Environment	499,510	523,349	598,638	645,291	721,991	704,232	607,676	681,765	558,174	753,151
Culture and Recreation	8,040,035	7,057,479	8,329,576	10,018,717	10,125,697	9,613,602	8,919,266	8,322,862	8,497,254	9,306,731
Debt service:										
Retirement of Principal	2,191,244	1,993,506	2,476,731	2,695,528	2,357,400	2,617,586	2,717,833	2,851,673	2,984,724	43,762,940
Interest and Other Charges	634,398	1,233,166	1,367,725	1,491,412	1,741,825	1,935,947	1,391,416	1,186,837	1,364,343	2,107,713
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	61,456
Capital outlay	3,303,915	3,507,097	1,336,417	5,162,956	10,267,919	3,197,192	8,047,190	7,797,684	2,922,479	1,285,402
Total expenditures	93,380,827	103,762,945	120,119,815	140,194,087	135,745,890	132,470,884	140,380,791	132,802,025	123,733,668	166,352,007
Excess (deficiency) of revenues over expenditures	(6,911,762)	(5,738,980)	(16,002,128)	(710,040)	(7,608,921)	(10,536,181)	(18,871,336)	(5,787,423)	14,682,900	(33,571,546)
<b>OTHER FINANCING SOURCES (USES)</b>										
Refunding Bond Issued	-	15,825,000	-	6,000,000	8,547,013	-	3,525,000	702,930	47,100,483	43,096,290
Principal Repymt.-Current Bond Refunding	-	(11,060,000)	-	-	-	-	-	-	(24,512,273)	-
Transfers In	8,994,285	20,531,907	9,245,150	8,703,944	12,498,880	11,026,884	14,972,721	13,018,055	45,548,224	15,624,666
Transfers Out	(4,331,488)	(15,573,285)	(5,263,950)	(4,423,514)	(12,149,817)	(3,799,873)	(6,415,967)	(6,450,899)	(35,283,005)	(6,652,204)
Total other financing sources (uses)	4,662,797	9,723,622	3,981,200	10,280,430	8,896,076	7,227,011	12,081,754	7,270,086	32,853,429	52,068,752
Net change in fund balances	\$ (2,248,965)	\$ 3,984,642	\$ (12,020,928)	\$ 9,570,390	\$ 1,287,155	\$ (3,309,170)	\$ (6,789,582)	\$ 1,482,663	\$ 47,536,329	\$ 18,497,206

Debt service as a percentage of noncapital expen	3.14%	3.22%	3.24%	3.10%	3.27%	3.52%	3.11%	3.23%	3.60%	27.79%
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**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
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	\$66,309,836	91.71%	\$937,052	\$67,246,888	93.01%
2011	\$68,735,926	\$63,184,651	91.92%	\$1,946,716	\$65,131,367	94.76%
2012	\$66,647,377	\$66,907,284	100.39%	\$2,258,942	\$64,648,342	97.00%

**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		
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	5.990
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	6.150
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	5.895
2011**	\$11,582,581,921	\$288,250,994	\$11,870,832,915	6.072
2012**	\$11,752,319,277	\$273,243,675	\$12,025,562,952	5.869

(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.  
 (\*) Source: Final tax roll values from the Department of Property Appraisal.  
 (\*\*) Source: Based on Certification of Taxable Value Form DR-420 for respective year.

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

FISCAL YEAR ENDED	CITY TAX RATES			COUNTY MILLAGE	SCHOOL MILLAGE	STATE MILLAGE	TOTAL
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE				
2003	5.841	0.000	5.841	6.857	9.252	0.735	22.6860
2004	5.990	0.000	5.990	6.765	9.252	0.736	22.7430
2005	5.990	0.000	5.990	7.184	8.438	0.074	22.5960
2006	6.150	0.000	6.150	7.069	8.105	0.735	22.3920
2007	6.150	0.000	6.150	6.808	7.948	0.659	21.7980
2008	5.250	0.000	5.250	5.670	7.797	0.659	19.5270
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
2011	6.072	0.000	6.072	6.656	8.249	0.659	21.6360
2012	5.869	0.000	5.869	5.769	8.005	0.471	20.1140

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	2011			2002		
	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE
	VALUE		\$11,870,832,915	VALUE		\$7,105,951,319
Douglas Colonnade LLC	\$ 88,000,000	1	0.74 %	\$ -	-	- %
355 Alhambra Plaza LTD	60,500,000	2	0.51	30,254,482	6	0.43
Prisa Ponce de Leon, LLC	58,100,000	3	0.49	-	-	-
Merrick Park LLC	58,000,000	4	0.49	41,898,700	2	0.59
The Collection Properties LLC	52,800,000	5	0.44	37,453,075	5	0.53
DEKA USA Colonnade LLC	52,700,000	6	0.44	-	-	-
Ponte Gadeu Gables, LLC	50,895,412	7	0.43	-	-	-
South Florida Equities Inc.	50,380,000	8	0.42	-	-	-
Coral Gables Associates	50,000,000	9	0.42	39,000,000	3	0.55
RREEF America Reit II Corp ZZZZ	41,600,000	10	0.35	-	-	-
Douglas Entrance Holding LTP Par.	-	-	-	53,700,000	1	0.76
Ibex Colonnade Group	-	-	-	29,900,000	7	0.42
550 Biltmore Inc.	-	-	-	29,131,250	8	0.41
Gables Grand Plaza	-	-	-	28,500,000	9	0.40
Strategic Hotel Capital Ltr Partners	-	-	-	26,640,000	10	0.37
Alhambra Plaza /West LLC	-	-	-	37,600,000	4	0.53
Totals	<u>\$ 562,975,412</u>		<u>4.74 %</u>	<u>\$ 354,077,507</u>		<u>4.98 %</u>

Property assessed on January 1, 2011 for 2011-2012 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)
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
2011	812	862
2012	843	836

**TABLE 10  
CITY OF CORAL GABLES, FLORIDA  
RATIO OF OUTSTANDING DEBT BY TYPE  
SEPTEMBER 30, 2012  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES			PERCENTAGE OF PERSONAL INCOME *	PER CAPITA *
	SPECIAL OBLIGATION BONDS	CAPITAL LEASES	PARKING SPECIAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT		
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
2011	62,978,533	1,547,084	16,321,467	648,011	81,495,095	3257%	1,742.09
2012	62,544,790	1,672,710	15,795,210	532,128	80,544,838	3481%	1,699.22

\* 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
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%
2011	-	-	-	113,984	0%
2012	-	-	-	115,215	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, 2012**

(amounts expressed in thousands)

JURISDICTION	NET DEBT OUTSTANDING	PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES	AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES
<b>City of Coral Gables</b>	\$ 64,218	100.0%	\$ 64,218
Total direct debt			\$ 64,218
 <b>Dade County, Florida</b>	 \$ 1,025,042	 5.0%	 \$ 51,252
Total overlapping debt			\$ 51,252
 Total direct debt and overlapping debt			\$ 115,470

**TOTAL NET GENERAL OBLIGATION DEBT**

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**

<b>FISCAL YEAR ENDED</b>	<b>(1) POPULATION</b>	<b>(2) PERSONAL INCOME</b>	<b>(1) PER CAPITA INCOME</b>	<b>(1) MEDIAN AGE</b>	<b>(3) SCHOOL ENROLLMENT</b>	<b>(4) UNEMPLOYMENT RATE</b>
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%
2011	46,780 *	2,502,262	53,490	38.8	13,469	7.2%
2012	47,401 *	2,313,690	48,811	39.4	13,644	5.7%

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) United States Department of Labor-Bureau of Labor Statistics-www.bls.gov

**TABLE 13A**  
**CITY OF CORAL GABLES, FLORIDA**  
**GENERAL GOVERNMENT TAX REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (amounts expressed in thousands)

<b>FISCAL YEAR ENDED</b>	<b>GENERAL PROPERTY TAXES (1)</b>	<b>FRANCHISE TAXES</b>	<b>UTILITIES SERVICES TAXES</b>	<b>OTHER TAXES</b>	<b>TOTAL TAXES</b>
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	11,220	2,399	90,172
2011	67,078	6,336	10,954	2,552	86,920
2012	66,378	6,764	10,898	2,703	86,743

(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,			
	2012		2002	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
University of Miami	13,428 *	60.20%	3,338	36.04%
Doctors Hospital -Baptist Hospital South Florida	1,100	4.93%	900	9.72%
Bayview Financial Training	1,000	4.48%	1,000	10.80%
The Biltmore Hotel	670	3.00%	600	6.48%
City of Coral Gables	789	3.54%	850	9.18%
Dade County Public Schools	534	2.39%	737	7.96%
Baptist Health South Florida	500	2.24%	190	2.05%
Coral Gables Hospital	500	2.24%	598	6.46%
Bacardi USA	460	2.06%	330	3.56%
Mercantil Commerce Bank/Commerce Bank	293	1.31%	N/A	N/A
Del Monte Fresh Produce	280	1.26%	150	1.62%
Gibraltar Bank	278	1.25%	N/A	N/A
Gables Engineering, Inc.	247	1.11%	200	2.16%
Bill Ussery Motors Mercedes-Benz	215	0.96%	250	2.70%
IBM Corporation	215	0.96%	120	1.30%
Esslinger-Wooten-Maxwell	241	1.08%	N/A	N/A
Kindered Hospital	200	0.90%	N/A	N/A
First United Bank/International Bank of Miami	186	0.83%	N/A	N/A
Odebrecht Construction	150	0.67%	N/A	N/A
Yard House Restaurant	141	0.63%	N/A	N/A
Univision Radio Florida	140	0.63%	N/A	N/A
Hyatt Regency Coral Gables	140	0.63%	N/A	N/A
The Westin Colonnade Hotel	134	0.60%	N/A	N/A
AECOM	128	0.57%	N/A	N/A
Richemont L.A. & Caribbean	120	0.54%	N/A	N/A
Cargill, Inc.	115	0.52%	N/A	N/A
American Airlines	103	0.46%	N/A	N/A
<b>Total</b>	<b>22,307</b>	<b>100.00%</b>	<b>9,263</b>	<b>100.00%</b>

Sources: Coral Gables Economic Sustainability Dept.  
Coral Gables Chamber of Commerce

\* Faculty & Full/Partime Employees

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

<b>FUNCTION / PROGRAM</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
City Commission	7	7	7	7	7	7	7
City Attorney	4	4	4	5	5	5	5
City Clerk	4	4	5	5	5	5	5
City Manager	12	12	12	11	10	10	10
Human Resources	11	11	12	12	10	10	10
Development Services	58	58	65	63	58	63	64
Planning	5	5	5	5	4	0	0
Historic Resources	5	5	5	5	4	4	4
Public Works	77	80	76	76	65	63	84
Finance	31	32	31	31	31	31	33
Information Technology	11	11	16	19	16	15	15
Public Service	122	122	122	115	98	93	0
Automotive	30	30	30	30	26	23	0
Police	265	266	264	264	257	255	255
Fire	149	149	149	149	147	147	147
Parks & Recreation	36	36	35	33	28	26	0
Economic Sustainability	5	5	5	4	5	4	4
Parking	32	32	32	34	32	30	0
Community Services	0	0	0	0	0	0	148
<b>Total</b>	<b>864</b>	<b>869</b>	<b>875</b>	<b>868</b>	<b>808</b>	<b>791</b>	<b>791</b>

Source: City of Coral Gables Budget Book

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

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

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Public Safety:</b>										
Police:										
Physical arrests	973	902	925	1,012	1,173	1,000	881	991	860	847
Traffic Violations	20,985	22,055	22,758	23,198	27,556	24,915	26,399	20,750	16,897	20,462
Parking violations	156,151	151,269	119,156	114,614	114,924	105,485	101,644	122,596	151,703	139,929
Fire:										
Emergency response	6,650	8,978	8,347	7,453	7,097	4,361	6,014	8,000	6,224	7,621
Fire Inspections conducted	4,000	4,200	6,200	6,604	7,704	3,300	5,016	6,600	10,345	12,068
<b>General Government:</b>										
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	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
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%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Cable Television	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Area										
Land (sq. miles) (1)	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.9	13.1	13.1
Water (sq. miles)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Infrastructure (2)										
Paved streets	228	228	228	228	228	228	228	228	228	228
Unpaved streets	0	0	0	0	0	0	0	0	0	0
Canals and waterways	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
Public Safety:										
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation:										
Recreation										
Public beach (miles)	0	0	0	0	0	0	0	0	0	0
Municipal parks	14	14	14	14	14	14	14	14	14	14
Municipal swimming pool	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
19-hole municipal golf course	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
Recreation centers	1	1	1	1	1	1	1	1	1	1
Municipal Water System										
Water mains (miles)	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
Municipal Sewer System										
Wastewater force main (miles)	10	10	10	10	10	10	10	10	10	10
Wastewater lift stations	32	32	32	32	32	32	32	32	32	32

(1) Sources: 2012 updated Per 2010 U.S. Census

(2) Sources: Various city departments

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