City of Coral Gables, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2013

ON THE COVER:
Alhambra Entrance: One of the original entrances into Coral Gables. Located at the intersection of Douglas Road and Alhambra Circle, this entrance is known as the commercial entry to the City as Alhambra Circle leads to Coral Gables' central business district.

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the

FISCAL YEAR ENDED

September 30, 2013

"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*
PATRICIA KEON, *Commissioner*
VINCE LAGO, *Commissioner*
FRANK C. QUESADA, *Commissioner*

CITY MANAGER

PATRICK G. SALERNO

FINANCE DIRECTOR

DIANA M. GOMEZ, C.P.A.

ASSISTANT FINANCE DIRECTOR

ADOLFO E. SANSORES

SALLY OLA OLA

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The City of Coral Gables

Finance Department
City Hall 405 Biltmore Way
Coral Gables, Florida 33134

March 31, 2014

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, 2013, 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"). Since 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 46,780 and encompasses 14 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 approximately 155

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multinational companies and 25 consulates and trade offices. The University of Miami, the largest private employer in Coral Gables, instructs approximately 15,500 students and employs approximately 13,000 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 a few cities nationwide to have a Class 1 Fire Department, and 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 $11.8 billion. The 2011 tax year showed negligible increase in values to $11.9 billion. For the 2012 tax year, the City's total property value stabilized at $12.00 billion (including new construction of $64.8 million). For the 2013 tax year, the City's total property value showed an increase to $12.27 billion (including new construction of $74.2 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 and to $5.669 in 2013; resulting in a decrease of approximately $1.4 million in property tax revenues.

MAJOR INITIATIVES

The City's 2012-2013 Annual Budget included $3.08 million in capital funding for new projects and additional funding of existing projects or programs. Included in the capital funding are $200,000 additional funding for the renovation of the City's public safety building, $1.4 million to fund the renovation at fire stations 2 & 3, $30,000 for the purchase and installation of decorative gates at the Coral Gables Museum, $130,000 to replace playground equipment at Coral Bay Park, $300,000 to purchase land for future city development, additional $770,000 to continue the City's street resurfacing program, additional funding of $130,000 to continue the City's stormwater maintenance program, and $120,000 to build a stormwater related seawall in Gables by the Sea.

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" Standard & Poor's 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 2012-2013 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 $5.4 million City-wide capital improvement program for 2013-2014 which includes ongoing and additional funding for repairs/improvements to city facilities as well as for the continued purchase of land, streetscape and landscape improvements at various locations, and capital equipment upgrade.

The City has also implemented certain operational changes in the police department such as patrol schedules and implementation of zone patrol to cultivate community based policing, increase accountability and to develop strategies to further improve the neighborhoods and communities. The City's fire department has installed a new state-of-the-art emergency dispatch system which is expected to reduce response times and provide immediate, accurate and reliable information to first responders. No other agency in Miami-Dade County uses this sophisticated technology.

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 the 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 $27.8 million and is funded from the proceeds of Series 2012 and 2011 Revenue Bonds, impact fees, local grants and private donations.

By the end of fiscal year 2013, the City had completed phases I and II of the NRP's street resurfacing program covering approximately 55 lane miles. The project has positively impacted thousands of drivers and approximately 2,650 single and multi-family residences that front the newly resurfaced streets.

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. Open 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, 2012. This was the twenty-ninth 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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Coral Gables
Florida

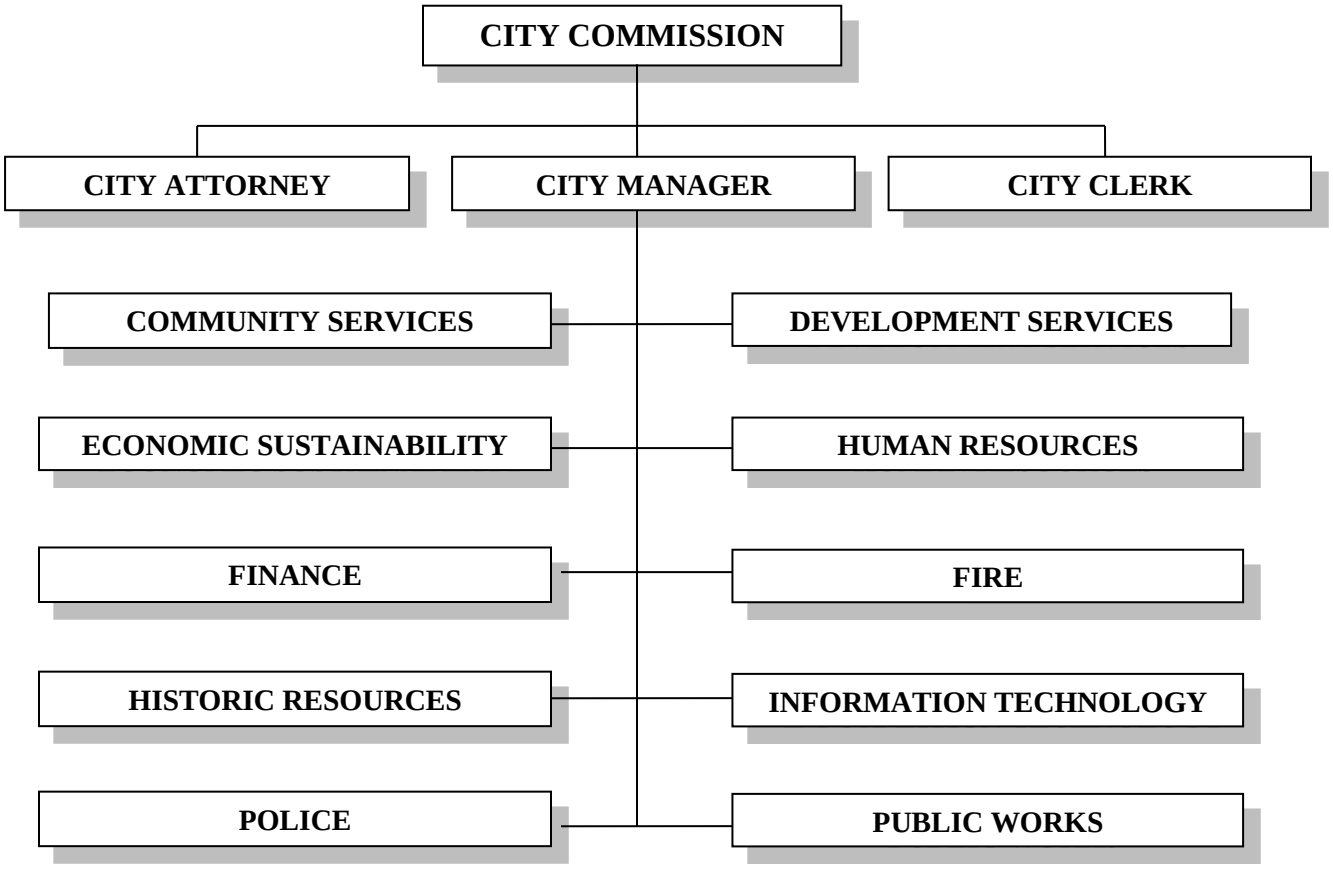
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF CORAL GABLES, FLORIDA

ORGANIZATIONAL CHART



CITY OF CORAL GABLES, FLORIDA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2013

TITLE	NAME
ELECTED OFFICIALS	
Mayor	Jim C. Cason
Vice Mayor	William H. Kerdyk, Jr.
Commissioner	Patricia Keon
Commissioner	Vince Lago
Commissioner	Frank C. Quesada
APPOINTED OFFICIALS	
City Manager	Patrick G. Salerno
City Attorney	Craig E. Leen
City Clerk	Walter J. Foeman, Jr.
DEPARTMENT DIRECTORS	
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	Mark Stolezenberg (Acting)
Historic Resources Preservation Officer	Dona M. Spain
Information Technology	Gee Ming Chow
Police Chief	Dennis L. Wiener
Public Works	Ernesto Pino (Acting)

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Financial Section

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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McGladrey

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Coral Gables Retirement Fund and Police Officers' Pension Fund, which represent 86% of the total assets and 67% of the total revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report 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 solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The City of Coral Gables Retirement Fund was not audited in accordance with *Government Auditing Standards*.

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

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

Member of the RSM International network of independent accounting, tax and consulting firms.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining individual fund 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 statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 31, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McGladrey LLP

Miami, Florida
March 31, 2014

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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, 2013. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $254.68 million (net position).
- The City has no general obligation debt outstanding.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of $86.09 million, an increase of $13.65 million in comparison with the prior year. Of this amount, $28.7 million or approximately 33% 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 $35.30 million or 30% of the total general fund expenditures and is available for future spending.
- The 2012-2013 annual principal and monthly interest payments on loans from the Sunshine State Governmental Financing Commission are 100% funded from operating revenues from the General Fund, the Parking System Fund, and the Stormwater Utility Fund.
- In February 2013, the City issued the following special obligations bonds:

  (a) Series 2013A with principal amount of $16,795,000 to accomplish the partial advance refunding of Series 2004A in the amount of $16,335,000 with interest rates ranging from 3% to 4.50% which was scheduled to mature on October 1, 2028. The Series 2013A has a fixed interest rate of 2.40% payable on April 1 and October 1 of each year and matures on October 1, 2028. The refunding resulted in $2.7 million of gross debt savings and an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $2.2 million.

  (b) Series 2013B with principal amount of $4,350,000 to accomplish the partial advance refunding of Series 2004B in the amount of $4,135,000 with interest rates ranging from 4.75% to 5.87% which was scheduled to mature on October 1, 2028. The Series 2013B has a fixed interest rate of 3.43% payable on April 1 and October 1 of each year and matures on October 1, 2028. The reacquisition price exceeded the net carrying amount of the old debt by $136 thousand. The refunding resulted in $736 thousand of gross debt savings and an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $572 thousand.

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 Position includes all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position and provides information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and the obligations to City creditors (liabilities and deferred inflows of resources). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. Net position, the difference between assets, plus deferred outflows of resources, less liabilities and deferred inflows of resources, 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 position 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 position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

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 18-19 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, 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 22-25 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 28-30 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 31-32 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 33 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 81 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 87 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 Position 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 position of the City and changes in them. You can think of the City's net position as one way to measure financial health or financial position. Over time, increases or decreases in the City's net position 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 Position is presented in Table A-1.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 143.68	$ 131.58	$ 16.24	$ 15.32	$ 159.92	$ 146.90
Capital assets	174.42	177.69	42.03	42.37	216.45	220.06
Total Assets	318.10	309.27	58.27	57.69	376.37	366.96
Total Deferred Outflows of Resource	0.30	-	0.20	-	0.50	-
Current liabilities	15.88	13.23	2.55	2.32	18.43	15.55
Noncurrent liabilities	87.57	88.82	16.19	16.75	103.76	105.57
Total Liabilities	103.45	102.05	18.74	19.07	122.19	121.12
Net Position:						
Net Investment in capital assets	130.95	134.66	26.45	26.05	157.40	160.71
Restricted	11.90	10.66	-	-	11.90	10.66
Unrestricted	72.10	61.90	13.28	12.57	85.38	74.47
Total Net Position	$ 214.95	$ 207.22	$ 39.73	$ 38.62	$ 254.68	$ 245.84

As shown in Table A-1, total net position amounted to $254.68 million in fiscal 2013. The major component of this category is "net investment in capital assets", which represents the City's investment in its capital assets, net of the amounts borrowed to purchase these assets. An additional portion of the City's net position of $11.90 million or 4.7% of the net position is

restricted due to external restrictions on how they may be used. The remaining balance of $85.37 million is unrestricted and may be used to meet the City's future needs/spending.

For the governmental activities, capital assets represent 55% of total assets, while noncurrent liabilities represent 85% of the total long-term liabilities. For the business-type activities, these capital assets represent 72% of total assets, while noncurrent liabilities represent 86% of the total long-term liabilities.

Current and other assets increased $12.10 million for governmental activities mainly due to the positive results of operations of $8.88 million as shown in the statements of activities. Current and other assets increased $920,000 for business-type activities mainly due to the positive results of operations of $1.11 million as shown in the statements of activities.

Current liabilities increased by $2.65 million for governmental activities primarily due to (a) $1.18 million cost of the new state-of-the-art fire ladder truck custom made for the City and completed in fiscal year 2013 and $175,000 of other equipment (the cost of the truck and other equipment was paid in October 2013); and (b) an increase of $1 million in contractor invoices related to various on-going capital projects.

Current liabilities increased $230,000 for business-type activities mainly due to increase in accounts payable related to the acquisition of new parking garage system equipment and contractor invoices related to drainage improvement projects. Total Non-current liabilities decreased by $1.81 million due to (a) scheduled principal payments in fiscal year ended 2013 of $4.5 million (excludes debt refunding payments); (b) new capital lease payable of $1.1 million for the acquisition of various equipment; (c) additional special obligation bond of $645,000 as part of the Series 2013 A&B; and (d) increase in net OPEB obligation of $1.14 million.

The deferred outflow of resources pertains to the deferred charge on refunding resulting from the issuance of Series 2013 A&B debt to refund Series 2004 A&B debt. The total reacquisition price exceeded the net carrying amount of the total refunded debt by $530 thousand. The deferred charge on refunding, net of amortization, is reported in the governmental and business-type activities in the amount of $300 thousand and $201 thousand, respectively.

While the Statement of Net Position shows the change in financial position of the City's net position, 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	
	2013	2012	2013	2012	2013	2012
General Revenues:						
Taxes	$ 82.85	$ 86.74	$ -	$ -	$ 82.85	$ 86.74
Intergovernmental	4.46	4.25	-	-	4.46	4.25
Investment Earnings	0.01	0.12	0.02	0.01	0.03	0.13
Miscellaneous	0.49	0.48	0.03	0.03	0.52	0.51
Program Revenues:						
Charges for Services	36.94	39.86	20.96	20.46	57.90	60.32
Operating	0.19	0.42	-	-	0.19	0.42
Capital	1.05	2.83	0.04	0.92	1.09	3.75
Total Revenues	125.99	134.70	21.05	21.42	147.04	156.12
Expenses:						
General Government	19.36	16.97	-	-	19.36	16.97
Public Safety	70.95	71.39	-	-	70.95	71.39
Physical Environment	16.45	16.92	-	-	16.45	16.92
Transportation	7.31	5.58	-	-	7.31	5.58
Economic Environment	0.74	0.73	-	-	0.74	0.73
Culture and Recreation	10.40	9.90	-	-	10.40	9.90
Interest Expense	1.64	2.11	-	-	1.64	2.11
Sanitary Sewer System	-	-	6.07	5.00	6.07	5.00
Parking System	-	-	3.84	3.94	3.84	3.94
Stormwater Utility	-	-	1.44	2.76	1.44	2.76
Total Expenses	126.85	123.60	11.35	11.70	138.20	135.30
Increase (decrease) in net position before transfers	(0.86)	11.10	9.70	9.72	8.84	20.82
Transfers	8.59	5.95	(8.59)	(5.95)	-	-
Increase in net position	7.73	17.05	1.11	3.77	8.84	20.82
Beginning Net Position	207.22	190.17	38.62	34.85	245.84	188.33
Ending Net Position	$ 214.95	$ 207.22	$ 39.73	$ 38.62	$ 254.68	$ 209.15

Governmental activities:

The most significant decrease of revenue in governmental activities for the fiscal year 2012-2013 was taxes with a decrease of $3.89 million or 4% from the previous fiscal year mainly due to the reduction in millage rate from $5.869 to $5.669. Charges for services decreased by $2.92 million or 7% from the previous year due to (a) decrease of $1.2 million in the present value of the note receivable due from the University of Miami; (b) permit fees for commercial building additions and other projects decreased by $314,000; and (c) Fines and forfeitures decreased by $750,000. Also, capital grants and contributions decreased by $1.78 million or 2% mainly due to the completion of the grant project on the exterior rehabilitation of the Biltmore Hotel of $1.5 million.

The largest outflow of resources for the City is represented in the public safety function, which had a decrease of $440,000 from the previous fiscal year mainly due to a decrease 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 an increase of $2.3 million mainly due to increase in personnel cost. In fiscal year 2013, the City experienced an increase in employee retirement resulting in payments of unused annual and sick leave benefits of $1.2 million.

Business-Type activities:

The City's business-type activities showed an increase of approximately $1.11 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 $123.71 million of revenue during the fiscal year, offset by $117.13 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 3.4% and maintained a more stable source of revenues and adopted a more stringent control on expenditures to achieve a positive result of operations in fiscal year 2013.

Debt Service Fund - In fiscal year 2013, the City issued Special Obligation Bonds Series 2013 A&B with total principal amount of $21.15 million to accomplish the partial advance refunding of Series 2004 A&B in the amount of $20.47 million. The refunding resulted in $3.4 million of total 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 $2.8 million. In addition, the City paid $3.8 million (excluding debt refunding payments) in scheduled principal payments in fiscal year ended 2013.

Capital Project General Improvement Fund - This fund recognized $775,000 in revenue offset by $2.5 million 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 $120,000 and $1.1 million, respectively, from the prior year. This is attributable to an increase in repairs and maintenance of sewer pumps. During the current year, the Sanitary Sewer Fund received $100,750 and $152,271, as transfers-in from the Parking Fund and Capital Project Impact Fee 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 $2.5 million to the General Fund to subsidize the cost of operations of the fund.

Parking System - Operating revenues and operating expenses increased by approximately $500,000 and $29,000, 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 and installation of new parking garage pay stations in two parking garages, increased personnel costs, and increased cost of sales and services. Additionally, during the current year the Parking Fund transferred approximately $5.84 million to the General Fund to subsidize the cost of operations of the fund; and $100,750 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 decreased by approximately $125,000 and $94,000, respectively, from the prior year. This is attributable to decrease in system use and decrease in personnel cost and maintenance-type expense of the sewer system. In addition, during fiscal year 2013 the Stormwater Utility Fund transferred approximately $374,000 to the General Fund to subsidize the cost of operations of the fund.

General Fund Budgetary Highlights

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

> The City's budgeted revenues increased from $121.10 million to $121.74 million from the original to the final budget. The City's budgeted expenditures increased from $119.97 million to $120.94 million from the original to the final budget. The revenue increases were mainly due to additional intergovernmental revenue of approximately $418,000 related to public safety grants and $215,000 of miscellaneous revenue. The expenditure increase was mainly due to expenditures related to the public safety grants, payments of unused annual and sick leave balances to employees who retired during the fiscal year, and expenditures related to the Fourth of July celebration.

The City budgeted $121.74 million in revenue and recognized $123.71 million. The City budgeted $120.94 million in expenditures, but incurred $117.13 million.

The budget to actual variances in revenue were due to increases in permits, charges for services, and recreation activity fees, 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 prudent 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, 2013 amounted to $216.45 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 increased by $3.61 million from the prior year.

During the current fiscal year, significant additions in governmental activities included $980,000 in improvements other than buildings and $3.5 million in machinery and equipment. Significant additions for business-type activities included $1.63 million in infrastructure mainly for the rehabilitation and improvements of various pump stations.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 45.41	$ 45.41	$ 3.70	$ 3.70	$ 49.11	$ 49.11
Construction in Progress	1.46	1.48	2.98	4.08	4.44	5.56
Infrastructure	113.07	113.07	24.47	22.84	137.54	135.91
Building	63.64	63.64	30.25	30.25	93.89	93.89
Improvements Other Than Buildings	46.88	45.90	0.60	0.57	47.48	46.47
Machinery and Equipment	45.19	48.93	2.50	2.51	47.69	51.44
Total Capital Assets	315.65	318.43	64.50	63.95	380.15	382.38
Accumulated Depreciation	141.24	140.74	22.47	21.58	163.71	162.32
Net Capital Assets	$ 174.41	$ 177.69	$ 42.03	$ 42.37	$216.44	$220.06

Additional information on the City's capital assets can be found in Note 5 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, 2013.

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, 2013 was $75.19 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 $1.80 million. This decrease is due primarily to the net effect of the following: $3.15 million decrease in special obligation debt, an increase in capital lease of $340,000, an increase in the net OPEB obligation of $1.14 million and a decrease in compensated absences of $130,000.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Special Obligation Debt	$ 59.80	$ 62.54	$ 15.39	$ 15.80	$ 75.19	$ 78.34
Estimated Insurance Claims	11.77	11.77	-	-	11.77	11.77
Accrued Compensated Absences	7.92	8.03	0.26	0.28	8.18	8.31
Capital Lease	2.15	1.67	0.39	0.53	2.54	2.20
Pollution Remediation Obligation	0.21	0.21	-		0.21	0.21
Net OPEB Obligation	5.72	4.59	0.15	0.14	5.87	4.73
Total	$ 87.57	$ 88.81	$ 16.19	$ 16.75	$ 103.76	$ 105.56

Additional information on the City's long-term debt can be found in Note 7 of this report; and OPEB obligation is discussed in Note 9 of this report.

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 rate, new construction and assessed property valuation. Net assessed value of real and personal property within the County increased by 3.39%.

The City is considered one of the premium office markets in South Florida, with approximately 10 million square feet of existing prime office space. This submarket is desirable due to its proximity to Miami International Airport and downtown Miami area, 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 greater than many of the surrounding areas. The City's property tax millage rate will be 5.629 for the 2013-2014 budget year and is .2485 mills higher than the rolled-back rate of 5.3805. It is the fourteenth lowest combined tax rate of 36 taxing entities in Miami-Dade County. The median house value, estimated at $525,380 has increased by nearly 76% since 1970 and has increased by nearly 53% 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 POSITION
September 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 26,358,653	$ 5,034,034	$ 31,392,687
Restricted Cash and Cash Equivalents	16,783,829	457,035	17,240,864
Investments	61,297,596	6,932,808	68,230,404
Restricted Investments	16,697,511	-	16,697,511
Accounts Receivable, Net	19,685,956	2,105,387	21,791,343
Interest Receivable	80,480	8,094	88,574
Assessment Liens Receivable	127,253	69,696	196,949
Internal Balances	(1,628,541)	1,628,541	-
Due from Other Governments	2,544,646	-	2,544,646
Inventory	118,359	-	118,359
Prepaid Items	1,615,459	-	1,615,459
Capital Assets Not Being Depreciated:			
Land	45,407,634	3,701,838	49,109,472
Construction in Progress	1,464,147	2,978,943	4,443,090
Capital Assets, Net of Accumulated Depreciation:			
Infrastructure	40,511,415	14,285,393	54,796,808
Buildings	43,111,812	19,958,654	63,070,466
Improvements Other Than Buildings	34,304,909	275,183	34,580,092
Machinery and Equipment	9,624,087	832,195	10,456,282
Total Assets	318,105,205	58,267,801	376,373,006
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	299,986	200,680	500,666
Total Deferred Outflows of Resources	299,986	200,680	500,666
LIABILITIES			
Accounts Payable	8,113,532	1,993,263	10,106,795
Accrued Payroll	1,520,327	78,142	1,598,469
Unearned Revenue	3,100,382	221,123	3,321,505
Due to Other Governments	503,290	-	503,290
Deposits Payable	2,645,164	260,697	2,905,861
Noncurrent Liabilities:			
Due Within One Year	11,619,427	919,648	12,539,075
Due After One Year	75,950,403	15,271,375	91,221,778
Total Liabilities	103,452,525	18,744,248	122,196,773
NET POSITION			
Net Investment in Capital Assets	130,953,750	26,449,997	157,403,747
Restricted for:			
Debt Service	3,099,173	-	3,099,173
Public Safety	1,956,076	-	1,956,076
Capital Improvements	2,689,815	-	2,689,815
Law Enforcement	1,676,706	-	1,676,706
Public and Historic Art	1,194,907	-	1,194,907
Records Management	603,764	-	603,764
911 Emergency	675,427	-	675,427
Unrestricted	72,103,048	13,274,236	85,377,284
Total Net Position	$ 214,952,666	$ 39,724,233	$ 254,676,899

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, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
FUNCTION/PROGRAM	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities:							
General Government	19,363,404	$ 17,559,499	$ 60,338	$ -	$ (1,743,567)	$ -	$ (1,743,567)
Public Safety	70,947,494	5,394,421	13,473	538,691	(65,000,909)	-	(65,000,909)
Physical Environment	16,443,793	9,428,396	-	201,182	(6,814,215)	-	(6,814,215)
Transportation	7,312,561	-	118,269	-	(7,194,292)	-	(7,194,292)
Economic Environment	741,153	200,000	-	-	(541,153)	-	(541,153)
Culture and Recreation	10,401,674	4,357,075	-	314,771	(5,729,828)	-	(5,729,828)
Interest on Long-term Debt	1,641,277	-	-	-	(1,641,277)	-	(1,641,277)
Total Governmental Activities	126,851,356	36,939,391	192,080	1,054,644	(88,665,241)	-	(88,665,241)
Business-type Activities:							
Sanitary Sewer System	6,073,033	7,725,590	-	-	-	1,652,557	1,652,557
Parking System	3,838,427	10,830,461	-	37,222	-	7,029,256	7,029,256
Stormwater Utility	1,443,704	2,399,023	-	-	-	955,319	955,319
Total Business-type Activities	11,355,164	20,955,074	-	37,222	-	9,637,132	9,637,132
Total	$ 138,206,520	$ 57,894,465	$ 192,080	$ 1,091,866	(88,665,241)	9,637,132	(79,028,109)
General Revenues:							
Taxes:							
Property Taxes					62,358,935	-	62,358,935
Franchise Fees					6,392,689	-	6,392,689
Utilities Service Taxes					11,316,446	-	11,316,446
Other Taxes					2,784,018	-	2,784,018
Intergovernmental, not restricted for specific programs					4,461,004	-	4,461,004
Investment Earnings					5,968	20,595	26,563
Miscellaneous					494,871	30,688	525,559
Transfers					8,587,374	(8,587,374)	-
Total General Revenues and Transfers					96,401,305	(8,536,091)	87,865,214
Change in Net Position					7,736,064	1,101,041	8,837,105
Net Position - Beginning					207,216,602	38,623,192	245,839,794
Net Position - Ending					$ 214,952,666	$ 39,724,233	$ 254,676,899

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.

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, 2013

	Major Funds			Nonmajor Funds	
	General Fund	Capital Project General Improvement Fund	Capital Project Neighborhood Renaissance Program Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled Cash and Cash Equivalents	$ 5,419,776	$ 13,268,266	$ -	$ 915,223	$ 19,603,265
Restricted Cash and Cash Equivalents	-	56,940	11,679,118	5,047,771	16,783,829
Pooled Investments	27,892,215	8,412,857	-	3,003,357	39,308,429
Restricted Investments	6,814,668	-	6,500,303	3,382,540	16,697,511
Accounts Receivable, Net	19,069,693	425,000	-	161,517	19,656,210
Interest Receivable	30,516	10,338	4,298	7,599	52,751
Assessment Liens Receivable	109,913	13,503	-	3,837	127,253
Due from Other Funds	1,270,000	-	-	-	1,270,000
Due from Other Governments	1,179,037	380,422	3,432	981,755	2,544,646
Prepaid Items	28,654	-	-	-	28,654
Total Assets	61,814,472	22,567,326	18,187,151	13,503,599	116,072,548
LIABILITIES					
Accounts Payable	3,250,760	667,185	513,780	1,110,634	5,542,359
Accrued Payroll	1,460,616	-	-	5,652	1,466,268
Due to Other Funds	-	-	-	20,000	20,000
Unearned Revenue	3,073,582	26,800	-	-	3,100,382
Refundable Deposits	2,645,164	-	-	-	2,645,164
Due to Other Governments	147,658	-	-	-	147,658
Total Liabilities	10,577,780	693,985	513,780	1,136,286	12,921,831
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	15,932,674	638,288	-	490,215	17,061,177
Total Deferred Inflow of Resources	15,932,674	638,288	-	490,215	17,061,177
FUND BALANCES					
Nonspendable:					
Prepaid Items	28,654	-	-	-	28,654
Restricted to:					
Law Enforcement	1,676,706	-	-	-	1,676,706
Public and Historic Art	1,194,907	-	-	-	1,194,907
Records Management	603,764	-	-	-	603,764
911 Emergency Fund	675,427	-	-	-	675,427
Debt Service Reserve	-	-	-	3,099,173	3,099,173
Public Safety	-	-	-	1,956,076	1,956,076
Parks and Recreation	-	-	16,430,545	1,536,194	17,966,739
Roads and Streets	-	-	903,679	-	903,679
Other Physical Environment	18,700	56,940	339,147	1,077,979	1,492,766
Assigned to:					
Administration Buildings	-	1,749,801	-	-	1,749,801
Pension Stabilization	1,950,000	-	-	-	1,950,000
Historical Preservation	73,705	-	-	-	73,705
Public Safety	31,736	4,308,923	-	-	4,340,659
Roads and Streets	-	69,367	-	-	69,367
Parks and Recreation	-	3,718,623	-	-	3,718,623
Cultural Services	-	165,000	-	-	165,000
Other Physical Environment	-	312,610	-	-	312,610
Other Capital Projects	-	10,853,789	-	4,211,310	15,065,099
Other Purposes	348,605	-	-		348,605
Unassigned	28,701,814	-	-	(3,634)	28,698,180
Total Fund Balances	35,304,018	21,235,053	17,673,371	11,877,098	86,089,540
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 61,814,472	$ 22,567,326	$ 18,187,151	$ 13,503,599	$ 116,072,548

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 POSITION
September 30, 2013

Total Fund Balances - Governmental Funds		$ 86,089,540
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		168,557,310
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		17,061,177
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 position.		18,435,998
The Statement of Net Position 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.		(1,628,541)
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	(7,617,776)	
Special Obligations Debt Payable	(59,798,120)	
Less: Deferred Charge on Bond Refunding	299,986	
Capital Lease Payable	(297,058)	
Pollution Remediation Obligation	(210,000)	
Net OPEB Obligation	(5,584,218)	(73,562,818)
Total Net Position - Governmental Activities		$ 214,952,666

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
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2013

	Major Funds			Nonmajor Funds	
	General Fund	**Capital Project General Improvement Fund**	**Capital Project Neighborhood Renaissance Program Fund**	**Other Governmental Funds**	**Total Governmental Funds**
REVENUES					
Taxes	$ 80,068,070	$ -	$ -	$ 2,784,018	$ 82,852,088
Licenses	3,250,589	-	-	-	3,250,589
Permits	7,696,589	-	-	-	7,696,589
Fines and Forfeitures	2,891,719	-	-	-	2,891,719
Intergovernmental	5,250,448	587,951	20,632	285,218	6,144,249
Charges for Services	15,638,624	-	-	-	15,638,624
Recreation Activity Fees	3,979,867	-	-	-	3,979,867
Rental Income	4,234,827	-	-	34,333	4,269,160
Investment Earnings (Loss), net	(52,196)	16,716	26,814	14,634	5,968
Special Assessments	-	9,059	-	971,187	980,246
Contributions and Donations	304,060	162,000	-	-	466,060
Miscellaneous	449,930	-	-	44,941	494,871
Total Revenues	123,712,527	775,726	47,446	4,134,331	128,670,030
EXPENDITURES					
Current:					
General Government	15,652,955	347,962	-	-	16,000,917
Public Safety	72,702,767	35,732	-	-	72,738,499
Physical Environment	16,528,527	19,762	-	-	16,548,289
Transportation	2,855,527	-	2,413,900	2,332,482	7,601,909
Economic Environment	773,882	-	-	-	773,882
Culture and Recreation	7,904,835	1,186,275	487,137	151,085	9,729,332
Debt Service:					
Retirement of Principal	225,118	-	-	3,143,270	3,368,388
Interest	14,365	-	-	1,626,912	1,641,277
Debt Issuance Costs	-	-	-	88,020	88,020
Capital Outlay	476,460	920,720	104,087	50,022	1,551,289
Total Expenditures	117,134,436	2,510,451	3,005,124	7,391,791	130,041,802
Excess (deficiency) of Revenues Over Expenditures before Other Financing Sources (Uses)	6,578,091	(1,734,725)	(2,957,678)	(3,257,460)	(1,371,772)
OTHER FINANCING SOURCES (Uses)					
Refunding Bonds Issued	-	-	-	12,075,700	12,075,700
Payment to Bond Escrow Agent	-	-	-	(11,996,561)	(11,996,561)
Transfers In	8,739,645	10,584,948	-	5,391,503	24,716,096
Transfers Out	(9,439,639)	(86,685)	-	(243,271)	(9,769,595)
Total Other Financing Sources (Uses)	(699,994)	10,498,263	-	5,227,371	15,025,640
Net Change in Fund Balances	5,878,097	8,763,538	(2,957,678)	1,969,911	13,653,868
Fund Balances - Beginning	29,425,921	12,471,515	20,631,049	9,907,187	72,435,672
Fund Balances - Ending	$ 35,304,018	$ 21,235,053	$ 17,673,371	$ 11,877,098	$ 86,089,540

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, 2013

Net Change in Fund Balances - Total Governmental Funds			$ 13,653,868
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 depreciation expense exceeded capital outlay expense in the current period.			
	Depreciation Expense	$ (6,623,403)	
	Capital Outlay	1,551,289	(5,072,114)
Revenues recognized in the statement of activities which are not available are not recognized in the governmental funds.			
	Change in unavailable revenues	(2,669,984)	(2,669,984)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which repayment exceeded the amount issued in the current period.			
	Loan Repayments	15,364,949	
	Debt Proceeds	(12,075,700)	3,289,249
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.			17,143
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.			(414,458)
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the government funds.			
	Compensated Absences	90,046	
	Net OPEB Obligation	(1,140,211)	
	Amortization of deferred charge on refunding	(17,475)	(1,067,640)
Change in Net Position of Governmental Activities			$ 7,736,064

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 operation 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 POSITION
PROPRIETARY FUNDS
September 30, 2013

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				
	MAJOR FUNDS		NONMAJOR FUND		
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	$ 1,974,630	$ 2,324,202	$ 735,202	$ 5,034,034	$ 6,755,388
Restricted Cash and Cash Equivalents	196,338	260,697	-	457,035	-
Pooled Investments	2,709,043	2,741,012	1,482,753	6,932,808	21,989,167
Accounts Receivable, Net	1,151,360	513,835	440,192	2,105,387	29,746
Interest Receivable	2,503	3,504	2,087	8,094	27,729
Inventories	-	-	-	-	118,359
Assessment Liens Receivable	69,696	-	-	69,696	-
Prepaid Items	-	-	-	-	1,586,805
Total Current Assets	6,103,570	5,843,250	2,660,234	14,607,054	30,507,194
Noncurrent Assets:					
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	30,247,473	-	30,247,473	-
Construction in Progress	2,978,943	-	-	2,978,943	-
Infrastructure	20,372,108	-	4,099,341	24,471,449	-
Improvements Other Than Buildings	-	605,157	-	605,157	-
Machinery and Equipment	439,751	2,027,977	29,652	2,497,380	26,996,395
Accumulated Depreciation	(9,733,942)	(11,814,574)	(921,518)	(22,470,034)	(21,129,701)
Total Noncurrent Assets	14,154,840	24,669,891	3,207,475	42,032,206	5,866,694
Total Assets	20,258,410	30,513,141	5,867,709	56,639,260	36,373,888
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	-	200,680	-	200,680	-
Total Deferred Outflows of Resources	-	200,680	-	200,680	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,381,659	501,539	110,065	1,993,263	2,571,173
Accrued Payroll and Other Expenses	18,282	21,266	38,594	78,142	54,059
Due to Other Funds	-	-	-	-	1,250,000
Deposits Payable	-	260,697	-	260,697	-
Unearned Revenue	-	221,123	-	221,123	-
Accrued Compensated Absences	38,339	63,388	34,704	136,431	149,160
Estimated Liability for Claims Payable	-	-	-	-	3,824,000
Special Obligations Debt Payable	-	544,600	98,340	642,940	-
Capital Lease Payable	-	140,277	-	140,277	554,883
Total Current Liabilities	1,438,280	1,752,890	281,703	3,472,873	8,403,275
Noncurrent Liabilities:					
Accrued Compensated Absences	21,036	65,823	35,785	122,644	153,931
Estimated Liability for Claims Payable	-	-	-	-	7,946,000
Special Obligations Debt Payable	-	12,744,521	1,999,419	14,743,940	-
Capital Lease Payable	-	255,732	-	255,732	1,299,600
Net OPEB Obligation	41,923	74,529	32,607	149,059	135,084
Total Noncurrent Liabilities	62,959	13,140,605	2,067,811	15,271,375	9,534,615
Total Liabilities	1,501,239	14,893,495	2,349,514	18,744,248	17,937,890
NET POSITION					
Net Investment in Capital Assets	14,154,840	11,185,441	1,109,716	26,449,997	4,012,211
Restricted for Capital Improvements	196,338	-	-	196,338	-
Unrestricted	4,405,993	4,634,885	2,408,479	11,449,357	14,423,787
Total Net Position	$ 18,757,171	$ 15,820,326	$ 3,518,195	38,095,692	$ 18,435,998

Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.	1,628,541
Net position of business-type activities	$ 39,724,233

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 NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2013

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				
	MAJOR FUNDS		NONMAJOR FUND		
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Charges for Services:					
Sewer Use Charges	$ 7,725,590	$ -	$ -	$ 7,725,590	$ -
Service Use Charges	-	-	2,399,023	2,399,023	-
Billings to Departments for Insurance Protection	-	-	-	-	13,704,026
Parking Fees:					
On Street Meters	-	6,387,291	-	6,387,291	-
Meter and Permit Lots	-	1,411,097	-	1,411,097	-
Parking Garages	-	2,598,764	-	2,598,764	-
Parking Leases	-	433,309	-	433,309	-
Rental of Equipment and Facilities to Various Funds	-	-	-	-	12,609,703
Total Operating Revenues	7,725,590	10,830,461	2,399,023	20,955,074	26,313,729
OPERATING EXPENSES					
Administration	1,025,559	1,393,745	737,406	3,156,710	3,465,724
Cost of Sales and Services	4,893,171	1,452,958	608,769	6,954,898	7,108,090
Benefit Payments	-	-	-	-	1,138,179
Insurance	-	-	-	-	7,565,415
Depreciation	333,809	816,057	91,204	1,241,070	1,121,090
Total Operating Expenses	6,252,539	3,662,760	1,437,379	11,352,678	20,398,498
Operating Income	1,473,051	7,167,701	961,644	9,602,396	5,915,231
NONOPERATING REVENUES (EXPENSES)					
Interest	6,231	9,513	4,851	20,595	59,297
Interest Expense	-	(360,934)	(56,010)	(416,944)	(32,317)
Miscellaneous	-	30,688	-	30,688	63,091
Gain from Sale of Capital Assets	-	-	-	-	8,003
Total Nonoperating Revenues (Expenses)	6,231	(320,733)	(51,159)	(365,661)	98,074
Income Before Contributions	1,479,282	6,846,968	910,485	9,236,735	6,013,305
Capital Contributions from Federal, State and Local Grants	-	37,222	-	37,222	362,965
Income Before Transfers	1,479,282	6,884,190	910,485	9,273,957	6,376,270
Transfers In	253,021	-	-	253,021	1,350,000
Transfers Out	(2,524,743)	(5,940,750)	(374,902)	(8,840,395)	(7,709,127)
Change In Net Position	(792,440)	943,440	535,583	686,583	17,143
Net Position - Beginning	19,549,611	14,876,886	2,982,612		18,418,855
Net Positon - Ending	$ 18,757,171	$ 15,820,326	$ 3,518,195		$ 18,435,998
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				414,458	
Change in net position of business-type activities				$ 1,101,041	

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, 2013

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				
	MAJOR FUNDS		NONMAJOR FUND		
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	$ 7,624,065	$ 10,766,072	$ 2,420,786	$ 20,810,923	$ 26,355,612
Payments to Employees	(1,019,350)	(1,392,932)	(746,972)	(3,159,254)	(3,488,346)
Payments to Suppliers	(4,864,650)	(1,400,327)	(532,287)	(6,797,264)	(15,521,617)
Net Cash Provided by (used in) Operating Activities	1,740,065	7,972,813	1,141,527	10,854,405	7,345,649
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from Other Funds	253,021	-	-	253,021	1,350,000
Transfers out to Other Funds	(2,524,743)	(5,940,750)	(374,902)	(8,840,395)	(7,709,127)
Amounts Borrowed from Other Funds	-	-	-	-	1,250,000
Net Cash Provided by (used in) Noncapital Financing Activities	(2,271,722)	(5,940,750)	(374,902)	(8,587,374)	(5,109,127)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(521,578)	(374,724)	-	(896,302)	(544,559)
Proceeds from Sale of Capital Assets	-	-	-	-	8,003
Contributions from Other Governments	69,384	37,222	-	106,606	362,965
Proceeds from Debt	-	9,069,300	-	9,069,300	-
Principal Paid on Debt	-	(9,507,924)	(105,825)	(9,613,749)	(345,982)
Interest Paid on Debt	-	(349,274)	(56,010)	(405,284)	(32,317)
Deferred Charge on Refunding	-	(212,340)	-	(212,340)	-
Net Cash Provided by (used in) Capital and Related Financing Activities	(452,194)	(1,337,740)	(161,835)	(1,951,769)	(551,890)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES					
Purchase of Investments	(3,900,272)	(3,634,358)	(1,615,542)	(9,150,172)	(25,998,418)
Proceeds from Sale of Investments	1,191,229	893,346	132,789	2,217,364	4,009,251
Interest and Dividends Received	3,728	36,697	2,764	43,189	94,659
Net Cash Provided by (used in) Investing Activities	(2,705,315)	(2,704,315)	(1,479,989)	(6,889,619)	(21,894,508)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,689,166)	(2,009,992)	(875,199)	(6,574,357)	(20,209,876)
Cash and Cash Equivalents - Beginning	5,860,134	4,594,891	1,610,401	12,065,426	26,965,264
Cash and Cash Equivalents - Ending	$ 2,170,968	$ 2,584,899	$ 735,202	$ 5,491,069	$ 6,755,388
Reconciliation to the statement of net position					
Cash and Cash Equivalents	$ 1,974,630	$ 2,324,202	$ 735,202	$ 5,034,034	$ 6,755,388
Restricted Cash and Cash Equivalents	196,338	260,697	-	457,035	-
Total	$ 2,170,968	$ 2,584,899	$ 735,202	$ 5,491,069	$ 6,755,388
Reconciliation of operating income to net cash provided by operating activities:					
Operating Income	$ 1,473,051	$ 7,167,701	$ 961,644	$ 9,602,396	$ 5,915,231
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	333,809	816,057	91,204	1,241,070	1,121,090
Change in Assets and Liabilities:					
Accounts Receivable	(101,525)	(127,014)	21,763	(206,776)	42,160
Inventory	-	-	-	-	15,744
Prepaids	-	-	-	-	47,362
Accounts Payable	28,521	52,631	76,482	157,634	230,961
Deposits Payable	-	8,038	-	8,038	-
Accrued Payroll and Other Expenses	8,189	2,708	(1,117)	9,780	7,871
Accrued Compensated Absences	(10,012)	(8,641)	(7,165)	(25,818)	(21,039)
Unearned Revenues	-	54,587	-	54,587	(777)
Claims Payable	-	-	-	-	(4,000)
Net OPEB Obligation	8,032	6,746	(1,284)	13,494	(8,954)
Total Adjustments	267,014	805,112	179,883	1,252,009	1,430,418
Net Cash Provided by (used in) Operating Activities	$ 1,740,065	$ 7,972,813	$ 1,141,527	$ 10,854,405	$ 7,345,649
Noncash Capital Financing Activities					
Capital Assets Acquired through Capital Lease	$ -	$ -	$ -	$ -	$ 1,049,931

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2013

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 9,181,941	$ 4,244,518
Receivables:		
Accrued Interest and Dividends	393,233	-
Employee Contributions Receivable	98,702	-
Buyback Receivable	65,488	-
Share Plan Contributions	232,691	-
Receivable for Securities Sold	231,024	-
Other Receivables	26,095	-
Total Receivables	1,047,233	-
Securities Lending Cash Collateral - Invested	45,133,546	-
Investments at Fair Value:		
U.S. Government and Agency	22,518,910	-
Global fixed income	15,105,495	-
Corporate Bonds	20,977,437	-
Common Stocks	107,949,902	-
International Equity	57,843,635	-
Real Estate Investment Trust (REIT)	37,656,496	-
Alternative Investments	41,774,690	-
Mutual Funds	19,483,099	-
Total Investments	323,309,664	-
Total Assets	378,672,384	4,244,518
LIABILITIES		
Accounts Payable	286,538	-
Payable for Securities Purchased	920,808	-
Due to Coral Gables Retirement Fund	145,830	-
Obligations under Securities Lending	45,133,546	-
Deferred Compensation Payable	-	875,019
Due to Other Governments	-	3,369,499
Total Liabilities	46,486,722	$ 4,244,518
NET POSITION		
Net Position Held in Trust for Pension Benefits	$ 332,185,662	

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2013

	Pension Trust Funds
Additions:	
City Contributions	$ 24,916,829
Share Plan Contributions	145,830
Total Government Contributions	25,062,659
Employees:	
Employee contributions	4,678,505
Buybacks	23,897
Total Employee Contributions	4,702,402
Total Contributions	29,765,061
Investment Income:	
Net Appreciation in the Fair Value of Investments	33,960,294
Interest and Dividends	6,736,563
Other Income	229,726
Total Investment Income	40,926,583
Less Investment Expenses	1,839,144
Total Investment Income before Securities Lending Activity	39,087,439
Securities Lending Activities:	
Security Lending Income	175,341
Security Lending Fees and Rebates	(61,307)
Net Income from Security Lending Activities	114,034
Total Net Investment Income	39,201,473
Total Additions	68,966,534
Deductions:	
Pension Benefits Paid	34,139,898
Refund of Contributions	387,337
Administrative Expenses	377,586
Total Deductions	34,904,821
Net Increase in Net Position	34,061,713
Net Position Held in Trust for Pension Benefits:	
Beginning of Year	298,123,949
End of Year	$ 332,185,662

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's 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 Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*.

(b) Government -Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position 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.

(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.

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 funds:

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 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 operation 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) Cash and Cash Equivalents

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 City's investments are reported at fair value (generally based on quoted market prices) except for the position in the Local Government Surplus Funds Trust Fund which 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, 2013, the City's investment in LGIP-A is $1,528. 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, 2013 amounted to $298,433, with NAV factor of 1.12286.

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, 2013 amounted to $5,736,482, 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, 2013:

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, 2013, 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 (17) 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, 2013 such as ad valorem tax, grant revenues, fines and other fees.

(h) Inventories and Prepaid Items

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.

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.

(i) 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 are 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:

Asset	Years
Buildings	50
Improvements other than Buildings	15-45
Machinery and Equipment	4-10
Infrastructure	15-80

(j) Accounts Payable and Accrued Payroll

Accounts payable consists primarily 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.

(k) 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 Position. Bonds payable are reported net of the applicable bond premiums or discounts and deferred refunding amounts. Bond premiums and discounts 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 as applicable, bond premiums and discounts, as well as bond issuance costs. 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.

(l) Deferred Outflows/Inflows of Resources and Unearned Revenues

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position and Statement of Net Position of the proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item recognized as deferred inflow of resources under a modified accrual basis of accounting. In the governmental funds, revenues that are measurable, but are not available, are recognized as *unavailable revenue* and are reported in this category. The governmental funds report unavailable revenue from various sources which primarily includes grants and contributions, charges for services and special assessments.

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

(m) 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.

(n) 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.

(o) Restricted Assets

Restricted assets of the government-wide and proprietary funds represents the balance of cash and cash equivalents and investments 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 has 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.

(p) Fund Balance/Net Position

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 and ordinances are considered equally binding form of City's highest level of formal action. The passage of a resolution or ordinance must take place prior to September 30th 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 when amount is not a deficit.

2) Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure reduced by depreciation and outstanding debt used to construct or purchase capital assets. 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.

(q) 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.

(r) 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.

(s) 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.

(t) Pollution Remediation Obligation

The City accrues future pollution remediation costs that meet the measurement criteria as outlined in GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. These liabilities are shown as part of the non-current liabilities in the Statement of Net Position. 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.

(u) 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.

(v) Post-Employment Benefits Other Than Pensions (OPEB)

Pursuant to Section 112.0801, Florida Statues, 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.

(w) 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.

(x) 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.

(y) New Accounting Pronouncements Adopted

At September 30, 2013, the City adopted the provision of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangement*. 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.

As a result of the implementation of GASB 60, the City determined that none of the existing agreements between the City and other governments and private entities met the criteria established to qualify such agreements as a service concession agreement. Accordingly, the provision of GASB 60 will be applied prospectively.

The provision of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, is effective for the City in the fiscal year 2013. However, the City has no component units and accordingly, the provision of GASB 61 does not currently affect the City.

The provision of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is effective for the City in the fiscal year 2013. This Statement codifies into the GASB standards guidance located in FASB and AICPA pronouncements.

At September 30, 2013, the City adopted the provision of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. In addition, the City adopted the provision of GASB Statement No. 65, *Item Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify/recognizes as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

The fiscal year 2013 financial statements reported the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, as net “position”, rather than net “assets”. Also, the term “invested in capital assets, net of related debt” was changed to “net investment in capital assets”.

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, 2012, upon which the 2012-2013 levy was based, was approximately $12 billion. A tax levy of $5.669 mills ($5.669 per $1,000 of taxable value) was required to finance general operations for the fiscal year ended September 30, 2013.

NOTE 3 - ACCOUNTS RECEIVABLE

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

	Governmental Activities	Business-Type Activities
General Fund		
Franchise Taxes	$ 1,088,343	$ -
False Alarms	767,087	-
Utility Taxes	1,138,900	-
Delinquent Waste Fees	3,344,522	-
Ambulance Transport Fees	508,382	-
Granada Golf Course	120,898	-
Leased Properties - Rent Receivable	94,046	-
Donations Receivable - Coral Gables Museum	200,000	
University of Miami Development Agreement Fee	11,700,000	
Other	171,699	-
	19,133,877	-
Less: Allowance	(64,184)	-
Total	19,069,693	-
General Improvement Fund		
Due from Cocoplum	425,000	-
Total	425,000	-
Other Governmental Funds		
BID Accounts Receivable	150,517	-
Miscellaneous	11,000	-
Total	161,517	-
Parking Fund		
Parking Leased Space	-	492,931
Parking – General	-	409,126
		902,057
Less: Allowance	-	(388,222)
Total	-	513,835
Sanitary Sewer Fund		
Customer Receivable	-	1,096,693
Miscellaneous	-	55,082
		1,151,775
Less Allowance	-	(415)
Total	-	1,151,360
Stormwater Fund		
Service Use Charges	-	440,192
Total	-	440,192
Total Governmental Funds	19,656,210	
Total Business-Type Activities/Proprietary Funds		$ 2,105,387
Internal Service Fund		
Miscellaneous	29,746	
Total Internal Service Funds	29,746	
Total	$ 19,685,956	

(b) University of Miami Development Agreement

On September 28, 2010, the City and University of Miami ("UM") entered into a development agreement to establish a new relationship for 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. Terms and conditions of the agreement includes: annual state of the City/UM meeting, Gables Fellow Program, UM's Coral Gables Lecture and Performances/Concert Series, Ponce De Leon beautification and improvements, "Meet the Doc" Health Care Program, consulting services, Hurricane Athletics Ticket Program, student enrollment/on-campus housing credit, City's approval of UM's comprehensive plan and zoning code amendments and increase in seating capacity of Bank United Center, internal road and access within the UM campuses, and conveyance of certain property between UM and the City. In consideration for the terms and conditions of the agreement and City's satisfaction of its required approval obligations, UM agreed to 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 4.95% are as follows:

Fiscal Year	Amount
2014	$ 1,100,000
2015	1,025,000
2016	1,025,000
2017	1,025,000
2018	1,025,000
2019-2023	5,125,000
2024-2028	5,125,000
2029-2030	2,050,000
Total payments due to the City	17,500,000
Less: Amount representing imputed interest	5,800,000
Present value of total remaining payments due to the City	$ 11,700,000

(c) Unearned/Unavailable Revenue

The components of unearned/unavailable revenue as of September 30, 2013 are as follows:

	Unavailable Revenues	Unearned Revenues
General Fund		
False Alarms	$ 315,452	$ -
Delinquent Waste Fees	2,865,883	-
Ambulance Transport Fees	272,213	-
Donations to Coral Gables Museum	200,000	-
University of Miami Development Agreement Fee	11,700,000	-
Grants and Contributions	330,421	-
Liens and Other Receivables	248,705	-
Prepaid Business Tax Receipts	-	2,374,581
Prepaid Rent and Other fees	-	687,250
Grant Receipts Not Yet Earned	-	11,751
Total	15,932,674	3,073,582
General Improvement Fund		
Grants and Contributions	199,785	-
Grant Receipts Not Yet Earned	-	26,800
Liens and Other Receivables	438,503	-
Total	638,288	26,800
Other Governmental Funds		
Grants and Contributions	486,378	-
Liens and Other Receivables	3,837	-
Total	490,215	-
Total Governmental Funds	$ 17,061,177	
Total Governmental Activities/Funds		$ 3,100,382
Parking Fund		
Prepaid Parking Fees	-	221,123
Total Proprietary Funds Business-Type Activities	$ -	$ 221,123

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits. As of September 30, 2013, the City's cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments	
Governmental activities	$ 43,142,482	$ 77,995,107	
Business-type activities	5,491,069	6,932,808	
Pension Trust Funds	9,181,941	323,309,664	
Agency Funds	4,244,518	-	
Total Cash, Cash Equivalents and Investments	$ 62,060,010	$ 408,237,579	$ 470,297,589

Deposits	$ 56,047,007
Investments	414,250,582
Total Deposits and Investments	$ 470,297,589

The City maintains cash, cash equivalents and an investment pool that is available for use by all funds except for those which the cash and investments must be segregated due to bond indenture or other legal restrictions. The interest-bearing and non-interest-bearing bank deposits are 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.

Interest earned on pooled cash, cash equivalents and investments is allocated monthly based on cash and investment balances of the respective funds.

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 position. 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 funds, 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 "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 "Board". 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 "Board"). The policy was designed by the Trustees 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:

Authorized Investments	Minimum	Maximum
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:

Authorized Investments	Target % of Portfolio
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:

Authorized Investments	Target % of Portfolio
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 Maturities (in Years)	
Investment Type	Fair Value	Less than 1	1 - 5
Money Market Funds	$ 5,736,482	$ 5,736,482	$ -
U.S. Government Agencies	84,927,915	-	84,927,915
*State Board of Administration	276,521	276,521	-
	90,940,918	$ 6,013,003	$ 84,927,915
Deposits	46,865,066		
Total Cash, Cash Equivalents and Investments	$ 137,805,984		

*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, 2013:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. government and agency	$ 22,518,910	$ -	$ 7,872,115	$ 4,267,263	$ 10,379,532
Corporate bonds	20,977,437	2,896,269	7,954,823	7,966,990	2,159,355
Global fixed income	15,105,495	-	7,586,505	7,518,990	-
	$ 58,601,842	$ 2,896,269	$ 23,413,443	$ 19,753,243	$ 12,538,887

Information about the sensitivity of the fair values of the Police Officers' Pension Fund's 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, 2013:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Fixed income funds	$ 1,378,859	$ 83,023	$ 432,527	$ 716,658	$ 146,651

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	Fair Value Firefighters' Pension Fund
Money Market Funds	AAAm	$ 5,736,482	$ -
U.S. Government Agencies	AA+	84,927,915	-
		90,664,397	-
Mutual Funds	Not Rated	-	15,434,852
State Board of Administration	Not Rated	276,521	-
		$ 90,940,918	$ 15,434,852

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, 2013 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 22,518,910	38.43%
Quality rating of credit risk debt securities:		
AAA	6,860,181	11.72
AA+	2,954,418	5.04
AA	600,457	1.02
AA-	869,540	1.48
A+	1,149,915	1.96
A	3,545,335	6.05
A-	5,606,971	9.57
BBB+	2,468,986	4.21
BBB	2,314,905	3.95
BBB-	1,142,729	1.95
Not rated	8,569,495	14.62
Total credit risk debt Securities	36,082,932	61.57
Total fixed income securities	$ 58,601,842	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, 2013 as applicable:

		Fair Value	Percentage of Portfolio
Quality rating of credit risk debt securities:			
AAA	$	96,634	7.01%
AA		125,260	9.08%
A		470,840	34.15%
BAA		175,183	12.70%
BA		2,723	0.20%
BBB		154,074	11.17%
Unrated Government Securities		354,145	25.68%
Total credit risk debt Securities	$	1,378,859	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 and Firefighters' Pension Fund contain 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 position at September 30, 2013 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 Fund's custodial bank and registered in the Fund's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Fund'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	$	626,875

The City and the Firefighters' Pension Fund do not have investments in foreign currency and therefore not subject to foreign currency risk.

Coral Gables Retirement Fund - 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 Fund'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 forty-eight days.

The relationship between the maturities of the investment pool and the Fund'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, 2013:

Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**
U.S. government and agency obligations	$ 9,383,336	$ 9,597,528
Domestic corporate stocks	30,830,452	31,635,702
Domestic corporate bonds	3,800,112	3,900,316
Total Securities Lent	$ 44,013,900	$ 45,133,546

The contract with the Fund's custodian requires the custodian to indemnify the Fund 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 Fund exceed the amounts the borrowers owe the Fund. 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, 2013:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	$ 45,407,634	$ -	$ -	$ 45,407,634
Construction in Progress	1,481,942	968,875	(986,670)	1,464,147
Total Non-depreciable Assets	46,889,576	968,875	(986,670)	46,871,781
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	63,643,946	-	-	63,643,946
Improvements Other Than Buildings	45,896,658	986,670	-	46,883,328
Machinery and Equipment	48,935,890	3,504,865	(7,246,637)	45,194,118
Total Depreciable Assets	271,544,514	4,491,535	(7,246,637)	268,789,412
Less Accumulated Depreciation for:				
Infrastructure	69,535,351	3,021,254	-	72,556,605
Buildings	19,281,648	1,250,486	-	20,532,134
Improvements Other Than Buildings	11,422,867	1,155,552	-	12,578,419
Machinery and Equipment	40,499,467	2,317,201	7,246,637	35,570,031
Total Accumulated Depreciation	140,739,333	7,744,493	7,246,637	141,237,189
Total Depreciable Assets, net	130,805,181	(3,252,958)	-	127,552,223
Governmental Activities Capital Assets, net	$ 177,694,757	$ (2,284,083)	$ (986,670)	$ 174,424,004
Business-Type Activities:				
Nondepreciable Assets:				
Land	$ 3,701,838	$ -	$ -	$ 3,701,838
Construction in Progress	4,083,737	521,578	(1,626,372)	2,978,943
Total Non-depreciable Assets	7,785,575	521,578	(1,626,372)	6,680,781
Depreciable Assets:				
Infrastructure	22,845,077	1,626,372	-	24,471,449
Buildings	30,247,473	-	-	30,247,473
Improvements Other Than Buildings	567,935	37,222	-	605,157
Machinery and Equipment	2,512,944	337,502	(353,066)	2,497,380
Total Depreciable Assets	56,173,429	2,001,096	(353,066)	57,821,459
Less Accumulated Depreciation for:				
Infrastructure	9,761,043	425,013	-	10,186,056
Buildings	9,660,283	628,536	-	10,288,819
Improvements Other Than Buildings	300,309	29,665	-	329,974
Machinery and Equipment	1,860,395	157,856	(353,066)	1,665,185
Total Accumulated Depreciation	21,582,030	1,241,070	(353,066)	22,470,034
Total Depreciable Assets, net	34,591,399	760,026	-	35,351,425
Business-Type Activities Capital Assets, net	$ 42,376,974	$ 1,281,604	$ (1,626,372)	$ 42,032,206

Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2013:

Governmental Activities:	
General Government	$ 4,050,604
Public Safety	1,218,442
Transportation	751,895
Culture and Recreation	1,115,283
Physical Environment	608,269
Total depreciation expense – Governmental Activities	$ 7,744,493
Business-Type Activities:	
Sanitary Sewer System Fund	$ 333,809
Parking System Fund	816,057
Stormwater Utility Fund	91,204
Total depreciation expense – Business-Type Activities	$ 1,241,070

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 when payments between the funds are made. The composition of interfund due to/from balances at September 30, 2013 is as follows:

Due from/to other funds	Due From Other Funds	Due to Other Funds
Governmental Activities:		
Major governmental fund:		
General	$ 1,270,000	$ -
Nonmajor governmental fund:		
General Obligation Bond	-	20,000
Internal Service fund:		
Public Facilities fund	-	1,250,000
	$ 1,270,000	$ 1,270,000

Interfund transfers for the fiscal year ended September 30, 2013 are as follows:

Interfund Transfers:

	Transfer In					
	Major Governmental Funds		Nonmajor Governmental Fund	Major Proprietary Fund	Internal Service Fund	
	General	General Improvement	Other Governmental	Sanitary Sewer	Motor Pool	Total
Transfer out:						
Major governmental fund:						
General	$ -	$ 2,784,821	$ 5,304,818	$ -	$ 1,350,000	$ 9,439,639
General Improvement	-	-	86,685	-	-	86,685
Nonmajor governmental fund:						
Other governmental funds	-	91,000	-	152,271	-	243,271
Major proprietary fund:						
Sanitary Sewer	2,524,743	-	-	-	-	2,524,743
Parking System	5,840,000	-	-	100,750	-	5,940,750
Non-major proprietary fund	374,902	-	-	-	-	374,902
Internal Service fund:						
Motor Pool	-	-	-	-	-	-
Public Facilities	-	2,608,000	-	-	-	2,608,000
Insurance Fund	-	5,101,127	-	-	-	5,101,127
	$ 8,739,645	$ 10,584,948	$ 5,391,503	$ 253,021	$ 1,350,000	$ 26,319,117

Transfer out from the General Fund to capital project General Improvement Fund and Motor Pool Fund were primarily to provide additional funding for capital project expenditures. Transfers out from General Fund and capital project General Improvement Fund to the Debt Service Fund is required to provide funds to pay debt service requirements related to the special revenue bonds. The transfer out from the Other Governmental Funds to capital project General Improvement Fund is to provide additional funding for capital project expenditures. Transfers out from Sanitary Sewer, Parking Systems and Stormwater Utility to the General Fund were primarily to provide funding as a subsidy for the cost of operations of the General Fund. Transfers out from Other Governmental Funds and Parking Fund to Sanitary Sewer were primarily to provide funding for rehabilitation of City sewer pumps. The transfers out from the Public Facilities and Insurance Fund to capital project General Improvement Fund were primarily to provide additional funding for capital project expenditures.

NOTE 7 - LONG-TERM DEBT

(a) Following is a summary of the City's Special Obligation Bonds at September 30, 2013:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/13	Current Portion
Governmental Activities:							
01-07-2004	10-01-2028	3.00%-4.50%	$ 10,210,000	$ 10,210,000	$ 9,899,200	$ 310,800	$ 310,800
01-07-2004	10-01-2028	4.75%-5.87%	5,615,000	5,615,000	5,435,000	180,000	180,000
06-30-2011	10-01-2016	0.98%	2,440,000	2,440,000	450,000	1,990,000	470,000
06-30-2011	10-01-2032	1.57%	4,365,000	4,365,000	150,000	4,215,000	155,000
06-05-2012	10-01-2031	2.67%	43,096,290	43,096,290	2,069,670	41,026,620	1,921,260
02-28-2013	10-01-2028	2.40%	7,725,700	7,725,700	-	7,725,700	-
02-28-2013	10-01-2028	3.43%	4,350,000	4,350,000	-	4,350,000	-
			77,801,990	77,801,990	18,003,870	59,798,120	3,037,060
Business-Type Activities:							
01-07-2004	10-01-2028	3.00%-4.50%	11,985,000	11,985,000	11,620,800	364,200	364,200
06-05-2012	10-01-2031	2.67%	6,253,710	6,253,710	300,330	5,953,380	278,740
02-28-2013	10-01-2028	2.40%	9,069,300	9,069,300	-	9,069,300	-
			27,308,010	27,308,010	11,921,130	15,386,880	642,940
			$ 105,110,000	$ 105,110,000	$ 29,925,000	$ 75,185,000	$ 3,680,000

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 2013 debt service (excluding bond refunding) was $4,770,182 while total non-ad valorem tax revenue totaled $61,353,592. For the business-type special obligation bonds, fiscal year 2013, debt service (excluding bond refunding) totaled $1,059,136 while total non-ad valorem revenue totaled $13,229,484. All revenue pledges remain in effect for the life of the special obligation bonds.

In fiscal year 2013, the City issued special obligation bonds as follows:

Series 2013A – In February 2013, the City issued special obligation bonds Series 2013A with principal amount of $16,795,000 to accomplish the partial advance refunding of Series 2004A in the amount of $16,335,000 with interest rates ranging from 3% to 4.50% which was scheduled to mature on October 1, 2028. The amount of $17,085,007 (which includes City's contribution of $290,007 and cost of issuance of $66,777) was deposited in an irrevocable trust with an escrow agent to provide for the future debt service payment on the refunded bonds. As a result, the refunded portion of the Series 2004A is considered defeased and the liability has been removed from the statement of net position. The outstanding balance of Series 2004A in the amount of $675,000 is due on October 1, 2013. The Series 2013A has a fixed interest rate of 2.40% payable on April 1 and October 1 of each year and matures on October 1, 2028. Principal amount is paid annually starting October 1, 2014.

The reacquisition price exceeded the net carrying amount of the old debt and resulted in a deferred loss on refunding by $393,223. This amount is reported as deferred charge on refunding in the statement of net position and amortized over the life of the refunding debt.

The refunding resulted in $2,657,170 of gross debt savings and an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $2,219,807.

Series 2013B – In February 2013, the City issued special obligation bonds Series 2013B with principal amount of $4,350,000 to accomplish the partial advance refunding of Series 2004B in the amount of $4,135,000 with interest rates ranging from 4.75% to 5.87% which was scheduled to mature on October 1, 2028. The amount of 4,447,555 (which includes City's contribution of $97,555 and cost of issuance of $48,421) was deposited in an irrevocable trust with an escrow agent to provide for the future debt service

payment on the refunded bonds. As a result, the refunded portion of the Series 2004B is considered defeased and the liability has been removed from the statement of net position. The remaining outstanding balance of Series 2004A in the amount of $180,000 is due on October 1, 2013. The Series 2013B has a fixed interest rate of 3.43% payable on April 1 and October 1 of each year and matures on October 1, 2028. Principal amount is paid annually starting October 1, 2014.

The reacquisition price exceeded the net carrying amount of the old debt and resulted in a deferred loss on refunding by $136,578. This amount is reported as deferred charge on refunding in the statement of net position and amortized over the life of the refunding debt.

The refunding resulted in $736,362 of gross debt savings and an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of $572,517.

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 (the "Commission") since 1987 as its source to finance the acquisition and construction of City facilities. The Commission was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida. As of September 30, 2013, 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, the 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, 2013, are as follows:

	BUSINESS-TYPE ACTIIVITIES						
Fiscal	Special Obligation Bonds			Capital Leases			Business-Type Activities
Year	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
2014	$ 642,940	$ 379,022	$ 1,021,962	$ 140,277	$ 10,381	$ 150,658	$ 1,172,620
2015	728,675	360,024	1,088,699	144,562	6,096	150,658	1,239,357
2016	745,508	341,568	1,087,076	111,170	1,823	112,993	1,200,069
2017	758,676	322,744	1,081,420	-	-	-	1,081,420
2018	908,758	313,250	1,222,008	-	-	-	1,222,008
2019-2023	4,587,916	1,165,536	5,753,452	-	-	-	5,753,452
2024-2028	5,008,994	572,522	5,581,516	-	-	-	5,581,516
2029-2032	2,005,413	77,748	2,083,161	-	-	-	2,083,161
Total	15,386,880	$ 3,532,414	$ 18,919,294	396,009	$ 18,300	$ 414,309	$ 19,333,603
Less: Current portion	(642,940)			(140,277)			
Long-term portion	$ 14,743,940			$ 255,732			

	GOVERNMENTAL ACTIVITIES						
Fiscal	Special Obligation Bonds			Capital Leases			Governmental Activities
Year	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
2014	$ 3,037,060	$ 1,673,676	$ 4,710,736	$ 710,865	$ 58,557	$ 769,422	$ 5,480,158
2015	3,206,326	1,581,542	4,787,868	484,568	38,235	522,803	5,310,671
2016	3,259,492	1,489,072	4,748,564	419,761	23,817	443,578	5,192,142
2017	3,326,324	1,394,797	4,721,121	313,537	12,286	325,823	5,046,944
2018	3,301,242	1,347,172	4,648,414	222,810	4,221	227,031	4,875,445
2019-2023	15,787,086	5,131,189	20,918,275	-	-	-	20,918,275
2024-2028	16,826,008	2,841,486	19,667,494	-	-	-	19,667,494
2029-2032	11,054,582	650,493	11,705,075	-	-	-	11,705,075
Total	59,798,120	$ 16,109,427	$ 75,907,547	2,151,541	$ 137,116	$ 2,288,657	$ 78,196,204
Less: Current portion	(3,037,060)			(710,865)			
Long-term portion	$ 56,761,060			$ 1,440,676			

During the year ended September 30, 2013, 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	$ 8,031,952	$ 4,802,933	$ 4,914,018	$ 7,920,867	$ 3,837,502
Claims Payable	11,774,000	2,915,632	2,919,632	11,770,000	3,824,000
Special Obligation Debt	62,544,790	12,075,700	14,822,370	59,798,120	3,037,060
Capital Lease	1,672,710	1,049,931	571,100	2,151,541	710,865
Pollution Remediation Obligation	210,000	-	-	210,000	210,000
	$ 84,233,452	$ 20,844,196	$ 23,227,120	$ 81,850,528	$ 11,619,427

During the year ended September 30, 2013, 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	$ 284,893	$ 107,566	$ 133,384	$ 259,075	$ 136,431
Special Obligation Debt	15,795,210	9,069,300	9,477,630	15,386,880	642,940
Capital Lease	532,128	-	136,119	396,009	140,277
	$ 16,612,231	$ 9,176,866	$ 9,747,133	$ 16,041,964	$ 919,648

(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 capital lease obligations of both governmental activities and business-type activities are payable from non-ad valorem revenues of the City.

The original present value of the minimum payments under the arrangement and the capitalized basis is $3,780,058 net of accumulated depreciation of $1,466,694 for governmental activities; and $702,000 as the capitalized basis and $280,800 accumulated depreciation for business-type activities.

Future minimum lease obligations are as follows:

Governmental Activities

Year ending September 30:		**Amount**
Total minimum lease payments -2013	$	2,288,657
Less: Amount representing interest		(137,116)
Present value of minimum lease payments	$	2,151,541

Business-Type Activities

Year ending September 30:		**Amount**
Total minimum lease payments -2013	$	414,309
Less: Amount representing interest		(18,300)
Present value of minimum lease payments	$	396,009

(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, 2013, the present value of the minimum lease payments is $153,562.

(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 with the State the remaining amount of $355,632 and the outcome is not certain as of September 30, 2013. 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, 2012:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	889
Current Employees:	
Vested	303
Non-vested	292
Total	595

Pension Benefits

Firefighters police officers and participants, other than firefighters and police officers with more than 10 years of credit 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). Participants other than firefighters and police officers 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). For police officers with less than 10 years of credited service at September 30, 2012, normal retirement shall be the earliest of (a) age 55 and 10 years of credited service or (b) 25 years of credited service.

Upon normal retirement, police officers eligible for normal retirement at September 30, 2012 and firefighters 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. For police officers not eligible for normal retirement at September 30, 2012 the normal retirement benefits shall be 3% for the first 10 years of credited service and 2.5% thereafter (however, credited service prior to September 30. 2012 will accrue at 3%), multiplied by average final compensation, with a maximum of 75% of average final compensation. For employees other than firefighters and police officers who are included in any bargaining unit for collective bargaining purposes, effective September 30, 2010, the normal retirement benefits for participants other than firefighters, police officers, and excluded employees shall be accrued benefits as of September 30, 2010, 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.

Notwithstanding the foregoing, the normal retirement income payable to participants, other than police officers and firefighters, who as of September 30, 2010 attained the normal retirement date in effect on September 29, 2010, shall be based on the highest three-year average.

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, 2010, 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.

For 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. For police officers not eligible for normal retirement at September 30, 2012, early retirement is eliminated.

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, 2013 was $30,656,516.

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 increases in City contribution requirements since the October 1, 2009 actuarial provisions. For the fiscal year ended September 30, 2012, Union 769 employees' contribution was determined to be 14.27% and management employees 13.79%. Effective October 1, 2013, the contribution rate for management and union employees were 15.00% and 17.00%, respectively, of compensation.

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 (Share Plan) 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 recorded at fair value in the Statement of Plan Net Position. 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, 2013. 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, 2013. 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 position 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 position.

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 certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement – The Plan has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB Statement No. 63). The adoption of this Statement resulted in a change in the presentation of the Statement of Plan Net Assets to what is now referred to as the Statement of Plan Net Position and the term "net assets" is changed to "net position" throughout the financial statements.

Subsequent Events - Management has evaluated subsequent events through February 13, 2014, 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, 2012, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Valuation Date	10/1/12
Actuarial Value of Assets	$265,431
Actuarial Accrued Liability (AAL) Entry Age	$512,948
Unfunded AAL (UAAL)	$247,517
Funded Ratio	51.7%
Annual Covered Payroll	$ 39,651
UAAL as a % of Covered Payroll	623.4%

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 - 10/01/12
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% due to inflation beginning 10/1/11 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, 2013 amounted to $23,592,738 and was determined by the October 1, 2011 actuarial valuation. For the fiscal year ended September 30, 2013, the actual amount of covered payroll was approximately $50,284,000.

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

	Amount	Percent of Actual Annual Covered Member Payroll
City	$ 23,446,908	46.63%
Share Plan	145,830	0.29%
Employee	4,702,402	9.35%
Total	$ 28,295,140	56.27%

Actuarially Determined Contributions - The contributions required from the City of Coral Gables for the fiscal year ended September 30, 2013, were actuarially determined by the October 1, 2011 valuation report to be $24,606,812. The actuarially computed annual covered payroll amounted to approximately $40,864,000.

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").

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.

The required City contributions cover the following for the fiscal years ended September 30, 2013:

	Amount	Percent of Actuarially Computed Covered Payroll
Normal cost plus interest	$ 3,933,988	9.63%
Amortization of unfunded liability	20,672,824	50.59%
Total	$ 24,606,812	60.22%

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, 2011, 2012 and 2013 are as follows (in thousands):

	2011	2012	2013
Annual pension cost	$ 21,408	$ 23,000	$ 24,607
Percentage of annual pension cost contribution	101%	100%	100%
Net pension obligation at end of year	-	-	-

(5) Subsequent Events

The following provisions become effective subsequent to the fiscal year end for firefighter, and are based on an ordinance ratifying the collective bargaining agreement between the City and the firefighters union:

(a) Effective September 30, 2013, firefighters shall contribute 8% of their pensionable earnings to the system. Effective September 30, 2014, firefighters shall contribute 10% of their pensionable earnings to the system.

(b) Effective September 30, 2013, the normal retirement date for firefighters with less than ten years of credited service on September 30, 2013, and firefighters hired on or after that date means the first day of the month coincident with or next following the date on which the participant attains 51 years of age with 25 years of credited service, or "Rule of 76" (age plus years of credited service equal 76); provided, any such member whose normal retirement date under the "Rule of 76" would be after age 59 and who is within 12 months of completing ten years of credited service on October 15, 2013 shall retain the "Rule of 70" normal retirement date.

(c) Effective September 30, 2013, the monthly amount of normal retirement income payable to firefighter hired on or after that date shall equal 3% of average final compensation multiplied by the first ten years of credited service, and 2.5% of average final compensation multiplied by the total years of credited service in excess of the first ten years of credited service, with the combined normal retirement income not to exceed 75 percent of average final compensation.

(d) Firefighters who are employed on September 30, 2013 and have not attained early retirement eligibility as of that date, and firefighters hired on or after October 1, 2013 shall not be eligible for early retirement.

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 POSITION
FIREFIGHTERS' PENSION FUND
September 30, 2013

ASSETS		
Cash and Cash Equivalents	$	27,498
Due from Other Governments		86,861
Investments at Fair Value:		
Mutual Funds		15,434,852
Total Assets		15,549,211
LIABILITIES		
Due to Coral Gables Retirement Fund		52,271
NET POSITION		
Restricted for Employees' Retirement Systems	$	15,496,940

CITY OF CORAL GABLES, FLORIDA
CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIREFIGHTERS' PENSION FUND
For the Fiscal Year Ended September 30, 2013

ADDITIONS		
Contributions:		
Employer	$	980,969
Investment Income:		
Appreciation in the Fair Value of Investments		768,289
Investment Earnings		313,595
Total Investment Income		1,081,884
Less Investment Expense		37,416
Net Investment Income		1,044,468
Total		2,025,437
DEDUCTIONS		
Employee Benefits		304,741
Change in Net Position		1,720,696
Net Position – Beginning		13,776,244
Net Position – Ending	$	15,496,940

(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 $488,952 representing 4% of total covered payroll of police officers participating in the Plan of $12,107,252.

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.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statements of changes in plan net position 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 $894,110, representing 6.2% of total covered payroll of firefighters participating in the plan of $14,428,210. In addition, the Plan received from the State of Florida supplemental contributions of $86,859.

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 position 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 plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statues, 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. The benefits provided under this defined benefit plan are provided for a retiree's lifetime (or until such time at which retiree discontinues coverage under the City sponsored plan, if earlier).

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 $1,724,342 for the current

fiscal year, toward which the City made an implied contributions which amounted to $581,952. At September 30, 2013, the City recognized a net OPEB obligation of $5,719,302 for governmental activities and $149,059 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 $135,084 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)	$1,724,342
Interest on Net OPEB Obligation	165,326
Adjustment to ARC	(162,965)
Annual OPEB Cost (Expense)	1,726,703
Employer Contribution	(581,952)
Increase in Net OPEB Obligation	1,144,751
Net OPEB Obligation- beginning of year	4,723,610
Net OPEB Obligation- ending of year	$5,868,361

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2013	$1,726,703	33.70%	$5,868,361
September 30, 2012	$1,878,219	34.78%	$4,723,610
September 30, 2011	$1,790,840	32.80%	$3,498,542

Funded Status and Funding Progress - as of September 30, 2013, the OPEB schedule of funding progress was as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent-age of Covered Payroll
$0	$ 23,906,501	$ 23,906,501	0.0%	$ 46,841,413	51.0%

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, 2013
Actuarial cost method	Entry Age
Amortization method	Level Percent of Payroll, Open
Amortization period	30 years
Actuarial assumptions:	
Assumed rate of return on investments	3.50%
Assumed rates of salary increase	3.75% - 5.25%
Assumed payroll growth	3.50% per year
Initial trend rate	9.00%
Ultimate trend rate	4.5%
Inflation rate	3.25%

NOTE 10 - POLLUTION REMEDIATION OBLIGATIONS

As of September 30, 2013, the City is involved in three (3) 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 Regulatory and Economic Resources (RER) (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 RER 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 2014. The City estimates the remaining costs for this entire obligating event to be $200,000. This has been recorded as a long-term liability in the City's financial statements for the year ended September 30, 2013.

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 at the Granada Golf Course. 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. This has been recorded as a long-term liability in the City's financial statements for the year ended September 30, 2013.

c) Former Coral Gables Incinerator Site Assessment - In December 2005, the City demolished the incinerator building, combustion chambers and the incinerator stack at the Public Works Facility located at 2800 SW 72nd Avenue. After the demolition activities were completed, the City's consultants conducted a limited site assessment of the existing soil and groundwater conditions in August and September 2007. Based upon the soil and groundwater analytical results, the levels of

contamination detected are essentially equivalent and or above the cleanup target levels for residential and commercial/industrial use levels. Based on these results, the Miami-Dade RER required the City to submit a Site Assessment Report Addendum (SARA) to address the outstanding environmental assessment and remediation requirements of the former incinerator. As of September 30, 2013, the City is in the process of completing the SARA and assessing the options for cleanup of the site. Accordingly, as of September 30, 2013 the cost of the remedial action plan cannot be reasonably estimated, therefore a liability for this site is not recorded in the financial statements.

As of September 30, 2013, the City's total liability related to the pollution remediation obligating event, as discussed previously, 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 in the Internal Service Funds:

	2013	2012
Unpaid claim payable, beginning	$ 11,774,000	$ 12,270,000
Incurred claims and claim adjustments	2,915,632	2,752,665
Claims payments	(2,919,632)	(3,248,665)
Unpaid claims payable, ending	$ 11,770,000	$ 11,774,000

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

NOTE 12 - DEFICIT IN NET POSITION AND FUND BALANCE OF INDIVIDUAL FUNDS

The Capital Project General Obligation Bond Fund has a deficit of $3,635. The deficit will be offset with reimbursements from Miami-Dade County Building Better Communities grant program 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 Internal Service 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 (see Note 7(e)).

Construction Commitments

The City is a party to several improvements and construction contracts. The amount remaining on these uncompleted contracts as of September 30, 2013 was approximately $2.1 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 development agreements on City owned land parcels. Minimum rental receivables under these leases are as follows:

Fiscal Year		Amount
2014	$	4,984,977
2015		4,761,278
2016		4,564,076
2017		4,371,035
2018		3,699,021
2019-2023		17,101,221
2024-2028		14,464,333
2029-2033		9,584,646
2034-2038		4,835,500
2039-2042		686,125
	$	69,052,212

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 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 was built. The agreed market value of the parcels of land was $1,251,000 at the time of the execution of the agreement.

(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 $9.50 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 were 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, 2013, 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 in the City's guarantee to be called.

The cost of assets under operating leases is $64,947,340, with a net book value of $54,536,321. Depreciation expense on leased assets was $628,069 for the fiscal year ended September 30, 2013.

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 was 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 is $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, 2013, the City billed and collected from the management company $247,200 as rental income. In addition, as of September 30, 2013 the gross revenue for the rental year is below the base gross revenue of $4 million. Thus, no percentage rent is added to the base rent.

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

At September 30, 2013, the City billed the base fee amount of $596,415 and the 3.5% of the annual net revenue of $732,229 for a total fee amount of $1,328,644. 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, 2013, the City billed and collected from the management company $629,481 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, as amended, the City is entitled to receive on a quarterly basis, $160,000 as base fee for the Biltmore Golf Course, which is adjusted for the effect of cumulative price index over the life of the agreement. The quarterly payment of base fee in the amount of $40,000 is due and payable starting October 1, 2013. For the Granada Golf Course, the City is entitled to receive 100% of the golf course revenues and 5% of the revenues of the pro shop. At September 30, 2013, the City billed $756,729 and collected $635,831 from the management company for the Granada Golf Course's gross revenue.

NOTE 16 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

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. The adoption of this statement will require the City to record a liability for the unfunded portion of its pension plans. The unfunded liability has not yet been determined.

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.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued April 2013. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* was issued November 2013. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Taxes	$ 82,754,790	$ 82,589,790	$ 80,068,070	$ (2,521,720)
Licenses	3,489,500	3,174,500	3,250,589	76,089
Permits	5,631,625	6,063,667	7,696,589	1,632,922
Fines and Forfeitures	2,811,088	2,856,088	2,891,719	35,631
Intergovernmental	4,329,368	4,747,661	5,250,448	502,787
Charges for Services	13,473,759	13,548,759	15,638,624	2,089,865
Recreation Activity Fees	3,523,658	3,533,701	3,979,867	446,166
Rental Income	4,343,724	4,271,682	4,234,827	(36,855)
Investment Earmings	50,000	50,000	(52,196)	(102,196)
Contributions and Donations	250,000	250,000	304,060	54,060
Miscellaneous	443,850	659,221	449,930	(209,291)
Total Revenues	121,101,362	121,745,069	123,712,527	1,967,458
EXPENDITURES				
Current:				
General Government	15,619,613	16,135,625	15,652,955	482,670
Public Safety	73,935,159	74,233,625	72,702,767	1,530,858
Physical Environment	17,315,360	17,213,467	16,528,527	684,940
Transportation	2,879,379	2,877,654	2,855,527	22,127
Economic Environment	839,383	841,544	773,882	67,662
Culture and Recreation	8,389,712	8,529,743	7,904,835	624,908
Debt Service:				
Retirement of Principal	261,582	243,582	225,118	18,464
Interest	29,800	29,800	14,365	15,435
Capital Outlay	702,046	831,829	476,460	355,369
Total Expenditures	119,972,034	120,936,869	117,134,436	3,802,433
Excess of Revenues Over Expenditures	1,129,328	808,200	6,578,091	5,769,891
OTHER FINANCING SOURCES (Uses)				
Transfers In	9,749,430	10,795,379	8,739,645	(2,055,734)
Transfers Out	(10,878,758)	(11,603,579)	(9,439,639)	2,163,940
Total Other Financing Sources (Uses)	(1,129,328)	(808,200)	(699,994)	108,206
Net Change in Fund Balance	$ -	$ -	5,878,097	$ 5,878,097
Fund Balance - Beginning			29,425,921	
Fund Balance - Ending			$ 35,304,018	

See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

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

(Amounts in thousands)

(1) Actuarial Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accrued Liability (UAAL)(3)-(2)	(5) Funded Ratio (2)/(3)	(6) Annual Covered Payroll	(7) UAAL as % of Annual Covered Payroll (4)/(6)
October 1, 2012	$265,431	$512,948	$247,517	51.7%	$39,651	624.2%
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%

CITY OF CORAL GABLES
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
(Unaudited)

(Amounts in thousands)

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, 2013	-	$23,907	$23,907	0%	$46,841	51.0%
September 30, 2012	-	$26,636	$26,636	0%	$50,036	53.2%
September 30, 2011	-	$25,317	$25,317	0%	$49,102	51.6%
September 30, 2010	-	$21,100	$21,100	0%	$57,458	36.7%
September 30, 2009	-	$19,884	$19,884	0%	$55,248	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 project 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, 2013 that are included in the final amended budget. For the fiscal year, there was one supplemental appropriation ordinance increasing revenues by $643,707 and increasing appropriations by $964,835. The revenue increases were mainly due to additional intergovernmental revenue of approximately $418,000 related to public safety grants and $215,000 of miscellaneous revenue. The expenditure increase was mainly due to expenditures related to the public safety grants, payments of unused annual and sick leave balances to employees who retired during the fiscal year, and expenditures related to the Fourth of July celebration.

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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

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 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.

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.

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.

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CITY OF CORAL GABLES, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

		Capital Projects				
	Debt Service Fund	**Roadway Improvement Fund**	**Transportation Fund**	**General Obligation Bond Fund**	**Impact Fees Fund**	**Total Nonmajor Governmental Funds**
ASSETS						
Pooled Cash and Cash Equivalents	$ -	$ 783,697	$ 115,161	$ 16,365	$ -	$ 915,223
Restricted Cash and Cash Equivalents	3,418,169	-	-	-	1,629,602	5,047,771
Pooled Investments	-	2,676,516	326,841	-	-	3,003,357
Restricted Investments	445,062	-	-	-	2,937,478	3,382,540
Accounts Receivable, Net	11,000	150,517	-	-	-	161,517
Interest Receivable	383	3,580	466	-	3,170	7,599
Assessment Liens Receivable	3,837	-	-	-	-	3,837
Due from Other Governments	-	548,168	423,699	9,888	-	981,755
Total Assets	3,878,451	4,162,478	866,167	26,253	4,570,250	13,503,599
LIABILITIES						
Accounts Payable	775,441	266,548	68,645	-	-	1,110,634
Accrued Payroll	-	3,597	2,055	-	-	5,652
Due to Other Funds	-	-	-	20,000	-	20,000
Total Liabilities	775,441	270,145	70,700	20,000	-	1,136,286
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - Grants and Contributions	-	453,740	22,750	9,888	-	486,378
Unavailable revenue - Special Assessments	3,837	-	-	-	-	3,837
Total Deferred Inflows of Resources	3,837	453,740	22,750	9,888	-	490,215
FUND BALANCES (DEFICIT)						
Restricted to:						
Public Safety	-	-	-	-	1,956,076	1,956,076
Parks and Recreation	-	-	-	-	1,536,194	1,536,194
Other Physical Environment	-	-	-	-	1,077,980	1,077,980
Debt Service Reserve	3,099,173	-	-	-	-	3,099,173
Assigned to:						
Other Capital Projects	-	3,438,593	772,717	-	-	4,211,310
Unassigned	-	-	-	(3,635)	-	(3,635)
Total Fund Balances (Deficit)	3,099,173	3,438,593	772,717	(3,635)	4,570,250	11,877,098
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	$ 3,878,451	$ 4,162,478	$ 866,167	$ 26,253	$ 4,570,250	$ 13,503,599

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, 2013

		Capital Projects				
	Debt Service Fund	**Roadway Improvement Fund**	**Transportation Fund**	**General Obligation Bond Fund**	**Impact Fees Fund**	**Total Nonmajor Governmental Funds**
REVENUES						
Gasoline Sales Tax	$ -	$ 1,098,511	$ -	$ -	$ -	$ 1,098,511
Municipal Surtax	-	-	1,685,507	-	-	1,685,507
Special Assessments	700	-	-	-	970,487	971,187
Rental Income	-	-	34,333	-	-	34,333
Intergovernmental	-	6,334	92,500	186,384	-	285,218
Investment Earnings	394	7,805	895	-	5,540	14,634
Miscellaneous	-	44,941	-	-	-	44,941
Total Revenues	1,094	1,157,591	1,813,235	186,384	976,027	4,134,331
EXPENDITURES						
Current:						
Transportation	-	1,063,384	1,269,098	-	-	2,332,482
Culture and Recreation	-	-	-	148,915	2,170	151,085
Debt Service:						
Retirement of Principal	3,143,270	-	-	-	-	3,143,270
Interest	1,626,912	-	-	-	-	1,626,912
Bond Issuance Costs	88,020	-	-	-	-	88,020
Capital Outlay	-	15,000	35,022	-	-	50,022
Total Expenditures	4,858,202	1,078,384	1,304,120	148,915	2,170	7,391,791
Excess (Deficiency) of Revenues Over Expenditures	(4,857,108)	79,207	509,115	37,469	973,857	(3,257,460)
OTHER FINANCING SOURCES (USES)						
Refunding Bonds Issued	12,075,700	-	-	-	-	12,075,700
Payment to Bond Escrow Agent	(11,996,561)	-	-	-	-	(11,996,561)
Transfers In	5,391,503	-	-	-	-	5,391,503
Transfers Out	-	(91,000)	-	-	(152,271)	(243,271)
Total Other Financing Sources (Uses)	5,470,642	(91,000)	-	-	(152,271)	5,227,371
Net Change in Fund Balances	613,534	(11,793)	509,115	37,469	821,586	1,969,911
Fund Balances (Deficit) - Beginning	2,485,639	3,450,386	263,602	(41,104)	3,748,664	9,907,187
Fund Balances (Deficit) - Ending	$ 3,099,173	$ 3,438,593	$ 772,717	$ (3,635)	$ 4,570,250	$ 11,877,098

CITY OF CORAL GABLES, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND - SUNSHINE STATE LOANS (Unaudited)
For the Fiscal Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	**Final**	**Amounts**	**Positive (Negative)**
REVENUES				
Special Assessments	$ -	$ -	$ 700	$ 700
Investment Earnings	-	-	394	394
Total Revenues	-	-	1,094	1,094
EXPENDITURES				
Debt Service:				
Retirement of Principal	3,622,834	3,622,834	3,143,270	479,564
Interest	1,862,503	1,862,503	1,626,912	235,591
Debt Issuance Costs	-	-	88,020	(88,020)
Total Expenditures	5,485,337	5,485,337	4,858,202	627,135
Deficiency of Revenues Under Expenditures	(5,485,337)	(5,485,337)	(4,857,108)	628,229
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	-	-	12,075,700	12,075,700
Payment to Bond Escrow Agent	-	-	(11,996,561)	(11,996,561)
Transfers In	5,485,337	5,485,337	5,391,503	(93,834)
Total Other Financing Sources	5,485,337	5,485,337	5,470,642	(14,695)
Net Change in Fund Balances	$ -	$ -	613,534	$ 613,534
Fund Balances - Beginning			2,485,639	
Fund Balances - Ending			$ 3,099,173	

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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 POSITION
INTERNAL SERVICE FUNDS
September 30, 2013

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 4,144,169	$ 246,672	$ 2,364,547	$ 6,755,388
Investments	7,801,829	3,308,823	10,878,515	21,989,167
Accounts Receivable, Net	11,655	7,955	10,136	29,746
Interest Receivable	9,433	3,939	14,357	27,729
Inventory	118,359	-	-	118,359
Prepaid Items	-	-	1,586,805	1,586,805
Total Current Assets	12,085,445	3,567,389	14,854,360	30,507,194
Noncurrent Assets:				
Capital Assets:				
Equipment	26,848,730	147,665	-	26,996,395
Accumulated Depreciation	(21,013,000)	(116,701)	-	(21,129,701)
Total Noncurrent Assets	5,835,730	30,964	-	5,866,694
Total Assets	17,921,175	3,598,353	14,854,360	36,373,888
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,818,720	668,093	84,360	2,571,173
Accrued Payroll	34,540	19,519	-	54,059
Due to Other Funds	-	1,250,000	-	1,250,000
Accrued Compensated Absences	91,046	58,114	-	149,160
Claims Payable	-	-	3,824,000	3,824,000
Capital Lease Payable	554,883	-	-	554,883
Total Current Liabilities	2,499,189	1,995,726	3,908,360	8,403,275
Noncurrent Liabilities:				
Accrued Compensated Absences	97,913	56,018	-	153,931
Claims Payable	-	-	7,946,000	7,946,000
Capital Lease Payable	1,299,600	-	-	1,299,600
Net OPEB Obligation	83,845	51,239	-	135,084
Total Noncurrent Liabilities	1,481,358	107,257	7,946,000	9,534,615
Total Liabilities	3,980,547	2,102,983	11,854,360	17,937,890
NET POSITION				
Net Investment in Capital Assets	3,981,247	30,964	-	4,012,211
Unrestricted	9,959,381	1,464,406	3,000,000	14,423,787
Total Net Position	$ 13,940,628	$ 1,495,370	$ 3,000,000	$ 18,435,998

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2013

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services:				
Billings to Departments for Insurance Protection	$ -	$ -	$ 13,704,026	$ 13,704,026
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	5,527,738	-	-	5,527,738
Equipment Replacement Charges	1,243,000	-	-	1,243,000
Facilities	-	5,838,965	-	5,838,965
Total Operating Revenues	6,770,738	5,838,965	13,704,026	26,313,729
OPERATING EXPENSES				
Administration	2,193,795	1,271,929	-	3,465,724
Cost of Sales and Services	3,068,111	4,039,979	-	7,108,090
Benefit Payments	-	-	1,138,179	1,138,179
Insurance	-	-	7,565,415	7,565,415
Depreciation	1,118,982	2,108	-	1,121,090
Total Operating Expenses	6,380,888	5,314,016	8,703,594	20,398,498
Operating Income	389,850	524,949	5,000,432	5,915,231
NONOPERATING REVENUES (EXPENSES)				
Interest Earnings	9,036	6,723	43,538	59,297
Miscellaneous	5,934	-	57,157	63,091
Gain from Sale of Capital Assets	8,003	-	-	8,003
Interest Expense	(32,317)	-	-	(32,317)
Total Nonoperating Revenues (Expenses)	(9,344)	6,723	100,695	98,074
Income Before Contributions	380,506	531,672	5,101,127	6,013,305
Capital Contributions from Federal, State and Local Grants	362,965	-	-	362,965
Income Before Transfers	743,471	531,672	5,101,127	6,376,270
Transfers In	1,350,000	-	-	1,350,000
Transfers Out	-	(2,608,000)	(5,101,127)	(7,709,127)
Change In Net Position	2,093,471	(2,076,328)	-	17,143
Net Position - Beginning	11,847,157	3,571,698	3,000,000	18,418,855
Net Position - Ending	$ 13,940,628	$ 1,495,370	$ 3,000,000	$ 18,435,998

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2013

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	$ 6,815,998	$ 5,842,285	$ 13,697,329	$ 26,355,612
Payments to Employees	(2,216,991)	(1,271,355)	-	(3,488,346)
Payments to Suppliers	(2,942,831)	(3,962,996)	(8,615,790)	(15,521,617)
Net Cash Provided by (used in) Operating Activities	1,656,176	607,934	5,081,539	7,345,649
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from Other Funds	1,350,000	-	-	1,350,000
Transfers out to Other Funds	-	(2,608,000)	(5,101,127)	(7,709,127)
Due to Other Funds	-	1,250,000	-	1,250,000
Net Cash Provided by (used in) Noncapital Financing Activities	1,350,000	(1,358,000)	(5,101,127)	(5,109,127)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(519,499)	(25,060)	-	(544,559)
Proceeds from Sale of Capital Assets	8,003	-	-	8,003
Contributions from other governments	362,965	-	-	362,965
Principal Paid on Debt	(345,982)	-	-	(345,982)
Interest Paid on Debt	(32,317)	-	-	(32,317)
Net Cash Provided by (used in) Capital and Related Financing Activities	(526,830)	(25,060)	-	(551,890)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Purchase of Investments	(8,623,829)	(3,924,200)	(13,450,389)	(25,998,418)
Proceeds from Sale of Investments	822,000	615,377	2,571,874	4,009,251
Interest and Dividends Received	5,537	2,784	86,338	94,659
Net Cash Provided by (used in) Investing Activities	(7,796,292)	(3,306,039)	(10,792,177)	(21,894,508)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,316,946)	(4,081,165)	(10,811,765)	(20,209,876)
Cash and Cash Equivalents - Beginning	9,461,115	4,327,837	13,176,312	26,965,264
Cash and Cash Equivalents - Ending	$ 4,144,169	$ 246,672	$ 2,364,547	$ 6,755,388
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income (Loss)	$ 389,850	$ 524,949	$ 5,000,432	$ 5,915,231
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Depreciation Expense	1,118,982	2,108	-	1,121,090
Change in Assets and Liabilities:				
Accounts Receivable	45,260	3,320	(6,420)	42,160
Inventory	15,744	-	-	15,744
Prepaid Items	-	-	47,362	47,362
Accounts Payable	109,536	76,983	44,442	230,961
Accrued Payroll and Other Expenses	3,771	4,100	-	7,871
Unearned Revenue	-	(500)	(277)	(777)
Accrued Compensated Absences	(21,847)	808	-	(21,039)
Claims Payable	-	-	(4,000)	(4,000)
Net OPEB Obligation	(5,120)	(3,834)	-	(8,954)
Total Adjustments	1,266,326	82,985	81,107	1,430,418
Net Cash Provided by (used in) Operating Activities	$ 1,656,176	$ 607,934	$ 5,081,539	$ 7,345,649
Noncash Capital Financing Activities				
Capital Assets Acquired through Capital Lease	$ 1,049,931	$ -	$ -	$ 1,049,931

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 POSITION
PENSION TRUST FUNDS
September 30, 2013

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and Cash Equivalents	$ 8,156,506	$ 997,937	$ 27,498	$ 9,181,941
Receivables:				
Accrued Interest and Dividends	393,233	-	-	393,233
Employee Contributions Receivable	98,702	-	-	98,702
Buyback Receivable	65,488	-	-	65,488
Share Plan Contributions	145,830	-	86,861	232,691
Receivable for securities sold	231,024	-	-	231,024
Other receivables	26,095	-	-	26,095
Total Receivables	960,372	-	86,861	1,047,233
Securities Lending Cash Collateral - Invested	45,133,546	-	-	45,133,546
Investments at fair value:				
U.S. Government and Agency	22,518,910	-	-	22,518,910
Domestic Fixed Income Fund	-	-	-	-
Global fixed income	15,105,495	-	-	15,105,495
Corporate Bonds	20,977,437	-	-	20,977,437
Common Stocks	107,949,902	-	-	107,949,902
International Equity	57,843,635	-	-	57,843,635
Real Estate Investment Trust (REIT)	37,656,496	-	-	37,656,496
Alternative Investments	41,774,690	-	-	41,774,690
Mutual Funds	-	4,048,247	15,434,852	19,483,099
Total Investments	303,826,565	4,048,247	15,434,852	323,309,664
Total Assets	358,076,989	5,046,184	15,549,211	378,672,384
LIABILITIES				
Accounts Payable	286,538	-	-	286,538
Payable for Securities Purchased	920,808	-	-	920,808
Due to Coral Gables Retirement Fund	-	93,559	52,271	145,830
Obligations under Securities Lending	45,133,546	-	-	45,133,546
Total Liabilities	46,340,892	93,559	52,271	46,486,722
NET POSITION				
Net Position held in trust for pension benefits	$ 311,736,097	$ 4,952,625	$ 15,496,940	$ 332,185,662

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended September 30, 2013

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
Additions:				
City Contributions	$ 23,446,908	$ 488,952	$ 980,969	$ 24,916,829
Share Plan Contributions	145,830	-	-	145,830
Total Government Contributions	23,592,738	488,952	980,969	25,062,659
Employees:				
Employee contributions	4,678,505	-	-	4,678,505
Buybacks	23,897	-	-	23,897
Total Employee Contributions	4,702,402	-	-	4,702,402
Total Contributions	28,295,140	488,952	980,969	29,765,061
Investment Income:				
Net Appreciation in the Fair Value of Investments	32,838,854	353,151	768,289	33,960,294
Interest and Dividends	6,320,922	102,046	313,595	6,736,563
Other Income	229,726	-	-	229,726
Total Investment Income	39,389,502	455,197	1,081,884	40,926,583
Less Investment Expenses	1,779,703	22,025	37,416	1,839,144
Total Investment Income before Securities Lending Activity	37,609,799	433,172	1,044,468	39,087,439
Securities Lending Activities:				
Security Lending Income	175,341	-	-	175,341
Security Lending Fees and Rebates	(61,307)	-	-	(61,307)
Net Income from Security Lending Activities	114,034	-	-	114,034
Total Net Investment Income	37,723,833	433,172	1,044,468	39,201,473
Total Additions	66,018,973	922,124	2,025,437	68,966,534
Deductions:				
Pension Benefits Paid	33,487,568	347,589	304,741	34,139,898
Refunds of Contributions	387,337	-	-	387,337
Administrative Expense	337,234	40,352	-	377,586
Total Deductions	34,212,139	387,941	304,741	34,904,821
Net Increase in Net Position	31,806,834	534,183	1,720,696	34,061,713
Net Position Held in Trust for Pension Benefits:				
Beginning of Year	279,929,263	4,418,442	13,776,244	298,123,949
End of Year	$ 311,736,097	$ 4,952,625	$ 15,496,940	$ 332,185,662

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2013

	Employee Benefits Fund	Law Enforcement Fund	Total Agency Funds
ASSETS			
Cash and Cash Equivalents			
Beginning	$ 891,889	$ 4,392,419	$ 5,284,308
Additions	62,593	2,249,032	2,311,625
Deductions	(73,838)	(3,277,577)	(3,351,415)
Total Assets	880,644	3,363,874	4,244,518
LIABILITIES			
Deferred Compensation Payable			
Beginning	886,264	-	886,264
Additions	63,784	-	63,784
Deductions	(75,029)	-	(75,029)
Ending	875,019	-	875,019
Due to Other Governments			
Beginning	5,625	4,392,419	4,398,044
Additions	-	2,249,032	2,249,032
Deductions	-	(3,277,577)	(3,277,577)
Ending	5,625	3,363,874	3,369,499
Total Liabilities	$ 880,644	$ 3,363,874	$ 4,244,518

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	$ 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	$ 130,971,225
Restricted	-	-	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868
Unrestricted	9,033,243	5,783,177	1,703,127	3,328,883	-	(624,816)	13,801,226	42,070,763	61,902,841	72,085,573
Total governmental activities net position	$ 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	$ 214,952,666
Business-type Activities										
Net investment in capital assets	$ 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	$ 26,449,997
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	13,274,236
Total business-type activities net position	$ 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	$ 39,724,233
Primary Government										
Net investment in capital assets	$ 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	$ 157,421,222
Restricted	-	-	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868
Unrestricted	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	85,359,809
Total primary government net position	$ 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	$ 254,676,899

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General government	$ 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	$ 19,363,404
Public Safety	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	70,947,494
Physical environment	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	16,443,793
Transportation	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	7,312,561
Economic Environment	559,987	605,991	681,712	732,910	691,803	587,993	653,894	547,916	725,712	741,153
Culture and Recreation	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	10,401,674
Interest on long-term debt	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	1,641,277
Total Governmental Activities	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	126,851,356
Business-type activities:										
Sanitary Sewer System	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	6,073,033
Parking System	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	3,838,427
Stormwater Utility	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	1,443,704
Total Business-type Activities	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	11,355,164
Total Expenses	$ 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	$ 138,206,520
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	$ 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	$ 17,559,499
Public Safety	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	5,394,421
Physical environment	5,765,680	6,423,751	6,407,987	6,783,403	7,036,996	7,653,827	8,821,783	9,487,606	9,330,652	9,428,396
Economic Environment	-	-	-	-	-	-	-	1,962,748	2,600,000	200,000
Culture and Recreation	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	4,357,075
Operating grants and contributions	1,482,412	9,042,210	17,132,223	2,478,666	238,033	108,762	94,832	359,559	415,718	192,080
Capital grants and contributions	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	1,054,644
Total Governmental Activities	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	38,186,115
Business-type activities:										
Charges for services:										
Sanitary Sewer System	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	7,725,590
Parking System	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	10,830,461
Stormwater Utility	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	2,399,023
Operating grants and contributions	-	-	-	-	-	-	-	1,606,542	-	-
Capital grants and contributions	-	-	-	554,196	-	392,233	238,597	324,445	920,448	37,222
Total Business-type Activity	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	20,992,296
Total Program Revenue	$ 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	$ 59,178,411
Net(Expense) Revenue										
Governmental activities	$ (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)	$ (88,665,241)
Business-type activiites	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	9,637,132
Total Net Expense	$ (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)	$ (79,028,109)
General Revenues										
Governmental Activities:										
Taxes										
Property taxes	$ 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	$ 62,358,935
Franchise fees	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	6,392,689
Utility taxes	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	11,316,446
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	2,784,018
Intergovermental	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	4,461,004
Investment Earnings	719,165	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070	5,968
Bad Debt Expense	-	-	-	(4,229,491)	-	-	-	-	-	-
Miscellaneous	2,518,392	1,047,855	546,076	310,400	453,448	667,778	239,410	603,945	482,745	494,871
Transfers in/out	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	8,587,374
Total general revenues, transfers and special items	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	96,401,305
Business-type activities:										
Investment Earnings	14,060	31,153	56,481	80,468	232,392	23,493	9,129	9,266	16,670	20,595
Miscellaneous	13,397	17,153	14,175	168,353	21,845	20,723	13,010	52,767	31,163	30,688
Transfers in/out	(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)	(8,587,374)
Total Business-type activities	(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)	(8,536,091)
Total primary government	$ 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	$ 87,865,214
Change in Net Assets										
Governmental activities	$ (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	$ 7,736,064
Business-type activities	512,891	3,378,692	3,639,403	4,584,120	644,759	(639,133)	2,922,037	2,850,705	3,770,428	1,110,041
Total Change in Net Assets	$ 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	$ 8,846,105

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved for:										
Encumbrance	$ 362,891	$ 346,109	$ 343,460	$ 586,407	$ 504,291	$ 333,082	$ 272,511	$ -	$ -	$ -
Federal Emergency Management Agency	-	-	-	-	-	-	-	-	-	-
Inventories	131,895	129,037	96,193	96,193	96,193	84,139	86,505	-	-	-
Prepaid Items	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	-	-	-	-	-	-	-	-	-	-
Law Enforcement Trust	-	-	-	-	-	-	-	-	-	-
Cable TV Utilization	-	-	-	-	-	-	-	-	-	-
Coral Gables House	-	-	-	-	-	-	-	-	-	-
Historic Preservation	-	-	-	-	-	-	-	-	-	-
Orange Bowl Scholarship	-	-	-	-	-	-	-	-	-	-
Youth Center Concession	-	-	-	-	-	-	-	-	-	-
Pinewood Cemetery	-	-	-	-	-	-	-	-	-	-
Firefighters Rescue	-	-	-	-	-	-	-	-	-	-
Dade County Schools Resource	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Unreserved reported in:					-	-	-	-	-	-
General Fund	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	28,654
Restricted	-	-	-	-	-	-	-	3,629,399	4,273,043	4,169,504
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	3,367,565	4,012,316	2,404,046
Unassigned	-	-	-	-	-	-	-	12,363,979	21,111,908	28,701,814
Total general fund	$ 10,182,344	$ 8,286,463	$ 9,204,888	$ 9,537,263	$ 9,823,107	$ 4,965,364	$ 7,022,975	$ 19,487,263	$ 29,425,921	$ 35,304,018
All Other Governmental Funds										
Reserved for:										
Encumbrance	$ 1,045,854	$ 173,424	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prepaid Items	6,859	6,861	-	6,853	-	-	-	-	-	-
Transportation	-	-	749,750	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
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	808,806	853,510	1,045,192	-	(402,542)	(230,684)	(1,504,763)	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	26,367,078	26,925,026	25,399,733
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	8,106,937	16,125,829	25,389,423
Unassigned	-	-	-	-	-	-	-	(22,812)	(41,104)	(3,634)
Total all other governmental funds	$ 5,999,265	$ (4,125,782)	$ 4,526,183	$ 5,480,963	$ 1,885,949	$ (45,890)	$ (620,838)	$ 34,451,203	$ 43,009,751	$ 50,785,522

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	$ 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	$ 82,852,088
Licenses	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	3,250,589
Permits	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	7,696,589
Fines and Forfeitures	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	2,891,719
Intergovernmental	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	6,144,249
Charges for Services	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	15,638,624
Recreation Actviity Fees	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	3,979,867
Rental Income	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	4,269,160
Investment earnings	670,599	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070	5,968
Bad Debt	-	-	-	(4,229,491)	-	-	-	-	-	-
Special Assessments	140,008	377,466	325,849	52,521	364,965	711,258	499,649	2,222,203	476,556	980,246
Contributions and Donations	-	-	-	-	-	-	-	1,140,000	735,131	466,060
Miscellaneous	2,024,465	243,252	451,601	308,261	453,448	667,778	239,410	603,945	482,745	494,871
Total revenues	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	128,670,030
EXPENDITURES										
Current:										
General Government	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	16,000,917
Public Safety	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	72,738,499
Physical Environment	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	16,548,289
Transportation	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	7,601,909
Economic Environment	523,349	598,638	645,291	721,991	704,232	607,676	681,765	558,174	753,151	773,882
Culture and Recreation	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	9,729,332
Debt service:										
Retirement of Principal	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	3,368,388
Interest and Other Charges	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	1,641,277
Bond Issuance Cost	-	-	-	-	-	-	-	-	61,456	88,020
Capital outlay	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	1,551,289
Total expenditures	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	130,041,802
Excess (deficiency) of revenues over expenditures	(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)	(1,371,772)
OTHER FINANCING SOURCES (USES)										
Refunding Bond Issued	15,825,000	-	6,000,000	8,547,013	-	3,525,000	702,930	47,100,483	43,096,290	12,075,700
Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-	-	(11,996,561)
Principal Repymt.-Current Bond Refunding	(11,060,000)	-	-	-	-	-	-	(24,512,273)	-	-
Transfers In	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	24,716,096
Transfers Out	(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)	(9,769,595)
Total other financing sources (uses)	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	15,025,640
Net change in fund balances	$ 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	$ 13,653,868
Debt service as a precentage of noncapital expenditures	3.22%	3.24%	3.10%	3.27%	3.52%	3.11%	3.23%	3.60%	27.79%	3.90%

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
2004	$50,591,645	$47,798,782	94.48%	$170,691	$47,969,473	94.82%
2005	56,576,305	53,235,436	94.09%	231,212	53,466,648	94.50%
2006	66,217,669	61,536,367	92.93%	332,579	61,868,946	93.43%
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	65,609,457	96.41%	787,734	66,397,191	97.56%
2010	72,300,304	69,328,037	95.89%	949,225	70,277,262	97.20%
2011	68,735,926	65,131,368	94.76%	1,946,716	67,078,084	97.59%
2012	66,647,377	64,648,342	97.00%	1,729,247	66,377,589	99.60%
2013	65,676,937	61,713,029	93.96%	645,906	62,358,935	94.95%

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		
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	11,875,112,539	312,425,424	12,187,537,963	5.250
2010	11,069,459,141	297,254,234	11,366,713,375	5.895
2011	11,150,104,798	273,567,777	11,423,672,575	6.072
2012**	11,582,581,921	288,250,994	11,870,832,915	5.869
2013**	11,752,319,227	273,243,675	12,025,562,902	5.669

(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, except for 2012 & 2013 which are 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	SCHOOL	STATE	
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE	MILLAGE	MILLAGE	MILLAGE	TOTAL
2004	5.990	0.000	5.990	6.765	9.252	0.7360	22.7430
2005	5.990	0.000	5.990	7.184	8.687	0.7350	22.5960
2006	6.150	0.000	6.150	7.069	8.438	0.7350	22.3920
2007	6.150	0.000	6.150	6.808	8.105	0.7350	21.7980
2008	5.250	0.000	5.250	5.670	7.948	0.6590	19.5270
2009	5.250	0.000	5.250	5.926	7.797	0.6590	19.6320
2010	5.895	0.000	5.895	6.005	7.995	0.6590	20.5540
2011	6.072	0.000	6.072	6.656	8.249	0.6585	21.6360
2012	5.869	0.000	5.869	5.769	8.005	0.4708	20.1140
2013	5.669	0.000	5.669	5.161	7.998	0.4634	19.2914

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

	FISCAL YEAR ENDED 2013			FISCAL YEAR ENDED 2004		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE $12,025,562,952	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE $8,198,651,899
Merrick Park LLC	$ 100,091,493	1	0.83 %	$ 75,822,650	1	0.92 %
Transwestern Douglas LLC	79,000,000	2	0.66	-	-	-
Prisa Ponce de Leon, LLC	76,612,259	3	0.64	-	-	-
South Florida Equities Reit Inc.	65,595,000	4	0.55	47,300,000	4	0.58
355 Alhambra Plaza LLC	62,500,000	5	0.52	32,151,443	8	0.39
Ponte Gadea Gables, LLC	55,984,953	6	0.47	-	-	-
Coral Gables Associates	55,000,000	7	0.46	40,375,000	5	0.49
General Growth Properties	53,908,280	8	0.45	64,551,611	2	0.79
DEKA USA Colonnade LP	53,600,000	9	0.45	58,000,000	3	0.71
The Collection Properties LLC	51,800,000	10	0.43	39,467,389	6	0.48
550 Biltmore Inc.	-	-	-	30,583,694	9	0.37
ERP Operating Limited Partnership	-	-	-	38,000,000	7	0.46
121 Alhambra Tower LLC	-	-	-	30,171,259	10	0.37
Totals	$ 654,091,985		5.44 %	$ 456,423,046		5.57 %

Property assessed on January 1, 2012 for 2012-2013 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)
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
2013	856	830

(1) Includes prepayments and foreclosures.

TABLE 10
CITY OF CORAL GABLES, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
SEPTEMBER 30, 2013
LAST TEN FISCAL YEARS

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES				
FISCAL YEAR ENDED	SPECIAL OBLIGATION BONDS	CAPITAL LEASES	PARKING SPECIAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME *	PER CAPITA *
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
2013	59,798,120	2,151,541	15,386,880	396,009	77,732,550	2907%	1,573.18

* 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
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%
2013	-	-	-	117,134	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, 2013
(amounts expressed in thousands)

JURISDICTION	NET DEBT OUTSTANDING	PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES (1)	AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES
City of Coral Gables	$ 61,950	100.0%	$ 61,950
Total direct debt			$ 61,950
Miami-Dade County, Florida	$ 1,179,986	6.3%	$ 74,339
Total overlapping debt			$ 74,339
Total direct debt and overlapping debt			$ 136,289

Sources: Data provided by the Miami Dade-County Finance Department

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.

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

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Value that is within the City's boundaries and dividing it by the Miami-Dade County's taxable assessed value.

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

FISCAL YEAR ENDED	(1) POPULATION	(2) PERSONAL INCOME	(1) PER CAPITA INCOME	(1) MEDIAN AGE	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
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%
2013	49,411	2,674,025	54,118	41.4	13,514	5.3%

DATA SOURCES
(1) United States Census Bureau estimates by Demographics-www.census.gov
(2) Amounts expressed in thousands
(3) Dade County School District - Public and Private School
(4) United State Department of Labor-Bureau of Labor Statistic-www.bls.gov

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

FISCAL YEAR ENDED	GENERAL PROPERTY TAXES (1)	FRANCHISE TAXES	UTILITIES SERVICES TAXES	OTHER TAXES	TOTAL TAXES
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
2013	62,359	6,393	11,316	2,784	82,852

(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

	Fiscal Year Ended September 30,			
	2013		2004	
Employers	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
University of Miami	12,969 *	55.86%	9,833	62.40%
Doctors Hospital -Baptist Hospital South Florida	1,100	4.74%	900	5.71%
Bayview Asset Management	1,300	5.60%	1,000	6.35%
The Biltmore Hotel	670	2.89%	600	3.81%
City of Coral Gables	791	3.41%	850	5.39%
Dade County Public Schools	534	2.30%	737	4.68%
Baptist Health South Florida	500	2.15%	190	1.21%
Coral Gables Hospital	500	2.15%	598	3.79%
Bacardi USA	460	1.98%	330	2.09%
HBO Latin America	330	1.42%	N/A	N/A
The Collection	300	1.29%	N/A	N/A
Mercantil Commerce Bank/Commerce Bank	293	1.26%	N/A	N/A
Del Monte Fresh Produce	280	1.21%	150	0.95%
Gilbraltar Bank	278	1.20%	N/A	N/A
Gables Engineering, Inc.	247	1.06%	200	1.27%
Esslinger-Wooten-Maxwell	241	1.04%	N/A	N/A
Diageo	220	0.95%	N/A	N/A
Bill Ussery Motors Mercedez-Benz	215	0.93%	250	1.59%
IBM Corporation	215	0.93%	120	0.76%
Kindered Hospital	200	0.86%	N/A	N/A
First United Bank/International Bank of Miami	186	0.80%	N/A	N/A
Odebrecht Construction	150	0.65%	N/A	N/A
Yard House Restaurant	141	0.61%	N/A	N/A
Univision Radio Florida	140	0.60%	N/A	N/A
Hyatt Regency Coral Gables	140	0.60%	N/A	N/A
The Westin Colonnade Hotel	134	0.58%	N/A	N/A
AECOM	128	0.55%	N/A	N/A
Richemont L.A. & Caribbean	120	0.52%	N/A	N/A
Cargill, Inc.	115	0.50%	N/A	N/A
Zubi Advertising	110	0.47%	N/A	N.A
T.Y. Lin International	107	0.46%	N/A	N.A
American Airlines	103	0.44%	N/A	N/A
Total	23,217	100.00%	15,758	100.00%

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
EIGHT YEAR COMPARISONS

FUNCTION / PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013
City Commission	7	7	7	7	7	7	7	7
City Attorney	4	4	4	5	5	5	5	5
City Clerk	4	4	5	5	5	5	5	5
City Manager	12	12	12	11	10	10	10	11
Human Resources	11	11	12	12	10	10	10	10
Development Services	58	58	65	63	58	63	64	64
Planning	5	5	5	5	4	0	0	0
Historic Resources	5	5	5	5	4	4	4	4
Public Works	77	80	76	76	65	63	84	84
Finance	31	32	31	31	31	31	33	33
Information Technology	11	11	16	19	16	15	15	15
Public Service	122	122	122	115	98	93	0	0
Automotive	30	30	30	30	26	23	0	0
Police	265	266	264	264	257	255	255	256
Fire	149	149	149	149	147	147	147	147
Parks & Recreation	36	36	35	33	28	26	0	0
Economic Sustainability	5	5	5	4	5	4	4	5
Parking	32	32	32	34	32	30	0	0
Community Services	0	0	0	0	0	0	148	146
Total	864	869	875	868	808	791	791	792

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public Safety:										
Police:										
Physical arrests	902	925	1,012	1,173	1,000	881	991	860	847	880
Traffic Violations	22,055	22,758	23,198	27,556	24,915	26,399	20,750	16,897	20,462	19,863
Parking violations	151,269	119,156	114,614	114,924	105,485	101,644	122,596	151,703	139,929	96,394
Fire:										
Emergency response	8,978	8,347	7,453	7,097	4,361	6,014	8,000	6,224	7,621	7,022
Fire Inspections conducted	4,200	6,200	6,604	7,704	3,300	5,016	6,600	10,345	12,068	13,716
General Government:										
Tax Rates										
Utility Services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Water	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication Service	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	7.5%	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%

Sources: Various city departments

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Function/Program										
General Government:										
Area										
Land (sq. miles) (1)	12.3	12.3	12.3	12.3	12.3	12.3	12.9	13.1	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
Undeveloped parks	0	0	0	0	0	0	0	2	2	2
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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City of Coral Gables, Florida

Compliance Reports and Management Letter in Accordance with OMB Circular A-133 and *Rules of the Auditor General* of the State of Florida

Fiscal Year Ended September 30, 2013

McGladrey

Assurance ▪ Tax ▪ Consulting

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McGladrey

Independent Auditor's Report
on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2014. Our report includes a reference to other auditors who audited the financial statements of the City of Coral Gables Retirement Plan and Police Officers' Pension Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

Purpose of this Report

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

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

McGladrey LLP

Miami, Florida
March 31, 2014

McGladrey

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program; Report on Internal Control Over Compliance in Accordance with OMB Circular A-133; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General, State of Florida*

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

Report on Compliance for Each Major Federal Program

We have audited the City of Coral Gables, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance as Required by OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2013, and have issued our report thereon dated March 31, 2014 which contained unmodified opinions on those financial statements. Our report included a reference to other auditors. 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 Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis, as required OMB Circular A-133 *and* Chapter 10.550, *Rules of the Florida Auditor General,* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

McGladrey LLP

Miami, Florida
March 31, 2014

City of Coral Gables, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2013

Federal/ State Grantor, Pass-Through Entity Federal Awards/State Assistance	CFDA No.	Contract/ Grant No.	Total Expenditures
U.S Department of Homeland Security:			
Assistance to Firefighters Grant Program	97.044	EMW-2012-FO-01346	$ 273,411
Pass-through Miami-Dade County, Florida:			
09 Urban Area Security Initiative	97.067	11-DS-32-11-23-02-233	31,150
10 Urban Area Security Initiative	97.067	11-DS-A1-11-23-02-428	134,403
11 Urban Area Security Initiative	97.067	12-DS-22-11-23-02-236	84,472
Total Department of Homeland Security			523,436
U.S. Department of Justice:			
FY2013 Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2013-JAGC-DADE-10-D7-160	5,243
FY2012 Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2013-JAGD-9-D8-088	10,000
Edward Byrne Memorial Justice Assistance Grant Florida (ARRA-2009)	16.803	2010-AARC-DADE-2-W7-118	11,364
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	not applicable	207,166
Department of Justice Forfeiture Program (Equitable Sharing Program) South Florida Money Laundering Strike Force	16.922	not applicable	1,184,784
Total U.S. Department of Justice			1,418,557
U.S. Department of Energy:			
Energy Efficiency Conservation Block Grant - ARRA	81.128	DE-EE0002267	37,222
Total U.S. Department of Energy			37,222
U.S Department of Housing and Urban Development:			
09 Economic Development Initiative- Special Project	14.251	B-09-SP-FL-0104	6,334
Total U.S Department of Housing and Urban Development			6,334
U.S. Department of Treasury			
South Florida Money Laundering Strike Force (Equitable Sharing Program)	21.000	not applicable	300,527
Total U.S. Department of Justice			300,527
Total Expenditures of Federal Awards			$ 2,286,076

Federal/ State Grantor, Pass-Through Entity Federal Awards/State Assistance	CFSA No.	Contract/ Grant No.	Total Expenditures
Florida Department of Transportation:			
Service Development for Route Expansion	55.012	FPN 42361218401, Contract APF46	$ 68,553
Purchase (3) New Low Floor Trolleys (Heavy-Duty Diesel)	55.017	FPN 41303129401 Contract APF47	362,965
Total Florida Department of Transportation			431,518
Florida Department of Health:			
Pass-through Miami-Dade County:			
EMS FY 2011-2012 County Grant	64.005	C0013	1,985
Total Florida Department of Health			1,985
Total Expenditures of State Financial Assistance			433,503
Total Expenditures of Federal Awards and State Financial Assistance			$ 2,719,579

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note 1. General and Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal programs and state awards of the City of Coral Gables, Florida (the "City") for the year ended September 30, 2013. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133 *Audits of States, Local Governments and Non-profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General.* Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position, or cash flows of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and the Rules of the Department of Financial Services, State of Florida.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2013

I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified	
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

Federal Awards

Internal control over major program:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified?	_____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a), of Circular A-133?	_____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program:
16.922	Department of Justice Forfeiture Program (Equitable Sharing Program) South Florida Money Laundering Strike Force
21.000	Department of Treasury Forfeiture Program (Equitable Sharing Program) South Florida Money Laundering Strike Force

Dollar threshold used to distinguish between type A and type B programs:		$	300,000	
Auditee qualified as low-risk auditee?	X	Yes	_____	No

(Continued)

II – Financial Statements Findings

None reported

III – Federal Award Findings

None reported

Summary Schedule of Prior Audit Findings

No findings were reported for the fiscal year ended September 30, 2012.

McGladrey

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 31, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, State of Florida, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 31, 2014, should be considered in conjunction with this management letter. Other auditors audited the financial statements of the City of Coral Gables Retirement Plan and Police Officers' Pension Fund, as described in our report on the City's financial statements. This management letter does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted in *Appendix B – Status of Prior Year's Recommendations to Improve Financial Management.*

> Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
>
> Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. These recommendations are disclosed in *Appendix A- Current Year's Recommendations to Improve Financial Management.*

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Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

McGladrey LLP

Miami, Florida
March 31, 2014

Appendix A –Current Year Recommendations to Improve Financial Management

Fiscal Year Ended September 30, 2013

ML 2013-01 – Internal Service Fund

Criteria: Internal service funds are expressly designed to function on a cost-reimbursement basis. That is, an internal service fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can subsequently be allocated to the benefitting funds in the form of fees and charges. An internal service fund should be used to measure the full cost of providing goods or services for the purpose of recovering that cost through fees or charges to other funds.

Condition: The fees charged by the internal service insurance fund related to the respective user funds of the City are in excess of the amounts necessary to fund the costs of providing insurance related services. We noted that the insurance fund had operating income of $5 million for the fiscal year ended September 30, 2013.

Cause: The City has not analyzed the rates the internal service fund charges to user funds to ensure the activities are fully financed through the application of reasonable fees and charges.

Effect: The internal service fund rates charged to user funds are in excess of the amounts required to cover the costs of providing services to user funds. Internal services funds such as the insurance fund are designed to operate at a breakeven level, by over or under funding this fund it is impacting the operating results of all the City departments contributing to the fund and could potentially result in noncompliance with Generally Accepted Accounting Principles. This may also result in improper user fees being charged to external users for goods and services provided within the proprietary funds.

Recommendation: The City should review rates being charged to user funds in order to ensure that the benefits being provided more closely equals the fees that are charged to the user departments.

Views of Responsible Officials and Planned Corrective Action: As part of the budget process for the 2013-2014 fiscal year, the City reviewed the existing factors, assumptions and estimates used in determining the insurance rates being charged by the Insurance Fund to user funds. Based on the results of the review, management reduced the rates for Workers Compensation and General Liability insurance that are charged to the General Fund for fiscal year 2014. Rates for Group Health insurance are determined by our provider and a surplus is generally not realized in this category. Management believes that the revised rates for the 2013-2014 fiscal year approximates the insurance needs of user departments.

ML 2013-02 – User Access Rights Administration

Criteria: General information technology (IT) controls should provide reasonable assurance that user accounts are added, modified, and deleted in a timely manner to reduce the risk of unauthorized /inappropriate access to the organization's relevant financial reporting applications or data.

Condition: We noted that employee user access rights are not being disabled and removed from the City's IT system in a timely manner, upon an employee's separation from the City. We noted 3 instances in which user access rights for terminated employees were not timely removed from Active Directory.

Cause: The IT department was not notified of the employees' separation from the City, which resulted in the employees' system access rights not being disabled or removed in a timely manner.

Effect: Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

Recommendation: We recommend that management establish policies and procedures that will result in the IT department being informed of all changes in personnel to allow for timely update and monitoring of employee user access rights on an ongoing basis.

Views of Responsible Officials and Planned Corrective Actions: Initial cause assessment of the finding: IT and HR determined that the separated employees were seasonal (Summer Camp) employees at Parks & Recreation Department that never had an EDEN account. When their temporary employment finished, HR and IT were not notified.

As an immediate incident postmortem remediation, IT deactivated those three Active Directory accounts on February 11, 2014 as soon as the auditors reported their finding.

On that same day of the findings, IT talked to the HR Assistant Director about this issue, to coordinate the appropriate corrective and detective measures so those kinds of gap do not reoccur.

Right after the findings, protective and detective controls were implemented by both IT and HR:

On the IT side, we added more controls to the "new temporary hires" service request process, so each time a new account is created for a seasonal employee, IT contacts HR and the hiring department to ask for a termination date, and sets an automatic expiration date in Active Directory (AD). We also added and implemented a recurring task to our IT Operations Plan (recurring task CGITOP-W-07) to run weekly scripts against AD and EDEN databases to search for inconsistencies such as the ones in this finding, and a related IT SOP for Service Desk and Systems staff operations (CGITSP-P-03).

On the HR side, they sent a memo to all City departments regarding "P/T EMPLOYEE SEPARATIONS NOTIFICATIONS", and also took other preemptive measures to what relates to seasonal employees, so communication process with other departments occurs same as it does for all other types of hires.

Appendix B – Status of Prior Year's Recommendations to Improve Financial Management

Fiscal Year Ended September 30, 2013

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 2012-01	Internal Service Fund	**X –** see current year recommendation 2013-01	
ML 2012-02	Interfund Services	**X**	
ML 2008-02	Approval of Information Technology Policies		**X**

ML 2012-02 – Interfund Services

Criteria: Interfund services that involve the exchange of equal or almost equal value between funds should be reported as revenues and expenses/expenditures in the financial statements of such funds.

Condition: We noted that interfund administrative services provided by the General Fund to proprietary funds are not being recorded as revenues in the General Fund and expenses in the corresponding proprietary funds. Currently, such charges are accounted for as interfund transfers between the General and proprietary funds.

Cause: Improper practice of governmental accounting. The City budgeted to record the transactions as interfund transfers and subsides to the General Fund.

Effect: The actual results of operations in the General and proprietary funds are not being properly determined on an ongoing basis.

Recommendation: We recommend that interfund administrative services provided by the General Fund to other proprietary funds be recorded as revenues and expenses in the corresponding funds in order to properly reflect the result of operations within the individual funds of the City.

Views of Responsible Officials and Planned Corrective Action: The Sanitary Sewer and Stormwater proprietary funds are being charged an administrative service fee based on a methodology developed in fiscal year 2010 as a result of a direct and indirect cost allocation study of City departments. However, these administrative service fees have historically been budgeted as interfund transfers. For the Parking proprietary fund, the administrative service fee is part of the total budgeted interfund transfer. The Finance Department will work towards reviewing and updating the direct and indirect cost allocation methodology for charging fees for administrative services provided by the General Fund to the proprietary funds and will include it in the budget process. In addition, the fiscal year 2014 Budget has been amended to record these service charges as a revenue and expense in the respective funds.

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