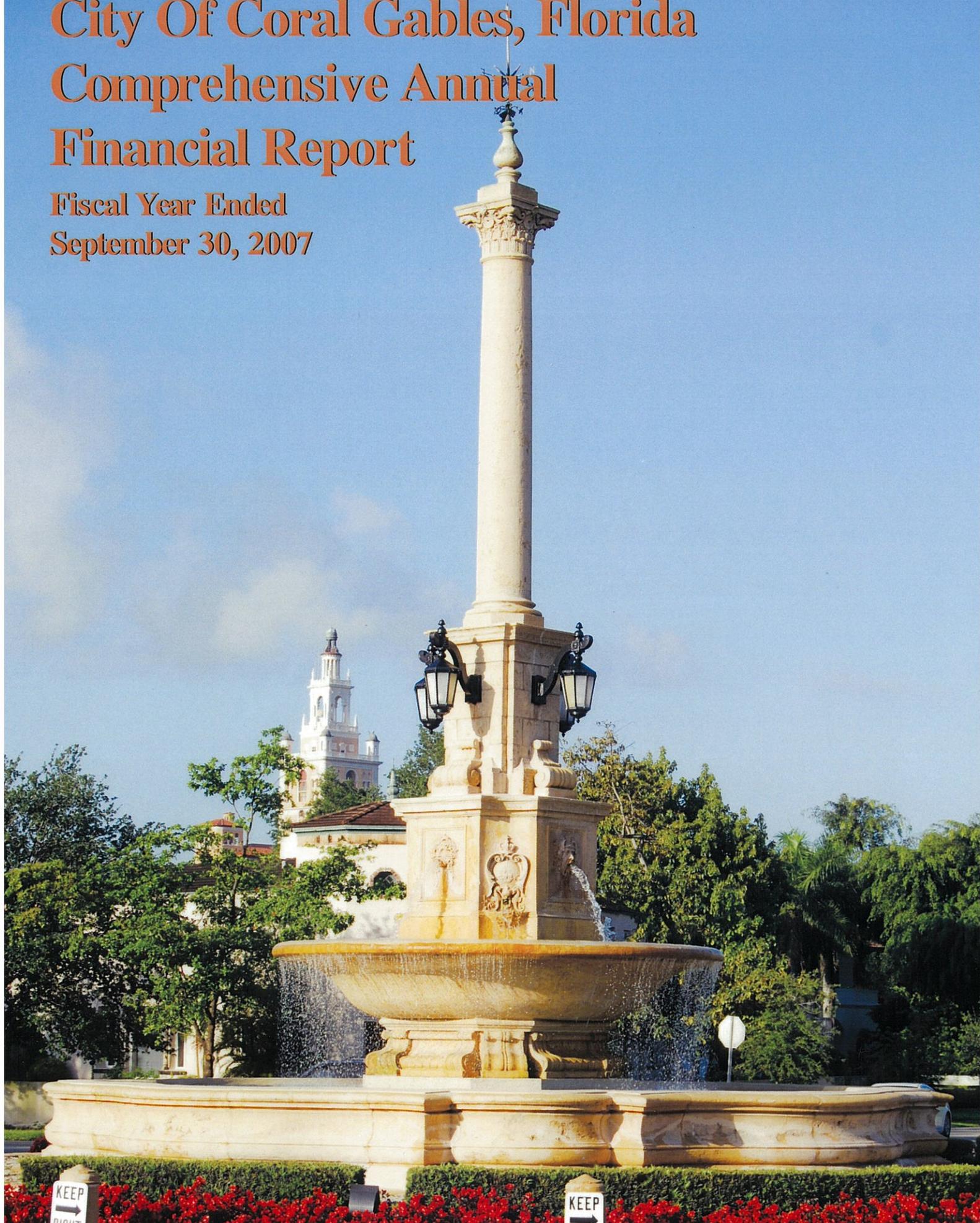


City Of Coral Gables, Florida Comprehensive Annual Financial Report

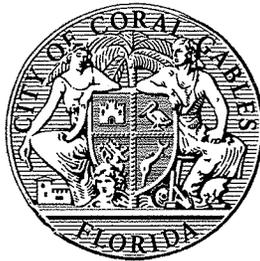
Fiscal Year Ended
September 30, 2007



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the
FISCAL YEAR ENDED
September 30, 2007



"The City Beautiful"

Prepared by
FINANCE DEPARTMENT

CITY OF CORAL GABLES, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

CITY COMMISSION

DONALD D. SLESNICK II, *MAYOR*

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

CITY MANAGER

DAVID L. BROWN

FINANCE DIRECTOR

DONALD G. NELSON, C.P.A.

ASSISTANT FINANCE DIRECTOR

ADOLFO E. SANORES

Introductory Section

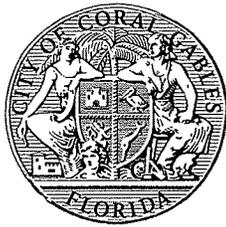
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LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT

CITY OF CORAL GABLES
ORGANIZATIONAL CHART

LIST OF PRINCIPAL OFFICIALS



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The City of Coral Gables

Finance Department

CITY HALL 405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

July 31, 2008

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, 2007, pursuant to Florida state law. The financial statements were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants retained by the City and paid from its public funds.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITION AND OUTLOOK

The City has a residential population of over 43,000 and encompasses 14.3 square miles southwest of Miami in Miami-Dade County, Florida. Since its incorporation in 1925, it has been considered one of South Florida's premier residential communities. The City continues to experience development growth with increased commercial construction to meet the office space demand in the central business section of the City. There is also considerable reinvestment activity in residential redevelopment resulting in new or substantially renovated housing units.

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 175 multinational companies. The University of Miami, the largest private employer in Coral Gables, instructs over 15,000 students and employs over 3,000 full-time faculty and staff.

The City's economic condition and outlook are excellent and are expected to continue well into the foreseeable future. The City of Coral Gables continues to have strong growth of new commercial construction and residential investment continues to be a significant factor in the City's economy.

MAJOR INITIATIVES

For the Year. The City's 2006-2007 Annual Budget included funding of \$950,000 for the Roadway Improvement Program.

The Capital Improvement Fund included funding of \$4,000,000 for a comprehensive city wide capital improvement program.

The Stormwater Fund included funding of \$175,000 representing the annual stormwater utility improvement program to maintain utility's infrastructure.

The Sanitary Sewer Fund included funding of \$1,075,000 to replace sanitary sewer lines.

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

Moody's Investors Service has assigned an Issuer Rating of "Aa1" to the City of Coral Gables. The rating reflects Moody's assessment of Coral Gables' implicit general obligation credit strength. The rating carries a stable outlook and is based on the City's strong economic base which is home to many multinational firms and contains a high quality residential tax base, sound finances, and a modest amount of special tax-supported debt.

Standard & Poor's has assigned its "AA+" Issuer Credit Rating (ICR) to the City. The ICR is an assessment of the City's capacity to repay debt. The "AA+" rating reflects the City's:

- strong economic base characterized by low unemployment, above average income levels and high retail sales activity,
- historically strong financial performance and position, and
- low direct outstanding debt with limited future capital needs.

Long Term Financial Planning. The City Commission developed a central goal for Fiscal Year 2007-2008 for the City Administration to instill upon every City employee to provide excellent and courteous service to our customers.

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

The City has planned on a \$2.8 million City-wide capital improvement program for 2007-2008. The City Administration will also continue aligning departmental service delivery and continue the delivery of exceptional services.

On January 29, 2008 the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment, referred to as Amendment 1, was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption to \$50,000, except for school district taxes. This results in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their "Save Our Home" benefits to their next homestead when they move. "Save Our Homes" became effective in 1995 and caps the annual increase in assessed value for homestead property to 3 percent or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 caps the annual increase in assessed value for non-homestead property (business, industrial property, rental property, second homes, etc.) to 10 percent, except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 became effective on January 1, 2008 with the exception of the 10 percent assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on information received from the Miami-Dade Property Appraisers Office, the estimate annual loss of property tax value for the City from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$348 million resulting in a loss of property tax revenue of \$1.8 million. The impact of the portability and assessment cap on non-homestead property provisions in terms of potential impact or property tax revenues will be determined over time as these provisions take effect.

FINANCIAL INFORMATION

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

Single Audit. As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the City's single audit, described above, tests are made to determine the adequacy of the internal control structure, including that portion related to financial award programs, as well as, to determine that the City has complied with applicable laws and regulations.

Budgetary Controls. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund and debt service funds are included in the annual appropriated budget. Project-length financial plans are adopted for the capital projects funds. The level of budgetary control (that is, the level at which expenditures

cannot legally exceed the appropriated amount) is the total appropriated for expenditures in all funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are reappropriated as part of the following year's budget.

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

Debt Administration. At September 30, 2007, the City had \$65,504,174 of special obligation debt outstanding.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, obligations of the U.S. Treasury and repurchase agreements. The City earned interest revenue of approximately \$2,223,000 on all such investments for the year ended September 30, 2007.

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

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

OTHER INFORMATION

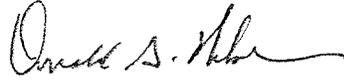
Independent Audit. The City Charter and State Statutes require an annual audit. The accounting firm of McGladrey & Pullen, LLP was appointed by the City Commission. In addition to meeting the requirements set forth in State Statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 as amended, and related OMB Revised Circular A-133. 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, 2006. This was the twenty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

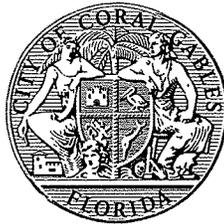
A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Donald G. Nelson".

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



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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, 2006

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



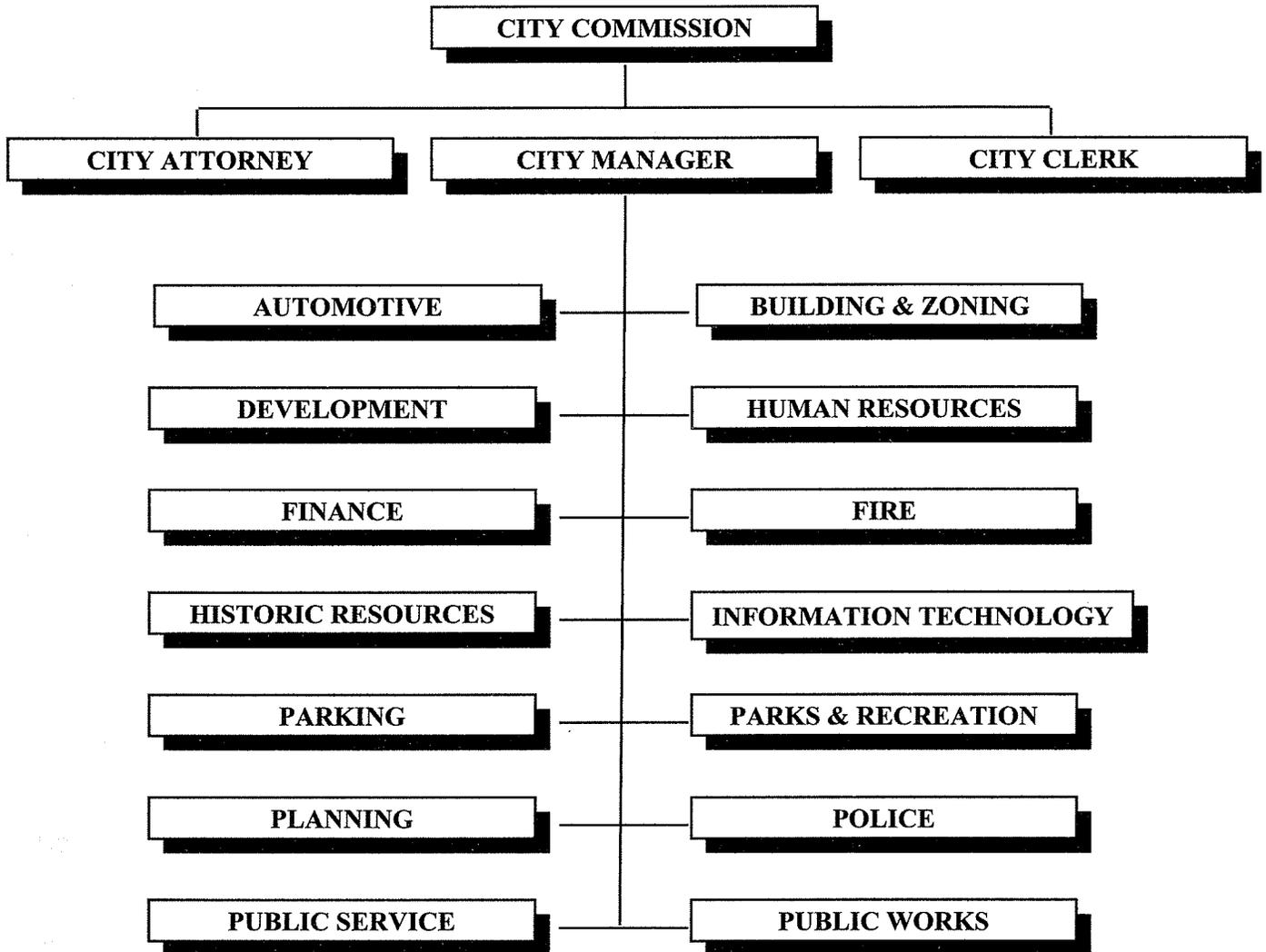
Charles S. Cox

President

Jeffrey R. Emer

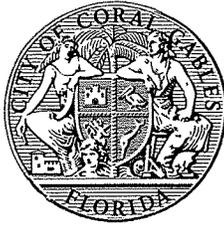
Executive Director

CITY OF CORAL GABLES
- ORGANIZATIONAL CHART -



**CITY OF CORAL GABLES, FLORIDA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2007**

TITLE	NAME
ELECTED OFFICIALS	
Mayor	Donald D. Slesnick II
Vice Mayor	William H. Kerdyk, Jr.
Commissioner	Rafael Cabrera, Jr.
Commissioner	Maria Elena Anderson
Commissioner	Wayne "Chip" Withers
 APPOINTED OFFICIALS	
City Manager	David L. Brown
City Attorney	Elizabeth Hernandez
City Clerk	Walter J. Foeman, Jr.
 ADMINISTRATION OFFICIAL	
Assistant City Manager	Maria Alberro-Jimenez
Assistant City Manager	Dona M. Lubin
 DEPARTMENT DIRECTORS	
Automotive Director	Clive A. Cork
Acting Building Director	Maria Alberro-Jimenez
Acting Zoning Director	Dona M. Lubin
Development Director	Catherine Swanson
Human Resources Director	Marjorie Adler
Finance Director	Donald G. Nelson
Fire Chief	Richard P. Cook
Historic Resources Director	Dona M. Lubin
Parking Director	Kevin J. Kinney
Information Technology Director	Gee Ming Chow
Parks & Recreation Director	Joseph Reese Abel
Planning Director	Eric W. Riel
Police Chief	Michael Hammerschmidt
Public Service Director	Daniel B. Keys
Public Works Director	R. Alberto Delgado



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Financial Section

REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

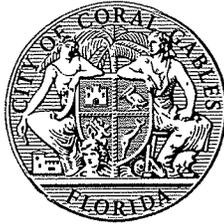
BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION



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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City"), as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida as of September 30, 2007, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover, dated July 31, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the pension fund schedules of funding progress and employer contributions on pages 3 through 12 , page 51, and pages 52 through 54, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

Miami-Dade County, Florida
July 31, 2008

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, 2007. 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 financial health of the City is stable as indicated by a 10.6% increase in total assessed property value, attributed to new large-scale commercial construction, residential expansions and renovations.
- The City has no outstanding voter approved debt service.
- The 2006-2007 annual principal and monthly interest payments on loans from the Sunshine State Governmental Financing Commission are totally funded from operating revenues from the General Fund and the Parking System Fund.
- The City’s total principal debt outstanding was increased from \$60.5 million to \$65.5 million during fiscal year 2007, as a result of \$3.0 million in scheduled principal payments, and new debt in the amount of \$8.0 million.
- As of the close of the current fiscal year, the City of Coral Gables governmental funds reported combined fund balances of \$15.0 million, an increase of \$1.3 million in comparison with the prior year due to the recognition of available Hurricane Wilma reimbursements, increases in interest revenue, building permits, franchise fees and a reduction of operating expenditures.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$10.2 million or 8.3% of the total general fund expenditures and is available for new spending.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, public safety, physical environment, transportation, economic environment and culture and recreation. Business-type activities include a stormwater utility, a sanitary sewer collection system and a parking system.

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

Fund Financial Statements

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately for the general fund and general obligation bond 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 18-21 of this report.

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

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

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

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

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

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

Other information – In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Additionally, the City adopts an annual appropriated budget for its general fund and debt service fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on page 51 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 59 of this report.

Government-Wide Financial Analysis

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 39.1	\$ 35.3	\$ 13.0	\$ 10.3	\$ 52.1	\$ 45.6
Capital assets	187.6	182.4	36.7	34.8	224.3	217.2
Total Assets	226.7	217.7	49.7	45.1	276.4	262.8
Current liabilities	18.2	17.0	2.6	1.6	20.8	18.6
Noncurrent liabilities	65.7	57.0	18.0	19.0	83.7	76.0
Total Liabilities	83.9	74.0	20.6	20.6	104.5	94.6
Net Assets						
Invested in capital assets, net of related debt	139.5	141.7	18.9	16.1	158.4	157.8
Restricted	-	0.3	-	-	-	0.3
Unrestricted	3.3	1.7	10.2	8.4	13.5	10.1
Total Net Assets	\$ 142.8	\$ 143.7	\$ 29.1	\$ 24.5	\$ 171.9	\$ 168.2

As shown in Table A-1, total net assets amounted to \$171.9 million in fiscal 2007. The major component of this category is "invested in capital assets, net of related debt",

which represents the City's investment in its capital assets, net of the amounts borrowed to purchase these assets. These capital assets also represent 82.75% of total assets, while long-term liabilities represent 78.3% of the City's liabilities for the governmental activities. Capital assets represent 73.8% of total assets of business-type activities.

Overall current liabilities increased by \$1.2 million and \$1 million for governmental and business-type activities, respectively, due to an increase of accounts payable. Current and other assets increased by \$3.8 million and \$2.7 million for governmental and business-type activities, respectively, due to greater revenues. Non-current liabilities increased primarily due to the issuance of \$8 million of new debt in governmental activities.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Revenues:						
Taxes	\$ 89.8	\$ 81.2	\$ -	\$ -	\$ 89.8	\$ 81.2
Intergovernmental	4.3	6.1	-	-	4.3	6.1
Investment Earnings	2.1	1.6	0.1	-	2.2	1.6
Bad Debt Expense	(4.2)	-	-	-	(4.2)	-
Miscellaneous	0.3	0.5	0.2	-	0.5	0.5
Program Revenues:						
Charges for Services	29.1	28.0	18.1	17.2	47.2	45.2
Operating	2.5	17.1	-	-	2.5	17.1
Capital	2.2	0.9	0.6	-	2.8	0.9
Total Revenues	126.1	135.4	19.0	17.2	145.1	152.6
Expenses:						
General Government	21.7	22.6	-	-	21.7	22.6
Public Safety	69.8	82.9	-	-	69.8	82.9
Physical Environment	20.8	19.0	-	-	20.8	19.0
Transportation	6.4	6.2	-	-	6.4	6.2
Economic Environment	0.7	0.6	-	-	0.7	0.6
Culture and Recreation	10.3	10.6	-	-	10.3	10.6
Interest Expense	1.8	1.5	-	-	1.8	1.5
Sanitary Sewer System	-	-	4.2	3.9	4.2	3.9
Parking System	-	-	4.3	4.1	4.3	4.1
Stormwater Utility	-	-	1.3	1.3	1.3	1.3
Total Expenses	131.5	143.4	9.8	9.3	141.3	152.7
Increase/(Decrease) in net assets before transfers	(5.4)	(8.0)	9.2	7.9	3.8	(0.1)
Transfers	4.6	4.3	(4.6)	(4.3)	-	-
Increase/(Decrease) in net assets	(0.8)	(3.7)	4.6	3.6	3.8	(0.1)
Beginning Net Assets	143.6	147.4	24.5	20.9	168.1	168.3
Ending Net Assets	\$ 142.8	\$ 143.7	\$ 29.1	\$ 24.5	\$ 171.9	\$ 168.2

Governmental activities:

The three most significant increases of revenue of governmental activities for the fiscal year 2006-2007 were taxes, investment earnings and charges for services with increases of over 10.6%, 31.3% and 3.9%, respectively from the fiscal year 2005-2006. Property tax revenues increased substantially due to both new construction and increased assessed values of property within the city. Investment earnings increased due to improved market performance and interest rate increases.

Charges for services increased by \$1.1 million due to an increase in services provided.

The largest outflow of resources for the City is represented in the public safety function, with a decrease of 15.8% from the fiscal year 2005-2006. 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. This reduction is due to no hurricane activity in 2007 compared to \$14.6 million of hurricane-related expenditures in 2006.

Business-Type activities:

The City's business-type activities contributed approximately \$4.6 million to the City's increase in net assets. Further analysis of this change is included in the analysis of the Proprietary Funds that follows.

Financial Analysis of the Government's Major Funds

Governmental Funds

General Fund – The General Fund recognized \$118.8 million of revenue during the year, offset by \$119.0 million of expenditures. As noted above, taxes represent the largest portion of revenues and public safety represents the largest portion of expenditures. The City was able to maintain its property tax millage rate constant from the prior year due to the positive growth of its tax base. This trend is not expected to continue into the future. Public safety expenditures continue to be the largest outflow of resources for the City.

General Obligation Bond Fund

The General Obligation Fund incurred \$1.4 million of Capital Outlay during the year, in land acquisition.

Proprietary Funds

Sanitary Sewer – 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. Operating revenues increased approximately by \$0.5 million from the prior year, while operating expenses increased approximately by \$0.3 million. This is attributable to a rate increase in fees and increased personnel costs.

Parking System – Operating revenues increased approximately \$0.4 million, while operating expenses increased approximately \$0.3 million. Additionally, during the current year the Parking Fund transferred approximately \$4.6 million to the General Fund. This is attributable to increased use of parking garages and personnel costs respectively.

General Fund Budgetary Highlights

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

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

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

The City's budgeted revenues increased from \$118.2 million to \$120.2 million from the original to the final budget. The City's budgeted expenditures increased from \$116.7 million to \$118.8 million from the original to the final budget. The revenue increases were due to property taxes, permits, intergovernmental, charges for services, recreation activity fees revenue from property and investment earnings. The expenditure increases were due to increased personnel costs.

The City budgeted for \$120.2 million in revenues and recognized \$118.8. The City budgeted for \$118.8 million in expenditures, but actually incurred \$119.0 million.

The revenue budget to actual variances were due to increases of taxes, investment earnings, permits, fines, recreation activity fees, and proceeds from South Florida Task Force.

The expenditures budget to actual variances were due to increases in public safety, and capital outlay.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business type activities as of September 30, 2007 amounted to \$224.3 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was \$7.1 from the end of last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 43.1	\$ 41.9	\$ 3.7	\$ 3.7	\$ 46.8	\$ 45.6
Construction in Progress	3.7	1.7	1.3	–	5.0	1.7
Infrastructure	113.1	113.1	11.9	–	125.0	113.1
Improvements Other Than Buildings	33.0	30.1	0.4	0.4	33.4	30.5
Building	57.0	56.0	31.4	30.8	88.4	86.8
Machinery and Equipment	51.5	47.1	5.3	16.3	56.8	63.4
Total Capital Assets	301.4	289.9	54.0	51.2	355.4	341.1
Accumulated Depreciation	113.8	107.5	17.3	16.4	131.1	123.9
Net Capital Assets	\$ 187.6	\$ 182.4	\$ 36.7	\$ 34.8	\$ 224.3	\$ 217.2

Debt Administration

The City has received a 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, 2007.

The City's total outstanding Sunshine State Governmental Financing Commission principal debt outstanding as of September 30, 2007 was \$65.5 million. Financing is provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds.

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

Additional long-term liabilities include customer and contractor deposits, compensated absences payable and an estimated claims liability related to the City's self-insurance programs. The City's General Fund is primarily utilized for the payment of these liabilities for the governmental activities. Overall long term liabilities increased by \$7.8 million. \$4.9 million of the increase is due to a \$8.0 million of special obligation debt less \$3.1 million principal repayment for special obligation debt.

Table A-4

Long-Term Liabilities (In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Special Obligation Debt	\$47.7	\$41.9	\$17.8	\$18.6	\$65.5	\$60.5
Estimated Insurance Claims	8.6	7.2	–	–	8.6	7.2
Accrued Compensated Absences	9.0	7.8	0.2	0.4	9.2	8.2
Capital Lease	0.4	0.1	–	–	0.4	0.1
Total	\$65.7	\$57.0	\$18.0	\$19.0	\$83.7	\$76.0

For more detailed information regarding the City’s capital assets and debt financing, please refer to the notes to the financial statements.

Economic Factors and Next Year’s Budget and Rates

Local, national and international economic factors influence the revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction and assessed valuation. Net assessed value of real and personal property within the County increased 10.6%.

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

The City of Coral Gables offers a wide range of housing choices including rental units, condominiums, and single-family homes in a stable residential real estate market. Over the years, homes in the City have appreciated at a rate significantly greater than many of the surrounding areas. The City’s property tax millage rate will be 5.250 for the 2007-2008 budget year. It is the eleventh lowest combined tax rate of 36 taxing entities in Miami-Dade County. The median house value, estimated at \$552,559 has increased by nearly 72.0% since 1970 and has more than doubled since 1980. Strict zoning laws, a favorable property tax rate and responsible municipal services, together with beautiful residential areas, make Coral Gables a sought-after address.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 405 Biltmore Way, Coral Gables, Florida 33134.

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2007

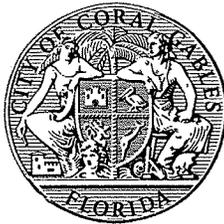
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 26,980,411	\$ 10,046,746	\$ 37,027,157
Restricted Cash and Cash Equivalents	-	260,702	260,702
Accounts Receivable, Net	5,282,740	1,909,833	7,192,573
Interest Receivable	17,613	-	17,613
Assessment Liens Receivable	193,284	72,960	266,244
Internal Balances	104,750	(104,750)	-
Due from Other Governments	4,836,557	796,907	5,633,464
Inventory	96,193	-	96,193
Prepaid Items	1,582,219	25,700	1,607,919
Capital Assets not being depreciated:			
Land	43,152,999	3,701,838	46,854,837
Construction in Progress	3,695,369	1,306,840	5,002,209
Capital Assets, net of accumulated depreciation:			
Infrastructure	58,662,221	4,479,065	63,141,286
Buildings	43,517,206	24,158,165	67,675,371
Improvements Other Than Buildings	26,441,833	114,022	26,555,855
Machinery and Equipment	12,132,654	2,945,995	15,078,649
Total Assets	<u>226,696,049</u>	<u>49,714,023</u>	<u>276,410,072</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	9,247,334	1,738,451	10,985,785
Other Payable	532,825	-	532,825
Accrued Payroll	2,463,257	360,369	2,823,626
Unearned Revenue	2,514,511	242,734	2,757,245
Due to Other Governments	38,269	-	38,269
Deposits Payable	3,344,864	260,702	3,605,566
Noncurrent Liabilities:			
Due Within One Year	10,555,336	1,043,297	11,598,633
Due After One Year	55,157,779	16,994,074	72,151,853
Total Liabilities	<u>83,854,175</u>	<u>20,639,627</u>	<u>104,493,802</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	139,512,991	18,930,925	158,443,916
Unrestricted	3,328,883	10,143,471	13,472,354
Total Net Assets	<u>\$ 142,841,874</u>	<u>\$ 29,074,396</u>	<u>\$ 171,916,270</u>

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2007

FUNCTION/PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 21,697,557	\$ 15,699,777	\$ 290,414	\$ -	\$ (5,707,366)	\$ -	\$ (5,707,366)
Public Safety	69,844,742	2,926,106	2,188,252	152,250	(64,578,134)	-	(64,578,134)
Physical Environment	20,842,416	6,783,403	-	1,417,857	(12,641,156)	-	(12,641,156)
Transportation	6,348,931	-	-	368,285	(5,980,646)	-	(5,980,646)
Economic Environment	732,910	-	-	-	(732,910)	-	(732,910)
Culture and Recreation	10,290,416	3,747,163	-	217,800	(6,325,453)	-	(6,325,453)
Interest on Long-term Debt	1,741,825	-	-	-	(1,741,825)	-	(1,741,825)
Total Governmental Activities	131,498,797	29,156,449	2,478,666	2,156,192	(97,707,490)	-	(97,707,490)
Business-type Activities:							
Sanitary Sewer System	4,209,514	7,455,717	-	-	-	3,246,203	3,246,203
Parking System	4,286,312	9,187,646	-	-	-	4,901,334	4,901,334
Stormwater Utility	1,276,688	1,496,153	-	554,196	-	773,661	773,661
Total Business-type Activities	9,772,514	18,139,516	-	554,196	-	8,921,198	8,921,198
Total	\$ 141,271,311	\$ 47,295,965	\$ 2,478,666	\$ 2,710,388	(97,707,490)	8,921,198	(88,786,292)
General Revenues:							
Taxes:							
Property Taxes					69,730,264	-	69,730,264
Franchise Fees					7,283,548	-	7,283,548
Utilities Service Taxes					10,186,819	-	10,186,819
Other Taxes					2,645,290	-	2,645,290
Intergovernmental, not restricted for specific programs					4,252,076	-	4,252,076
Investment Earnings					2,107,709	80,468	2,188,177
Bad debt					(4,229,491)	-	(4,229,491)
Miscellaneous					310,400	168,353	478,753
Transfers					4,585,899	(4,585,899)	-
Total General Revenues and Transfers					96,872,514	(4,337,078)	92,535,436
Change in Net Assets					(834,976)	4,584,120	3,749,144
Net Assets - Beginning					143,676,850	24,490,276	168,167,126
Net Assets - Ending					\$ 142,841,874	\$ 29,074,396	\$ 171,916,270

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

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 Coral Gables Museum.

CITY OF CORAL GABLES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007

	Major Fund		Nonmajor Funds	
	General Fund	Capital Project General Obligation Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 12,135,922	\$ 1,918	\$ 10,768,819	\$ 22,906,659
Interest Receivable	17,613	-	-	17,613
Accounts Receivable, Net	3,504,880	-	1,225,748	4,730,628
Assessment Liens Receivable	28,273	-	165,011	193,284
Due from Other Funds	6,102,004	-	-	6,102,004
Due from Other Governments	2,314,350	1,294,832	1,227,375	4,836,557
Inventory	96,193	-	-	96,193
Prepaid Items	50,575	-	6,853	57,428
Total Assets	<u>\$ 24,249,810</u>	<u>\$ 1,296,750</u>	<u>\$ 13,393,806</u>	<u>\$ 38,940,366</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,034,863	\$ 41,836	\$ 2,067,485	\$ 5,144,184
Accrued Payroll	2,341,661	-	13,454	2,355,115
Other Payable	-	-	532,825	532,825
Due to Other Funds	1,004,885	1,325,000	4,702,004	7,031,889
Deferred/Unearned Revenue	3,583,087	1,294,832	597,075	5,474,994
Refundable Deposits and Bonds	3,344,864	-	-	3,344,864
Due from Other Governments	38,269	-	-	38,269
Total Liabilities	<u>13,347,629</u>	<u>2,661,668</u>	<u>7,912,843</u>	<u>23,922,140</u>
FUND BALANCES				
Reserved for:				
Encumbrances	586,407	-	-	586,407
Inventories	96,193	-	-	96,193
Prepaid Items	50,575	-	6,853	57,428
Unreserved reported in:				
General Fund	10,169,006	-	-	10,169,006
Special Revenue Fund	-	-	-	-
Debt Service Fund	-	-	2,881,918	2,881,918
Capital Project Funds	-	(1,364,918)	2,592,192	1,227,274
Total Fund Balances (Deficit)	<u>10,902,181</u>	<u>(1,364,918)</u>	<u>5,480,963</u>	<u>15,018,226</u>
Total Liabilities and Fund Balances	<u>\$ 24,249,810</u>	<u>\$ 1,296,750</u>	<u>\$ 13,393,806</u>	<u>\$ 38,940,366</u>

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

CITY OF CORAL GABLES, FLORIDA
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 For the Fiscal Year Ended September 30, 2007

Total Fund Balances - Governmental Funds	\$	15,018,226
 Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		180,783,410
Other revenue is not available and therefore is deferred in the fund financial statements. However, it is recognized in the statements of net assets.		2,960,483
Net Pension Obligation resulting from underfunding in the public employer retirement system is not reported in the Fund Financial Statements.		(3,249,307)
Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		3,521,296
The Statement of Net Assets includes an adjustment to reflect an allocation of the internal service funds income to business-type activities. This adjustment increases the Internal Balances account of governmental activities.		104,750
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.		
	Capital Lease Payable	\$ (360,117)
	Compensated Absences	(8,207,693)
	Special Obligations Debt Payable	<u>(47,729,174)</u>
		<u>(56,296,984)</u>
Total Net Assets - Governmental Activities	\$	<u>142,841,874</u>

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

CITY OF CORAL GABLES, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2007

	Major Fund		Nonmajor Funds	
	General Fund	Capital Project General Obligation Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 87,200,631	\$ -	\$ 2,645,290	\$ 89,845,921
Licenses	2,887,848	-	-	2,887,848
Permits	7,056,610	-	-	7,056,610
Fines and Forfeitures	2,719,620	-	-	2,719,620
Intergovernmental	4,694,740	-	6,428,883	11,123,623
Charges for Services	8,834,802	-	-	8,834,802
Recreation Activity Fees	3,747,159	-	-	3,747,159
Rental Income	3,682,386	-	-	3,682,386
Investment Earnings	1,891,813	-	215,896	2,107,709
Bad debt	(4,229,491)	-	-	(4,229,491)
Special Assessments	-	-	52,521	52,521
Miscellaneous	279,686	-	28,575	308,261
Total Revenues	<u>118,765,804</u>	<u>-</u>	<u>9,371,165</u>	<u>128,136,969</u>
EXPENDITURES				
Current:				
General Government	18,077,121	-	-	18,077,121
Public Safety	67,695,072	-	213,454	67,908,526
Physical Environment	19,021,263	-	-	19,021,263
Transportation	2,781,922	-	2,742,226	5,524,148
Economic Environment	721,991	-	-	721,991
Culture and Recreation	8,768,340	-	1,357,357	10,125,697
Debt Service:				
Retirement of Principal	186,896	-	2,170,504	2,357,400
Interest	-	-	1,741,825	1,741,825
Capital Outlay	1,705,557	1,364,918	7,197,444	10,267,919
Total Expenditures	<u>118,958,162</u>	<u>1,364,918</u>	<u>15,422,810</u>	<u>135,745,890</u>
Excess (deficiency) of Revenues Over Expenditures before Other Financing Sources				
	(192,358)	(1,364,918)	(6,051,645)	(7,608,921)
OTHER FINANCING SOURCES				
Debt Proceeds	547,013	-	8,000,000	8,547,013
Transfers In	9,039,177	-	3,459,703	12,498,880
Transfers Out	(7,696,539)	-	(4,453,278)	(12,149,817)
Total Other Financing Sources	<u>1,889,651</u>	<u>-</u>	<u>7,006,425</u>	<u>8,896,076</u>
Net Change in Fund Balances	1,697,293	(1,364,918)	954,780	1,287,155
Fund Balances (Deficit) - Beginning	<u>9,204,888</u>	<u>-</u>	<u>4,526,183</u>	<u>13,731,071</u>
Fund Balances (Deficit) - Ending	<u>\$ 10,902,181</u>	<u>\$ (1,364,918)</u>	<u>\$ 5,480,963</u>	<u>\$ 15,018,226</u>

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

CITY OF CORAL GABLES, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended September 30, 2007

Net Change in Fund Balances - Total Governmental Funds **\$ 1,287,155**

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 exceeds capital outlays in the current period

	Depreciation Expense	\$ (5,561,242)	
	Capital Outlay	<u>10,253,152</u>	4,691,910

Revenues in the statement of activities that are not available are not recognized in the governmental funds. (2,059,047)

Net Pension Obligation resulting from underfunding in the public employer retirement is not reported in the Fund Financial Statements. (216,671)

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

	New Loan	(8,547,013)	
	Loan Repayments	<u>2,502,157</u>	(6,044,856)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The net revenue of internal service funds is reported with governmental activities. 2,225,885

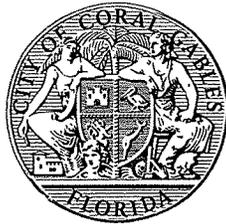
The amount of the internal service fund's income on transactions with business-type activities was eliminated from the governmental activities in the statement of activities. 112,740

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	<u>(832,092)</u>	
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Change in Net Assets of Governmental Activities **\$ (834,976)**

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



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Major Proprietary Funds

Sanitary Sewer System Fund – 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. All activities necessary to provide these services are accounted for in this fund.

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

Nonmajor Proprietary Fund

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2007

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				
	MAJOR FUNDS			NONMAJOR FUND	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 7,902,435	\$ 2,068,315	\$ 75,996	\$ 10,046,746	4,073,752
Restricted Cash and Cash Equivalents	-	260,702	-	260,702	-
Accounts Receivable, Net	1,666,933	242,900	-	1,909,833	552,112
Assessment Liens Receivable	72,960	-	-	72,960	-
Due from Other Governments	-	-	796,907	796,907	-
Due from Other Funds	-	-	-	-	1,004,885
Prepaid Items	-	25,700	-	25,700	1,524,791
Total Current Assets	<u>9,642,328</u>	<u>2,597,617</u>	<u>872,903</u>	<u>13,112,848</u>	<u>7,155,540</u>
Noncurrent Assets:					
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	31,401,988	-	31,401,988	-
Construction in Progress	-	-	1,306,840	1,306,840	-
Infrastructure	10,360,374	-	1,593,650	11,954,024	-
Improvements other than Buildings	-	341,667	-	341,667	-
Machinery and Equipment	3,476,939	1,140,138	666,952	5,284,029	27,363,650
Accumulated Depreciation	(8,332,090)	(8,432,158)	(520,213)	(17,284,461)	(20,544,778)
Total Noncurrent Assets	<u>5,603,203</u>	<u>28,055,493</u>	<u>3,047,229</u>	<u>36,705,925</u>	<u>6,818,872</u>
Total Assets	<u>15,245,531</u>	<u>30,653,110</u>	<u>3,920,132</u>	<u>49,818,773</u>	<u>13,974,412</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	564,612	647,660	526,179	1,738,451	853,843
Accrued Payroll and Other Expenses	27,458	309,040	23,871	360,369	108,142
Due to Other Funds	-	-	-	-	75,000
Deposits Payable	-	260,702	-	260,702	-
Unearned Revenue	-	242,734	-	242,734	-
Accrued Compensated Absences	32,740	58,802	36,255	127,797	161,158
Estimated Liability for Claims Payable	-	-	-	-	4,027,000
Special Obligations Debt Payable	-	915,500	-	915,500	-
Total Current Liabilities	<u>624,810</u>	<u>2,434,438</u>	<u>586,305</u>	<u>3,645,553</u>	<u>5,225,143</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	36,237	65,766	32,571	134,574	281,973
Estimated Liability for Claims Payable	-	-	-	-	4,946,000
Special Obligations Debt Payable	-	16,859,500	-	16,859,500	-
Total Noncurrent Liabilities	<u>36,237</u>	<u>16,925,266</u>	<u>32,571</u>	<u>16,994,074</u>	<u>5,227,973</u>
Total Liabilities	<u>661,047</u>	<u>19,359,704</u>	<u>618,876</u>	<u>20,639,627</u>	<u>10,453,116</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	5,603,203	10,280,493	3,047,229	18,930,925	6,818,872
Unrestricted	8,981,281	1,012,913	254,027	10,248,221	(3,297,576)
Total Net Assets	<u>\$ 14,584,484</u>	<u>\$ 11,293,406</u>	<u>\$ 3,301,256</u>	<u>29,179,146</u>	<u>\$ 3,521,296</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				(104,750)	
Net assets of business-type activities				<u>\$ 29,074,396</u>	

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

CITY OF CORAL GABLES, FLORIDA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Fiscal Year Ended September 30, 2007

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	
	MAJOR FUNDS		NONMAJOR FUND			TOTALS
	SANITARY	PARKING SYSTEM	STORMWATER UTILITY FUND	TOTALS		
	SEWER SYSTEM FUND					
OPERATING REVENUES						
Charges for Services:						
Sewer Use Charges	\$ 7,455,717	\$ -	\$ -	\$ 7,455,717	\$ -	
Service Use Charges	-	-	1,496,153	1,496,153	-	
Billings to Departments for Insurance Protection	-	-	-	-	9,800,314	
Parking Fees:						
On Street Meters	-	4,920,449	-	4,920,449	-	
Meter and Permit Lots	-	1,248,496	-	1,248,496	-	
Parking Garages	-	2,640,107	-	2,640,107	-	
Parking Leases	-	378,594	-	378,594	-	
Rental of Equipment and Facilities to Various Funds	-	-	-	-	13,497,512	
Other Operating Revenues	-	-	-	-	100,000	
Total Operating Revenues	<u>7,455,717</u>	<u>9,187,646</u>	<u>1,496,153</u>	<u>18,139,516</u>	<u>23,397,826</u>	
OPERATING EXPENSES						
Administration	1,059,698	1,550,199	1,015,038	3,624,935	4,097,895	
Cost of Sales and Services	3,018,336	1,194,012	212,430	4,424,778	8,107,522	
Benefit Payments	-	-	-	-	4,213,219	
Insurance	-	-	-	-	7,850,091	
Depreciation	131,480	715,544	49,220	896,244	1,533,643	
Total Operating Expenses	<u>4,209,514</u>	<u>3,459,755</u>	<u>1,276,688</u>	<u>8,945,957</u>	<u>25,802,370</u>	
Operating Income (Loss)	3,246,203	5,727,891	219,465	9,193,559	(2,404,544)	
NONOPERATING REVENUES (EXPENSES)						
Interest	2,465	77,461	542	80,468	115,045	
Interest Expense	-	(713,817)	-	(713,817)	-	
State Gas Tax Refund	-	-	-	-	59,711	
Miscellaneous	148,493	19,860	-	168,353	143,448	
Gain from Sale of Capital Assets	-	-	-	-	75,389	
Total Nonoperating Revenues (Expenses)	<u>150,958</u>	<u>(616,496)</u>	<u>542</u>	<u>(464,996)</u>	<u>393,593</u>	
Income (Loss) Before Contributions	3,397,161	5,111,395	220,007	8,728,563	(2,010,951)	
Capital Contributions from State Grants	-	-	554,196	554,196	-	
Income (Loss) Before Transfers	3,397,161	5,111,395	774,203	9,282,759	(2,010,951)	
Transfers In	-	-	-	-	4,236,836	
Transfers Out	-	(4,585,899)	-	(4,585,899)	-	
Change In Net Assets	3,397,161	525,496	774,203	4,696,860	2,225,885	
Net Assets - Beginning	11,187,323	10,767,910	2,527,053		1,295,411	
Net Assets (Deficit) - Ending	<u>\$ 14,584,484</u>	<u>\$ 11,293,406</u>	<u>\$ 3,301,256</u>		<u>\$ 3,521,296</u>	
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				(112,740)		
Change in net assets of business-type activities				<u>\$ 4,584,120</u>		

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2007

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS					
	MAJOR FUNDS			NONMAJOR FUND	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITARY SEWER SYSTEM	PARKING SYSTEM FUND	STORMWATER UTILITY FUND			
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6,177,561	\$ 9,183,130	\$ 806,448	\$ 16,167,139	\$ 23,442,608	
Payments to employees	(1,046,827)	(1,408,523)	(1,027,490)	(3,482,840)	(4,050,895)	
Payments to suppliers	(3,038,025)	(1,002,200)	313,749	(3,726,476)	(19,272,780)	
Net cash provided by operating activities	2,092,709	6,772,407	92,707	8,957,823	118,933	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Contributions from Other Governments	-	-	-	-	59,711	
Transfers in from (out to) Other Funds	-	(4,585,899)	-	(4,585,899)	4,236,836	
Net cash provided by (used in) noncapital financing activities	-	(4,585,899)	-	(4,585,899)	4,296,547	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(903,630)	(605,687)	(1,306,840)	(2,816,157)	(2,018,435)	
Proceeds from sale of capital assets	-	-	-	-	75,389	
Contributions from Other Governments	-	-	554,196	554,196	-	
Principal paid on debt	-	(882,800)	-	(882,800)	-	
Interest paid on debt	-	(713,817)	-	(713,817)	-	
Net cash used in capital and related financing activities	(903,630)	(2,202,304)	(752,644)	(3,858,578)	(1,943,046)	
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES						
Interest and dividends received	150,958	97,321	542	248,821	258,493	
Net increase (decrease) in cash and cash equivalents	1,340,037	81,525	(659,395)	762,167	2,730,927	
Cash and Cash Equivalents - Beginning	6,562,398	2,247,492	735,391	9,545,281	1,342,825	
Cash and Cash Equivalents - Ending	\$ 7,902,435	\$ 2,329,017	\$ 75,996	\$ 10,307,448	\$ 4,073,752	
Reconciliation to the statement of net assets						
Cash and Cash Equivalents	\$ 7,902,435	\$ 2,068,315	\$ 75,996	\$ 10,046,746	\$ 4,073,752	
Restricted assets, Cash and Cash Equivalents	-	260,702	-	260,702	-	
Total	\$ 7,902,435	\$ 2,329,017	\$ 75,996	\$ 10,307,448	\$ 4,073,752	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 3,246,203	\$ 5,727,891	\$ 219,465	\$ 9,193,559	\$ (2,404,544)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation Expense	131,480	715,544	49,220	896,244	1,533,643	
Change in assets and liabilities:						
Accounts Receivable	(1,278,156)	(47,569)	-	(1,325,725)	(424,669)	
Due from Other Funds	-	-	-	-	469,451	
Due from Other Governments	-	-	(689,705)	(689,705)	-	
Prepays	-	1,500	-	1,500	223,825	
Accounts Payable	(19,689)	190,312	526,179	696,802	10,227	
Deposits Payable	-	26,155	-	26,155	-	
Accrued Payroll and Other Expenses	4,203	247,096	(14,867)	236,432	13,625	
Accrued Compensated Absences	8,668	(105,420)	2,415	(94,337)	33,375	
Due to Other Funds	-	-	-	-	(1,173,000)	
Unearned Revenues	-	16,898	-	16,898	-	
Claims Payable	-	-	-	-	1,837,000	
Total adjustments	(1,153,494)	1,044,516	(126,758)	(235,736)	2,523,477	
Net cash provided by operating activities	\$ 2,092,709	\$ 6,772,407	\$ 92,707	\$ 8,957,823	\$ 118,933	

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2007

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 763,807	\$ 14,567,381
Interest Receivable	858,890	-
Accounts Receivable, Net	55,054	-
Pending Trade Receivable	4,864,493	-
Investments at fair value:		
Money Market Funds	3,138,972	-
Government and Agency	12,689,178	-
Corporate Bonds	24,138,857	-
Common Stock	166,263,417	-
Government Mortgage Backed Securities	23,903,751	-
Commercial Mortgage Backed Securities	5,781,753	-
Real Estate	25,901,848	-
Non-Government Backed CMOs	432,795	-
Convertible Equity	34,500	-
Rights and Warrants	1,375	-
Mutual Funds	11,248,865	-
Total Investments	<u>273,535,311</u>	<u>-</u>
Total Assets	<u>280,077,555</u>	<u>14,567,381</u>
LIABILITIES		
Accounts Payable	163,838	-
Pending Trade Payable	1,882,090	-
Deferred Compensation Payable	-	1,049,324
Due to Other Governments	-	13,518,057
Total Liabilities	<u>2,045,928</u>	<u>\$ 14,567,381</u>
NET ASSETS		
Assets Held in Trust for Pension Benefits	<u>\$ 278,031,627</u>	

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

CITY OF CORAL GABLES, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2007

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 22,940,514
Employees	2,246,904
Total Contributions	25,187,418
Investment Earnings:	
Appreciation in the Fair Value of Investments	24,329,440
Interest	5,754,733
Dividends	2,429,924
Other	55,310
Total Investment Earnings	32,569,407
Less Investment Expense	1,980,803
Net Investment Earnings	30,588,604
Total Additions	55,776,022
DEDUCTIONS	
Employee Benefits	30,410,355
Change In Net Assets	25,365,667
Net Assets - Beginning	
Net Assets - Ending	252,665,960
	\$ 278,031,627

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

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

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. As a basic rule, the government-wide financial statements are consolidated. However, an exception must be made for inter-fund services provided and used between functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported

by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The financial statements of Agency Fund are prepared using the accrual basis of accounting. Agency Funds are purely custodial and thus do not involve measurement of result of operations. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within three months of the end of the fiscal year with the exception of property tax revenue, which is deferred unless received within sixty days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues considered measurable and 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 available 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:

The City reports the following 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 of those required to be accounted for in another fund.

General Obligation Bond Fund - The General Obligation Bond Fund is used to account for projects toward enhancement / expansion of public parks and plazas; enhance residential and commercial areas; homeland security and to construct Coral Gables Museum.

Additionally, the City reports the following nonmajor governmental funds:

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

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for

the acquisition or construction of major capital facilities (general and roadway improvement projects) other than those financed by enterprise operations.

2) Proprietary Fund Types

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

The City reports the following major proprietary funds:

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

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

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 fund types:

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

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

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

Employee Benefits Fund – Accounts for the value of the employees' excess sick leave balance which

is paid to the employees each year through deposits in this fund which the City handles as custodian in accordance with the agreement between the City and its employees. The funds are to be paid to employees upon retirement or to the employee's named beneficiary upon death.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(d) Pooled Cash and Temporary Investments

The City maintains a cash and investment pool that is available for use by most funds. Each fund's portion of this pool is included in the financial statements as "Cash and Cash Equivalents". Cash and Cash Equivalents is defined to include cash on hand, demand deposits, cash with a state agency and investments with federal agencies with original maturities of three months or less. 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 in accordance with GASB Statement No. 9.

(e) Investments

All investments are reported at fair value. The Local Government Surplus Funds Trust Fund operates in

accordance with appropriate state laws and regulations. The investments held by Local Government Surplus Fund Trust Fund are recorded at amortized cost which is consistent with the treatment of "2a-7 like" pool securities.

(f) Receivables

All receivables are shown 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, 2007:

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, 2007, but not collected as of that date;
2. Waste Fees – This amount represents the unpaid, billed charges for various fines and municipal services;
3. General Obligation Bond – This amount represents the unpaid, billed charges for capital asset acquisitions.

(g) Inventories

Inventories are stated at the lowest cost or market using the weighted average method.

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

(h) 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 financial statements 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 and an estimated useful life in excess of two years.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred

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

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

(i) Accounts Payable and Accrued Payroll

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

(j) Long-Term Obligations

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

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

(k) Deferred and Unearned Revenues

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

(l) 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.

(m) 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.

(n) Restricted Assets

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

(o) Fund Balance/Net Assets

1) Fund Equity

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

2) Net Assets

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

(p) 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.

(q) Use of Restricted Resources

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

(r) 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.

(s) Application of FASB Standards

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

(t) 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.

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, 2006, upon which the 2006-2007 levy was based, was approximately \$10.4 billion. A tax levy of 6.15 mills (\$6.15 per \$1,000 of taxable value) was required to

finance general operations for the fiscal year ended September 30, 2007.

NOTE 3 — ACCOUNTS RECEIVABLE

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

	Governmental Activities	Business- Type Activities
General Fund		
Franchise Taxes	\$ 1,121,447	\$ -
False Alarms	576,579	-
Utility Taxes	595,679	-
Delinquent Waste Fees	967,239	-
Biltmore Golf Course	125,081	-
Other	206,792	-
	<u>3,592,817</u>	-
Less: Allowance	(87,937)	-
Total	<u>3,504,880</u>	-
Other Governmental Funds		
Municipal Surtax	336,239	-
BID Accounts	65,624	-
Debt Service	11,000	-
Miscellaneous	12,556	-
Biltmore Hotel Golf Management	582,529	-
Capital grant receivable	217,800	-
Total	<u>1,225,748</u>	-
Parking Fund		
Parking Leased Space	-	399,849
Parking – General	-	99,115
	-	<u>498,963</u>
Less: Allowance	-	(256,064)
Total	-	<u>242,900</u>
Sanitary Sewer Fund		
General Waterworks	-	1,110,348
Contractors Use Charge	-	25,390
Miami-Dade Public School	-	463,648
Miscellaneous	-	67,962
	-	<u>1,667,348</u>
Less Allowance	-	(415)
Total	-	<u>1,666,933</u>
Total Governmental Funds	<u>4,730,628</u>	
Total Business-Type Activities/Proprietary Funds		<u>\$ 1,909,833</u>
Internal Service Fund		
Insurance recovery from excess insurance carrier	542,429	
Miscellaneous	9,683	
	<u>552,112</u>	
Total	<u>\$ 5,282,740</u>	

NOTE 4 — CASH AND INVESTMENTS

Deposits. As of September 30, 2007, the City's cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments
Governmental activities	\$ 26,980,411	\$ -
Business-type activities	10,307,448	-
Pension Trust Funds	763,807	273,535,311
Total	<u>\$ 38,051,666</u>	<u>\$ 273,535,311</u>
Total Cash, Cash Equivalents and Investments		<u>\$ 311,586,977</u>
Deposits	\$ 7,208,039	
Investments	<u>304,378,938</u>	
Total Deposits and Investments		<u>\$ 311,586,977</u>

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

Authorized Investments. State statutes authorize the City to invest any surplus funds in obligations, which are unconditionally guaranteed by the U.S. Government, or to invest in a pool of investments administered by the State of Florida known as the Local Government Surplus Funds Trust Fund, a 2a-7 like fund which has the characteristics of a money market fund. The value of the City's position in the SBA is amortized cost which equals the number of the pooled shares. The SBA is not a registrant with the Securities and Exchange Commission. SBA accounts are not subject to custodial credit risk categorization as these investments are not evidenced by securities that exist in physical or book entry form and they do not have a credit rating. The City of Coral Gables Pension Plan authorized investments may consist of the following: domestic large cap equity, domestic small/mid cap equity, foreign equity, direct real estate and fixed income. Prohibited Securities: Investments in interest only or principal only CMOs, interest rate swaps, precious metals, limited partnerships of any kind, venture capital, futures contracts or options contracts are prohibited. Trading on margin and short selling are also prohibited.

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. In accordance with the City's pension plan investment policy, the City limits the market interest rate risk of investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirements for benefit payments, thereby avoiding the need to sell securities in the open market prior to maturity.

Pension Trust Funds by type:

<u>Investment Type</u>	<u>Fair Value</u>
Money Market Funds	\$ 3,138,972
Government and Agency	12,689,178
Corporate Bonds	24,138,857
Common Stock	166,263,417
Government Mortgage Backed Securities	23,903,751
Commercial Mortgage Backed Securities	5,781,753
Real Estate	25,901,848
Non-Government Backed CMOs	432,795
Convertible Equity	34,500
Rights and Warrants	1,375
Mutual Funds	11,248,865
Total Investments	<u>\$ 273,535,311</u>

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government and Agency	\$ 1,762,075	\$ -	\$ 1,642,285	\$ -	\$ 119,790
Government Bonds	10,927,103	442,205	4,804,545	-	5,680,353
Corporate Bonds	24,138,857	1,741,573	7,034,310	9,412,781	5,950,193
Commercial Mortgage-Back Securities	5,781,753	-	731,475	187,576	4,862,702
Asset Backed Securities	432,795	-	-	-	432,795
Government Mtg-Backed Securities (AGY)	23,903,751	-	-	1,921,870	21,981,881
Mutual Funds	11,248,865	-	11,248,865	-	-
Money Market Funds	3,138,972	3,138,972	-	-	-
*State Board of Administration	30,843,627	30,843,627	-	-	-
	<u>\$112,177,798</u>	<u>\$ 36,166,377</u>	<u>\$ 25,461,480</u>	<u>\$ 11,522,227</u>	<u>\$39,027,714</u>

*Weighted average portfolio maturity limited to 90 days

The City's investments as of September 30, 2007 total \$30,843,627, the balance of \$81,334,171 pertain to the City's Pension Plan.

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 policy (and those of its pension plans) to limit its investments to the top rating issued by NRSRO's. U.S. Government and Agency obligations are explicitly guaranteed by the U.S. Government and are not considered to have credit risk and do not require disclosure of credit quality. Information about the sensitivity of the fair value of the City's investments to credit ratings is provided by the following table that shows the distribution of the City's investments by investment type:

Investment Type	Quality Credit Rating Moody's	Fair Value
U.S. Government and Agency	Aaa	\$ 563,699
	Not Rated	<u>1,198,376</u>
		1,762,075
Government Bonds	Aaa	<u>10,927,103</u>
Corporate Bonds	Aaa	303,489
	Aa	5,851,740
	A	11,964,959
	Baa	4,716,683
	Ba	359,338
	Not Rated	<u>942,648</u>
		24,138,857
Commercial Mortgage-Backed Securities	Aaa	5,323,371
	Not Rated	<u>458,382</u>
		5,781,753
Non-Government Backed C.M.O.s	Aaa	<u>432,795</u>
Government Mtg-Backed Securities (AGY)	Not Rated	23,849,702
	Aaa	54,049
		<u>23,903,751</u>
Mutual Funds	Not Rated	<u>11,248,865</u>
Money Market Funds	Not Rated	<u>3,138,972</u>
State Board of Administration	Not Rated	<u>30,843,627</u>
		<u>\$112,177,798</u>

The Pension Trust Funds also own common stock in the amount of \$166,263,417 which is not subject to credit risk categorization.

Concentration of Credit Risk: The City Policy for Pension Investments limits investments in equities and fixed income securities to no more than 5% and 10% respectively in any one issue.

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, with the exception of its pension investments, which are held by the various pension funds' trustees pursuant to trustee agreements. These investments are uninsured and unregistered

NOTE 5 — CAPITAL ASSETS

The following summarizes capital asset activity for the fiscal year ended September 30, 2007:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	\$ 41,852,999	\$ 1,300,000	\$ -	\$ 43,152,999
Construction in Progress	1,665,714	2,029,655	-	3,695,369
Total Non-depreciable Assets	<u>43,518,713</u>	<u>3,329,655</u>	<u>-</u>	<u>46,848,368</u>
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	56,000,593	1,057,082	-	57,057,675
Improvements Other Than Buildings	30,124,812	2,846,298	-	32,971,110
Machinery and Equipment	47,170,323	5,038,553	754,772	51,454,104
Total Depreciable Assets	<u>246,363,748</u>	<u>8,941,933</u>	<u>754,772</u>	<u>254,550,909</u>
Less Accumulated Depreciation for:				
Infrastructure	51,384,545	3,021,254	-	54,405,799
Buildings	12,472,723	1,067,746	-	13,540,469
Improvements Other Than Buildings	5,791,029	738,248	-	6,529,277
Machinery and Equipment	37,808,585	2,267,637	754,772	39,321,450
Total Accumulated Depreciation	<u>107,456,882</u>	<u>7,094,885</u>	<u>754,772</u>	<u>113,796,995</u>
Total Depreciable Assets, net	<u>138,906,866</u>	<u>1,847,048</u>	<u>-</u>	<u>140,753,914</u>
Governmental Activities Capital Assets, net	<u>\$ 182,425,579</u>	<u>\$ 5,176,703</u>	<u>\$ -</u>	<u>\$ 187,602,282</u>
Business-Type Activities:				
Nondepreciable Assets:				
Land	\$ 3,701,838	-	-	\$ 3,701,838
Construction in Progress	-	1,306,840	-	1,306,840
Total Non-depreciable Assets	<u>3,701,838</u>	<u>1,306,840</u>	<u>-</u>	<u>5,008,678</u>
Depreciable Assets:				
Buildings	30,825,445	576,543	-	31,401,988
Improvements Other Than Buildings	341,667	-	-	341,667
Machinery and Equipment	4,351,255	932,774	-	5,284,029
Infrastructure	11,954,024	-	-	11,954,024
Total Depreciable Assets	<u>47,472,391</u>	<u>1,509,317</u>	<u>-</u>	<u>48,981,708</u>
Less Accumulated Depreciation for:				
Buildings	6,610,220	633,603	-	7,243,823
Improvements Other Than Buildings	219,622	8,023	-	227,645
Machinery and Equipment	2,083,416	254,618	-	2,338,034
Infrastructure	7,474,959	-	-	7,474,959
Total Accumulated Depreciation	<u>16,388,217</u>	<u>896,244</u>	<u>-</u>	<u>17,284,461</u>
Total Depreciable Assets, net	<u>31,084,174</u>	<u>613,073</u>	<u>-</u>	<u>31,697,247</u>
Business-Type Activities Capital Assets, net	<u>\$ 34,786,012</u>	<u>\$ 1,919,913</u>	<u>\$ -</u>	<u>\$ 36,705,925</u>

Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2007:

Governmental Activities:	
General Government	\$ 3,928,379
Public Safety	898,954
Transportation	1,531,812
Culture and Recreation	735,740
Total depreciation expense – Governmental Activities	<u>\$ 7,094,885</u>
Business-Type Activities:	
Sanitary Sewer System Fund	\$ 131,480
Parking System Fund	715,544
Stormwater Utility Fund	49,220
Total depreciation expense – Business-Type Activities	<u>\$ 896,244</u>

The cost of assets under operating leases is \$15,803,354, with a net book value of \$10,735,284. Depreciation expense on leased assets was \$305,733 for the fiscal year ended September 30, 2007. (See Note 12)

NOTE 6 — INTERFUND TRANSACTIONS

The interfund balances below represent short-terms loans to cover temporary negative balances in each funds' equity in pooled cash at year end. The composition of interfund balances at September 30, 2007 is as follows:

<u>Due to/from other funds</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities:		
Major governmental fund:		
General	\$ 6,102,004	\$ 1,004,885
General Obligation Bond Fund	—	1,325,000
Other governmental funds	—	4,702,004
Internal Service funds:		
Insurance funds	1,004,885	—
Public Facilities	—	75,000
	<u>\$ 7,106,889</u>	<u>\$ 7,106,889</u>

Interfund transfers for the fiscal year ended September 30, 2007 are as follows:

<u>Interfund Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 9,039,177	\$ 7,696,539
Debt Service	3,459,703	366,274
Parking System	—	4,585,899
Hurricane	—	4,087,004
Internal Service funds:		
Motor Pool	123,570	—
Public Facilities	8,381	—
Insurance	4,104,885	—
	<u>\$ 16,735,716</u>	<u>\$ 16,735,716</u>

The interfund transfer balances are the result of normal operating subsidies and transfers for debt service, capital project and insurance fund expenditures.

NOTE 7 — LONG-TERM DEBT

(a) Following is a summary of the City's Special Obligation Bonds at September 30, 2007:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 9/30/2007	Current Portion
Governmental Activities:							
05-31-1995	04-01-2010	*3.35%	2,700,000	2,700,000	\$ 1,995,000	\$ 705,000	\$ 225,000
05-19-1999	07-01-2016	*3.35%	20,000,000	20,000,000	7,390,000	12,610,000	1,145,000
04-09-2001	04-01-2026	*5.66%	29,000,000	29,000,000	24,059,000	4,941,000	162,000
05-09-2001	07-01-2016	*3.35%	1,400,000	1,400,000	481,826	918,174	83,269
01-07-2004	10-01-2028	3.97%	10,395,000	10,210,000	690,000	9,520,000	140,000
01-07-2004	10-01-2028	5.41%	5,615,000	5,615,000	340,000	5,275,000	264,500
07-24-2006	04-01-2031	5.68%	1,500,000	1,500,000	60,000	1,440,000	180,000
07-24-2006	04-01-2031	5.66%	4,500,000	4,500,000	180,000	4,320,000	60,000
07-26-2007	04-01-2032	1.42%	3,500,000	3,500,000	-	3,500,000	70,000
07-26-2007	04-01-2032	1.41%	4,500,000	4,500,000	-	4,500,000	110,000
			83,110,000	82,925,000	35,195,826	47,729,174	2,439,769
Business-Type Activities:							
06-19-1996	04-01-2016	*3.35%	9,300,000	9,300,000	3,830,000	5,470,000	495,000
01-01-2004	07-01-2016	*3.35%	1,500,000	1,500,000	370,000	1,130,000	110,000
01-07-2004	10-01-2028	3.97%	11,800,000	11,985,000	810,000	11,175,000	310,500
			22,600,000	22,785,000	5,010,000	17,775,000	915,500
			\$ 105,710,000	\$ 105,710,000	\$ 40,205,826	\$ 65,504,174	\$ 3,355,269

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 revenues of the City.

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

The City has utilized the Sunshine State Governmental Financing Commission since 1987 as its source to finance the acquisition and construction of City facilities. The Sunshine State Governmental Financing Commission (the Commission) was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida. As of September 30, 2007 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 Fort Pierce, 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, Leon County and the City of West Palm Beach participate in the Commission's programs as non-members. Other Florida local governments may in the future become members or non-member participants, including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

*The loans have a variable rate of interest, which is calculated based on a weighted average rate for the entire pool on the amount of bonds and commercial paper outstanding at the end of every trade or maturity period. The rate shown in the above table is the rate at September 30, 2007.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Total annual debt service requirements on-debt outstanding as of September 30, 2007, are as follows:

BUSINESS-TYPE ACTIVITIES			
Fiscal Year	Parking Special Obligation Bonds		
	Principal	Interest	Total Required
2008	\$ 915,500	\$ 724,088	\$ 1,639,588
2009	945,900	692,677	1,638,577
2010	986,700	658,469	1,645,169
2011	1,029,800	622,147	1,651,947
2012	1,075,600	584,141	1,659,741
2017	5,180,800	2,252,652	7,433,452
2022	2,718,900	1,397,411	4,116,311
2027	3,356,100	742,528	4,098,628
2032	1,565,700	71,321	1,637,021
Total	17,775,000	\$ 7,745,433	\$ 25,520,433
Current portion	(915,500)		
Long-term portion	\$ 16,859,500		

GOVERNMENTAL ACTIVITIES							Governmental
Fiscal Year	Special Obligation Bonds			Capital Leases			Activities
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
2007	\$ 2,439,769	\$ 2,095,971	\$ 4,535,740	\$ 177,817	\$ 9,079	\$ 186,896	\$ 4,722,636
2008	2,535,533	2,000,882	4,536,415	182,300	4,596	186,896	4,723,311
2009	2,640,104	1,901,007	4,541,111	-	-	-	4,541,111
2010	2,498,595	1,788,657	4,287,252	-	-	-	4,287,252
2011	2,601,614	1,688,000	4,289,614	-	-	-	4,289,614
2016	12,873,259	6,723,507	19,596,766	-	-	-	19,596,766
2021	7,712,100	4,405,050	12,117,150	-	-	-	12,117,150
2026	8,991,900	2,482,389	11,474,289	-	-	-	11,474,289
2031	5,436,300	542,043	5,978,343	-	-	-	5,978,343
Total	47,729,174	\$ 23,627,506	\$ 71,356,680	360,117	\$ 13,675	\$ 373,792	\$ 71,730,472
Current portion	(2,439,769)			(177,817)			
Long-term portion	\$ 45,289,405			\$ 182,300			

During the year ended September 30, 2007, 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	\$ 7,785,357	\$ 3,815,461	\$ 2,949,994	\$ 8,650,824	\$ 3,910,750
Claims Payable	7,136,000	6,050,219	4,213,219	8,973,000	4,027,000
Special Obligation Debt	41,899,678	8,000,000	2,170,504	47,729,174	2,439,769
Capital Lease	144,757	547,013	331,653	360,117	177,817
	<u>\$ 56,965,792</u>	<u>\$ 18,412,693</u>	<u>\$ 9,665,370</u>	<u>\$ 65,713,115</u>	<u>\$ 10,555,336</u>

During the year ended September 30, 2007, 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	\$ 356,708	\$ 8,348	\$ 102,685	\$ 262,371	\$ 127,797
Special Obligation Debt	18,657,800	-	882,800	17,775,000	915,500
	<u>\$ 19,014,508</u>	<u>\$ 8,348</u>	<u>\$ 985,485</u>	<u>\$ 18,037,371</u>	<u>\$ 1,043,297</u>

(b) Capital Lease Obligations

The City has entered into certain lease agreements as lessee for financing the acquisition of certain vehicles and equipments for use by different departments. These lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

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

<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2007	\$ 373,792
Less: Amount representing interest	<u>13,675</u>
Present value of minimum lease payments	<u>\$ 360,117</u>

NOTE 8 — EMPLOYEE PENSION PLANS

(a) Defined Benefit Plan

(1) Plan Description

The City maintains one single-employer defined benefit public employee retirement system (PERS) established and administered by the City to provide pension benefits for City employees. This PERS is included in this financial report as the Coral Gables Retirement System pension trust fund.

All regular full-time general, police and fire department employees are covered by this plan. Participation in the plan at October 1, 2006, was as follows:

<u>Active Employees</u>	
Active employees fully vested	410
Active employees non-vested	<u>371</u>
Total	<u>781</u>
<u>Retired and Terminated Vested Employees</u>	
Retirees currently receiving benefits	434
Beneficiaries currently receiving benefits	97
Drop participants	63
Terminated employees entitled to benefits, but not yet receiving benefits	41
Disabled employees currently receiving benefits	<u>57</u>
Total	<u>692</u>

This PERS provides retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service; no partial vesting is provided. Employees become eligible to retire upon the earlier of (1) age 65, or (2) any time the

employee's age plus years of service equals or exceeds a total of 70. Members who continue in employment past normal retirement date may freeze their accrued benefit and enter into the City's Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received and investment earnings. Annual retirement benefits, payable monthly for life, are equal to 3.0% of final average compensation for each year of credited service. Final average compensation is the average of the highest three years preceding retirement date. Death benefits for beneficiaries of active employees are monthly annuities provided by the single-sum value of the employees' accrued deferred benefit, or a multiple of the employees' current annual compensation based on years of service, whichever is greater. Disabled employees can receive up to 75% of their monthly salary at time of disability if the disability is service incurred, or 2.6% annually of total career compensation if not service incurred. The City is required to contribute the amounts necessary to keep the plan actuarially sound. General Employees' contributions were reinstated October 1, 2003. Fire Fighters contributions were reinstated October 1, 2005. Benefits are established by City ordinance and changes are usually the result of collective bargaining agreements with the employees.

Separate financial reports are not issued for the plan.

(2) Summary of Significant Accounting Policies and Plan Asset Matters

The City's pension plans are presented in accordance with GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and GASB No. 27, "Accounting for Pensions by State and Local Governmental Employers". The objective of these Statements is to enhance the understandability and usefulness of pension information included in the pension plans financial statements of state and local governmental employers. The PERS financial statements are prepared using the accrual basis of accounting. Contributions to the PERS are recognized as revenue at the time they are due. Benefits are recognized as expenses as they become payable and administrative expenses are recognized at the time the expense is incurred. Interest and dividend income is recognized when earned. Gains and losses on sales and exchanges of securities are valued at the last reported sales price at current exchange rates. There were no investments in, loans to, or leases with, any PERS official or other related party.

(3) Contributions Required and Contributions Made

The PERS funding policy provides for annual employer contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due, using the entry-age normal actuarial funding method. The actuarial gains or losses, as they occur, are amortized over a 30-year period. The required contribution rate of active members is 5%.

The City's annual pension cost and net pension obligation (NPO) related to the PERS for the fiscal year ended September 30, 2007 is as follows:

Annual required contribution	\$ 22,367,076
Interest on Net Pension Obligation	<u>716,664</u>
Annual pension cost	23,083,740
Actual contribution	<u>22,867,069</u>
Increase in net pension obligation	216,671
Net pension obligation at beginning of year	<u>3,032,636</u>
Net pension obligation at end of year	<u>\$ 3,249,307</u>

Contributions of \$22,867,069 were made during fiscal year 2007, which is 102% of the actuarially determined contribution requirements of \$22,367,076, in accordance with the actuarial valuation performed at October 1, 2005. The 2006-2007 fiscal year contribution consisted of \$8,418,556 and \$13,581,745 for normal cost and amortization of the unfunded actuarial accrued liability, which represents 17.5% and 28.3%, respectively, of covered payroll of \$48,011,978. The unfunded actuarial accrued liability increased by approximately \$11.6 million. Total payroll and employer contributions for the fiscal years ended September 30, 2005, 2006 and 2007 were as follows (in thousands):

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Employer Contributions	\$16,962	\$20,595	\$22,867
Total Payroll	55,415	57,340	60,299
Total Covered Payroll	42,264	43,061	48,011
Contributions as a % of Covered Payroll	40.1%	47.8%	47.7%

(4) Annual Pension Cost

The annual pension cost ("APC") is a measure of the periodic cost of an employer's participation in a defined benefit pension plan and the net pension obligation ("NPO") at the valuation date is the cumulative difference between the APC and actual employer contributions since the adoption date of GASB Statement No. 27.

	<u>2005</u>	<u>2006</u>	<u>2007</u>
APC	\$17,662,766	\$22,778,109	\$23,083,740
% of APC Contributed	96%	90%	99%

The required contribution was determined as part of the May 3, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, compounded annually, consisting of 3.75% for inflation and 4.0% for real return, (b) projected salary increases due to wage adjustment, loyalty, merit and overtime 4.25% - 6.25%. COLA increases may be granted only if the system remains in a net positive experience position, compounded annually. In January 1, 2006 a 2.6% COLA increase was granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. Unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2007, was 30 years.

The General Employee Retirement Fund and Firefighter's Pension Fund do not issue stand-alone financial statements. The financial statements for these plans are presented hereinafter.

CITY OF CORAL GABLES, FLORIDA
 CERTAIN STATEMENTS OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 September 30, 2007

	Coral Gables Retirement Fund	Firefighters' Pension Fund
ASSETS		
Cash and Cash Equivalents	\$ 671,526	\$ 92,281
Interest Receivable	858,060	-
Accounts Receivable, Net	55,054	-
Pending Trade Receivable	4,864,493	-
Total Receivables	5,777,607	-
Investments at Fair Value:		
Money Market Funds	1,864,000	-
Government and Agency	12,589,178	-
Corporate Bonds	24,138,857	-
Common Stock	166,263,417	-
Government Mortgage-Backed Securities	23,903,751	-
Commercial Mortgage-Backed Securities	5,781,753	-
Real Estate	25,901,848	-
Non-Government Backed CMOs	432,795	-
Convertible Equity	34,500	-
Rights and Warrants	1,375	-
Mutual Funds	-	8,682,714
Total Investments	260,911,474	8,682,714
Total Assets	267,360,607	8,774,995
LIABILITIES		
Accounts Payable	163,838	-
Pending Trade Payable	1,875,505	-
Total Liabilities	2,039,343	-
NET ASSETS		
Restricted for Employees' Retirement Systems	\$ 265,321,264	\$ 8,774,995

CITY OF CORAL GABLES, FLORIDA
CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Fiscal Year Ended September 30, 2007

	Coral Gables Retirement Fund	Firefighters' Pension Fund
ADDITIONS		
Contributions:		
Employer	\$ 22,867,069	\$ 73,445
Employees	2,246,904	-
Total Contributions	<u>25,113,973</u>	<u>73,445</u>
Investment Earnings:		
Appreciation in the Fair Value of Investments	23,515,446	435,680
Investment Earnings	5,404,117	214,772
Dividends	2,429,924	-
Other	55,310	-
Total Investment Earnings	<u>31,404,797</u>	<u>650,452</u>
Less Investment Expense	<u>1,796,981</u>	<u>24,994</u>
Net Investment Earnings	<u>29,608,416</u>	<u>625,458</u>
Total Additions	<u>54,722,389</u>	<u>698,903</u>
DEDUCTIONS		
Employee Benefits	<u>27,801,674</u>	<u>1,695,074</u>
Change in Net Assets	<u>26,920,715</u>	<u>(996,171)</u>
Net Assets – Beginning	<u>238,400,549</u>	<u>9,771,166</u>
Net Assets – Ending	<u>\$ 265,321,264</u>	<u>\$ 8,774,995</u>

(5) Required Supplementary Information

Schedules, statistical data and other information are presented after the notes to the financial statements.

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

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

The employer contribution for the fiscal year was \$490,296 representing 3.62% of total covered payroll of the Police Department of \$13,561,007, moneys were held by The State of Florida Division of Retirement, pending the resolution of outstanding issues.

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

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 employer contribution for the fiscal year was \$786,495, representing 7.54% of total covered payroll of the Fire Department of \$10,435,719. Moneys were held by The State of Florida Division of Retirement, pending the resolution of outstanding issues.

NOTE 9 — INSURANCE PROGRAM

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

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

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

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

	2007	2006
Unpaid claims payable, beginning	\$7,136,000	\$6,255,000
Incurred claims and claim adjustments	6,050,219	5,319,653
Claims payments	(4,213,219)	(4,438,653)
Unpaid claims payable, ending	<u>\$8,973,000</u>	<u>\$7,136,000</u>

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

NOTE 10 — DEFICIT IN NET ASSETS AND FUND BALANCE OF INDIVIDUAL FUNDS

The deficit in net assets in the Public Facilities Fund of \$726,627 is the result of prior years' operating losses. The deficit will be offset with an increase in service fees to all City facilities within the next five years.

The Capital Project General Obligation Bond Fund deficit of \$1,364,918 is due to a land acquisition. The City will be reimbursed from Miami-Dade County in the next fiscal year. The Transportation Fund deficit of \$449,397 is attributed to facility improvements. The City will increase its funding through the General Fund.

The Insurance Fund deficit of \$2,160,553 resulted from operating losses. The deficit will be offset with an increase in fees for general liability, worker's compensation and health costs charged individually to user funds and departments.

NOTE 11 — CONTINGENCIES AND COMMITMENTS

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

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal and state agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may

be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

There were no material commitments for construction work in progress outside of the amounts displayed as "Reserve for Encumbrances" in the governmental fund financial statements.

NOTE 12 — MINIMUM RENTALS RECEIVABLE

Non-cancelable operating leases of property to third parties are accounted for in the enterprise funds and General Fund. Minimum rentals receivable under these leases are as follows:

Fiscal Year	Amount
2007	\$ 2,095,787
2008	1,920,294
2009	1,843,299
2010	1,803,847
2011	1,673,644
2012-2016	7,059,828
2017-2021	5,688,492
Total	<u>\$ 22,085,191</u>

The City negotiated an agreement with a third party to operate the Biltmore Complex as a hotel on January 1, 1988. Since that date, the City receives a percentage of the gross receipts, with a \$300,000 annual minimum, adjusted for increases in the CPI over the next 40 years.

NOTE 13 — BUDGETARY GAAP

For the year ended September 30, 2007, expenditures exceeded appropriations in the Public Safety, Retirement of Principal and Culture and Recreation (the legal level of budgetary control) of the General Fund by \$195,970. In the Debt Service Fund, expenditures exceeded appropriations due to interest expense by \$251,029.

NOTE 14 – 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 commenced on July 16, 2001 with a term of up to twenty-five (25) years, including three five-year extension periods. The City advanced \$4 million to the management company for the renovation of the Country Club. The \$4 million is to be repaid to the City over a

period of 300 months. The City is entitled to receive 25% of the net operating income of the facility after the payment of principal and interest on the \$4 million advanced by the City.

As of September 30, 2007, the outstanding balances of the City advances to the Country Club are \$3,863,217.

The Country Club ceased operations April 30, 2008 and terminated its arrangement with the current management operator.

The City is in the process of issuing a Request for Proposal to secure a new management operator for the Country Club wherein the assumption of the outstanding loan is to be negotiated with the new operator. Due to the uncertainty of collectability of the existing receivable, the City has adjusted the net realizable value of the receivable to \$0 as of 9/30/07.

Biltmore Hotel – the agreement commenced on January 1, 1998 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, 2007, \$1,427,594 represents the 3.5% of the annual net revenue and base fee amounted to \$510,945. 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, 2007, the city billed the management company \$625,087 as rental income. Total loans obtained and used by the City in prior years to renovate the property amounted to \$7,935,000.

Biltmore and Granada Golf Courses - the agreement commenced on October 1, 2003 with a term of up to twenty-five (25) years. Based on the agreement, the City is entitled to receive on a quarterly basis, \$300,000 as base fee, which is adjusted for the effect of cumulative price index over the life of the agreement, and percentage fee equals to 9% of the annual revenue from the operation of the property which is netted against the base fee should it exceeds the base fee. In addition, in 2004, the management company made a payment of \$250,000 to the City for the renovation of the Granada Golf Course. This payment is to be credited to the City as part of the percentage fee should the amount exceeds the base fee. As of September 30, 2007, the percentage fee is below the base fee of \$328,498, thus, the amount is recognized as part of deferred revenue.

NOTE 15 – PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* will be effective for the City beginning with its year ending September 30, 2008. This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, is effective for the City beginning with its fiscal year ending September 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* issued November 2006, is effective for the City beginning with its fiscal year ending September 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, issued May 2007, and is effective for the City beginning with its fiscal year ending September 30, 2009. This Statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information by pension plan and by employers that provide pension benefits.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, and is effective for the City beginning with its fiscal year ending September 30, 2010. This Statement required that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*, issued November 2007, and is effective for the City beginning with its fiscal year ending September 30, 2009. This Statement establishes consistent standards of the reporting of land and other real estate held as investments.

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

NOTE 16 – LINE OF CREDIT

The City has available revolving line of credit demand notes in the principal amount not to exceed \$8 million to provide for the City's emergency needs. The line of credit is to be paid from the City's non-ad valorem revenues. As of September 30, 2007 the City has not used the line of credit.

NOTE 17 – LAW ENFORCEMENT

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

NOTE 18 SUBSEQUENT EVENTS

As discussed in Note 3, at September 30, 2007, the City had \$30,843,626 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool ("Pool"). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 37% of their balance or \$4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On January 31, 2008, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable.

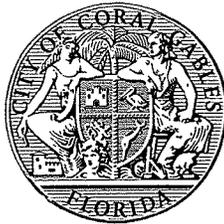
As of June 30, 2008 the City had withdrawn \$27,531,523 of its investments in the pool without being subjected to any losses. The City has \$9,284,311 and \$1,567,790 invested in Pool A and Pool B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

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
For the Fiscal Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 85,333,204	\$ 86,111,604	\$ 87,200,631	\$ 1,089,027
Licenses	3,036,000	3,036,000	2,887,848	(148,152)
Permits	6,171,475	6,277,900	7,056,610	778,710
Fines and Forfeitures	2,389,500	2,360,500	2,719,620	359,120
Intergovernmental	4,255,338	4,445,981	4,694,740	248,759
Charges for Services	8,875,950	9,003,200	8,834,802	(168,398)
Recreation Activity Fees	3,248,180	3,594,200	3,747,159	152,959
Revenue from Property	3,490,206	3,869,008	3,682,386	(186,622)
Investment Earnings	1,254,500	1,320,100	1,891,813	571,713
Bad Debt	-	-	(4,229,491)	(4,229,491)
Miscellaneous	116,091	186,000	279,686	93,686
Total Revenues	<u>118,170,444</u>	<u>120,204,493</u>	<u>118,765,804</u>	<u>(1,438,689)</u>
EXPENDITURES				
Current:				
General Government	17,346,378	18,199,962	18,077,121	122,841
Public Safety	65,793,598	66,282,922	67,695,072	(1,412,150)
Physical Environment	19,947,967	20,017,903	19,021,263	996,640
Transportation	2,973,144	2,862,542	2,781,922	80,620
Economic Environment	710,000	730,044	721,991	8,053
Culture and Recreation	8,505,680	8,730,521	8,768,340	(37,819)
Debt Service:				
Retirement of Principal	-	-	186,896	(186,896)
Interest	-	-	-	-
Capital Outlay	1,464,980	1,938,298	1,705,557	232,741
Total Expenditures	<u>116,741,747</u>	<u>118,762,192</u>	<u>118,958,162</u>	<u>(195,970)</u>
Excess of Revenues Over Expenditures	<u>1,428,697</u>	<u>1,442,301</u>	<u>(192,358)</u>	<u>(1,634,659)</u>
OTHER FINANCING SOURCES				
Debt Proceeds	-	-	547,013	547,013
Transfers In	4,054,957	4,585,899	9,039,177	4,453,278
Transfers Out	(3,591,654)	(3,591,654)	(7,696,539)	(4,104,885)
Total Other Financing Sources	<u>463,303</u>	<u>994,245</u>	<u>1,889,651</u>	<u>895,406</u>
Net Change in Fund Balance	<u>\$ 1,892,000</u>	<u>\$ 2,436,546</u>	<u>1,697,293</u>	<u>\$ (739,253)</u>
Fund Balance - Beginning			<u>9,204,888</u>	
Fund Balance - Ending			<u>\$ 10,902,181</u>	

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)(3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Annual Covered Payroll (4)/(6)
January 1, 2000	\$221,616	\$211,146	(\$10,470)	105.0%	\$32,792	(31.9%)
January 1, 2001	\$227,725	\$229,625	\$1,900	99.2%	\$36,080	5.3%
January 1, 2002	\$228,682	\$243,811	\$15,129	93.8%	\$40,076	37.8%
January 1, 2003	\$194,879	\$260,787	\$65,908	74.8%	\$40,841	161.4%
January 1, 2004	\$195,059	\$307,733	\$112,674	63.4%	\$42,380	265.9%
January 1, 2005	\$197,516	\$343,379	\$145,863	57.5%	\$44,782	325.7%
October 1, 2005	\$206,805	\$364,243	\$157,438	57.3%	\$48,012	327.9%
October 1, 2006	\$237,826	\$398,844	\$161,018	59.6%	\$51,044	315.4%

Note: Dollar amounts in thousands

**CITY OF CORAL GABLES RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 (Unaudited)**

Year Ended September 30	City Annual Required Contribution	Total Percentage Contributed
2000	\$5,034,595	100%
2001	\$4,821,531	100%
2002	\$6,851,394	100%
2003	\$8,745,133	100%
2004	\$12,967,868	100%
2005	\$16,961,702	100%
2006	\$20,595,219	100%
2007	\$22,367,077	100%

**CITY OF CORAL GABLES RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 (Unaudited)**

Note 1 – Actuarial Valuation

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2006
Actuarial cost method	Entry-Age Normal Actuarial Cost Method
Amortization method	Level payment, closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases for wage adjustment, loyalty, merit and overtime	4.25% - 5.75%
Includes inflation at	3.75%
Cost of living adjustments	None

Note 2 – Budgets and Legal Compliance

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

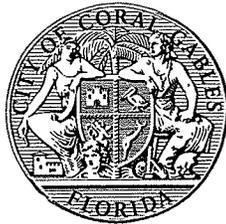
(b) During July of each year, the City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year. The proposed budget is prepared by funds, function and activity, and includes information on the past year, current year estimates and requested appropriations for the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

The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2007 that are included in the final amended budget. For the fiscal year, there was one supplemental appropriation ordinance increasing revenues and appropriations by \$2,034,049 and \$2,020,445 respectively and net transfers increased by \$530,942.

Combining Individual Fund Statements and Schedules

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

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



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Nonmajor Governmental Funds

Capital Projects Funds:

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

Roadway Improvement Fund – to account for the construction costs of resurfacing and rebuilding certain city streets along with the related curbs, gutters, drainage and streetlights. 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.

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

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

- 1) A \$2,700,000 loan due in annual principal installments of \$125,000 - \$245,000 with variable interest calculated and paid monthly, until final maturity in 2010. Issued in 1995 for the purchase of Miracle Theater building.
- 2) A \$20,000,000 loan due in annual principal installments of \$773,983 - \$1,690,000 with variable interest calculated and paid monthly, until final maturity in 2016. Issued in 1999 for the Biltmore Conference Center and various capital projects.
- 3) A \$29,000,000 loan due in annual principal installments of \$138,000 - 396,000 with variable interest calculated and paid monthly, until final maturity in 2026. Issued in 2001 for the construction of various capital projects.
- 4) A \$4,000,000 loan due in annual principal installments of \$97,000 - \$283,000 with variable interest calculated and paid monthly until final maturity in 2026. Issued in 2001 for the Country Club of Coral Gables.
- 5) A \$1,400,000 loan due in annual principal installments of \$59,176 – \$123,027 with variable interest calculated and paid monthly, until final maturity in 2016. Issued in 2001 for the Biltmore Conference Center.
- 6) A \$10,395,000 loan due in annual principal installments of \$178,000 – 695,000 with fixed interest calculated and paid monthly until final maturity in 2029. Issue in 2004 for Information Technology equipment and applications, renovation of City Hall Anex Building, and relocation of the Public Works Department.

- 7) A \$5,615,000 loan due in annual principal installments of \$85,000 - \$400,000 with fixed interest calculated and paid monthly until final maturity in 2029. Issued in 2004 for the Country Club of Coral Gables and renovations of the Biltmore Golf Course.
- 8) A \$1,500,000 note due in annual principal installments of \$60,000 – with variable interest calculated and paid monthly, until final maturity in 2031. Issued in 2006 for the purchase of 427 Biltmore Way Bldg.. Financing is provided by a general pledge of resources other than property taxes, and the amount needed is transferred from other funds.
- 9) A \$4,500,000 note due in annual principal installments of \$180,000 – with variable interest calculated and paid monthly, until final maturity in 2031. Issued in 2006 for the purchase of 427 Biltmore Way Bldg.. Financing is provided by a general pledge of resources other than property taxes, and the amount needed is transferred from other funds.
- 10) A \$3,500,000 note due in annual principal installments of \$70,000 - \$243,000 with variable interest calculated and paid monthly until final maturity in 2032. Issued in 2007 for the Biltmore Golf Course. Financing is provided by a general pledge of resources other than property taxes, and the amount needed is transferred from other funds.
- 11) A \$4,500,000 note due in annual principal installments of \$110,000 - \$273,000 with variable interest calculated and paid monthly, until final maturity in 2032. Issued in 2007 for various Capital Project and purchase of 286, 292, 294 Miracle Mile properties. Financing is provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds.

CITY OF CORAL GABLES, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2007

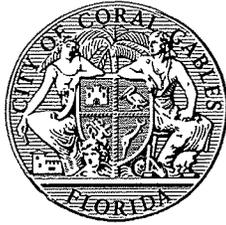
	Capital Projects					
	General Improvement Fund	Roadway Improvement Fund	Transportation Fund	Special Revenue Hurricane Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 3,286,076	\$ 879,375	\$ 13,299	\$ 3,256,191	\$ 3,333,878	\$ 10,768,819
Accounts Receivable, Net	812,885	65,624	336,239	-	11,000	1,225,748
Assessment Liens Receivable	90,062	-	-	-	74,949	165,011
Due from Other Governments	60,840	92,606	145,000	928,929	-	1,227,375
Prepaid Items	6,853	-	-	-	-	6,853
Total Assets	<u>\$ 4,256,716</u>	<u>\$ 1,037,605</u>	<u>\$ 494,538</u>	<u>\$ 4,185,120</u>	<u>\$ 3,419,827</u>	<u>\$ 13,393,806</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 839,764	\$ 414,005	\$ 342,604	\$ 24,975	\$ 446,137	\$ 2,067,485
Other Payable	532,825	-	-	-	-	532,825
Accrued Payroll	-	7,123	6,331	-	-	13,454
Due to Other Funds	-	165,000	450,000	4,087,004	-	4,702,004
Deferred Revenue	287,162	-	145,000	73,141	91,772	597,075
Total Liabilities	<u>1,659,751</u>	<u>586,128</u>	<u>943,935</u>	<u>4,185,120</u>	<u>537,909</u>	<u>7,912,843</u>
FUND BALANCES (DEFICIT)						
Reserve for Prepaid Items	6,853	-	-	-	-	6,853
Unreserved	2,590,112	451,477	(449,397)	-	2,881,918	5,474,110
Total Fund Balances (Deficit)	<u>2,596,965</u>	<u>451,477</u>	<u>(449,397)</u>	<u>-</u>	<u>2,881,918</u>	<u>5,480,963</u>
Total Liabilities and Fund Balances	<u>\$ 4,256,716</u>	<u>\$ 1,037,605</u>	<u>\$ 494,538</u>	<u>\$ 4,185,120</u>	<u>\$ 3,419,827</u>	<u>\$ 13,393,806</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2007

	Capital Projects					Total Nonmajor Governmental Funds
	General Improvement Fund	Roadway Improvement Fund	Transportation Fund	Special Revenue Hurricane Fund	Debt Service Fund	
REVENUES						
Gasoline Sales Tax	\$ -	\$ 1,164,580	\$ -	\$ -	\$ -	\$ 1,164,580
Municipal Surtax	-	-	1,480,710	-	-	1,480,710
Special Assessments	49,469	-	-	-	3,052	52,521
Intergovernmental	334,397	-	930,935	5,163,551	-	6,428,883
Investment Earnings	136,515	-	-	-	79,381	215,896
Miscellaneous	4,202	303	19	2,453	21,598	28,575
Total Revenues	<u>524,583</u>	<u>1,164,883</u>	<u>2,411,664</u>	<u>5,166,004</u>	<u>104,031</u>	<u>9,371,165</u>
EXPENDITURES						
Current:						
Transportation	97,321	801,221	1,843,684	-	-	2,742,226
Public Safety	-	-	-	213,454	-	213,454
Culture and Recreation	1,357,357	-	-	-	-	1,357,357
Debt Service:						
Retirement of Principal	-	-	-	-	2,170,504	2,170,504
Interest	-	-	-	-	1,741,825	1,741,825
Capital Outlay	5,817,736	-	1,379,708	-	-	7,197,444
Total Expenditures	<u>7,272,414</u>	<u>801,221</u>	<u>3,223,392</u>	<u>213,454</u>	<u>3,912,329</u>	<u>15,422,810</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,747,831)</u>	<u>363,662</u>	<u>(811,728)</u>	<u>4,952,550</u>	<u>(3,808,298)</u>	<u>(6,051,645)</u>
OTHER FINANCING SOURCES						
Debt Proceeds	8,000,000	-	-	-	-	8,000,000
Transfers In	-	-	-	-	3,459,703	3,459,703
Transfers Out	-	-	-	(4,087,004)	(366,274)	(4,453,278)
Total Other Financing Sources	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>(4,087,004)</u>	<u>3,093,429</u>	<u>7,006,425</u>
Net Change in Fund Balances (Deficit)	1,252,169	363,662	(811,728)	865,546	(714,869)	954,780
Fund Balances - Beginning	<u>1,344,796</u>	<u>87,815</u>	<u>362,331</u>	<u>(865,546)</u>	<u>3,596,787</u>	<u>4,526,183</u>
Fund Balances (Deficit) - Ending	<u>\$ 2,596,965</u>	<u>\$ 451,477</u>	<u>\$ (449,397)</u>	<u>\$ -</u>	<u>\$ 2,881,918</u>	<u>\$ 5,480,963</u>

CITY OF CORAL GABLES, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND - SUNSHINE STATE LOANS
For the Fiscal Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 50,700	\$ 50,700	\$ 3,052	\$ (47,648)
Investment Earnings	50,000	50,000	79,381	29,381
Miscellaneous	303,736	303,736	21,598	(282,138)
Total Revenues	<u>404,436</u>	<u>404,436</u>	<u>104,031</u>	<u>(300,405)</u>
EXPENDITURES				
Debt Service:				
Retirement of Principal	2,013,304	2,373,304	2,170,504	202,800
Interest	1,490,796	1,490,796	1,741,825	(251,029)
Total Expenditures	<u>3,504,100</u>	<u>3,864,100</u>	<u>3,912,329</u>	<u>(48,229)</u>
Deficiency of Revenues Under Expenditures	(3,099,664)	(3,459,664)	(3,808,298)	(348,634)
OTHER FINANCING SOURCES				
Transfers In	3,459,703	3,459,703	3,459,703	-
Transfers Out	-	-	(366,274)	(366,274)
Total Other Financing Sources	<u>3,459,703</u>	<u>3,459,703</u>	<u>3,093,429</u>	<u>(366,274)</u>
Net Change in Fund Balances	<u>\$ (3,099,664)</u>	<u>\$ (3,459,664)</u>	<u>\$ (714,869)</u>	<u>\$ (714,908)</u>
Fund Balances - Beginning			<u>3,596,787</u>	
Fund Balances - Ending			<u>\$ 2,881,918</u>	



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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 annual rental for the equipment. Rental charges are updated annually based on detail maintenance and operating cost records kept for each item of equipment provided. The equipment itself is acquired by the Motor Pool Fund and financing is provided by charging the user departments an annual replacement charge based upon the estimated life of the equipment.

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

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

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2007

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 285,765	\$ 35,234	\$ 3,752,753	\$ 4,073,752
Accounts Receivable, Net	4,036	5,647	542,429	552,112
Due from Other Funds	-	-	1,004,885	1,004,885
Prepaid Items	-	-	1,524,791	1,524,791
Total Current Assets	<u>289,801</u>	<u>40,881</u>	<u>6,824,858</u>	<u>7,155,540</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	27,062,399	297,287	3,964	27,363,650
Accumulated Depreciation	(20,247,257)	(293,557)	(3,964)	(20,544,778)
Total Noncurrent Assets	<u>6,815,142</u>	<u>3,730</u>	<u>-</u>	<u>6,818,872</u>
Total Assets	<u>7,104,943</u>	<u>44,611</u>	<u>6,824,858</u>	<u>13,974,412</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	311,829	529,603	12,411	853,843
Accrued Payroll	70,470	37,672	-	108,142
Due to Other Funds	-	75,000	-	75,000
Accrued Compensated Absences	110,980	50,178	-	161,158
Claims Payable	-	-	4,027,000	4,027,000
Total Current Liabilities	<u>493,279</u>	<u>692,453</u>	<u>4,039,411</u>	<u>5,225,143</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	203,188	78,785	-	281,973
Claims Payable	-	-	4,946,000	4,946,000
Total Noncurrent Liabilities	<u>203,188</u>	<u>78,785</u>	<u>4,946,000</u>	<u>5,227,973</u>
Total Liabilities	<u>696,467</u>	<u>771,238</u>	<u>8,985,411</u>	<u>10,453,116</u>
NET ASSETS (DEFICIT)				
Invested in Capital Assets, Net of Related Debt	6,815,142	3,730	-	6,818,872
Unrestricted (Deficit)	(406,666)	(730,357)	(2,160,553)	(3,297,576)
Total Net Assets (Deficit)	<u>\$ 6,408,476</u>	<u>\$ (726,627)</u>	<u>\$ (2,160,553)</u>	<u>\$ 3,521,296</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICIT)
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2007

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 9,800,314	\$ 9,800,314
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	3,831,293	-	-	3,831,293
Equipment Replacement Charges	3,690,879	-	-	3,690,879
Facilities	-	5,975,340	-	5,975,340
Miscellaneous Service Charges	100,000	-	-	100,000
Total Operating Revenues	<u>7,622,172</u>	<u>5,975,340</u>	<u>9,800,314</u>	<u>23,397,826</u>
OPERATING EXPENSES				
Administration	2,655,778	1,442,117	-	4,097,895
Cost of Sales and Services	4,020,310	4,087,212	-	8,107,522
Benefit Payments	-	-	4,213,219	4,213,219
Insurance			7,850,091	7,850,091
Depreciation	1,531,812	1,831	-	1,533,643
Total Operating Expenses	<u>8,207,900</u>	<u>5,531,160</u>	<u>12,063,310</u>	<u>25,802,370</u>
Operating Income (Loss)	<u>(585,728)</u>	<u>444,180</u>	<u>(2,262,996)</u>	<u>(2,404,544)</u>
NONOPERATING REVENUES				
Interest Earnings	12,602	-	102,443	115,045
State Gas Tax Refund	59,711	-	-	59,711
Miscellaneous	111,167	32,281	-	143,448
Gain from Sale of Capital Assets	75,389	-	-	75,389
Total Nonoperating Revenues	<u>258,869</u>	<u>32,281</u>	<u>102,443</u>	<u>393,593</u>
Income (Loss) Before Transfers	<u>(326,859)</u>	<u>476,461</u>	<u>(2,160,553)</u>	<u>(2,010,951)</u>
Transfers In	<u>123,570</u>	<u>8,381</u>	<u>4,104,885</u>	<u>4,236,836</u>
Change In Net Assets	<u>(203,289)</u>	<u>484,842</u>	<u>1,944,332</u>	<u>2,225,885</u>
Net Assets (Deficit) - Beginning	6,611,765	(1,211,469)	(4,104,885)	1,295,411
Net Assets (Deficit) - Ending	<u>\$ 6,408,476</u>	<u>\$ (726,627)</u>	<u>\$ (2,160,553)</u>	<u>\$ 3,521,296</u>

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2007

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 9,213,806	\$ 5,975,341	\$ 8,253,461	\$ 23,442,608
Payments to employees	(2,609,455)	(1,441,440)	-	(4,050,895)
Payments to suppliers	(4,682,590)	(4,539,329)	(10,050,861)	(19,272,780)
Net cash provided by (used in) operating activities	<u>1,921,761</u>	<u>(5,428)</u>	<u>(1,797,400)</u>	<u>118,933</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Contributions from Other Governments	59,711	-	-	59,711
Transfers In from Other Funds	123,570	8,381	4,104,885	4,236,836
Net cash provided by (used in) noncapital financing activities	<u>183,281</u>	<u>8,381</u>	<u>4,104,885</u>	<u>4,296,547</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,018,435)	-	-	(2,018,435)
Proceeds from sale of capital assets	75,389	-	-	75,389
Net cash provided by (used in) capital and related financing activities	<u>(1,943,046)</u>	<u>-</u>	<u>-</u>	<u>(1,943,046)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Interest and dividends received	123,769	32,281	102,443	258,493
Net increase in cash and cash equivalents	<u>285,765</u>	<u>35,234</u>	<u>2,409,928</u>	<u>2,730,927</u>
Cash and Cash Equivalents - Beginning	-	-	1,342,825	1,342,825
Cash and Cash Equivalents - Ending	<u>\$ 285,765</u>	<u>\$ 35,234</u>	<u>\$ 3,752,753</u>	<u>\$ 4,073,752</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (585,728)	\$ 444,180	\$ (2,262,996)	\$ (2,404,544)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation Expense	1,531,812	1,831	-	1,533,643
Change in assets and liabilities:				
Accounts Receivable	117,298	1	(541,968)	(424,669)
Due from Other Funds	1,474,336	-	(1,004,885)	469,451
Prepays	-	-	223,825	223,825
Accounts Payable	162,720	(104,117)	(48,376)	10,227
Accrued Payroll and Other Expenses	9,367	4,258	-	13,625
Due to Other Funds	(825,000)	(348,000)	-	(1,173,000)
Accrued Compensated Absences	36,956	(3,581)	-	33,375
Claims Payable	-	-	1,837,000	1,837,000
Total adjustments	<u>2,507,489</u>	<u>(449,608)</u>	<u>465,596</u>	<u>2,523,477</u>
Net cash provided by (used in) operating activities	<u>\$ 1,921,761</u>	<u>\$ (5,428)</u>	<u>\$ (1,797,400)</u>	<u>\$ 118,933</u>

Fiduciary Funds

Pension Trust Funds

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

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

Agency Fund

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

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

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 September 30, 2007

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 671,526	\$ -	\$ 92,281	\$ 763,807
Interest Receivable	858,060	830	-	858,890
Accounts Receivable, Net	55,054	-	-	55,054
Pending Trades Receivable	4,864,493	-	-	4,864,493
Total Receivables	<u>5,777,607</u>	<u>830</u>	<u>-</u>	<u>5,778,437</u>
Investments at fair value:				
Money Market Funds	1,864,000	1,274,972	-	3,138,972
Government and Agency	12,589,178	100,000	-	12,689,178
Corporate Bonds	24,138,857	-	-	24,138,857
Common Stock	166,263,417	-	-	166,263,417
Government Mortgage Backed Securities	23,903,751	-	-	23,903,751
Commercial Mortgage Backed Securities	5,781,753	-	-	5,781,753
Real Estate	25,901,848	-	-	25,901,848
Non-Government Backed CMOs	432,795	-	-	432,795
Convertible Equity	34,500	-	-	34,500
Rights and Warrants	1,375	-	-	1,375
Mutual Funds	-	2,566,151	8,682,714	11,248,865
Total Investments	<u>260,911,474</u>	<u>3,941,123</u>	<u>8,682,714</u>	<u>273,535,311</u>
Total Assets	<u>267,360,607</u>	<u>3,941,953</u>	<u>8,774,995</u>	<u>280,077,555</u>
LIABILITIES				
Accounts Payable	163,838	-	-	163,838
Pending Trades Payable	1,875,505	6,585	-	1,882,090
Total Liabilities	<u>2,039,343</u>	<u>6,585</u>	<u>-</u>	<u>2,045,928</u>
NET ASSETS				
Restricted for Employees' Retirement Systems	<u>\$ 265,321,264</u>	<u>\$ 3,935,368</u>	<u>\$ 8,774,995</u>	<u>\$ 278,031,627</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2007

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 22,867,069	\$ -	\$ 73,445	\$ 22,940,514
Employees	2,246,904	-	-	2,246,904
Total Contributions	<u>25,113,973</u>	<u>-</u>	<u>73,445</u>	<u>25,187,418</u>
Investment Earnings:				
Appreciation in the Fair Value of Investments	23,515,446	378,314	435,680	24,329,440
Investment Earnings	5,404,117	135,844	214,772	5,754,733
Dividends	2,429,924	-	-	2,429,924
Other	55,310	-	-	55,310
Total Investment Earnings	<u>31,404,797</u>	<u>514,158</u>	<u>650,452</u>	<u>32,569,407</u>
Less Investment Expense	1,796,381	159,428	24,994	1,980,803
Net Investment Earnings	<u>29,608,416</u>	<u>354,730</u>	<u>625,458</u>	<u>30,588,604</u>
Total Additions	<u>54,722,389</u>	<u>354,730</u>	<u>698,903</u>	<u>55,776,022</u>
DEDUCTIONS				
Employee Benefits	27,801,674	913,607	1,695,074	30,410,355
Change In Net Assets	26,920,715	(558,877)	(996,171)	25,365,667
Net Assets - Beginning	238,400,549	4,494,245	9,771,166	252,665,960
Net Assets - Ending	<u>\$ 265,321,264</u>	<u>\$ 3,935,368</u>	<u>\$ 8,774,995</u>	<u>\$ 278,031,627</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2007

	Employee Benefits Trust	Law Enforcement Trust	Total Agency Funds
ASSETS			
Cash and Cash Equivalents			
Beginning	\$ 1,147,820	\$ 8,278,298	\$ 9,426,118
Additions	4,089	9,135,525	9,139,614
Deductions	(96,960)	(3,901,391)	(3,998,351)
Total Assets	<u>1,054,949</u>	<u>13,512,432</u>	<u>14,567,381</u>
LIABILITIES			
Deferred Compensation Payable			
Beginning	1,142,195	-	1,142,195
Additions	10,118	-	10,118
Deductions	(102,989)	-	(102,989)
Ending	<u>1,049,324</u>	<u>-</u>	<u>1,049,324</u>
Due to Other Government			
Beginning	5,625	8,278,298	8,283,923
Additions	-	9,135,525	9,135,525
Deductions	-	(3,901,391)	(3,901,391)
Ending	<u>5,625</u>	<u>13,512,432</u>	<u>13,518,057</u>
Total Liabilities	<u>\$ 1,054,949</u>	<u>\$ 13,512,432</u>	<u>\$ 14,567,381</u>

Statistical Section

This part of the City of Coral Gables' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

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



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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental Activities						
Invested in capital assets, net of related debt	\$150,323,624	\$149,598,620	\$144,390,262	\$141,639,049	\$141,673,723	\$139,512,991
Restricted	3,487,877	3,118,227	-	-	300,000	-
Unrestricted	3,367,420	4,114,829	9,033,243	5,783,177	1,703,127	3,328,883
Total governmental activities net assets	<u>\$157,178,921</u>	<u>\$156,831,676</u>	<u>\$153,423,505</u>	<u>\$147,422,226</u>	<u>\$143,676,850</u>	<u>\$142,841,874</u>
Business-type Activities						
Invested in capital assets, net of related debt	\$14,971,480	\$15,968,325	\$11,052,753	\$15,970,401	\$16,128,212	\$18,930,925
Restricted	-	-	-	-	-	-
Unrestricted	468,045	990,965	6,419,428	4,880,472	8,362,064	10,143,471
Total business-type activities net assets	<u>\$15,439,525</u>	<u>\$16,959,290</u>	<u>\$17,472,181</u>	<u>\$20,850,873</u>	<u>\$24,490,276</u>	<u>\$29,074,396</u>
Primary Government						
Invested in capital assets, net of related debt	\$165,295,104	\$165,566,945	\$155,443,015	\$157,609,450	\$157,801,935	\$158,443,916
Restricted	3,487,877	3,118,227	-	-	300,000	-
Unrestricted	3,835,465	5,105,794	15,452,671	10,663,649	10,065,191	13,472,354
Total primary government net assets	<u>\$172,618,446</u>	<u>\$173,790,966</u>	<u>\$170,895,686</u>	<u>\$168,273,099</u>	<u>\$168,167,126</u>	<u>\$171,916,270</u>

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

TABLE 2
CITY OF CORAL GABLES
CHANGES IN NET ASSET
LAST SIX FISCAL YEARS (accrual basis of accounting)

	2002	2003	2004	2005	2006	2007
Expenses						
Governmental Activities:						
General government	\$ 10,985,189	\$ 12,807,218	\$ 19,259,266	\$ 18,735,309	\$ 22,591,752	\$ 21,697,557
Public Safety	44,324,748	47,740,806	56,243,067	69,493,373	82,857,461	69,844,742
Physical Environment	14,189,694	12,143,256	17,224,303	16,795,942	18,996,962	20,842,416
Transportation	5,134,294	4,145,679	6,544,841	7,630,380	6,185,567	6,348,931
Economic Environment	412,106	499,510	559,987	605,991	681,712	732,910
Culture and Recreation	6,838,956	11,175,469	4,583,627	9,031,840	10,589,595	10,290,416
Interest on long-term debt	911,422	607,524	1,233,166	1,367,725	1,491,412	1,741,825
Depreciation	7,520,399	7,682,502	-	-	-	-
Total governmental activities expenses	90,316,808	96,801,964	105,648,257	123,660,560	143,394,461	131,498,797
Business-type Activities:						
Sanitary Sewer System	5,979,427	6,176,092	5,912,644	4,980,669	3,936,494	4,209,514
Parking System	2,401,339	2,508,818	2,709,911	2,797,421	4,078,910	4,286,312
Stormwater Utility	1,193,312	1,201,072	1,506,395	1,353,267	1,369,480	1,276,688
Total business-type activities	9,574,078	9,885,982	10,128,950	9,131,357	9,384,884	9,772,514
Total primary government	\$ 99,890,886	\$ 106,687,946	\$ 115,777,207	\$ 132,791,917	\$ 152,779,345	\$ 141,271,311
Program Revenues						
Governmental Activities:						
Charges for services:						
General government	\$ 10,850,495	\$ 10,596,765	\$ 11,928,422	\$ 13,886,553	\$ 14,363,890	\$ 15,699,777
Public Safety	3,120,292	4,076,698	4,030,687	3,306,899	3,386,783	2,926,106
Physical Environment	5,668,294	5,716,580	5,765,680	6,423,751	6,407,987	6,783,403
Culture and Recreation	4,067,357	4,086,321	2,815,351	2,960,042	3,826,206	3,747,163
Operating grants and contributions	1,481,406	1,478,001	1,482,412	9,042,210	17,132,223	2,478,666
Capital grants and contributions	1,072,096	4,172,352	3,828,986	58,750	835,796	2,156,192
Total governmental activities program revenue	26,259,940	30,126,717	29,851,538	35,678,205	45,952,885	33,791,307
Business-type activities:						
Sanitary Sewer System	5,933,635	6,325,769	6,110,263	7,103,375	6,966,131	7,455,717
Parking System	6,754,093	7,722,841	7,960,206	8,244,087	8,777,493	9,187,646
Stormwater Utility	1,166,895	1,491,832	1,502,537	1,495,481	1,490,437	1,496,153
Capital grants and contributions	-	-	-	-	-	554,196
Total business-type activities program revenue	41,186,659	49,839,511	49,253,530	52,579,898	17,234,061	18,693,712
Total primary government program revenue	\$ 45,254,016	\$ 53,925,832	\$ 52,068,881	\$ 55,539,940	\$ 63,186,946	\$ 52,485,019
Net(Expense) Revenue						
Governmental activities	\$ (64,056,868)	\$ (66,675,247)	\$ (75,796,719)	\$ (87,982,355)	\$ (97,441,576)	\$ (97,707,490)
Business-type activities	31,612,581	39,953,529	39,124,580	43,448,541	7,849,177	8,921,198
Total primary government net expenses	\$ (32,444,287)	\$ (26,721,718)	\$ (36,672,139)	\$ (44,533,814)	\$ (89,592,399)	\$ (88,786,292)
General Revenues and other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 36,644,901	\$ 40,077,925	\$ 47,969,473	\$ 53,466,648	\$ 61,868,946	\$ 69,730,264
Franchise fees	4,195,780	4,634,295	5,745,884	5,486,704	6,691,724	7,283,548
Other Taxes	-	-	-	2,503,017	2,717,415	10,186,819
Utility taxes	9,436,958	9,658,278	9,540,782	9,594,365	9,939,425	2,645,290
Intergovernmental	3,387,867	5,172,570	4,327,293	4,452,521	6,076,666	4,252,076
Investment Earnings	820,703	583,918	719,165	1,048,766	1,575,518	2,107,709
Bad Debt Expense	-	-	-	-	-	(4,229,491)
Miscellaneous	1,606,956	2,027,843	2,518,392	1,047,855	546,076	310,400
Special items	2,060,136	-	-	-	-	-
Transfers	3,760,502	4,523,447	4,958,622	4,381,200	4,280,430	4,585,899
Total governmental activities	61,913,803	66,678,276	75,779,611	81,981,076	93,696,200	96,872,514
Business-type activities:						
Unrestricted investment earnings	41,491	17,180	14,060	31,153	56,481	80,468
Unrestricted miscellaneous revenue	223	21,298	13,397	17,153	14,175	168,353
Transfers	(3,760,502)	(4,523,447)	(4,958,622)	(4,381,200)	(4,280,430)	(4,585,899)
Total business-type activities	(3,718,788)	(4,484,969)	(4,931,165)	(4,332,894)	(4,209,774)	(4,337,078)
Total primary government	\$ 58,195,015	\$ 62,193,307	\$ 70,848,446	\$ 77,648,182	\$ 89,486,426	\$ 92,535,436
Change in Net Assets						
Governmental activities	(2,143,065)	3,029	(17,108)	(6,001,279)	(3,745,376)	(834,976)
Business-type activities	27,893,793	35,468,560	34,193,415	39,115,647	3,639,403	4,584,120
Total primary government	\$ 25,750,728	\$ 35,471,589	\$ 34,176,307	\$ 33,114,368	\$ (105,973)	\$ 3,749,144

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

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved for:										
Encumbrance	\$ 512,129	\$ 766,511	\$ 660,955	\$ 1,510,633	\$ 231,159	\$ 1,221,952	\$ 362,891	\$ 346,109	\$ 343,460	\$ 586,407
Federal Emergency Management Agency	454,842	174,382	-	-	-	-	-	-	-	-
Inventories	180,794	200,451	220,597	223,268	209,949	192,379	131,895	129,037	96,193	96,193
Prepaid Items	28,568	30,618	40,819	19,444	27,744	18,722	69,424	71,719	47,524	50,575
Police Education	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	4,000,000	4,000,000	3,943,354	-
State Asset Forfeiture	-	-	-	-	-	837,914	-	-	-	-
Law Enforcement Trust	-	-	-	980,000	980,000	-	-	-	-	-
Cable TV Utilization	1,114,944	457,340	313,199	184,658	-	-	-	-	-	-
Coral Gables House	2,318	4,264	5,450	10,040	6,941	2,732	-	-	-	-
Historic Preservation	35,473	35,193	34,199	35,275	39,192	41,458	-	-	-	-
Orange Bowl Scholarship	670	670	670	670	670	670	-	-	-	-
Youth Center Concession	251	250	250	251	251	251	-	-	-	-
Pinewood Cemetery	2,161	2,993	2,518	15,915	4,971	3,762	-	-	-	-
Firefighters Rescue	6,242	6,242	5,980	5,915	15,260	10,457	-	-	-	-
Dade County Schools Resource	17,686	12,288	17,686	17,686	17,686	17,686	-	-	-	-
Unreserved reported in:										
General Fund	-	-	-	-	4,622,777	2,970,840	5,618,134	3,739,598	4,774,357	10,169,006
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Undesignated	10,051,283	10,073,261	6,918,116	607,987	-	-	-	-	-	-
Total general fund	\$ 12,407,361	\$ 11,764,463	\$ 8,220,439	\$ 3,611,742	\$ 6,156,600	\$ 5,318,823	\$ 10,182,344	\$ 8,286,463	\$ 9,204,888	\$ 10,902,181
All Other Governmental Funds										
Reserved for:										
Encumbrance	\$ 293,561	\$ 11,657,057	\$ 666,533	\$ -	\$ 69,131	\$ 163,887	\$ 1,045,854	\$ 173,424	\$ -	\$ -
Prepaid Items	-	-	-	-	-	-	6,859	6,861	-	-
Transportation	-	-	-	-	-	774,850	-	-	749,750	6,853
Capital Projects Fund	-	-	-	64,844	-	-	-	-	-	-
Debt Service Fund	-	1,141,923	1,378,982	1,892,923	1,884,923	3,118,227	-	-	-	-
Unreserved, reported in:										
Debt Service Fund	153,346	-	-	-	-	-	4,137,746	4,074,889	3,596,787	2,881,918
Special Revenue Fund	-	-	-	-	-	-	-	(9,234,466)	(865,546)	-
Undesignated	(1,010,377)	8,121	-	16,857,939	-	-	-	-	-	-
Capital projects funds	-	-	(7,883,440)	-	3,284,294	(229,804)	808,806	853,510	1,045,192	1,227,274
Total all other governmental funds	\$ (563,470)	\$ 12,807,101	\$ (5,837,925)	\$ 18,815,706	\$ 5,238,348	\$ 3,827,160	\$ 5,999,265	\$ (4,125,782)	\$ 4,526,183	\$ 4,116,045

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Taxes	\$ 40,240,628	\$ 40,972,258	\$ 41,998,176	\$ 44,725,076	\$ 51,509,060	\$ 56,443,516	\$ 65,648,114	\$ 71,050,734	\$ 81,217,510	\$ 89,845,921
Licenses	2,006,481	1,997,067	2,049,360	2,197,366	2,167,844	2,635,641	2,849,665	2,850,746	2,857,303	2,887,848
Permits	3,342,705	4,898,678	5,578,477	7,026,208	6,081,162	5,156,616	4,758,264	6,534,460	6,285,880	7,056,610
Fines and Forfeitures	1,403,618	1,358,724	1,544,645	1,673,096	2,372,762	2,445,472	3,328,089	2,841,931	2,763,587	2,719,620
Intergovernmental	4,431,546	3,902,076	4,971,224	4,854,533	3,898,962	3,971,216	4,278,574	4,525,996	29,021,549	11,123,623
Charges for services	6,570,431	6,810,488	6,988,547	7,485,275	7,298,160	7,333,240	7,511,162	8,776,856	8,088,297	8,834,802
Recreation Activity Fees	1,337,449	1,439,491	1,389,798	1,426,781	4,067,354	4,086,321	2,509,353	2,651,141	3,497,707	3,747,159
Rental Income	646,104	611,756	840,542	672,984	1,731,465	2,705,085	4,305,672	3,216,339	3,399,246	3,682,386
Investment earnings	-	-	-	-	631,538	499,983	670,599	1,048,766	1,575,518	2,107,709
Bad Debt	-	-	-	-	-	-	-	-	-	(4,229,491)
Special Assessments	36,529	150,447	105,460	737,275	254,287	107,063	140,008	377,466	325,849	52,521
Interest Earned	1,436,657	1,638,753	1,320,588	1,342,092	-	-	-	-	-	-
Contributions and Donations from Private Sources	83,928	10,000	4,000,000	349,110	622,899	110,071	-	-	-	-
Proceeds from South Florida Task Force	-	-	-	-	-	593,242	-	-	-	-
Proceeds from Treasury Department	-	-	-	-	-	107,296	-	-	-	-
Miscellaneous	169,192	172,200	183,282	112,581	861,792	274,303	2,024,465	243,252	451,601	308,261
Hurricane Relief	475,040	79,712	1,389,798	110,857	-	-	-	-	-	-
Total revenues	<u>62,180,308</u>	<u>64,041,650</u>	<u>71,898,006</u>	<u>72,713,234</u>	<u>81,497,285</u>	<u>86,469,065</u>	<u>98,023,965</u>	<u>104,117,687</u>	<u>139,484,047</u>	<u>128,136,969</u>
EXPENDITURES										
Current:										
General government	8,478,556	9,234,163	11,427,107	10,712,786	11,121,629	12,130,302	15,659,815	16,127,144	17,967,796	18,077,121
Public safety	33,647,352	35,562,184	38,098,439	41,572,394	44,686,107	47,454,161	51,861,284	67,967,083	78,388,358	67,908,526
Physical environment	12,703,126	12,707,978	13,754,458	13,246,925	14,562,824	15,128,081	16,437,244	17,057,530	17,971,512	19,021,263
Transportation	2,255,834	2,116,331	2,176,814	2,148,799	5,391,900	3,999,181	5,490,005	4,858,971	5,852,517	5,524,148
Economic Environment	399,589	417,688	437,533	407,335	412,106	499,510	523,349	598,638	645,291	721,991
Culture and recreation	3,642,848	4,039,713	4,044,280	4,096,914	6,979,543	8,040,035	7,057,479	8,329,576	10,018,717	10,125,697
Debt service:										
Principal	1,355,000	1,410,000	1,855,000	1,940,000	18,428,313	2,191,244	1,993,506	2,476,731	2,695,528	2,357,400
Interest and other charges	425,173	502,666	1,136,453	1,268,497	945,719	634,398	1,233,166	1,367,725	1,491,412	1,741,825
Capital outlay	4,173,312	9,769,916	26,217,979	8,143,846	2,491,551	3,303,915	3,507,097	1,336,417	5,162,956	10,267,919
Total expenditures	<u>67,080,790</u>	<u>75,760,639</u>	<u>99,148,063</u>	<u>83,537,496</u>	<u>105,019,692</u>	<u>93,380,827</u>	<u>103,762,945</u>	<u>120,119,815</u>	<u>140,194,087</u>	<u>135,745,890</u>
Excess (deficiency) of revenues over expenditures	(4,900,482)	(11,718,989)	(27,250,057)	(10,824,262)	(23,522,407)	(6,911,762)	(5,738,980)	(16,002,128)	(710,040)	(7,608,921)
OTHER FINANCING SOURCES (USES)										
Debt Issued	-	-	-	-	4,000,000	-	-	-	-	-
Debt proceeds	-	20,000,000	-	30,400,000	-	-	15,825,000	-	6,000,000	8,547,013
Principal repaymt.-current bond refunding	-	-	-	-	-	-	(11,060,000)	-	-	-
Transfers in	7,888,071	22,987,403	8,048,266	21,317,845	23,620,475	8,994,285	20,531,907	9,245,150	8,703,944	12,498,880
Transfers out	(3,171,758)	(18,540,742)	(2,987,258)	(20,848,649)	(19,982,066)	(4,331,488)	(15,573,285)	(5,263,950)	(4,423,214)	(12,149,817)
Total other financing sources (uses)	4,716,313	24,446,661	5,061,008	30,869,196	7,638,409	4,662,797	9,723,622	3,981,200	10,280,430	8,896,076
SPECIAL ITEMS:										
Proceeds from Sale of Land	-	-	-	-	1,567,519	-	-	-	-	-
Land & Building	-	-	-	-	492,617	-	-	-	-	-
Total Special Items	-	-	-	-	2,060,136	-	-	-	-	-
Net change in fund balances	<u>\$ (184,169)</u>	<u>\$ 12,727,672</u>	<u>\$ (22,189,049)</u>	<u>\$ 20,044,934</u>	<u>\$ (13,823,862)</u>	<u>\$ (2,248,965)</u>	<u>\$ 3,984,642</u>	<u>\$ (12,020,928)</u>	<u>\$ 9,570,390</u>	<u>\$ 1,287,155</u>

**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
1999	\$29,510,626	\$28,497,873	96.57%	-	\$28,497,873	96.57%
2000	\$30,510,626	\$29,565,385	96.90%	-	\$29,565,385	96.90%
2001	\$32,146,610	\$30,995,302	96.42%	-	\$30,995,302	96.42%
2002	\$38,147,651	\$36,809,810	96.49%	-	\$36,809,810	96.49%
2003	\$42,069,327	\$39,742,848	94.47%	\$222,862	\$39,965,710	95.00%
2004	\$50,591,645	\$47,423,035	93.74%	\$170,691	\$47,593,726	94.07%
2005	\$56,576,305	\$47,362,514	83.71%	\$231,212	\$47,593,726	84.12%
2006	\$66,217,669	\$61,399,559	92.72%	\$332,579	\$61,732,138	93.23%
2007	\$73,452,215	\$69,634,307	94.80%	\$95,957	\$69,730,264	94.93%

* Includes current taxes, delinquent taxes, penalties and interest.

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

FISCAL YEAR ENDED	ASSESSED VALUE (1)		
	REAL PROPERTY	PERSONAL PROPERTY	TOTAL ASSESSED VALUE *
1998	\$4,813,985,432	\$300,952,743	\$5,114,938,175
1999	\$5,001,848,334	\$298,784,625	\$5,300,832,759
2000	\$5,208,560,104	\$321,724,402	\$5,530,284,506
2001	\$5,475,511,376	\$318,230,048	\$5,793,741,424
2002	\$6,145,018,585	\$320,830,060	\$6,465,848,645
2003	\$6,769,267,008	\$336,684,311	\$7,105,951,319
2004	\$7,834,696,998	\$363,954,901	\$8,198,651,899
2005	\$8,911,902,974	\$346,181,099	\$9,258,084,073
2006	\$10,072,262,531	\$537,053,435	\$10,609,315,966
2007	\$11,383,139,491	\$348,009,820	\$11,731,149,311

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

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

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

FISCAL YEAR ENDED	CITY TAX RATES			TOTAL CITY MILLAGE	COUNTY MILLAGE	SCHOOL MILLAGE	STATE MILLAGE	TOTAL
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE					
1998	5.509	0.000	5.509	7.268	10.462	0.747	23.9860	
1999	5.500	0.000	5.500	7.194	10.160	0.744	23.5980	
2000	5.500	0.000	5.500	6.754	9.617	0.738	22.6090	
2001	5.841	0.000	5.841	6.716	9.376	0.736	22.6685	
2002	5.841	0.000	5.841	6.716	9.376	0.736	22.6685	
2003	5.841	0.000	5.841	6.765	9.252	0.735	22.5935	
2004	5.990	0.000	5.990	7.184	8.687	0.735	22.5960	
2005	6.150	0.000	6.150	7.069	8.438	0.074	22.3920	
2006	6.150	0.000	6.150	6.808	8.105	0.735	21.7988	
2007	6.150	0.000	6.808	6.808	6.105	0.735	19.7980	

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

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

TAXPAYER	2006			1997		
	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE	TAXABLE ASSESSED	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE
	VALUE		\$10,429,315,966	VALUE		\$4,445,423,382
Douglas Colonnade LLC	\$69,500,000	1	0.67	-	-	-
Merrick Park LLC	67,349,500	2	0.65	-	-	-
The Collection Properties LLC	45,208,000	3	0.43	-	-	-
355 Alhambra Plaa LTD	41,500,000	4	0.40	-	-	-
Coral Gables Associates	49,100,000	5	0.47	\$24,277,000	5	0.55
Crescent Alhambra LLC	36,900,000	6	0.35	-	-	-
121 Alhambra Tower LLC	34,200,000	7	0.33	-	-	-
Prisa Ponce de Leon, LLC	48,000,000	8	0.46	-	-	-
RREF America Reit II Corp Z	34,200,000	9	0.33	-	-	-
KPERS Rlty Holding #49 Inc	32,522,500	10	0.31	-	-	-
The Alhambra Joint Venture	-	-	-	62,584,044	1	1.41
Ibex Colonnade Group	-	-	-	32,067,674	2	0.72
Health South Doctor's Hospital	-	-	-	29,473,214	3	0.66
Douglas Entrance Holding LTP Par.	-	-	-	25,500,000	4	0.57
Capital Bank Tr.	-	-	-	21,956,391	6	0.49
Emanuel Edelstein & George Goldbloom	-	-	-	18,000,000	7	0.40
Blumberg & Alhambra Partners	-	-	-	17,500,000	8	0.39
Stanley S. Davidson (Cosake Corp.)	-	-	-	15,978,000	9	0.36
Coral Gables Hospital	-	-	-	14,781,927	10	0.33
Totals	<u>\$458,480,000</u>		<u>4.40</u>	<u>\$262,118,250</u>		<u>5.90</u>

Property assessed on January 1, 2006 for 2006-2007 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)
1998	\$654	\$643
1999	\$618	\$246
2000	\$426	\$395
2001	\$1,253	\$909
2002	\$595	\$497
2003	\$992	\$626
2004	\$996	\$1,101
2005	\$868	\$609
2006	\$1,436	\$797
2007	\$916	\$1,016

(1) Includes prepayments and foreclosures.

**TABLE 10
CITY OF CORAL GABLES, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
SEPTEMBER 30, 2007
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME *	PER CAPITA *
	SPECIAL OBLIGATION BONDS	CAPITAL LEASES	NOTES PAYABLE	PARKING SPECIAL OBLIGATION BONDS				
1998	\$ 9,725,000	\$ -	\$ 424,500	\$ -	8,995,000	\$ 19,144,500	1107%	\$ 459.94
1999	28,315,000	-	424,500	-	8,675,000	37,414,500	2163%	898.87
2000	26,460,000	-	424,500	-	8,340,000	35,224,500	1979%	861.23
2001	54,920,000	-	-	-	7,990,000	62,910,000	3084%	1,482.15
2002	40,491,687	-	-	-	7,620,000	48,111,687	2078%	1,135.86
2003	38,300,443	-	-	-	7,230,000	45,530,443	1967%	1,074.92
2004	41,071,937	-	-	-	20,240,000	61,311,937	2777%	1,433.69
2005	38,595,206	221,521	-	-	19,504,800	58,321,527	2591%	1,366.84
2006	41,899,678	144,757	-	-	18,657,800	60,702,235	2675%	1,419.57
2007	47,729,174	360,117	-	-	17,775,000	65,864,291	2886%	1,531.73

* 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
1998	\$ -	\$ -	\$ -	\$ 62,951	0%
1999	-	-	-	65,991	0%
2000	-	-	-	72,519	0%
2001	***	-	-	75,375	0%
2002	***	-	-	100,371	0%
2003	***	-	-	87,742	0%
2004	***	-	-	99,321	0%
2005	***	-	-	115,671	0%
2006	***	-	-	129,497	0%
2007	***	-	-	120,323	0%

***Due to adoption of GASB Statement No.34 the General Ledger 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, 2006
 (amounts expressed in thousands)

JURISDICTION	NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING	PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES	AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES
Dade County, Florida			
General Obligation Bonds	\$427,236		
Less Sinking Fund Reserve	<u>25,000</u>	5.0%	<u>\$23,611</u>
TOTAL NET GENERAL OBLIGATION DEBT	<u>\$472,211</u>		<u>\$23,611</u>

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

*The City has no legal debt requirement.

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

FISCAL YEAR	(1) POPULATION	PERSONAL INCOME	(1) PER CAPITA INCOME	(1) MEDIAN AGE	(2) SCHOOL ENROLLMENT	(3) UNEMPLOYMENT RATE
1998	41,624 *	\$1,729,352	\$41,547	40.0	9,146	3.4%
1999	41,624 *	1,729,352	\$41,547	40.0	10,032	3.1%
2000	40,900 *	1,779,559	\$43,510	41.6	10,749	2.9%
2001	42,445 *	2,039,737	\$48,056	42.0	10,242	3.0%
2002	42,357 *	2,314,768	\$54,649	38.7	10,374	4.2%
2003	42,357 *	2,314,768	\$54,649	38.7	10,704	3.7%
2004	42,765 *	2,207,700	\$51,622	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	\$23,071	39.5	9,354	2.4%

DATA SOURCES

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

* Bureau of Economic and Business Research, University of Florida

(2) School District - Public and Private School

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

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

FISCAL YEAR ENDED	GENERAL PROPERTY TAXES(1)	FRANCHISE TAXES	UTILITIES SERVICES TAXES	TOTAL TAXES
1997	\$25,030	\$3,760	\$7,113	\$37,900
1998	\$27,310	\$4,526	\$7,349	\$41,183
1999	\$28,594	\$3,876	\$7,463	\$41,932
2000	\$29,454	\$3,805	\$7,632	\$42,891
2001	\$30,865	\$4,941	\$7,783	\$45,590
2002	\$36,645	\$4,196	\$9,437	\$52,280
2003	\$40,078	\$4,634	\$9,658	\$56,373
2004	\$47,969	\$5,496	\$9,541	\$65,010
2005	\$53,467	\$5,487	\$9,594	\$70,553
2006	\$64,587	\$6,691	\$9,939	\$81,217
2007	\$69,730	\$7,284	\$10,187	\$87,201

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

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

<u>Employers</u>	<u>Employees</u> 2007	<u>Employees</u> 1997
University of Miami	4,005	4,005
Bayview Financial Training	900	-
City of Coral Gables	835	850
Doctors Hospital Baptist Hospital	825	900
Dade County Public Schools	737	737
The Biltmore Hotel	620	600
Coral Gables Hospital	598	598
Baptist Health South Florida	570	190
Del Monte Fresh Produce	313	150
ExxonMobil Inter-America	300	130
Banco Mercantil Venezuela	280	250
Spillis Candela DMJM	260	150
Bill Ussery Motor	250	-
Gables Engineering, Inc.	230	200
Adorno & Yoss LLP	225	-
Kindred Hosptal S. Fla.C.Gables	217	-
Commercebank	206	-
IBM Corporation	200	-
Regions Bank	193	-
International Bank of Miami	186	-

TABLE 15
CITY OF CORAL GABLES
POSITION CONTROL
FULL TIME POSITIONS
TWO YEAR COMPARISON

FUNCTION / PROGRAM	2006	2007
City Commission	6	7
City Attorney	4	4
City Clerk	4	5
City Manager	11	11
Human Resources	11	12
Building and Zoning	56	56
Planning	5	5
Historic Resources	5	5
Public Works	74	76
Finance	30	30
Information Technology	10	10
Public Service	116	115
Automotive	30	29
Police	258	254
Fire	143	146
Parks & Recreation	33	32
Development	5	5
Parking	32	33

Note - Historical Data for 10 years will be displaced as it becomes available.

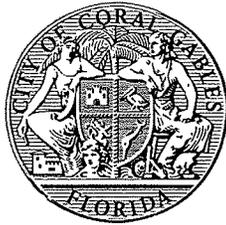
TABLE 16
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety:										
Police:										
Physical arrests	797	901	901	1,057	1,021	973	902	925	1,012	1,173
Traffic Violations	14,298	13,524	18,712	18,461	19,296	20,985	22,055	22,758	23,198	27,556
Parking violations	104,378	99,309	91,503	93,714	94,031	156,151	151,269	119,156	114,614	114,924
Fire:										
Emergency response	5,114	4,957	5,092	6,236	6,267	6,650	8,978	8,347	7,453	7453
Fire Inspections conducted	1,100	1,876	1,350	1,938	3,250	4,000	4,200	6,200	6,604	6604
General Government:										
Tax Rates										
Utility Services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Water	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication Service	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Gas	10	10	10	10	10	10	10	10	10%	10%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Gas	7%	7%	7%	7%	7%	7%	7.5%	7.5%	7.5%	7.5%
Cable Television	5%	5%	5%	5%	5%	5%	5%	5.0%	5%	5%

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

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government:										
<i>Area</i>										
Land (sq. miles)	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25
Water (sq. miles)	0	0	0	0	0	0	0	0	0	0
<i>Infrastructure</i>										
Paved streets	228	228	228	228	228	228	228	228	228	228
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:										
<i>Fire</i>										
Stations	3	3	3	3	3	3	3	3	3	3
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation:										
<i>Recreation</i>										
Public beach (miles)	0	0	0	0	0	0	0	0	0	0
Municipal parks	14	14	14	14	14	14	14	14	14	14
Municipal swimming pool	1	1	1	1	1	1	1	1	1	1
36-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
19-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
Recreational areas (acres)	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Recreation centers	1	1	1	1	1	1	1	1	1	1
<i>Municipal Water System</i>										
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
<i>Municipal Sewer System</i>										
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

Sources: Various City Departments



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II. Compliance and Internal Controls

McGladrey & Pullen

Certified Public Accountants

City of Coral Gables, Florida

Single Audit Reports in Accordance with
the Florida Single Audit Act and Management Letter
in Accordance with the *Rules of the Auditor General* of the
State of Florida
Year Ended September 30, 2007

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City of Coral Gables, Florida

Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2007

State Agency, Pass-Through Entity State Project	CSFA No.	Contract/ Grant No.	Total Expenditures
State of Florida:			
Florida Department of Environmental Protection –			
Land and Water Conservation	37.017	LWCF Project#12-00400	\$ 4,091
Florida Recreation Development Assistance Program –			
Sunrise Park	37.017	FRDAP Project No.A08007	21,200
Florida Recreation Development Assistance Program –			
Salvadore Park	37.017	FRDAP Project No.A08010	10,600
South Florida Water Management Coral Gables Phase I			
Citywide Stormwater Drainage Improvements	37.039	OT050646	500,000
Total Florida Department of Environmental Protection			<u>535,891</u>
Florida Department of Health –			
EMS Grant	64.003	M6049	150,047
Total Florida Department of Health			<u>150,047</u>
Florida Department of Historical Resources –			
Historical Restoration and Rehabilitation – DeSoto Fountain	45.032	S3013	249,251
Historical Restoration and Rehabilitation – Historic District	45.032	F0601	20,000
Historical Restoration and Rehabilitation – Old Police and Fire Station	45.032	SC530	16,294
Total Florida Department of Historical Resources			<u>285,545</u>
Florida Department of Transportation –			
New Starts Match	55.017	AN656, A0090	269,408
Total Florida Department of Transportation			<u>269,408</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,240,891</u>

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance.

City of Coral Gables, Florida

**Notes to Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2007**

Note 1. General

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") presents the activity of all state projects of the City of Coral Gables, Florida (the "City") for the year ended September 30, 2007. All state financial assistance received directly from state agencies, as well as state awards passed through other government agencies are included in the accompanying Schedule. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of State Financial Assistance 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 Chapter 10.550, *Rules of the Auditor General*.

McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City") as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items IC 2007-01 to IC 2007-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item IC 2007-01 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the City in a separate letter dated July 31, 2008.

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

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

McGladrey & Pullen, LLP

Miami-Dade County, Florida
July 31, 2008

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable to Each
Major State Project and on Internal
Control Over Compliance in Accordance With
Chapter 10.550, *Rules of the Auditor General*
and on the Schedule of Expenditures of State
Financial Assistance**

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

Compliance

We have audited the compliance of the City of Coral Gables, Florida (the "City") with the types of compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to each of its major state projects for the year ended September 30, 2007. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major state projects for the year ended September 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General* and which are described in the accompanying schedule of findings and questioned costs as items CF 2007-01 to CF 2007-04.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items IC 2007-03 to IC 2007-05 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state project will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on them.

Schedule of Expenditures of State Financial Assistance

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, 2007, and have issued our report thereon dated July 31, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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

McGladrey & Pullen, LLP

Miami-Dade County, Florida
July 31, 2008

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2007

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

State Financial Assistance

Internal control over major projects:

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

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

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*?

	<u> X </u>	Yes	<u> </u>	No
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Identification of major projects:

The projects tested as major included the following:

<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
37.039	Citywide Stormwater Drainage Improvements
45.032	Historical Restoration and Rehabilitation
55.017	New Starts Match

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

The City of Coral Gables, Florida

**Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007**

II – Financial Statements Findings

A. Internal Control

IC 2007-01 – Financial Accounting and Reporting

Criteria: The City should have internal control policies and procedures in place to provide reasonable assurance that all accounting transactions have been properly recorded. As part of this system, there should be monthly review and analysis of account balances and transactions to ensure that everything is being processed accurately.

Condition: During the year under audit, the City implemented a new accounting and reporting system. Initial indications were that the system was working properly, however it was subsequently determined that there were errors in the coding of transactions within the new system which were not detected during the implementation process or subsequently during the fiscal year. These errors were noted during the year end close and audit which found the following:

- a) Account balances were noted which did not have any new activity recorded in them. These items were analyzed at year end and correcting entries were required to correct the balances of these accounts.
- b) Several asset and expense accounts had credit balances and liability and revenue accounts had debit balances. These accounts were identified during the audit and were subsequently corrected.
- c) Some transactions were not recorded in the proper fund during the year and were subsequently corrected in the accounting records.
- d) There is inadequate cross-training among accounting and finance staff on the process and preparation of the yearly comprehensive annual financial report ("CAFR"). Key finance staff involved in the preparation of the annual financial report also was responsible for assisting with identifying and correcting the system errors which resulted in delays in the preparation of the final comprehensive annual financial report for 2007.

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

Effect: A significant amount of time and effort was spent by the City in analyzing and adjusting accounts and balances and numerous adjusting entries were proposed and included as part of the audit process, which could have been minimized, to a certain extent, had there been monthly analysis, review, and reconciliation of significant accounts and activities throughout the year.

Cause: The above noted issues revolved primarily around errors in the implementation of the new accounting software which were not previously detected. There was some miscoding within the various revenue and expenditure accounts and interfaces which resulted in posting errors between the payroll module and general ledger module. The City does not have a formal process to review significant accounts and activity on a monthly basis. The implementation of the new system caused these errors which is a common issue when dealing with major system changes and integration however the lack of an effective monitoring system allowed these errors to go undetected for an extended period of time.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

Recommendation: We recommend that the City review its present policies and procedures over accounting and reporting and implement additional procedures which may include but not be limited to the following:

Preparation of quarterly financial statements, and monthly analysis and reconciliation of significant account balances and review of transactions recorded in the general ledger.

Provide cross-training among accounting and finance staff on the process and preparation of the yearly CAFR so that sections and areas of the CAFR may be distributed among staff to make the entire process efficient and completed in a shorter amount of time.

Provide timely training and continuing education to accounting and finance staff to keep them updated with changes in government accounting standards.

View of responsible officials and planned corrective action: The Finance Department will provide the accounting staff with continuous education in all sections of the CAFR and cross-training accountants will each be responsible to reconcile and produce statements of different sections of the City's financials. Activity will be reconciled on a monthly or quarterly basis as deemed appropriate based on the level of activity and nature of the transactions.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

IC 2007-02 – Risk Management Actuarial Valuation Process and Reporting

Criteria: The design of internal control and related policies and procedures should provide for sufficient oversight and subsequent review for reasonableness of work performed by any external specialists hired by the City to assist in establishing the liability for self insured claims. Also the City is responsible for the completeness and accuracy of all information provided to a specialist hired to provide assistance.

Condition: We noted that there is no policy in place which requires a detailed review by management of the actuarial results and reports on estimated liability for self insured claims provided by the actuary on behalf of the City. Also, the City does not have its finance department and risk management division reconcile and verify the information provided to the actuary for use in their analysis. This information is provided by the City's third-party claims administrator and other historical information used by the actuary in previous years. As part of our test of self-insurance accounts of the City, we noted differences in the amount of claims paid in fiscal year 2007 reported in the actuarial report and City's general ledger. Upon inquiry with management, it was noted that there was no reconciliation of this amount and some information in the actuarial report was not updated. Revised information was provided to the actuary after review by management and the actuarial study was re-performed. The revised actuarial report resulted in additional estimated liability for self insured claims of \$808,000. In addition, the actuary relies on the City to verify the integrity of all information it is provided.

Context: Systemic

Effect: Lack of review and reconciliation of information provided to the actuary may result in the use of incomplete and inaccurate information by the actuary which in turn affects the reliability of estimates provided by the actuary and amounts recognized in the financial statements for reserve for liability for claims and judgment.

Cause: The City has not established a formal policy and procedure on the review of actuary results and verification by finance department and risk management division of information provided to the actuary.

Recommendation: Risk management and finance departments should thoroughly review the results of the actuary's report for completeness and accuracy before updating the City's financial records. A formal procedure should be established to review and verify that information provided to the outside specialist is consistent with the City's records.

View of responsible officials and planned corrective action: The Finance Department, Accounting Staff along with the City's Risk Administrator has met with the Actuary to plan the annual valuation report of the fiscal year ending September 30, 2008. The Finance Accounting Staff will verify information provided to the actuary is consistent with City records.

B. Compliance

None noted.

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

III –State Financial Assistance Findings and Questioned Costs

A. Internal Control over Compliance

IC 2007-03 – Grants Management

Criteria: Policies and procedures should be in place and complied with to improve the coordination between the City's Finance Department and the specific department directly administering the grant programs.

Condition: Different departments directly administer several projects related to the City's grant programs. During the audit, we noted that there is no regular communication between the Finance Department and those departments on the progress of the projects and compliance with grant requirements, use of proper fund and general ledger accounts and receipt of fund reimbursements. Due to this condition, there were instances of late submission or no submission at all, of reimbursement requests for expenditures incurred on the projects during the fiscal year, and there were inconsistencies in the use of revenue and expenditure account codes and information maintained by the grant accountant for preparation of the schedule of expenditures of state financial assistance.

Context: We performed inquiry and verification from accounting records and documents such as contracts and agreements to ensure the completeness of grant programs and expenditures included in the preliminary schedule of expenditures of state projects. We have noted that one (1) state project passed through the South Florida Water Management District had not been included on the preliminary schedule and expenditure amounts of several programs were revised based on further verification from departments administering the grants.

Effect: Lack of effective and regular coordination between the City's departments involved in grant programs may result in noncompliance with grant requirements, disallowance of program expenditures and potential untimely recognition in the accounting records of financial transactions related to the program.

Cause: Departments directly administering the grant and the Finance Department failed to communicate in managing the financial and programmatic aspects of grant programs.

Recommendation: We recommend that the design of the control structure and existing policies and procedures be reviewed as they relate to the coordination between the City's Finance Department and specific departments directly administering grant programs to ensure that grants programmatic and fiscal requirements are complied with.

View of responsible officials and planned corrective action: The Finance Department with the assistance of the City Manager's office will coordinate with the specific departments directly administering grant programs to ensure grant compliance.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

IC 2007-04 – Summary Schedule of Prior Audit Findings and Corrective Action Plan

Criteria: The City should have adequate internal control policies and procedures in place to provide reasonable assurance that the City is in compliance with OMB Circular A-133, Subpart C (300)(f) which requires that the auditee should follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings shall report the status of all audit findings included in the prior audit's schedule of findings and questioned costs.

Condition: The City failed to prepare the summary schedule of prior audit findings and corrective action plan for the fiscal year 2006 audit findings.

Context: We requested the summary schedule of prior audit findings and corrective action plan to obtain an understanding on the status of all audit findings included in the prior audit's schedule of findings and questioned costs.

Effect: Absence of this schedule precludes management from effectively monitoring the status of all findings reported in prior year and appropriate action taken to address them.

Cause: The City does not have a specific policy in place to ensure that the summary schedule is prepared when there are prior year audit findings.

Recommendation: We recommend that the City adopt a formal policy and procedure on the preparation of summary schedule of prior audit findings and corrective action plan and monitoring the status of findings reported therein.

View of responsible officials and planned corrective action: The Finance Department will prepare a summary schedule of prior audit findings and corrective action plan to address them. We will also establish a procedure to ensure that the schedule is prepared in a timely manner in future years. Since the individual departments are responsible for maintaining compliance with the grant requirements, this procedure will include ensuring that the responsible departments who are handling the specific grant with a finding perform the corrective actions and notify finance when the corrective action has occurred.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

IC 2007-05 – Allowable Costs

Florida Department of Environmental Protection - Water Resource Management (CSFA No. 37.039)

Criteria: The City's internal control policies and procedures require that invoices are reviewed and approved by the project manager and department head prior to payment processing by the Accounts Payable department.

Condition: We noted two (2) invoices out of five (5) selected for testing related to expenditures of water resource management grant programs did not have evidence of proper approval for payment by the program manager and department head. However the expenditures were for allowable activities so there was no compliance issue noted.

Context: We reviewed all five expenditure transactions for this program for the current year noting two without proper approval.

Effect: Failure to comply with internal control policies and procedures may result in payment by the City for expenditures that are not allowable under the grant program.

Cause: The condition resulted from failure to comply with the City's internal control policies and procedures.

Recommendation: We recommend that the City review these transactions and review their policies and procedures to ensure that all approvals are obtained and verified by accounts payable before they process payments for future activities.

View of responsible officials and planned corrective action: The Finance Department Policies and Procedures have been reviewed by the Accounts Payable Staff to reinforce adherence that all invoices are reviewed and approved by the Project Manager and department head prior to payments.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

B. Compliance Findings

CF 2007-01 – Reporting

State of Florida Department of Transportation – New Starts Match (CSFA No. 55.017)

Criteria: Under the New Starts Match grant the City is required to submit quarterly progress reports within a reasonable time after each period and invoice for reimbursement on the projects no later than 120 days after the period of services covered by said invoices. The City has an internal control policy that places responsibility for maintaining compliance with all applicable compliance requirements of the program with the department that is receiving the grant funding.

Condition: We noted that the individual department responsible for this grant program failed to comply with the grant requirement to submit within a reasonable time the quarterly progress report on the projects for the period April to June 2006 and failed to submit an invoice for reimbursement of expenses on the projects no later than 120 days after the period of services covered by said invoices.

Questioned costs: N/A

Context: Systemic

Effect: Failure to comply with grant requirements may result in nonpayment by the State of project expenditures.

Cause: The individual department failed to submit the reports in a timely manner.

Recommendation: We recommend that the City meet with all the departments receiving grant funding and reinforce the need for them to monitor and maintain compliance with all applicable grant requirements as per City policy. We also recommend the City communicate with the granting agency to provide reasonable assurance that they are meeting all appropriate reporting deadlines.

View of responsible officials and planned corrective action: The Finance Department's Policies and Procedures on Grant guidelines will be distributed and reviewed by all City departments that receive grants to ensure timely reporting and compliance.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

CF 2007-02 – Reporting

Florida Department of Environmental Protection - Water Resource Management (CSFA No. 37.039)

Criteria: The City is required to submit quarterly reports to the South Florida Water Management District. The City has an internal control policy that places responsibility for maintaining compliance with all applicable compliance requirements of the program with the department that is receiving the grant funding.

Condition: The individual department responsible for this grant program failed to submit quarterly reports to the South Florida Water Management District.

Questioned costs: N/A

Context: Systemic

Effect: Failure to comply with grant requirements may result in nonpayment by the grantor of project expenditures.

Cause: Management represented that due to staffing constraints, quarterly reports were not prepared and submitted to the South Florida Water Management District.

Recommendation: We recommend that the City meet with all the departments receiving grant funding and reinforce the need for them to monitor and maintain compliance with all applicable grant requirements as per City policy. We also recommend the City communicate with the granting agency to provide reasonable assurance that they are meeting all appropriate reporting deadlines.

View of responsible officials and planned corrective action: The Finance Department's Policies and Procedures on Grant guidelines will be distributed and reviewed by all City departments that receive grants to ensure timely reporting and compliance.

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2007

CF 2007-03 – Reporting

Florida Department of Historical Resources – Historical Restoration and Rehabilitation (CSFA No. 45.032)

Criteria: The City is required to submit project progress and expenditures reports every six months to the grantor agency. The City has an internal control policy that places responsibility for maintaining compliance with all applicable compliance requirements of the program with the department that is receiving the grant funding.

Condition: The individual department responsible for this grant program failed to submit to the grantor agency the project progress and expenditures report for the period ended December 31, 2006 related to the De Soto Fountain grant program and no project progress and expenditure report was submitted related to the Old Police and Fire Station grant program

Questioned costs: N/A

Context: Systemic

Effect: Failure to comply with grant requirements may result in nonpayment by the grantor of project expenditures.

Cause: Management represented that project progress and expenditure reports were not submitted for the period since there was no activity to be reported.

Recommendation: We recommend the City seek clarification from the granting agency as to whether the reports must be filed when there is no activity. In addition, the City should meet with all the departments receiving grant funding and reinforce the need for them to monitor and maintain compliance with all applicable grant requirements as per City policy.

View of responsible officials and planned corrective action: The Finance Department's Policies and Procedures on Grant guidelines will be distributed and reviewed by all City departments that receive grants to ensure timely reporting and compliance.

CF 2007-04 – Summary Schedule of Prior Audit Findings and Corrective Action Plan

See IC 2007-04

View of responsible officials and planned corrective action: The Finance Department will prepare a summary schedule of prior audit findings and corrective action plan to address them.

City of Coral Gables, Florida

Summary Schedule of Prior Audit Findings
Fiscal Year Ended September 30, 2007

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

A. Internal Control

RC 2006-01 – Financial Accounting and Reporting

Current Year's Status: Findings were not corrected. There was a similar finding noted in the current year's audit. See item IC 2007-01.

B. Compliance Findings

CF 2005-01 – Budget Compliance

Current Year's Status: Findings were not corrected. There was a similar finding noted in the current year's audit. See item ML 2007-05.

II – Findings and Questioned Costs for State Financial Assistance Projects

Internal Control and Compliance Finding

IC 2006-02 – Reporting and Special Test and Provision

State of Florida Department of Transportation – New Starts Match (CSFA No. 55.017)

Current Year's Status: Findings were partially corrected. The special tests and provisions matter was addressed and an internal control policy was established for reporting. However, we noted that the reporting was not done timely again in 2007. See item CF 2007-01.

CF 2006-01 – Reporting

State of Florida Department of Transportation – New Starts Match (CSFA No. 55.017)

Current Year's Status: Findings were not corrected. There was a similar finding noted in the current year's audit. See item CF 2007-01.

CF 2006-02 – Special Tests and Provisions

State of Florida Department of Transportation – New Starts Match (CSFA No. 55.017)

Current Year's Status: Corrective action has been taken.

McGladrey & Pullen

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City") as of and for the fiscal year ended September 30, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2008.

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 the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*. We have issued our Independent Auditor's Report on Internal Control Over Financing Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Auditor's Report on Compliance with Requirements Applicable to each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports dated July 31, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

The Rules of the Auditor General (Section 10.554(1)(i) 1.) requires that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Recommendations made in the preceding annual financial audit report have been addressed in Appendix B to this report.

The Rules of the Auditor General (Section 10.554(1)(i)2.), 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.

The Rules of the Auditor General (Section 10.554(1)(i)3.) requires that we address in the management letter any findings and recommendations to improve the City's financial management, accounting procedures, and internal controls. Recommendations to improve the City's financial management, accounting procedures, and internal controls are reported in Appendix A to this report.

The Rules of the Auditor General (Section 10.554(1)(i)4.) requires disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs whether there were violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There were no such matters noted during our audit.

The Rules of the Auditor General (Section 10.554(1)(i)5.) requires disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred; (2) improper expenditures or illegal acts; and (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (6) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

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

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.a.), a statement must 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.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the City for the fiscal year ended September 30, 2007, 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, 2007.

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

This management letter is intended solely for the information of the City Commission, and management of the City, Federal and State awarding agencies, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
July 31, 2008

City of Coral Gables, Florida

Appendix A – Current Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls
Fiscal Year Ended September 30, 2007

No.	Current Year's Observations
ML 07-01	IT Access to Payroll and Human Resource Modules
ML 07-02	Physical Access to the Server Room
ML 07-03	Security Management Processes
ML 07-04	Loan Reporting Compliance
ML 07-05	Budget Compliance

**Appendix A – Current Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2007**

CURRENT YEAR’S COMMENTS AND RECOMMENDATIONS

ML 07-01 – Access to Payroll and Human Resource Modules

Criteria: Logical security access restrictions are in place to prevent unauthorized access to edit employee and payroll master data. Only authorized individuals within each department should have access to edit Payroll or Human Resource (HR) master data, with no user being allowed to perform both functions.

Condition: Inappropriate segregation of duties and access levels exist within the HR and Payroll modules in the financial application. Twelve (12) out of 409 users were identified as having “full access” to both the HR and Payroll modules in the financial application

Context: We have obtained from the City the access and user listing reports for both payroll and HR and performed inquiry and confirmation from management and noted employees with full access to both modules.

Effect: This could lead to either unauthorized access to employee and payroll master data and/or unintentional changes to employee records.

Cause: Improper setup of initial user access permissions and the lack of a process to review user access permissions on a regular basis.

Recommendation: The City should perform a review of access levels within Eden, specifically to the HR and Payroll modules to ensure that users who can create and/or edit employee information cannot edit payroll information. Similarly, users with access to edit payroll data should not have access to edit employee records. In cases where there is limited staff, the city should consider employing a monitoring control to ensure that changes to employee records and payroll data are approved and valid.

View of responsible officials and planned corrective action: The information technology department will perform a review of the access levels primarily to the Eden modules of Payroll and Human Resources to ensure controls over protection of data.

**Appendix A – Current Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2007**

ML 07-02 – Physical Access to Server Room

Criteria: Physical Security access restrictions are in place to prevent unauthorized access, damage and interference to IT services and to prevent loss, damage or compromise of assets and interruption to business activities.

Condition: Unnecessary physical traffic is allowed through the server room.

Context: Physical security controls are in place to limit access to computing facilities and communications equipment to only authorized personnel however the equipment room is used as a “cut through” to access other areas.

Effect: This activity could lead to unintentional physical damage and interference to IT services to the cities IT resources.

Cause: Prior to the creation of the new IT Department, this computing facility was used by the Police and Public Works Departments. As such, certain applications specific equipment were installed and used by these departments in this room and physical access was required by their staff. Most of the specific equipment have been retired and or relocated recently. The badge reader system to this location will require an update to restrict the access to this facility accordingly.

Recommendation: The city should consider reducing the amount of “cut through” traffic through the data center

View of responsible officials and planned corrective action: The IT Department will submit a request to the Public Works and Police Departments to update the security badge readers to eliminate the “cut through” traffic.

**Appendix A – Current Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2007**

ML 07-03 – Security Management Processes

Criteria: CobiT® Control Object DS 5-Ensure a system security framework is maintained to provide adequate control and security of information.

Condition: Security management processes are not adequately documented to address 3rd party access, periodic security training, and end user application security.

Context: Interviews with key Information Systems personnel disclosed that the City has established processes for security, not all processes are documented:

- Security policies do not address third-party access requirements
- Periodic user security training
- End user application security

Effect: Undocumented policies/procedures do not provide accurate, understandable and approved procedures and guidelines to the workforce.

Cause: Various computer applications and networks were acquired and maintained by various departments prior to the creation of the new IT Department. In order to upgrade and provide a new ERP system for the City to enhance its services, the IT Department has been tasked to build an enterprise network and computer system to replace the different antiquated legacy systems. The IT Department is in process of completing the implementation of this project and the SOP including the security management process will be developed.

Recommendation: The city should consider accelerating the development of documented security procedures including 3rd party access, periodic security training, and end user application security.

View of responsible officials and planned corrective action: The IT Department will expedite the completion of the security procedure document to include 3rd party access, provide periodic security training sessions and end user applications security.

City of Coral Gables, Florida

**Appendix A – Current Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2007**

ML 07-04 – Loan Reporting Compliance

Criteria: The City’s bond agreements require the following reports to be submitted by the City to the financing commission:

- a) Not later than 180 days after the end of each fiscal year, the City will submit to the Commission, the credit facility provider and the bank the following information: audited financial reports of the City, updated audited annual financial reports, a copy of the adopted budget for the current fiscal year, summaries of the project status and expenditures and such other information as any of them may reasonably requests.
- b) Not later than 120 days after the end of each fiscal year, the City will provide information to the Commission, the credit facility provider and the bank a certificate of the Chief Financial Officer of the City setting forth with respect to said fiscal year the following: (a) the amount of non-ad valorem revenues available to satisfy payments required under the loan agreement and all other debt service payable from said non ad valorem revenues; and (b) the payments under the loan agreement and all other debt payable from non-ad valorem revenues.
- c) The City shall not later than May 1 of each year provide to nationally recognized municipal securities information repositories and to the Commission an annual report.

Condition: During our audit, we noted that these reports were not submitted to the appropriate party within the time restrictions and the City has not obtained extensions of the deadlines nor waiver from the commission.

Context: We performed audit procedures to test the City’s compliance with bond covenants. During this testing we determined the City was not in compliance.

Effect: Noncompliance with loan requirements allows the financing commission to take actions as may be necessary and appropriate to cause the City to comply in accordance with the provisions of the loan agreements.

Cause: The City’s financial report was not completed in a timely manner in order to submit the required information by the deadlines nor did the City file for an extension.

Recommendation: The City should develop specific time frames and milestones for tasks to be completed in order to have the financial statements and other required reports completed and submitted to the appropriate parties prior to the deadlines.

View of responsible officials and planned corrective action: The City of Coral Gables did not receive a notice of noncompliance from the Sunshine State Governmental Financing Commission. The Finance Department will ensure timely reporting.

City of Coral Gables, Florida

**Appendix A – Current Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2007**

ML 2007-05 – Budget Compliance

Criteria: Pursuant to Section 166.241 (2), Florida Statutes, the budget must regulate expenditures of the municipality, and it is unlawful for any officer of a municipal government to expend or contract for expenditures in excess of budgeted appropriations.

Condition: For the fiscal year ended September 30, 2007 General Fund expenditures exceeded legal appropriations by \$195,970 which relate primarily to public safety.

Context: During our budget to actual analysis, we noted that General Fund expenditures exceeded the total legal appropriations for the general fund by \$195,970; however the amount was offset by revenue in excess of budget of approximately \$1.4 million. .

Effect: The City is in violation of Section 166.241 (2), of the Florida Statutes.

Cause: There were additional expenditures which were accrued as of September 30, 2007 after the amended budget was finalized and approved by the City Commission. These additional expenditures were due in part to the errors caused by the new system implementation.

Recommendation: We recommend that the City improve their financial reporting process in order to obtain a more accurate basis of actual revenue and expenditures for budgetary purposes and ensure legal compliance as required by statute.

View of responsible officials and planned corrective action: Management concurs with the auditors finding, however due to the surplus of revenue an amendment of the budget for fiscal year 2007 is not deemed necessary. Management will review its current procedures to ensure that this issue does not occur in future years.

City of Coral Gables, Florida

Appendix B – Status of Prior Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls
Fiscal Year Ended September 30, 2007

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 06-01	Grants Management	X	
ML 05-04	Internal Service Fund	X	

**Appendix B – Status of Prior Year’s Recommendations to Improve Financial Management,
Accounting Procedures and Internal Controls (Continued)
Fiscal Year Ended September 30, 2007**

ML 2006-01 – Grants Management

Current Year’s Status: Findings were not corrected. There was a similar finding noted in the current year’s audit. See item IC 2007-03 in the Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control Over Compliance in Accordance With Chapter 10.550, Rules of the Auditor General report.

ML 05-04 – Internal Service Fund

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

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

Context: Systemic

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

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

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

Current year status: We noted that the insurance fund has been operating at a loss for the past three (3) years. As of September 30, 2007, the insurance fund’s net deficit was \$2,160,553 which was reduced from prior years but still a significant deficit. The public facilities fund still has a net deficit of \$726,627 as of September 30, 2007. In addition, the motor pool fund has been operating at a loss for the past two (2) years, however, net asset balance was \$6,408,476 as of September 30, 2007.

Recommendation: Although progress has been made with two of the internal service funds, the City should review fees charged to user departments and/or assess whether each of these activities still qualifies to operate as an internal service fund.

View of responsible officials and planned corrective action: The City will review fees charged to user departments for services received from internal service funds to ensure adequate funding is appropriated through the budget process.