

**City of Coral Gables, Florida  
Comprehensive Annual  
Financial Report**

**Fiscal Year Ended  
September 30, 2011**

ON THE COVER:

**Country Club Prado Entrance**

The Country Club Prado Entrance, built between 1924 and 1927, is the gateway to the grandest residential boulevard in Coral Gables, Country Club Prado. This two hundred and forty foot wide one and one-half mile long oak-lined parkway was designed by Denman Fink, uncle of City Founder George Merrick, and landscape architect Frank Button.

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the  
FISCAL YEAR ENDED  
September 30, 2011



*"The City Beautiful"*

Prepared by  
FINANCE DEPARTMENT

# CITY OF CORAL GABLES, FLORIDA

*COMMISSION - MANAGER FORM OF GOVERNMENT*

## CITY COMMISSION

JIM CASON, *MAYOR*

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

## CITY MANAGER

Patrick G. Salerno

## FINANCE DIRECTOR

DIANA M. GOMEZ, C.P.A.

## ASSISTANT FINANCE DIRECTOR

ADOLFO E. SANORES

# Introductory Section

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CERTIFICATE OF ACHIEVEMENT

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## The City of Coral Gables

### *Finance Department*

CITY HALL 405 BILTMORE WAY  
CORAL GABLES, FLORIDA 33134

March 30, 2012

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, 2011, 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 accounting principles generally accepted in the United States of America ("GAAP"). Because the cost of internal control should not exceed the benefits likely to be derived, the City's internal controls are designed to provide reasonable assurance that these objectives are met.

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

### **ECONOMIC CONDITION AND OUTLOOK**

The City has a residential population of 46,780 and encompasses 12.92 square miles southwest of Miami in Miami-Dade County, Florida. Since its incorporation in 1925, it has been considered one of South Florida's premier residential communities. The City experienced a decrease in total property value and new construction in 2011 along with the rest of the Country and South Florida who also realized significant decreases in property value.

The City has more than 10.7 million square feet of office space and has developed into an international center of commerce serving as divisional headquarters for 155 multinational companies and 26 consulates and trade offices. The University of Miami, the largest private employer in Coral Gables, instructs over 16,050 students and employs over 13,050 full-time faculty and staff.

The City is working towards improving its economic condition.

## MAJOR INITIATIVES

**For the Year.** The City's 2010-2011 Annual Budget included funding of approximately \$800,000 for Roadway Improvement Program, \$1,325,000 for Public Safety Building improvements/repairs and \$280,000 for necessary repairs to other City buildings, \$225,000 for Miracle Mile Marquee Improvements and \$200,000 for Radio Shop Relocation.

The Stormwater Fund included funding of \$200,000 representing the annual stormwater utility improvement program to maintain utility's infrastructure.

The Sanitary Sewer Fund included funding of \$1,400,000 to replace sanitary sewer lines and lift stations.

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

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

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

- Currently adequate, but historically inconsistent, financial operations; and
- Low to moderate debt burden.

**Long Term Financial Planning.** The City Commission adopted an annual budget for Fiscal Year 2010-2011 with the primary goal of striving to maintain the delivery of services such as public safety, Fire and Emergency Medical Response, Residential Garbage and Trash Collection, Parks and Recreation and preservation of the City's historic character through Planning, Zoning and Code Enforcement that this City has always provided to the commercial and residential community.

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

The City has planned on a \$8.5 million City-wide capital improvement program for 2011-2012. The City has reorganized departments to deliver essential services in the most efficient and effective manner.

## FINANCIAL INFORMATION

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

The City has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition. This standard provides clearer definitions for the various components of fund balance for all Governmental Funds, thereby having a significant impact on the current period's financial statements.

**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, 2011, the City had \$79,300,000 of special obligation debt outstanding. The City continues to obtain, in an efficient and innovative manner, long-term financing for the construction or acquisition of various long-term assets. The City's objective is to adequately plan and meet the City's comprehensive construction demands for essential capital improvements and equipment, and, at the same time, ensure that the residents of the City are not over burdened with general obligation long-term debt payable from ad valorem taxes.

**Cash Management Policies and Practices.** In order to achieve maximum financial return on all available funds, the Finance Department pursues a cash management and investment program within the constraints imposed by Florida Statutes. 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 \$68,035 on all such investments for the year ended September 30, 2011. For purposes of maximizing the interest earning yield on short-term investments, cash balances of all funds are pooled. The primary objective of the City is preservation of capital. Investment income reported in these financial statements includes the adjustment to the fair value of the investments. Increases or decreases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts.

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

## OTHER INFORMATION

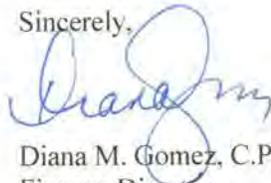
**Independent Audit.** The City Charter and State Statutes require an annual audit. The accounting firm of McGladrey & Pullen, LLP was appointed by the City Commission. The Audit engagement requires the independent auditor to report not only on the fair presentation of the financial statements, but also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

**Awards.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the twenty-seventh consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,



Diana M. Gomez, C.P.A.  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Coral Gables  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

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.



*Linda C. Davison*

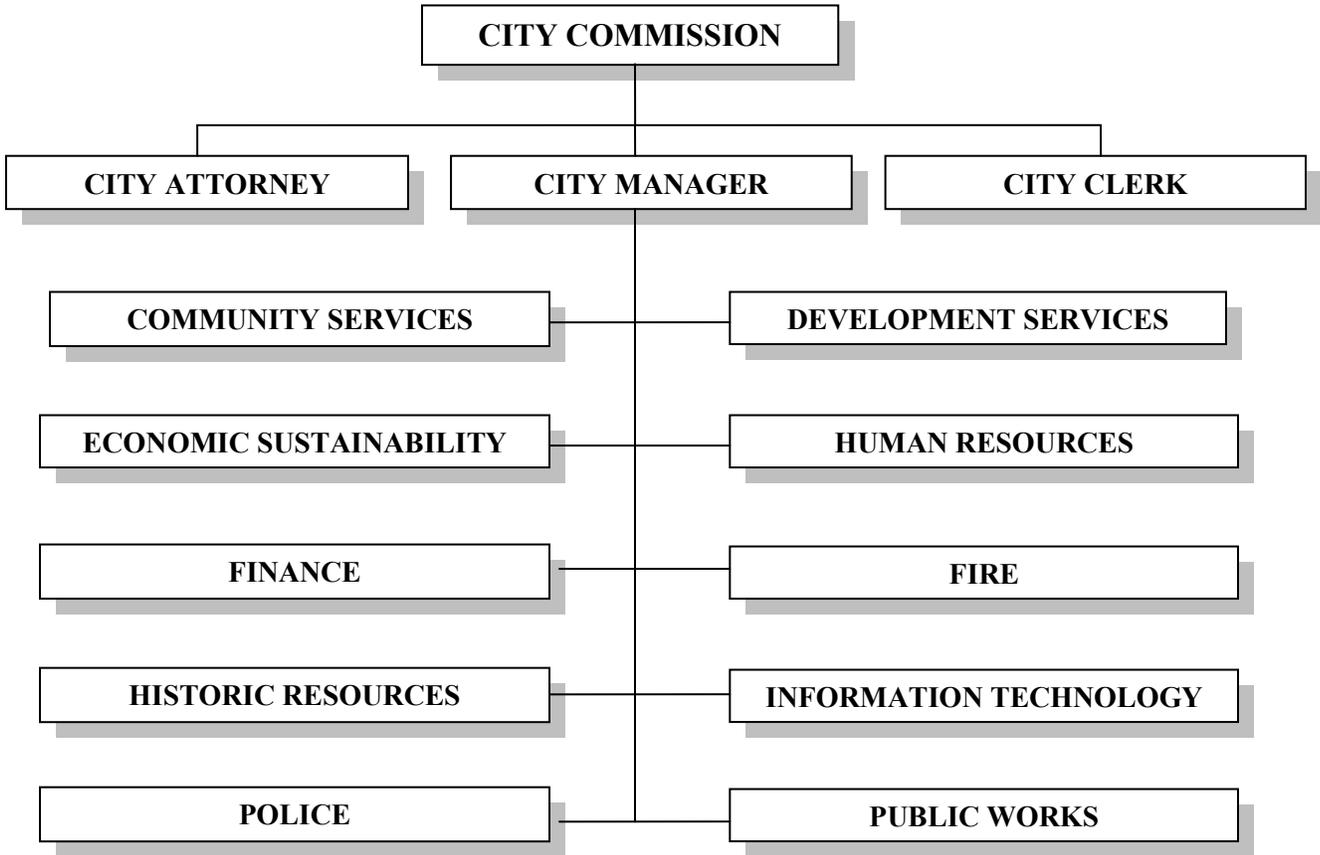
President

*Jeffrey R. Emer*

Executive Director

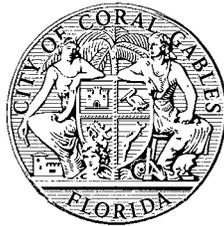
***CITY OF CORAL GABLES***

***ORGANIZATIONAL CHART***



**CITY OF CORAL GABLES, FLORIDA  
LIST OF PRINCIPAL OFFICIALS**

<b>TITLE</b>	<b>NAME</b>
<b>ELECTED OFFICIALS</b>	
Mayor	Jim Cason
Vice Mayor	William H. Kerdyk, Jr.
Commissioner	Rafael Cabrera, Jr.
Commissioner	Maria Elena Anderson
Commissioner	Frank C. Quesada
<b>APPOINTED OFFICIALS</b>	
City Manager	Patrick G. Salerno
City Attorney	Craig E. Leen
City Clerk	Walter J. Foeman, Jr.
<b>ADMINISTRATION OFFICIAL</b>	
Assistant City Manager	Kent Olson
<b>DEPARTMENT DIRECTORS</b>	
Development Services	Jane Thompkins
Economic Sustainability Director	Cynthia S. Birdsill
Human Resources Director	Elsa I. Jaramillo-Velez
Finance Director	Diana M. Gomez
Fire Chief	Walter Reed
Historic Resources Preservation Officer	Dona M. Spain
Parking Director	Kevin J. Kinney
Information Technology Director	Gee Ming Chow
Parks & Recreation Director	Fred Couceyro
Police Chief	Dennis Weiner
Public Service Director	Daniel B. Keys
Public Works Director	Glenn R. Kephart



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# Financial Section

REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION



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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Coral Gables Retirement Fund, which represent 82% of the total assets and 47% of the total revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Coral Gables Retirement Fund, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida as of September 30, 2011, 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.

As discussed in Note 1 to the financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2011.

In accordance with *Government Auditing Standards* we have also issued our report dated March 30, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*McGladrey & Pullen, LLP*

Miami, Florida  
March 30, 2012

## 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, 2011. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letter of Transmittal.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$225,017,307.
- The City has no outstanding voter approved debt service.
- As of the close of the current fiscal year, the City of Coral Gables governmental funds reported combined fund balances of \$53.9 million, an increase of \$47.5 million in comparison with the prior year due to (a) the proceeds from the issuance of Series 2011 Special Obligation Bonds; (b) the increase in permit revenues; (c) an increase in rental income resulting from subsequent collection within the City's period of availability of outstanding rents from the company managing the Biltmore Hotel; (d) a Development Agreement Fee from University of Miami for fiscal year 2011 of \$1.6 million; and (e) a decrease in operating expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12.4 million or 11% of the total general fund expenditures and is available for new spending.
- The 2010-2011 annual principal and monthly interest payments on loans from the Sunshine State Governmental Financing Commission are totally funded from operating revenues from the General Fund, the Parking System Fund, and the Stormwater Utility Fund.
- The City's total principal debt outstanding was increased from \$61.20 million to \$79.30 million during fiscal year 2011, as a result of the issuance of Series 2011 Special Obligation Bonds and scheduled principal payments. In June 2011, the City issued Special Obligation Bonds Series 2011A, Series 2011B and Series 2011C in the total amount of \$50.66 million. From the proceeds of the bonds, the City completed the current refunding of outstanding bonds in the total amount of \$28.45 million and the remaining proceeds of \$22.21 million is restricted to be used for the Neighborhood Renaissance Program. In addition, the City paid \$4.11 million in scheduled principal payments in fiscal year ended 2011.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements and notes to the financial statements.

This report also includes supplementary information that provides more detail to some of the information in the financial statements.

### *Government-Wide Financial Statements*

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

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

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

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

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

### *Fund Financial Statements*

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

The City maintains eight individual governmental funds. Information is presented separately for the general fund, capital project general improvement fund and capital project neighborhood renaissance program fund, as they are considered major funds. Data for the other governmental funds are aggregated into a single presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 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 65 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 71 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 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		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 113.11	\$ 47.67	\$ 15.49	\$ 13.74	\$ 128.60	\$ 61.41
Capital assets	182.58	185.88	39.46	38.01	222.04	223.89
<b>Total Assets</b>	<b>\$ 295.69</b>	<b>\$ 233.55</b>	<b>\$ 54.95</b>	<b>\$ 51.75</b>	<b>\$ 350.64</b>	<b>\$ 285.30</b>
Current liabilities	\$ 16.35	\$ 11.06	\$ 2.75	\$ 1.84	\$ 19.10	\$ 12.90
Noncurrent liabilities	89.17	66.16	17.35	17.91	106.52	84.07
<b>Total Liabilities</b>	<b>\$ 105.52</b>	<b>\$ 77.22</b>	<b>\$ 20.10</b>	<b>\$ 19.75</b>	<b>\$ 125.62</b>	<b>\$ 96.97</b>
Net Assets:						
Invested in capital assets, net of related debt	\$ 139.79	\$ 141.08	\$ 25.11	\$ 23.08	\$ 164.90	\$ 164.16
Restricted	8.31	1.45	-	-	8.31	1.45
Unrestricted	42.07	13.80	9.74	8.92	51.81	22.72
<b>Total Net Assets</b>	<b>\$ 190.17</b>	<b>\$ 156.33</b>	<b>\$ 34.85</b>	<b>\$ 32.00</b>	<b>\$ 225.02</b>	<b>\$ 188.33</b>

As shown in Table A-1, total net assets amounted to \$225.02 million in fiscal 2011. The major component of this category is “invested in capital assets, net of related debt”, which represents the City’s investment in its capital assets, net of the amounts borrowed to purchase these assets. For the governmental activities, these capital assets represent 62% of total assets, while noncurrent liabilities represent 84% of the total long-term liabilities. For the business-type activities, these capital assets represent 72% of total assets, while noncurrent liabilities represent 86% of the total long-term liabilities.

Current and other assets increased \$65.44 million for governmental activities mainly due to (a) an increase in unrestricted cash of \$22.51 million resulting from increase in revenue sources such as permits, rental income, charges for services and other income, and a decrease in operating expenditures; (b) an increase in restricted cash of \$30.77 million mainly due to (1) unspent proceeds of the Series 2011 Bonds of \$21.73 million; (2) an

accumulated balance of various fees assessed and collected by the City of \$6 million which is restricted for capital improvements and other purposes; and (3) cash held by the bond trustee of \$1.50 million for the scheduled principal and interest payments on outstanding bonds in October 2011; (c) an increase in accounts receivable mainly due to the \$11.80 million receivable from UM; and (d) a decrease in due from other governments of \$1.65 million related to grant funds received in fiscal year 2011 for grant project expenditures of prior years. Current and other assets increased \$1.75 million for business-type activities mainly due to increase in revenues and decrease in operating expenses.

Current liabilities increased \$5.29 million for governmental activities due to (a) a \$2.89 million payable to state agency for its share on the red light traffic violation fees and return of grant funds received for hurricane related expenditures deemed ineligible; (b) an increase in unearned revenue of \$941,000 relating to occupational license and rental income; and (c) a \$1.32 million increase in accounts payable and accrued payroll. Current liabilities increased \$908,000 for business-type activities due to an increase in accounts payable. Total Non-current liabilities increased by \$22.45 million due to \$22.21 million in new money from the issuance of Series 2011 Bonds, \$4.11 million for cash used to pay principal debt, an increase in OPEB liability of \$1.10 million and the increase in claims payable of \$3.29 million.

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

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
General Revenues:						
Taxes	\$ 86.92	\$ 90.17	\$ -	\$ -	\$ 86.92	\$ 90.17
Intergovernmental	3.99	3.64	-	-	3.99	3.64
Investment Earnings	0.06	0.08	-	0.01	0.06	0.09
Miscellaneous	0.60	0.24	0.06	0.01	0.66	0.25
Program Revenues:						
Charges for Services	53.87	31.92	19.77	18.68	73.64	50.60
Operating	0.36	0.09	1.61	-	1.97	0.09
Capital	4.25	4.79	0.33	0.24	4.58	5.03
Total Revenues	150.05	130.93	21.77	18.94	171.82	149.87
Expenses:						
General Government	17.94	22.48	-	-	17.94	22.48
Public Safety	71.10	67.63	-	-	71.10	67.63
Physical Environment	12.75	13.67	-	-	12.75	13.67
Transportation	10.10	10.43	-	-	10.10	10.43
Economic Environment	0.55	0.65	-	-	0.55	0.65
Culture and Recreation	9.22	8.47	-	-	9.22	8.47
Interest Expense	1.36	1.18	-	-	1.36	1.18
Sanitary Sewer System	-	-	4.30	4.30	4.30	4.30
Parking System	-	-	4.03	3.68	4.03	3.68
Stormwater Utility	-	-	3.78	1.47	3.78	1.47
Total Expenses	123.02	124.51	12.11	9.45	135.13	133.96
Increase in net assets before transfers	27.03	6.42	9.66	9.49	36.69	15.91
Transfers	6.81	6.57	(6.81)	(6.57)	-	-
Increase in net assets	33.84	12.99	2.85	2.92	36.69	15.91
Beginning Net Assets	156.33	143.34	32.00	29.08	188.33	172.42
Ending Net Assets	\$ 190.17	\$ 156.33	\$ 34.85	\$ 32.00	\$ 225.02	\$ 188.33

Governmental activities:

The most significant increase of revenue in the governmental activities for the fiscal year 2010-2011 was in charges for services, with an increase of 69% from the fiscal year 2009-2010. Charges for services increased due to development agreement fee from University of Miami of \$13.4 million and an increase in permit and licensing revenues for new developments and construction activities in the City. Taxes showed the most significant decrease of \$3.25 million from fiscal year 2009-2010 due to a decline in the taxable value of properties in the City.

The largest outflow of resources for the City is represented in the public safety function, with an increase of 5% from the fiscal year 2009-2010 mainly due to an increase in personnel costs. This represents the City's costs related to providing police and fire services as well as various ancillary services for the protection of the City's residents and businesses. The general government function showed a decrease of 20% from the fiscal year 2009-2010 mainly due to a decrease in personnel cost as a result of management initiatives towards more stringent control on expenditures.

Business-Type activities:

The City's business-type activities showed an increase of approximately \$2.85 million in net assets. Further analysis of this change is included in the analysis of the Proprietary Funds that follows.

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

*Governmental Funds*

General Fund - This fund recognized \$130 million of revenue during the year, offset by \$114 million of expenditures. As noted above, taxes represent the largest portion of revenues and public safety represents the largest portion of expenditures. The City increased its millage rate by 3% and new revenue sources were adopted to maintain a level of revenue sufficient to meet operating expenditures.

Capital Project General Improvement Fund - This fund recognized \$800,000 in revenue offset by \$2.22 million in capital expenditures. Significant capital project expenditures include improvements of various parks and construction and improvements of City facilities.

Capital Project Neighborhood Renaissance Program - This is a new fund established for various major capital improvement projects which are funded from the proceeds of Series 2011 Bonds. Significant capital project expenditures include improvements of various parks and construction and improvements of City facilities.

*Proprietary Funds*

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

Sanitary Sewer - Operating revenues increased by approximately \$100,000 from the prior year, while operating expenses decreased by approximately \$80,000. This is attributable to an increase in use and decreased personnel costs. Additionally, during the current year the Sanitary Sewer Fund transferred approximately \$1.55 million to the General Fund.

Parking System - Operating revenues increased by approximately \$900,000, while operating expenses decreased by approximately \$114,000. This is attributable to increased use of on-street parking meters as a result of the installation of eighty (80) "pay and display" pay stations throughout the City; decreased personnel costs; and decreased cost of sales and services. Additionally, during the current year the Parking Fund transferred approximately \$4.88 million to the General Fund.

Stormwater Utility Fund - Operating revenues increased by approximately \$80,000 from the prior year, while operating expenses decreased by approximately \$50,000. This is attributable to an increase in use and a decrease in maintenance-type expense of the sewer system. In addition, during fiscal year 2011 the City spent approximately \$2.3 million in canal dredging and clean-up costs of the C-3 Canal (Coral Gables Waterways). This project consists of maintenance and restoration dredging to remove fluvial sediments accumulated on the canal bottom and to improve the water conveyance within the drainage basin abutting the waterway. This project is partly funded by the Florida Department of Environmental Protection and the South Florida Water Management District. Lastly, during the current year the Stormwater Utility Fund transferred approximately \$400,000 to the General Fund.

**General Fund Budgetary Highlights**

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

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

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

The City's budgeted revenues increased from \$122.06 million to \$122.65 million from the original to the final budget. The City's budgeted expenditures increased from \$116.94 million to \$117.87 million from the original to the final budget. The revenue increases were mainly due to additional intergovernmental revenue of approximately \$214,000 related to public safety grants and \$367,000 of miscellaneous revenue. The expenditure increase was mainly due to capital outlay for acquisition of new computer "toughbooks" and accessories installed on police cars.

The City budgeted for \$122.65 million in revenues and recognized \$130 million. The City budgeted for \$117.87 million in expenditures, but actually incurred \$114 million.

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

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

### Capital Assets and Debt Administration

#### *Capital Assets*

The City's capital assets for its governmental and business type activities as of September 30, 2011 amounted to \$222.04 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was \$1.85 million from the prior year. Significant additions in governmental activities included land donated to the City of \$1.25 million, \$2 million in construction in progress, and \$1.72 million in machinery and equipment. Significant additions for business type activities included \$2.16 million in construction in progress and \$700,000 of machinery and equipment. Significant additions in construction in progress include median installations and street improvements for governmental activities and rehabilitation and improvements of various pump stations for business type activities.

**Table A-3**

*Capital Assets (In millions of dollars)*

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land	\$ 45.41	\$ 44.16	\$ 3.70	\$ 3.70	\$ 49.11	\$ 47.86
Construction in Progress	3.13	12.07	2.15	-	5.28	12.07
Infrastructure	113.07	113.07	20.86	20.86	133.93	133.93
Improvements Other Than Buildings	43.70	39.34	0.42	0.42	44.12	39.76
Building	63.64	57.06	30.25	31.40	93.89	88.46
Machinery and Equipment	47.13	49.08	2.48	1.84	49.61	50.92
Total Capital Assets	316.08	314.78	59.86	58.22	375.94	373.00
Accumulated Depreciation	133.50	128.90	20.40	20.21	153.90	149.11
Net Capital Assets	\$ 182.58	\$ 185.88	\$ 39.46	\$ 38.01	\$ 222.04	\$ 223.89

Additional information on the City's capital assets can be found in Note 5, on page 43 of this report.

*Debt Administration*

The City has maintained an “AA” Implied Credit Rating from Standard & Poor's Corporation and a “Aa1” Implied Rating from Moody's Investors Service. The City has no general obligation or revenue bonds outstanding as of September 30, 2011.

The City's total outstanding Sunshine State Governmental Financing Commission principal debt outstanding as of September 30, 2011 was \$79.30 million. Financing is provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds.

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

Additional long-term liabilities include compensated absences payable, net pension obligation, pollution remediation obligation, net OPEB obligation, a payable to a state agency and estimated claims liability related to the City's self-insurance programs. The City's General Fund is primarily utilized for the payment of these liabilities for the governmental activities. Overall long term liabilities increased by \$23.68 million. This increase is due primarily to the net effect of the following: \$18.10 million increase in special obligation debt, decrease in pollution remediation obligation of \$100,000, increase in claims payable of \$3.29 million, increase in capital lease obligation of \$390,000, increase in net OPEB obligation of \$1.21 million, increase in compensated absences of \$140,000 and increase in payable to state agency of \$280,000.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Special Obligation Debt	\$ 62.98	\$ 43.64	\$ 16.32	\$ 17.56	\$ 79.30	\$ 61.20
Estimated Insurance Claims	12.27	8.98	-	-	12.27	8.98
Accrued Compensated Absences	8.76	8.64	0.28	0.26	9.04	8.90
Capital Lease	1.55	1.16	0.65	-	2.20	1.16
Pollution Remediation Obligation	0.21	0.31	-	-	0.21	0.31
Net OPEB Obligation	3.40	2.20	0.10	0.09	3.50	2.29
Total	\$ 89.17	\$ 64.93	\$ 17.35	\$ 17.91	\$ 106.52	\$ 82.84

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

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

Local, national and international economic factors influence the revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, and new construction and assessed valuation. Net assessed value of real and personal property within the County decreased by 2.76%.

The City is considered one of the premium office submarkets in South Florida, with approximately 10 million square feet of existing prime office. The submarket is desirable due to its proximity to Miami International Airport and downtown Miami, while also being convenient to executive housing, allowing individuals 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 seen 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 5.8690 for the 2011-2012 budget year and is .0316 mills higher than the rolled-back rate of 5.8374. It is the fourteenth lowest combined tax rate of 36 taxing entities in Miami-Dade County. The median house value, estimated at \$631,221, has increased by nearly 111.0% since 1970 and has increased by nearly 84.0% since 1980. Strict zoning laws, a favorable property tax rate, 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, 2011

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 51,843,164	\$ 8,764,045	\$ 60,607,209
Restricted Cash and Cash Equivalents	30,765,190	3,661,766	34,426,956
Accounts Receivable, Net	24,489,868	834,681	25,324,549
Interest Receivable	6,885	-	6,885
Assessment Liens Receivable	166,073	72,960	239,033
Internal Balances	(902,600)	902,600	-
Due from Other Governments	4,803,399	1,257,482	6,060,881
Inventory	98,370	-	98,370
Prepaid Items	1,835,814	-	1,835,814
Capital Assets not being depreciated:			
Land	45,407,634	3,701,838	49,109,472
Construction in Progress	3,127,098	2,156,379	5,283,477
Capital Assets, net of accumulated depreciation:			
Infrastructure	46,553,923	11,483,253	58,037,176
Buildings	45,612,784	21,215,726	66,828,510
Improvements Other Than Buildings	33,388,397	131,852	33,520,249
Machinery and Equipment	8,489,426	772,397	9,261,823
Total Assets	<u>295,685,425</u>	<u>54,954,979</u>	<u>350,640,404</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	6,034,560	2,339,585	8,374,145
Accrued Payroll	1,399,223	95,755	1,494,978
Unearned Revenue	3,330,730	142,083	3,472,813
Due to Other Governments	2,889,771	-	2,889,771
Deposits Payable	2,699,184	170,887	2,870,071
Noncurrent Liabilities:			
Due Within One Year	9,397,614	824,184	10,221,798
Due After One Year	79,769,800	16,529,721	96,299,521
Total Liabilities	<u>105,520,882</u>	<u>20,102,215</u>	<u>125,623,097</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	139,786,744	25,118,022	164,904,766
Restricted for:			
Debt Service	1,371,680	-	1,371,680
Public Safety	1,389,905	-	1,389,905
Capital Improvements	1,934,752	-	1,934,752
Law Enforcement	1,447,950	-	1,447,950
Public and Historic Art	583,551	-	583,551
Records Management	467,762	-	467,762
911 Emergency	1,111,436	-	1,111,436
Unrestricted	42,070,763	9,734,742	51,805,505
Total Net Assets	<u>\$ 190,164,543</u>	<u>\$ 34,852,764</u>	<u>\$ 225,017,307</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, 2011

FUNCTION/PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 17,942,595	\$ 34,643,739	\$ -	\$ 1,251,000	\$ 17,952,144	\$ -	\$ 17,952,144
Public Safety	71,096,529	6,732,024	359,559	-	(64,004,946)	-	(64,004,946)
Physical Environment	12,747,191	9,487,606	-	-	(3,259,585)	-	(3,259,585)
Transportation	10,103,982	-	-	1,747,191	(8,356,791)	-	(8,356,791)
Economic Environment	547,916	1,962,748	-	-	1,414,832	-	1,414,832
Culture and Recreation	9,220,799	1,038,967	-	1,254,985	(6,926,847)	-	(6,926,847)
Interest on Long-term Debt	1,364,343	-	-	-	(1,364,343)	-	(1,364,343)
<b>Total Governmental Activities</b>	<b>123,023,355</b>	<b>53,865,084</b>	<b>359,559</b>	<b>4,253,176</b>	<b>(64,545,536)</b>	<b>-</b>	<b>(64,545,536)</b>
<b>Business-type Activities:</b>							
Sanitary Sewer System	4,304,721	7,201,475	-	324,445	-	3,221,199	3,221,199
Parking System	4,027,320	10,154,202	-	-	-	6,126,882	6,126,882
Stormwater Utility	3,775,173	2,417,095	1,606,542	-	-	248,464	248,464
<b>Total Business-type Activities</b>	<b>12,107,214</b>	<b>19,772,772</b>	<b>1,606,542</b>	<b>324,445</b>	<b>-</b>	<b>9,596,545</b>	<b>9,596,545</b>
<b>Total</b>	<b>\$ 135,130,569</b>	<b>\$ 73,637,856</b>	<b>\$ 1,966,101</b>	<b>\$ 4,577,621</b>	<b>(64,545,536)</b>	<b>9,596,545</b>	<b>(54,948,991)</b>
General Revenues:							
Taxes:							
Property Taxes					67,078,084	-	67,078,084
Franchise Fees					6,335,532	-	6,335,532
Utilities Service Taxes					10,953,661	-	10,953,661
Other Taxes					2,552,642	-	2,552,642
Intergovernmental, not restricted for specific programs					3,990,300	-	3,990,300
Investment Earnings					58,769	9,266	68,035
Miscellaneous					603,945	52,767	656,712
Transfers					6,807,873	(6,807,873)	-
Total General Revenues and Transfers					98,380,806	(6,745,840)	91,634,966
Change in Net Assets					33,835,270	2,850,705	36,685,975
Net Assets - Beginning					156,329,273	32,002,059	188,331,332
Net Assets - Ending					\$ 190,164,543	\$ 34,852,764	\$ 225,017,307

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



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## **Major Governmental Funds**

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

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

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

CITY OF CORAL GABLES, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2011

	Major Funds			Nonmajor Funds	
	General Fund	Capital Project General Improvement Fund	Capital Project Neighborhood Renaissance Program Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 17,906,641	\$ 7,262,898	\$ -	\$ 3,097,869	\$ 28,267,408
Restricted Cash and Cash Equivalents	3,629,399	-	21,733,099	3,902,337	29,264,835
Restrictd Cash held by Trustee	13,638	-	-	1,486,717	1,500,355
Accounts Receivable, Net	22,447,589	375,000	-	1,643,192	24,465,781
Interest Receivable	6,885	-	-	-	6,885
Assessment Liens Receivable	110,505	51,031	-	4,537	166,073
Due from Other Governments	2,803,223	1,208,013	-	771,518	4,782,754
Inventory	98,370	-	-	-	98,370
Prepaid Items	27,950	-	-	-	27,950
Total Assets	<u>47,044,200</u>	<u>8,896,942</u>	<u>21,733,099</u>	<u>10,906,170</u>	<u>88,580,411</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	2,895,379	628,234	43,658	1,477,405	5,044,676
Accrued Payroll	1,343,954	-	-	5,096	1,349,050
Due to Other Funds	-	-	-	1,429,000	1,429,000
Deferred/Unearned Revenue	18,084,281	1,678,252	-	1,823,363	21,585,896
Refundable Deposits and Bonds	2,699,184	-	-	-	2,699,184
Due to Other Governments	2,534,139	-	-	-	2,534,139
Total Liabilities	<u>27,556,937</u>	<u>2,306,486</u>	<u>43,658</u>	<u>4,734,864</u>	<u>34,641,945</u>
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Inventories	98,370	-	-	-	98,370
Prepaid Items	27,950	-	-	-	27,950
<b>Restricted to:</b>					
Law Enforcement	1,447,950	-	-	-	1,447,950
Public and Historic Art	583,551	-	-	-	583,551
Records Management	467,762	-	-	-	467,762
911 Emergency Fund	1,111,436	-	-	-	1,111,436
Debt Service Reserve	-	-	-	1,371,680	1,371,680
Public Safety	-	-	-	1,389,905	1,389,905
Parks and Recreation	-	-	6,910,000	1,035,236	7,945,236
Roads and Streets	-	-	6,609,441	-	6,609,441
Cultural Services	-	-	4,170,000	-	4,170,000
Other Physical Environment	18,700	-	4,000,000	880,816	4,899,516
<b>Assigned to:</b>					
Administration Buildings	-	602,432	-	-	602,432
Pension Stabilization	2,500,000	-	-	-	2,500,000
Historical Preservation	80,257	-	-	-	80,257
Public Safety	21,560	2,154,348	-	-	2,175,908
Roads and Streets	-	51,577	-	-	51,577
Parks and Recreation	-	337,734	-	-	337,734
Industry Development	-	225,000	-	-	225,000
Cultural Services	-	311,687	-	-	311,687
Other Capital Projects	-	2,907,678	-	1,516,481	4,424,159
Other Purposes	765,748	-	-	-	765,748
<b>Unassigned</b>	<u>12,363,979</u>	<u>-</u>	<u>-</u>	<u>(22,812)</u>	<u>12,341,167</u>
Total Fund Balances	<u>19,487,263</u>	<u>6,590,456</u>	<u>21,689,441</u>	<u>6,171,306</u>	<u>53,938,466</u>
Total Liabilities and Fund Balances	<u>\$ 47,044,200</u>	<u>\$ 8,896,942</u>	<u>\$ 21,733,099</u>	<u>\$ 10,906,170</u>	<u>\$ 88,580,411</u>

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

CITY OF CORAL GABLES, FLORIDA  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -  
 TO THE STATEMENT OF NET ASSETS  
 For the Fiscal Year Ended September 30, 2011

**Total Fund Balances - Governmental Funds** \$ 53,938,466

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds. 178,657,753

Other revenue is not available and therefore is deferred in the fund financial statements. However, it is recognized in the statements of net assets. 18,255,166

Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 16,262,142

The Statement of Net Assets includes an adjustment to reflect an allocation of the internal service funds income to business-type activities. This adjustment decreases the Internal Balances account of governmental activities. (903,600)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Payable to State Agency	\$	(355,632)	
Compensated Absences		(8,454,684)	
Special Obligations Debt Payable		(62,978,533)	
Capital Lease Payable		(755,082)	
Pollution Remediation Obligation		(210,000)	
Net OPEB Obligation		(3,291,453)	(76,045,384)

**Total Net Assets - Governmental Activities** \$ 190,164,543

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

CITY OF CORAL GABLES, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended September 30, 2011

	Major Funds			Nonmajor Funds	
	General Fund	Capital Project General Improvement Fund	Capital Project Neighborhood Renaissance Program Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 84,367,277	\$ -	\$ -	\$ 2,552,642	\$ 86,919,919
Licenses	3,052,875	-	-	-	3,052,875
Permits	8,568,709	-	-	-	8,568,709
Fines and Forfeitures	3,996,367	-	-	-	3,996,367
Intergovernmental	3,023,026	760,783	-	1,217,169	5,000,978
Charges for Services	14,078,653	-	-	1,601,500	15,680,153
Recreation Activity Fees	3,816,728	-	-	-	3,816,728
Rental Income	7,355,117	-	-	805	7,355,922
Investment Earnings	50,751	244	109	7,665	58,769
Special Assessments	-	3,319	-	2,218,884	2,222,203
Contributions and Donations	1,125,000	15,000	-	-	1,140,000
Miscellaneous	547,089	31,616	-	25,240	603,945
Total Revenues	<u>129,981,592</u>	<u>810,962</u>	<u>109</u>	<u>7,623,905</u>	<u>138,416,568</u>
<b>EXPENDITURES</b>					
Current:					
General Government	13,914,472	98,219	121,781	-	14,134,472
Public Safety	70,784,540	13,485	-	-	70,798,025
Physical Environment	12,293,091	22,739	-	-	12,315,830
Transportation	7,657,426	62,601	14,100	2,424,240	10,158,367
Economic Environment	558,174	-	-	-	558,174
Culture and Recreation	7,647,028	388,285	456,947	4,994	8,497,254
Debt Service:					
Retirement of Principal	191,129	-	-	2,793,595	2,984,724
Interest	17,499	-	-	1,346,844	1,364,343
Capital Outlay	920,455	1,636,467	-	365,557	2,922,479
Total Expenditures	<u>113,983,814</u>	<u>2,221,796</u>	<u>592,828</u>	<u>6,935,230</u>	<u>123,733,668</u>
Excess (deficiency) of Revenues Over Expenditures before Other Financing Sources (Uses)	<u>15,997,778</u>	<u>(1,410,834)</u>	<u>(592,719)</u>	<u>688,675</u>	<u>14,682,900</u>
<b>OTHER FINANCING SOURCES (Uses)</b>					
Issuance of Debt	454,850	-	46,645,633	-	47,100,483
Bond Refunding	-	-	-	(24,512,273)	(24,512,273)
Transfers In	6,807,873	8,200,968	-	30,539,383	45,548,224
Transfers Out	(10,796,532)	(123,000)	(24,363,473)	-	(35,283,005)
Total Other Financing Sources (Uses)	<u>(3,533,809)</u>	<u>8,077,968</u>	<u>22,282,160</u>	<u>6,027,110</u>	<u>32,853,429</u>
Net Change in Fund Balances	12,463,969	6,667,134	21,689,441	6,715,785	47,536,329
Fund Balances (Deficit) - Beginning, as restated	<u>7,023,294</u>	<u>(76,678)</u>	<u>-</u>	<u>(544,479)</u>	<u>6,402,137</u>
Fund Balances - Ending	<u>\$ 19,487,263</u>	<u>\$ 6,590,456</u>	<u>\$ 21,689,441</u>	<u>\$ 6,171,306</u>	<u>\$ 53,938,466</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, 2011

**Net Change in Fund Balances - Total Governmental Funds** \$ 47,536,329

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

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

Depreciation Expense	\$ (6,514,932)	
Capital Outlay	2,922,479	
Loss on Disposal	<u>(26,233)</u>	(3,618,686)

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

Donated Land	1,251,000	
Increase in Deferred Revenue	9,900,978	
Uncollectible accounts written off	<u>(395,644)</u>	10,756,334

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

Payable to State Agency	877,850	
Loan Repayments	27,496,997	
Debt Proceeds	<u>(47,100,483)</u>	(18,725,636)

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. (700,792)

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. (165,393)

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

Compensated Absences	(149,726)	
Pollution Remediation	100,000	
Net OPEB Obligation	<u>(1,197,160)</u>	(1,246,886)

**Change in Net Assets of Governmental Activities** \$ 33,835,270

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



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## **Major Proprietary Funds**

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

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

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

CITY OF CORAL GABLES, FLORIDA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
September 30, 2011

**BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS**

	MAJOR FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND		
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 6,584,923	\$ 2,178,931	\$ 191	\$ 8,764,045	\$ 23,575,756
Restricted Cash and Cash Equivalents	-	170,887	-	170,887	-
Restricted Cash Held By Trustee	-	585,965	278,859	864,824	-
Accounts Receivable, Net	498,883	278,577	57,221	834,681	24,087
Assessment Liens Receivable	72,960	-	-	72,960	-
Due from Other Governments	271,795	-	985,687	1,257,482	20,645
Due from Other Funds	-	-	-	-	1,430,000
Prepaid Items	-	-	-	-	1,807,864
Total Current Assets	<u>7,428,561</u>	<u>3,214,360</u>	<u>1,321,958</u>	<u>11,964,879</u>	<u>26,858,352</u>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	-	-	2,626,055	2,626,055	-
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	30,247,473	-	30,247,473	-
Construction in Progress	2,156,379	-	-	2,156,379	-
Infrastructure	16,763,982	-	4,099,341	20,863,323	-
Improvements Other Than Buildings	-	417,537	-	417,537	-
Machinery and Equipment	580,286	1,856,494	40,759	2,477,539	25,076,007
Accumulated Depreciation	(9,244,816)	(10,407,611)	(750,217)	(20,402,644)	(21,154,498)
Total Noncurrent Assets	<u>10,353,811</u>	<u>25,717,751</u>	<u>6,015,938</u>	<u>42,087,500</u>	<u>3,921,509</u>
Total Assets	<u>17,782,372</u>	<u>28,932,111</u>	<u>7,337,896</u>	<u>54,052,379</u>	<u>30,779,861</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	963,818	428,910	946,857	2,339,585	989,884
Accrued Payroll and Other Expenses	15,269	17,950	62,536	95,755	50,173
Due to Other Funds	-	-	1,000	1,000	-
Deposits Payable	-	170,887	-	170,887	-
Unearned Revenue	-	142,083	-	142,083	-
Accrued Compensated Absences	33,272	63,117	36,312	132,701	150,297
Estimated Liability for Claims Payable	-	-	-	-	4,007,000
Special Obligations Debt Payable	-	345,600	230,000	575,600	-
Capital Lease Payable	-	115,883	-	115,883	213,536
Total Current Liabilities	<u>1,012,359</u>	<u>1,284,430</u>	<u>1,276,705</u>	<u>3,573,494</u>	<u>5,410,890</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	31,745	80,349	39,225	151,319	158,681
Estimated Liability for Claims Payable	-	-	-	-	8,263,000
Special Obligations Debt Payable	-	13,560,867	2,185,000	15,745,867	-
Capital Lease Payable	-	532,128	-	532,128	578,466
Net OPEB Obligation	25,102	50,203	25,102	100,407	106,682
Total Noncurrent Liabilities	<u>56,847</u>	<u>14,223,547</u>	<u>2,249,327</u>	<u>16,529,721</u>	<u>9,106,829</u>
Total Liabilities	<u>1,069,206</u>	<u>15,507,977</u>	<u>3,526,032</u>	<u>20,103,215</u>	<u>14,517,719</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	10,353,811	11,163,273	6,226,993	27,744,077	3,129,507
Unrestricted	6,359,355	2,260,861	(2,415,129)	6,205,087	13,132,635
Total Net Assets	<u>\$ 16,713,166</u>	<u>\$ 13,424,134</u>	<u>\$ 3,811,864</u>	<u>33,949,164</u>	<u>\$ 16,262,142</u>
				903,600	
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				<u>903,600</u>	
Net assets of business-type activities				<u>\$ 34,852,764</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, 2011

<b>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</b>					
	<b>MAJOR FUNDS</b>			<b>TOTALS</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
	<b>SANITARY SEWER SYSTEM FUND</b>	<b>PARKING SYSTEM</b>	<b>STORMWATER UTILITY FUND</b>		
<b>OPERATING REVENUES</b>					
Charges for Services:					
Sewer Use Charges	\$ 7,201,475	\$ -	\$ -	\$ 7,201,475	\$ -
Service Use Charges	-	-	2,417,095	2,417,095	-
Billings to Departments for Insurance Protection	-	-	-	-	13,974,606
Parking Fees:					
On Street Meters	-	5,690,284	-	5,690,284	-
Meter and Permit Lots	-	1,368,820	-	1,368,820	-
Parking Garages	-	2,786,122	-	2,786,122	-
Parking Leases	-	308,976	-	308,976	-
Rental of Equipment and Facilities to Various Funds	-	-	-	-	13,197,486
Other Operating Revenues	-	-	-	-	42,195
Total Operating Revenues	<u>7,201,475</u>	<u>10,154,202</u>	<u>2,417,095</u>	<u>19,772,772</u>	<u>27,214,287</u>
<b>OPERATING EXPENSES</b>					
Administration	1,043,990	1,383,505	885,212	3,312,707	4,168,016
Cost of Sales and Services	3,036,151	1,188,258	378,769	4,603,178	6,418,883
Benefit Payments	-	-	-	-	5,136,796
Insurance	-	-	-	-	7,022,728
Depreciation	295,699	690,928	91,204	1,077,831	1,730,582
Total Operating Expenses	<u>4,375,840</u>	<u>3,262,691</u>	<u>1,355,185</u>	<u>8,993,716</u>	<u>24,477,005</u>
Operating Income	<u>2,825,635</u>	<u>6,891,511</u>	<u>1,061,910</u>	<u>10,779,056</u>	<u>2,737,282</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest	6,364	2,185	717	9,266	6,475
Interest Expense	-	(501,468)	(97,574)	(599,042)	(21,367)
Miscellaneous	-	52,767	-	52,767	21,564
Canal Dredging and Clean-Up Costs	-	-	(2,343,915)	(2,343,915)	-
Gain (loss) from Sale of Capital Assets	-	(335,934)	-	(335,934)	-
Total Nonoperating Revenues (Expenses)	<u>6,364</u>	<u>(782,450)</u>	<u>(2,440,772)</u>	<u>(3,216,858)</u>	<u>6,672</u>
Income Before Contributions	2,831,999	6,109,061	(1,378,862)	7,562,198	2,743,954
Capital Contributions from Federal, State and Local Grants	324,445	-	1,606,542	1,930,987	12,600
Income Before Transfers	<u>3,156,444</u>	<u>6,109,061</u>	<u>227,680</u>	<u>9,493,185</u>	<u>2,756,554</u>
Transfers In	-	-	-	-	1,000,000
Transfers Out	(1,549,177)	(4,881,987)	(376,709)	(6,807,873)	(4,457,346)
Change In Net Assets	1,607,267	1,227,074	(149,029)	2,685,312	(700,792)
Net Assets - Beginning	15,105,899	12,197,060	3,960,893		16,962,934
Net Assets - Ending	<u>\$ 16,713,166</u>	<u>\$ 13,424,134</u>	<u>\$ 3,811,864</u>		<u>\$ 16,262,142</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				165,393	
Change in net assets of business-type activities				<u>\$ 2,850,705</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, 2011

	<b>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>MAJOR FUNDS</b>			<b>TOTALS</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
	<b>SANITARY SEWER SYSTEM FUND</b>	<b>PARKING SYSTEM FUND</b>	<b>STORMWATER UTILITY FUND</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 7,253,741	\$ 9,922,308	\$ 2,424,451	\$ 19,600,500	\$ 27,376,569
Payments to employees	(1,036,979)	(1,390,240)	(869,246)	(3,296,465)	(4,172,214)
Payments to suppliers	(2,877,456)	(1,099,993)	(278,795)	(4,256,244)	(15,339,474)
Net cash provided by (used in) operating activities	<u>3,339,306</u>	<u>7,432,075</u>	<u>1,276,410</u>	<u>12,047,791</u>	<u>7,864,881</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Contributions from Other Governments	-	-	924,452	924,452	11,868
Transfers in from (out to) Other Funds	(1,549,177)	(4,881,987)	(376,709)	(6,807,873)	(1,098,646)
Due to Other Funds	-	-	1,000	1,000	-
Canal Dredging and Clean Up Costs	-	-	(1,616,800)	(1,616,800)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,549,177)</u>	<u>(4,881,987)</u>	<u>(1,068,057)</u>	<u>(7,499,221)</u>	<u>(1,086,778)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(2,156,379)	(702,000)	-	(2,858,379)	(801,523)
Contributions from Other Governments	552,650	-	-	552,650	12,600
Proceeds from debt	-	4,721,367	-	4,721,367	300,850
Principal paid on debt	-	(5,093,789)	(220,000)	(5,313,789)	(180,373)
Interest paid on debt	-	(501,468)	(97,574)	(599,042)	(21,367)
Net cash provided by (used in) capital and related financing activities	<u>(1,603,729)</u>	<u>(1,575,890)</u>	<u>(317,574)</u>	<u>(3,497,193)</u>	<u>(689,813)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>					
Interest and dividends received	6,364	54,952	717	62,033	16,171
Net increase (decrease) in cash and cash equivalents	<u>192,764</u>	<u>1,029,150</u>	<u>(108,504)</u>	<u>1,113,410</u>	<u>6,104,461</u>
Cash and Cash Equivalents - Beginning	6,392,159	1,906,633	3,013,609	11,312,401	17,471,295
Cash and Cash Equivalents - Ending	<u>\$ 6,584,923</u>	<u>\$ 2,935,783</u>	<u>\$ 2,905,105</u>	<u>\$ 12,425,811</u>	<u>\$ 23,575,756</u>
<b>Reconciliation to the statement of net assets</b>					
Cash and Cash Equivalents	\$ 6,584,923	\$ 2,178,931	\$ 191	\$ 8,764,045	\$ 23,575,756
Restricted assets, Cash and Cash Equivalents	-	756,852	2,904,914	3,661,766	-
Total	<u>\$ 6,584,923</u>	<u>\$ 2,935,783</u>	<u>\$ 2,905,105</u>	<u>\$ 12,425,811</u>	<u>\$ 23,575,756</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	\$ 2,825,635	\$ 6,891,511	\$ 1,061,910	\$ 10,779,056	\$ 2,737,282
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation Expense	295,699	690,928	91,204	1,077,831	1,730,582
Change in assets and liabilities:					
Accounts Receivable	52,266	(88,135)	7,356	(28,513)	158,006
Due from Other Governments	-	-	-	-	4,276
Prepays	-	4,509	-	4,509	(122,985)
Accounts Payable	158,695	83,756	99,974	342,425	72,918
Deposits Payable	-	(106,711)	-	(106,711)	-
Accrued Payroll and Other Expenses	4,372	(22,707)	935	(17,400)	11,326
Accrued Compensated Absences	8,548	13,695	9,663	31,906	(20,715)
Unearned Revenues	-	(37,048)	-	(37,048)	-
Claims Payable	-	-	-	-	3,289,000
Net OPEB Obligation	(5,909)	2,277	5,368	1,736	5,191
Total adjustments	<u>513,671</u>	<u>540,564</u>	<u>214,500</u>	<u>1,268,735</u>	<u>5,127,599</u>
Net cash provided by (used in) operating activities	<u>\$ 3,339,306</u>	<u>\$ 7,432,075</u>	<u>\$ 1,276,410</u>	<u>\$ 12,047,791</u>	<u>\$ 7,864,881</u>
Noncash noncapital financing activities					
Canal Dredging and Clean Up Costs	\$ -	\$ -	\$ 727,115	\$ 727,115	\$ -

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, 2011

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>	<u>                    </u>	<u>                    </u>
Cash and Cash Equivalents	\$ 6,165,325	\$ 6,622,766
Receivables:		
Accrued Interest and Dividends	574,157	-
Buyback Receivable	71,158	-
Share Plan Contributions	145,830	-
Receivable for Securities Sold	2,921,250	-
Other Receivables	9,632	-
Total Receivables	<u>3,722,027</u>	<u>-</u>
Securities Lending Cash Collateral - Invested	<u>48,304,340</u>	<u>-</u>
Investments at fair value:		
U.S. Government and Agency	18,770,133	-
Domestic Fixed Income Fund	13,642,598	-
Global fixed income	11,708,592	-
Corporate Bonds	22,127,384	-
Common Stocks	86,075,381	-
International Equity	44,844,847	-
Real Estate Investment Trust (REIT)	29,153,240	-
Alternative Investments	9,596,660	-
Mutual Funds	11,288,263	-
Total Investments	<u>247,207,098</u>	<u>-</u>
Total Assets	<u>305,398,790</u>	<u>6,622,766</u>
<b>LIABILITIES</b>		
Accounts Payable	144,964	-
Payable for Securities Purchased	747,060	-
Due to the Retirement System	93,559	-
Obligations under Securities Lending	48,304,340	-
Deferred Compensation Payable	-	891,005
Due to Other Governments	-	5,731,761
Total Liabilities	<u>49,289,923</u>	<u>\$ 6,622,766</u>
<b>NET ASSETS</b>		
Net Assets held in trust for pension benefits	<u>\$ 256,108,867</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, 2011

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
City Contributions	\$ 22,919,158
Share Plan Contributions	145,830
Total Government Contributions	23,064,988
Employees:	
Employee contributions	3,297,153
Buybacks	169,092
Total Employee Contributions	3,466,245
Total Contributions	26,531,233
Investment Income:	
Net Appreciation (Depreciation) in the Fair Value of Investments	1,944,154
Interest and Dividends	7,072,112
Other Income	40,219
Total Investment Income	9,056,485
Less Investment Expenses	1,809,489
Total Investment Income before Securities Lending Activity	7,246,996
Securities Lending Activities:	
Security Lending Income	167,398
Security Lending Fees and Rebates	(58,534)
Net Income from Security Lending Activities	108,864
Total Net Investment Income	7,355,860
<b>Total Additions</b>	<b>33,887,093</b>
<b>Deductions:</b>	
Pension Benefits Paid	28,526,055
Refunds of Contributions	220,075
Administrative Expense	446,767
<b>Total Deductions</b>	<b>29,192,897</b>
Net Increase	4,694,196
Net Assets Held in Trust for Pension Benefits:	
Beginning of Year	251,414,671
End of Year	\$ 256,108,867

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 benefit of City residents and the City Commission cannot impose its will over operations, cannot hire, reassign or dismiss management, and cannot remove Authority Board members without cause. The City does not have any component units as defined by GASB Codification of Government Accounting and Financial Reporting Standards, Section 2100.

**(b) Government -Wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**1) Governmental Fund Types**

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

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

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

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

Additionally, the City reports the following nonmajor governmental funds:

**Debt Service Fund** - is used to account for and report the financial resources that are restricted, committed, or assigned for the periodic payment of principal, interest, and expenditures on special obligation long-term debt of governmental funds, specifically, Sunshine State Notes issued by the City for various capital projects.

**Capital Projects Funds** - is used to account for and report the financial resources that are restricted, committed, or assigned for the acquisition or con-

struction of major capital facilities such as general and roadway improvement projects; and public parks and plazas.

## 2) Proprietary Fund Types

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

The City reports the following major proprietary funds:

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

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

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

The City also reports the following fund types:

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

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

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

Employee Benefits Fund - Accounts for the value of the employees' excess sick leave balance which is paid to the employees each year through deposits in this fund which the City handles as custodian in accordance with the agreement

between the City and its employees. The funds are to be paid to employees upon retirement or to the employee's named beneficiary upon death.

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

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

### (d) Pooled Cash and Temporary Investments

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

### (e) Investments

The Local Government Surplus Funds Trust Fund operates in accordance with appropriate state laws and regulations. The investments held by Local Government Surplus Fund Trust Fund are allocated among two funds, LGIP (formerly known as LGIP-A) and Fund B (formerly known as LGIP-B). For LGIP, a 2a7-like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2011, the City's investment in LGIP-A is \$58,290. Fund B is accounted for as a fluctuating Net Asset Value (NAV) pool. The balance of the City's investment in LGIP-B as of September 30, 2011 amounted to \$792,124, with NAV factor of 0.75684.

Also, the City has investments in money market funds that are accounted for as fluctuating Net Asset Value (NAV) pool. The balance as of September 30, 2011

amounted to \$94,247,760, with NAV factor of 1.00. Investments for the pension plans are discussed in Note 4.

**(f) Receivables**

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

Following are the significant components of the receivables due to the City at September 30, 2011:

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, 2011, but not collected as of that date;
2. Waste Fees, Ambulance Transport Fees – This amount represents the unpaid, billed charges for various fines and municipal services.
3. UM Development Agreement Fee – This amount represents the remaining balance of the development agreement fee assessed to the University of Miami and is to be collected over the remaining term of nineteen (19) years.
4. Donation to Coral Gables Museum – This amount represents the remaining balance of funds pledged to the City through fiscal funding agreements with private institutions for the construction of the Coral Gables Museum. The City has met the eligibility requirement of the funding agreement.

**(g) Due From Other Governments**

Due from other governments primarily consists of amounts due to the City as of September 30, 2011 such as ad valorem tax, grant revenues, fines and other fees.

**(h) Inventories**

Inventories are stated at cost using the weighted average method.

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

**(i) Prepaid Items**

Prepaid items are accounted for using the consumption method and recorded as expenditures/expenses in the fund level and government-wide financial statements in the period benefited.

**(j) Capital Assets**

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

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

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

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

**(k) Accounts Payable and Accrued Payroll**

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

**(l) Long-Term Obligations**

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

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

**(m) Deferred and Unearned Revenues**

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

**(n) Inter-Fund Transactions**

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” or “advances to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

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

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

**(o) Capital Contributions**

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

**(p) Restricted Assets**

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

The Capital Project Neighborhood Renaissance Program Fund and Stormwater Utility Fund have restricted assets representing unspent proceeds from the issuance of special obligation bonds to be used for capital improvements.

The General Fund and Debt Service Fund have restricted assets representing funds held by a trustee for debt service payments scheduled in October 2011.

The Parking Fund has restricted assets which are set aside for customer deposits and funds held by a trustee for debt service payments scheduled in October 2011.

**(q) Fund Balance/Net Assets**

**1) Fund Equity**

In the fund financial statements, governmental funds report fund balance in categories as nonspendable, restricted, committed, assigned and unassigned. These categories are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in fund balances can be spent.

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

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

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

Committed funds are funds that have constraints placed on their use by the City Commission. The City Commission has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires the passage of a resolution or ordinance. The passage of a resolution or ordinance must take place prior to September 30<sup>th</sup> of the applicable fiscal year but the amount can be determined at a later date. A resolution or ordinance would also be

required to modify or rescind the specific use or amount.

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

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

**2) Net Assets**

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

**(r) Operating versus Non-operating Income**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the City's Enterprise and Internal Service Funds are charges to customers for sales and services. Operating revenues for the Enterprise Funds include sewer and stormwater service fees as well as user fees at the various City parking facilities. For the Internal Service Funds, operating revenues include charges to other departments for various maintenance and insurance services. Operating expenses for the Enterprise and Internal Service Funds include costs of sales and services, administrative fees, insurance payments and depreciation. All revenues and expenses not meeting this definition are considered non-operating items.

**(s) Use of Resources**

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

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

**(t) Compensated Absences**

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

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

**(u) Pollution Remediation Obligation**

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

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

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

**(w) Post Employment Benefits Other Than Pensions (OPEB)**

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

The City currently provides these benefits in accordance with the vesting and retirement requirement of the City of Coral Gables Retirement System covering substantially all regular full time general, police, and fire department employees of the City.

The City is financing the post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the City records a Net OPEB obligation in its government-wide and proprietary financial statements related to the implicit subsidy. The OPEB plan does not issue separate financial statements.

**(x) Application of FASB Standards**

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

**(y) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**(z) New Accounting Pronouncement Adopted**

For fiscal year 2011, the City adopted the provision of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Also, this Statement clarifies the existing governmental fund type definitions. The implementation of GASB Statement No. 54 resulted in the restatement of beginning fund balance of General Fund to include the beginning fund balance of the Special Revenue (Hurricane Fund) which did not meet the new definition of Special Revenue as follows:

	General Fund
Fund Balance, as previously reported	\$ 7,022,975
Add: Special Revenue Hurricane Fund beginning fund balance	319
Fund Balance, as restated	<u>\$ 7,023,294</u>

**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, 2010, upon which the 2010-2011 levy was based, was approximately \$11.3 billion. A tax levy of 6.072 mills (\$6.072 per \$1,000 of taxable value) was required to finance general operations for the fiscal year ended September 30, 2011.

**NOTE 3 - ACCOUNTS RECEIVABLE**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
<b>General Fund</b>		
Franchise Taxes	\$ 1,033,529	\$ -
False Alarms	634,385	-
Utility Taxes	985,634	-
Delinquent Waste Fees	2,797,997	-
Ambulance Transport Fees	625,345	-
Biltmore Hotel and Golf Course	4,963,779	-
Granada Golf Course	73,435	-
Leased Properties	260,571	-
Donations to Coral Gables Museum	750,000	-
University of Miami Development Agreement Fee	10,300,000	-
Other	86,860	-
	<u>22,511,535</u>	<u>-</u>
Less: Allowance	(63,946)	-
Total	<u>22,447,589</u>	<u>-</u>
<b>General Improvement Fund</b>		
Hammocks Lake Guardhouse	375,000	-
Total	<u>375,000</u>	<u>-</u>
<b>Other Governmental Funds</b>		
University of Miami (UM) Development Agreement Fee	1,500,000	-
Roadway Improvements	31,008	-
BID Accounts	101,184	-
Miscellaneous	11,000	-
Total	<u>1,643,192</u>	<u>-</u>
<b>Parking Fund</b>		
Parking Leased Space	-	265,690
Parking – General	-	401,109
	<u>666,799</u>	<u>-</u>
Less: Allowance	-	(388,222)
Total	<u>-</u>	<u>278,577</u>
<b>Sanitary Sewer Fund</b>		
General Waterworks	-	428,690
Miscellaneous	-	70,608
	<u>499,298</u>	<u>-</u>
Less Allowance	-	(415)
Total	<u>-</u>	<u>498,883</u>
<b>Stormwater Fund</b>		
Service Use Charges	-	57,221
Total	<u>-</u>	<u>57,221</u>
Total Governmental Funds	<u>24,465,781</u>	<u>-</u>
Total Business-Type Activities/Proprietary Funds	<u>\$ 834,681</u>	<u>-</u>
<b>Internal Service Fund</b>		
Insurance recovery from excess insurance carrier	18,109	-
Miscellaneous	5,978	-
Total Internal Service Funds	<u>24,087</u>	<u>-</u>
Total	<u>\$ 24,489,868</u>	<u>-</u>

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

On September 28, 2010, the City and University of Miami (“UM”) entered into a development agreement to establish a new era in their relationship by promoting the health, safety, welfare and cultural advancement of the City and its residents while providing for the coordinated, comprehensive, and orderly development of the UM campus. In consideration for the terms and conditions of the agreement, and provided that the City has satisfied the approval obligations on or before December 1, 2010, UM shall pay the City a total fee of \$22 million payable in annual payments commencing on December 1, 2010 through December 1, 2029. The development agreement fee payment schedule and the present value of the remaining balance, discounted at 6% are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
12/1/2011	\$ 1,500,000
12/1/2012	1,400,000
12/1/2013	1,100,000
12/1/2014	1,025,000
12/1/2015	1,025,000
12/1/2016-12/1/2020	5,125,000
12/1/2021-12/1/2025	5,125,000
12/1/2026-12/1/2029	4,100,000
Total payments	<u>20,400,000</u>
Less: Amount representing imputed interest	<u>8,600,000</u>
Present value of total payments	<u>\$ 11,800,000</u>

The amount of \$1.5 million to be received in fiscal year 2012 is recognized as part of the Capital Project Roadway Improvement Fund where the funds are expected to be spent. The remaining balance of \$18.4 million is recognized as part of the General Fund.

**(c) Unearned/Deferred Revenue**

The components of unearned/deferred revenue as of September 30, 2011 are as follows:

	Deferred Revenues	Unearned Revenues	Total
<b>General Fund</b>			
False Alarms	\$ 341,318	\$ -	\$ 341,318
Delinquent Waste Fees	2,393,556	-	2,393,556
Ambulance Transport Fees	375,207	-	375,207
Donations to Coral Gables Museum	750,000	-	750,000
University of Miami Development Agreement Fee	10,300,000	-	10,300,000
Grants and Contributions	604,339	-	604,339
Liens and Other Receivables	180,818	-	180,818
Prepaid Business Tax Receipts	-	2,708,417	2,708,417
Prepaid Rent	-	429,228	429,228
Grant Receipts not yet earned	-	1,398	1,398
<b>Total</b>	<b>14,945,238</b>	<b>3,139,043</b>	<b>18,084,281</b>
<b>General Improvement Fund</b>			
Grants and Contributions	1,010,522	-	1,010,522
Liens and Other Receivables	476,043	-	476,043
Contribution Receipts not yet earned	-	191,687	191,687
<b>Total</b>	<b>1,486,565</b>	<b>191,687</b>	<b>1,678,252</b>
<b>Other Governmental Funds</b>			
University of Miami Development Agreement Fee	1,500,000	-	1,500,000
Grants and Contributions	318,726	-	318,726
Liens and Other Receivables	4,637	-	4,637
<b>Total</b>	<b>1,823,363</b>	<b>-</b>	<b>1,823,363</b>
Total Governmental Funds			<b>\$ 21,585,896</b>
Total Governmental Activities		<b>\$ 3,330,730</b>	
<b>Parking Fund</b>			
Prepaid Parking Fees	-	142,083	142,083
Total Proprietary Funds Business-Type Activities	\$ -	\$ 142,083	\$ 142,083

**NOTE 4 - CASH AND INVESTMENTS**

**Deposits.** As of September 30, 2011, the City's cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments
Governmental activities	\$ 82,608,354	\$ -
Business-type activities	12,425,811	-
Pension Trust Funds	6,165,325	247,207,098
Agency Funds	6,622,766	-
<b>Total</b>	<b>107,822,256</b>	<b>247,207,098</b>
Total Cash, Cash Equivalents and Investments		<b>\$ 355,029,354</b>
Deposits	\$ 12,724,082	
Investments	342,305,272	
Total Deposits and Investments		<b>\$ 355,029,354</b>

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

**Authorized Investments**

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

**City of Coral Gables Retirement Fund**

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

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

Investments in all equity securities shall be limited to fully and easily negotiable equity securities and shall not exceed 70% of the market value of the total fund assets. No more than 5% (at cost) of the portfolio may be invested in the shares of a single corporate issuer.

Investments in securities (equity or fixed income) issued by foreign corporations are limited to no more than 25% of fund assets. Investments in shares of public companies that have been publicly traded for less than a year are limited to no more than 15% of the market value of the total equity portfolio. Convertible securities are not to exceed 10% of the market value of the total equity portfolio. Equity funds may be managed through the purchase of open-ended, no-load mutual funds or commingled funds. The Board implicitly accepts the policy of a mutual fund or commingled fund when it makes a direct investment.

The fixed income portfolio shall comply with the following: the average credit quality of the bond portfolio shall be "A" or higher. The duration of the fixed income portfolio should be less than 135% of the duration of the market index. Investments in all corporate fixed income securities shall be limited to securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. Yankee bonds and non U.S. dollar denominated bonds may not exceed 10% of the entire fixed income portfolio. No more than 10% at cost of an investment managers total fixed income portfolio shall be invested in the securities of any single corporate issuer. Securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.

Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the market value of the investment managers' total portfolio and shall be restricted to issues backed by the full faith of the U.S. Government, an agency thereof, or are rated AAA by a major rating service and PAC (Planned amortization class), NAC (non-accelerated securities) or VADM (very accurately defined maturity) securities.

There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof. Fixed income funds may be managed through the purchase of open-ended, no-load mutual funds or commingled funds. Fixed income funds purchased by investment advisors are expected to adhere to the guidelines herein. The board implicitly accepts the policy of a mutual fund or commingled fund when it makes a direct investment.

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

property investment managers shall manage all real estate investments.

The Fund may invest up to 10% of the total market value of the portfolio in limited partnerships and/or private equity structures in order to diversify the Fund's portfolio and/or to enhance the Fund's return opportunities. It is understood that these types of investment may have limited liquidity and/or "lock-up" periods with no liquidity. It is also recognized that these types of investments may have higher fees and demonstrate highly variable returns over short periods of time. The Board shall consider special criteria including, but not limited to, the following in evaluation of any investments in this category: tenure, expertise, and track record of management team; diversification potential of the alternative investment relative to other Fund investments; risk control provisions of the alternative investment; liquidity provisions of the alternative investment; use of leverage or other means of return enhancement by the alternative investment; fees and potential conflicts of interest associated with the alternative investment.

*Police Officers' Pension Fund*

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

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

**Types of Investments**

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

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

Florida Statutes and Police Officers’ Pension Fund investment policy authorize the Trustees to invest funds in various investments. The current actual and target allocations of these investments at September 30, 2011 are as follows:

<b>Authorized Investments</b>	<b>Target % of Portfolio</b>	<b>Actual % of Portfolio</b>
Domestic equity	26-50%	33%
Fixed income	15-25%	21%
Tips	3 - 7%	5%
International equity	5 - 25%	10%
Real estate	0 - 8%	5%
Cash and cash equivalents	10-40%	26%

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

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

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money Market Fund	\$ 94,247,760	\$ 94,247,760	\$ -	\$ -	\$ -
*State Board of Administration	850,414	850,414	-	-	-
	<u>\$ 95,098,174</u>	<u>\$ 95,098,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*Weighted average portfolio maturity limited to 90 days

Information about the sensitivity of the fair values of the Coral Gables Retirement Fund's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund investments by maturity at September 30, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. government and agency	\$ 18,545,710	\$ 1,243,819	\$ 838,998	\$ 3,007,080	\$ 13,455,813
Corporate bonds	22,127,384	1,207,276	7,980,191	9,195,809	3,744,108
Domestic fixed income fund	12,785,728	-	7,046,493	5,739,235	-
Global fixed income	11,708,592	-	5,773,834	-	5,934,758
	<u>\$ 65,167,414</u>	<u>\$ 2,451,095</u>	<u>\$ 21,639,516</u>	<u>\$ 17,942,124</u>	<u>\$ 23,134,679</u>

Information about the sensitivity of the fair values of the Police Officers' Pension Funds' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund's investments by maturity at September 30, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 224,423	\$ -	\$ -	\$ 224,423	\$ -
Fixed income funds	856,870	-	285,054	427,901	143,915
	<u>\$ 1,081,293</u>	<u>\$ -</u>	<u>\$ 285,054</u>	<u>\$ 652,324</u>	<u>\$ 143,915</u>

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

Investment Type	Quality Credit Rating Standard & Poor	Fair Value
Money Market Fund	AAAm	\$ 94,247,760
		94,247,760
Mutual Funds	Not Rated	11,288,263
State Board of Administration	Not Rated	850,414
		<u>\$ 106,386,437</u>

*Credit Risk*

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

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The following table discloses Coral Gables Retirement Fund's credit ratings by investment type, at September 30, 2011 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 18,545,710	28.46%
Quality rating of credit risk debt securities		
AAA	17,057,894	26.17
AA+	970,527	1.49
AA	1,409,821	2.16
AA-	627,287	0.96
A+	1,000,512	1.53
A	8,450,808	12.97
A-	4,128,536	6.34
BBB+	1,934,425	2.97
BBB	6,418,689	9.85
BBB-	995,907	1.53
BB	2,176,758	3.34
B and lower	1,100,259	1.69
Not rated	350,281	0.54
Total credit risk debt		
Securities	46,621,704	71.54
Total fixed income securities	\$ 65,167,414	100%

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

The following table discloses Police Officers' Pension Fund's credit ratings by investment type, at September 30, 2011 as applicable:

	Fair Value	Percentage of Portfolio
Quality rating of credit risk debt securities		
AAA	\$ 363,235	33.59%
AA	174,802	16.17%
A	349,603	32.33%
BBB	157,664	14.58%
BB	7,712	0.71%
Not rated	28,277	2.62%
Total credit risk debt		
Securities	\$ 1,081,293	100%

**Concentration of Credit Risk:** The Coral Gables Retirement Fund policy for Pension Investments limits investments in equities and fixed income securities to no more than 5% and 10% of an investment manager's portfolio, respectively, in any one issue. The investment policy of the Police Officers' Pension Fund contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2011.

**Custodial Credit Risk:** The City does not have a formal policy, but its practice is to ensure that all investments are held by the City or its counterparty in the City's name. These investments are uninsured and unregistered. Consistent with the Coral Gables Retirement Fund investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

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

**Foreign Currency Risk:** Foreign currency risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than US Dollars as well as carrying value of foreign investments. The Police Officers' Pension Fund's exposure to foreign currency risk derives mainly from its investment in international equity funds. The Fund participates in international equity funds but does not own any foreign individual securities. The investment policy of the Fund limits the foreign investments to no more than 25% of the Fund's investment balance. As of year-end, the foreign investments were 10% of total investment. The Fund's exposure to foreign currency risk related to foreign equity funds are as follows:

	Fair Value
Vanguard Total International Stock Fund	\$ 395,021

*Securities Lending Transactions*

The Coral Gables Retirement Fund is authorized by the state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Fund's custodial bank. The Fund lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the Fund continues to receive dividends and interest as the owner of the loaned securities. All loans can be terminated on demand by either the Fund or the borrowers, although the average term of loans is approximately eighty-five days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

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

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

The following represents the balances relating to securities lending transactions at September 30, 2011:

<b>Securities Lent:</b>	<b>Market Value of Securities on Loan for Cash</b>	<b>Fair Value of Cash Collateral Invested</b>
U.S. government and agency obligations	\$ 7,741,117	\$ 7,937,004
Domestic corporate stocks	33,987,518	35,494,850
Domestic corporate bonds	4,713,450	4,872,486
<b>Total Securities Lent</b>	<b>\$ 46,442,085</b>	<b>\$ 48,304,340</b>

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

**NOTE 5 — CAPITAL ASSETS**

The following summarizes capital asset activity for the fiscal year ended September 30, 2011:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
<b>Governmental Activities:</b>				
Nondepreciable Assets:				
Land	\$ 44,156,634	\$ 1,251,000	\$ -	\$ 45,407,634
Construction in Progress	12,073,727	1,999,020	10,945,649	3,127,098
Total Non-depreciable Assets	<u>56,230,361</u>	<u>3,250,020</u>	<u>10,945,649</u>	<u>48,534,732</u>
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	57,057,675	6,586,271	-	63,643,946
Improvements Other Than Buildings	39,340,249	4,359,378	-	43,699,627
Machinery and Equipment	49,084,737	1,724,982	3,673,425	47,136,294
Total Depreciable Assets	<u>258,550,681</u>	<u>12,670,631</u>	<u>3,673,425</u>	<u>267,547,887</u>
Less Accumulated Depreciation for:				
Infrastructure	63,492,843	3,021,254	-	66,514,097
Buildings	16,909,343	1,121,819	-	18,031,162
Improvements Other Than Buildings	9,297,721	1,013,509	-	10,311,230
Machinery and Equipment	39,205,128	3,088,932	3,647,192	38,646,868
Total Accumulated Depreciation	<u>128,905,035</u>	<u>8,245,514</u>	<u>3,647,192</u>	<u>133,503,357</u>
Total Depreciable Assets, net	<u>129,645,646</u>	<u>4,425,117</u>	<u>26,233</u>	<u>134,044,530</u>
Governmental Activities Capital Assets, net	<u>\$ 185,876,007</u>	<u>\$ 7,675,137</u>	<u>\$ 10,971,882</u>	<u>\$ 182,579,262</u>
<b>Business-Type Activities:</b>				
Nondepreciable Assets:				
Land	\$ 3,701,838	\$ -	\$ -	\$ 3,701,838
Construction in Progress	-	2,156,379	-	2,156,379
Total Non-depreciable Assets	<u>3,701,838</u>	<u>2,156,379</u>	<u>-</u>	<u>5,858,217</u>
Depreciable Assets:				
Infrastructure	20,863,323	-	-	20,863,323
Buildings	31,401,988	-	1,154,515	30,247,473
Improvements Other Than Buildings	417,537	-	-	417,537
Machinery and Equipment	1,842,778	702,000	67,239	2,477,539
Total Depreciable Assets	<u>54,525,626</u>	<u>702,000</u>	<u>1,221,754</u>	<u>54,005,872</u>
Less Accumulated Depreciation for:				
Infrastructure	8,999,097	380,973	-	9,380,070
Buildings	9,198,702	651,626	818,581	9,031,747
Improvements Other Than Buildings	271,061	14,624	-	285,685
Machinery and Equipment	1,741,773	30,608	67,239	1,705,142
Total Accumulated Depreciation	<u>20,210,633</u>	<u>1,077,831</u>	<u>885,820</u>	<u>20,402,644</u>
Total Depreciable Assets, net	<u>34,314,993</u>	<u>(375,831)</u>	<u>335,934</u>	<u>33,603,228</u>
Business-Type Activities Capital Assets, net	<u>\$ 38,016,831</u>	<u>\$ 1,780,548</u>	<u>\$ 335,934</u>	<u>\$ 39,461,445</u>
Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2011:				
<b>Governmental Activities:</b>				
General Government				\$ 3,890,445
Public Safety				1,130,840
Transportation				1,602,786
Culture and Recreation				990,989
Physical Environment				630,454
Total depreciation expense – Governmental Activities				<u>\$ 8,245,514</u>
<b>Business-Type Activities:</b>				
Sanitary Sewer System Fund				\$ 295,699
Parking System Fund				690,928
Stormwater Utility Fund				91,204
Total depreciation expense – Business-Type Activities				<u>\$ 1,077,831</u>

**NOTE 6 - INTERFUND TRANSACTIONS**

The interfund balances below represent short-terms loans to cover temporary negative balances in each funds' equity in pooled cash and the time lag between when interfund transactions are recorded in the accounting system and the payments between the Funds are made. The composition of interfund balances at September 30, 2011 is as follows:

<u>Due from/to other funds</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities:		
Nonmajor governmental fund:		
Other governmental funds	\$ -	\$ 1,429,000
Major proprietary fund:		
Stormwater Utility	-	1,000
Internal Service fund:		
Insurance Fund	1,430,000	-
	<u>\$ 1,430,000</u>	<u>\$ 1,430,000</u>

Interfund transfers for the fiscal year ended September 30, 2011 are as follows:

<u>Interfund Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
Major governmental fund:		
General	\$ 6,807,873	\$ 10,796,532
General Improvement	8,200,968	123,000
Neighborhood Renaissance	-	24,363,473
Nonmajor governmental fund:		
Other governmental funds	30,539,383	-
Major proprietary fund		
Sanitary Sewer	-	1,549,177
Parking System	-	4,881,987
Stormwater Utility	-	376,709
Internal Service fund		
Motor Pool	1,000,000	
Insurance Fund	-	4,457,346
	<u>\$46,548,224</u>	<u>\$ 46,548,224</u>

Transfer out from the General Fund to the Debt Service Fund is required to provide funds for debt service requirements related to the special revenue bonds. The transfers out from the General Fund and Insurance Fund to Capital Project General Improvement Fund, Other Governmental Funds, and Motor Pool Fund were primarily to provide additional funds for capital project expenditures. Transfers out from Sanitary Sewer, Parking Systems and Stormwater Utility to the General Fund were primarily to provide resources as subsidy for the cost of general operations of the General Fund. Transfers out from Neighborhood Renaissance Fund to the Debt Service Fund pertain to the proceeds of Series 2011 Special Revenue Bonds used for the refunding of several bonds outstanding.

**NOTE 7 - LONG-TERM DEBT**

(a) Following is a summary of the City's Special Obligation Bonds at September 30, 2011:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/11	Current Portion
Governmental Activities:							
01-07-2004	10-01-2028	3.00%-4.50%	\$ 10,395,000	\$ 10,210,000	\$ 1,787,100	\$ 8,422,900	\$ 294,400
01-07-2004	10-01-2028	4.75%-5.87%	5,615,000	5,615,000	935,000	4,680,000	165,000
09-29-2009	10-01-2019	3.98%	3,525,000	3,525,000	295,000	3,230,000	305,000
06-30-2011	10-01-2031	3.50%	39,840,633	39,840,633	-	39,840,633	-
06-30-2011	10-01-2016	0.98%	2,440,000	2,440,000	-	2,440,000	-
06-30-2011	10-01-2032	1.57%	4,365,000	4,365,000	-	4,365,000	-
			<u>66,180,633</u>	<u>65,995,633</u>	<u>3,017,100</u>	<u>62,978,533</u>	<u>764,400</u>
Business-Type Activities:							
01-07-2004	10-01-2028	3.00%-4.50%	11,800,000	11,985,000	2,097,900	9,887,100	345,600
09-29-2009	10-01-2019	3.98%	2,635,000	2,635,000	220,000	2,415,000	230,000
06-30-2011	10-01-2031	3.50%	4,019,367	4,019,367	-	4,019,367	-
			<u>18,454,367</u>	<u>18,639,367</u>	<u>2,317,900</u>	<u>16,321,467</u>	<u>575,600</u>
			<u>\$ 84,635,000</u>	<u>\$ 84,635,000</u>	<u>\$ 5,335,000</u>	<u>\$ 79,300,000</u>	<u>\$ 1,340,000</u>

The City's special obligation bonds consist of loans from the Sunshine State Governmental Financing Commission and are collateralized and payable from non-ad valorem tax revenues of the City. With respect to the governmental special obligation bonds, fiscal year 2011 debt service (excluding bond refunding) was \$4,140,439 while total non-ad valorem tax revenue totaled \$23,832,135. For the business-type special obligation bonds, fiscal year 2011 debt service (excluding bond refunding) totaled \$1,849,334 while total non-ad valorem revenue totaled \$12,571,297. All revenue pledges remain in effect for the life of the special obligation bonds.

In fiscal year 2011, the City issued special obligation bonds as follows:

(a) **Series 2011A** with principal amount of \$43,860,000 to finance various public capital projects related to the City's Neighborhood Renaissance Program in the amount of \$22,210,000 and to accomplish the current refunding of all or portion of certain outstanding bonds in the total amount of \$21,650,000. The current refunding was undertaken to refund certain outstanding bonds with variable interest rates and eliminate the uncertainty of the future debt service requirements, and extend maturity dates. The Series 2011A has a fixed interest rate of 3.5% payable on April 1 and October 1 of each year and matures on October 1, 2031. Principal amount is paid annually starting October 1, 2012.

(b) **Series 2011B** with principal amount of \$2,440,000 to refund all or a portion of outstanding bonds with variable interest rates issued on May 19, 1999 and May 9, 2001. The Series 2011B has a variable interest rate equal to 74% times (LIBOR plus 110 basis points) payable on April 1 and October 1 of each year and matures on October 1, 2016. Principal amount is paid annually starting October 1, 2012. The applicable variable interest rate as of October 3, 2011 is 0.98%.

(c) **Series 2011C** with principal amount of \$4,365,000 to refund the outstanding bonds with variable interest rates issued on July 24, 2006 and July 26, 2007. The Series 2011C has a variable rate equal to LIBOR plus 135 basis points payable on April 1 and October 1 of each year and matures on October 1, 2032. Principal amount is paid annually starting October 1, 2012. The applicable variable interest rate as of October 3, 2011 is 1.57%.

In each current refunding above, the difference in cash flows or economic gain/loss is not determinable because of the variable interest feature of the related refunding and refunded debts.

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

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

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

Total annual debt service requirements on debt outstanding as of September 30, 2011, are as follows:

BUSINESS-TYPE ACTIVITIES							
Fiscal Year	Special Obligation Bonds			Capital Leases			Business-Type Activities
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
2012	\$ 575,600	\$ 855,199	\$ 1,430,799	\$ 115,883	\$ 15,943	\$ 131,826	\$ 1,562,625
2013	836,817	612,510	1,449,327	136,119	14,538	150,657	1,599,984
2014	850,845	582,576	1,433,421	140,277	10,381	150,658	1,584,079
2015	877,130	551,363	1,428,493	144,562	6,096	150,658	1,579,151
2016	903,330	518,711	1,422,041	111,170	1,823	112,993	1,535,034
2021	5,343,365	2,000,610	7,343,975	-	-	-	7,343,975
2026	4,117,957	1,043,402	5,161,359	-	-	-	5,161,359
2031	2,738,704	206,051	2,944,755	-	-	-	2,944,755
2033	77,719	1,365	79,084	-	-	-	79,084
Total	16,321,467	\$ 6,371,787	\$ 22,693,254	648,011	\$ 48,781	\$ 696,792	\$ 23,390,046
Current portion	(575,600)			(115,883)			
Long-term portion	\$ 15,745,867			\$ 532,128			

GOVERNMENTAL ACTIVITIES							
Fiscal Year	Special Obligation Bonds			Capital Leases			Governmental Activities
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
2012	\$ 764,400	\$ 2,360,511	\$ 3,124,911	\$ 459,625	\$ 47,682	\$ 507,307	\$ 3,632,218
2013	2,593,183	2,347,317	4,940,500	444,183	30,008	474,191	5,414,691
2014	2,654,155	2,251,965	4,906,120	396,110	16,550	412,660	5,318,780
2015	2,727,870	2,153,655	4,881,525	160,198	5,841	166,039	5,047,564
2016	2,791,670	2,052,334	4,844,004	85,484	1,331	86,815	4,930,819
2021	14,316,635	8,631,164	22,947,799	1,484	10	1,494	22,949,293
2026	16,822,043	5,666,154	22,488,197	-	-	-	22,488,197
2031	17,066,296	2,123,491	19,189,787	-	-	-	19,189,787
2033	3,242,281	72,326	3,314,607	-	-	-	3,314,607
Total	62,978,533	\$ 27,658,917	\$ 90,637,450	1,547,084	\$ 101,422	\$ 1,648,506	\$ 92,285,956
Current portion	(764,400)			(459,625)			
Long-term portion	\$ 62,214,133			\$ 1,087,459			

During the year ended September 30, 2011, the following changes occurred in long-term liabilities of governmental activities:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Accrued Compensated Absences	\$ 8,634,651	\$ 3,576,566	\$ 3,447,555	\$ 8,763,662	\$ 3,956,589
Claims Payable	8,981,000	5,664,936	2,375,936	12,270,000	4,007,000
Special Obligation Debt	43,638,768	46,645,633	27,305,868	62,978,533	764,400
Capital Lease	1,162,886	755,700	371,502	1,547,084	459,625
Pollution Remediation Obligation	310,000	-	100,000	210,000	210,000
	<u>\$ 62,727,305</u>	<u>\$ 56,642,835</u>	<u>\$ 33,600,861</u>	<u>\$ 85,769,279</u>	<u>\$ 9,397,614</u>

During the year ended September 30, 2011, 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	\$ 252,114	\$ 138,788	106,882	\$ 284,020	\$ 132,701
Special Obligation Debt	17,561,900	4,019,367	5,259,800	16,321,467	575,600
Capital Lease	-	702,000	53,989	648,011	115,883
	<u>\$ 17,814,014</u>	<u>\$ 4,860,155</u>	<u>\$ 5,420,671</u>	<u>\$ 17,253,498</u>	<u>\$ 824,184</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 capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The original present value of the minimum payments under the arrangement and the capitalized basis is \$2,130,155, net of accumulated depreciation of \$111,868 for governmental activities; and \$702,000 as the capitalized basis and \$0 accumulated depreciation for business-type activities.

Future minimum lease obligations are as follows:

<b>Governmental Activities</b>	
<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2011	\$ 1,648,506
Less: Amount representing interest	101,422
Present value of minimum lease payments:	<u>\$ 1,547,084</u>

<b>Business-Type Activities</b>	
<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2011	\$ 696,792
Less: Amount representing interest	48,781
Present value of minimum lease payments:	<u>\$ 648,011</u>

**(d) Conduit Loan**

As an accommodation to the company that manages the Biltmore Golf Course and to reduce the cost of the rental of golf carts, the City entered into a capital lease agreement for financing the acquisition of golf carts. In connection with the capital lease agreement, the City and the management company entered into an Assumption of Liability and Guaranty Agreement which provides that the management company assumes all liability under the capital lease, including but not limited to, the timely payment to the City of the lease payments and guaranteeing the performance of the lease obligations. Accordingly, the capital lease obligation is not reported as liability in the City's financial statements. As of September 30, 2011, the present value of the minimum lease payments is \$274,555.

**(e) Reimbursement of Grant Funds to the State of Florida**

As a result of the project closeout and final reconciliation of several grant projects related to the 2005 hurricane related expenditures, the State of Florida Division of Emergency Management (State) determined that certain cost of clean-up activities which were funded by the State are ineligible and

required the City to refund the cost to the State. The total ineligible cost assessed by the State is \$1,506,404 million. As of September 30, 2011, the City agreed to the assessment of \$1,150,772 million and the amount is recognized as Due to Other Governments in the General Fund. The amount will be paid by the City in the first quarter of fiscal year 2012.

The City is disputing the remaining amount of \$355,632 and the outcome is not certain as of September 30, 2011. This amount is recognized as long-term liability at the government-wide financial statements.

**NOTE 8 - EMPLOYEE PENSION PLANS**

**(a) Defined Benefit Plan**

Coral Gables Retirement Plan

**(1) Plan Description**

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

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

*Plan Membership* - Plan membership consisted of the following as of October 1, 2010:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	817
<hr/>	
Current Employees:	
Vested	349
Non-vested	323
Total	672

*Pension Benefits*

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

Upon normal retirement, firefighters and police officers will receive a monthly pension, payable for life, equal to 3% of the highest three-year average annual earnings multiplied by years of credited service with a maximum of 75% of average annual earnings.

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

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

Effective September 30, 2010, the normal retirement benefits for general employees shall be accrued benefits as of September 30, 2010, plus 2.25% of the average final compensation (highest five-year average) multiplied by the total years of credited service with a maximum of 75% of average final compensation.

Effective September 30, 2010, the normal benefits for excluded employees shall be accrued benefits as of September 30, 2010, plus the following:

- (a) Managerial employees: 3% multiplier for first 10 years; 2.25% thereafter;
- (b) Professional/supervisory employees: 2.5% multiplier for first 10 years; 2.25% thereafter;
- (c) Confidential employees: 2.25% multiplier; and
- (d) Appointed officials: 3% multiplier.

All participants, with the exception of members of the bargaining units represented by the Fraternal Order of Police, Lodge No. 7, and the International Association of Firefighters, Local 1210, who retire after completing 40 years of service, the benefit will be calculated using 80% of the highest two year average annual earnings.

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

*Deferred Retirement Option Plan* - Members who continue employment with the City and pass normal retirement date may freeze their accrued benefit and enter the Deferred Retirement Option Plan (the "DROP"). Maximum participation in the DROP shall

be 5 years for general and police members and 8 years for firefighter members.

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

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

Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive their monthly retirement benefit. The value of the DROP accounts of all participants at September 30, 2011 was \$20,405,200.

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

*Termination* - If a member terminates employment before vesting, their contributions are returned to them. The Plan also provides a special provision for vested benefits for employees who terminate after 10 years of service whereby they can elect to receive, in lieu of any retirement income benefit to which a member may be entitled, an amount equal to the balance in their participant contribution account.

*Member Contribution* - All police officer and firefighter participants are required to contribute 5% of their total earnings to the Plan. Members other than firefighters or police officers, who are not included in any bargaining unit for collective bargaining purposes, are required to contribute 10% of total earnings to the Plan. Effective October 1, 2010, all participants in the Teamsters Local Union 769 Bargaining Unit are required to contribute 10% (5% prior to October 1, 2010) of total earnings to the Plan.

*Funding Requirements* - Pursuant to Florida Statutes, Chapter 175 and 185, contributions from the State of Florida Department of Insurance consist of an excise

tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the State contributions is provided to the Share Plan and is used to reduce the City's contribution when received. The City is required to pay into the Plan such amount as necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid the member.

*Investments* - The Plan has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment consultant who monitors the investing activity. The investments owned are held by a custodian in the name of the Plan. The Plan provides for investment in U.S. Government securities, money market funds, bonds, notes, common stock and international equity securities.

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

## **(2) Basis of Accounting**

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

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

*Investments* - Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. The market values for securities that have

no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2011. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investment securities is based on appraisals plus fiscal year-to-date capital expenditures.

Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Such valuations generally reflect discounts for liquidity and consider variables such as financial performance of investments, discounted cash flow analysis, recent sales prices of comparable investment, and other pertinent information.

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

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

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

*Subsequent Events* - Management has evaluated subsequent events through February 23, 2012, the date which the financial statements were available for issue.

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

*Risks and Uncertainties* - Contributions to the Plan and the actuarial information included in the required supplementary information (RSI) are reported based

on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

**(3) Funded Status and Funding Progress**

The funded status of the Plan as of October 1, 2010, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Valuation Date	10/1/10
Actuarial Value of Assets	\$265,081
Actuarial Accrued Liability (AAL) Entry Age	\$460,732
Unfunded AAL (UAAL)	\$195,651
Funded Ratio	57.5%
Annual Covered Payroll	\$ 46,950
UAAL as a % of Covered Payroll	417.1%

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

Additional information as of the latest actuarial valuation follows:

- Valuation date - 10/01/10
  - Actuarial cost method – Individual Entry Age Normal Cost Method
  - Amortization method – Level payment, closed
  - Remaining amortization period – 30 years
  - Asset valuation method – Expected value based on cash flow and the Investment Return assumption, applied to beginning Market Value, adjusted by 20% of the difference between expected and actual asset values for each of the previous five years, and reduced by the value of the DROP accounts. The result cannot be greater than 120% of market value or less than 80% of market value (5-year roll forward method) DROP account balances are added to the final value.
  - Actuarial assumptions:
    - Investment rate of return\* – 7.75%, compounded annually
    - Projected salary increases\* – 3.75% plus seniority and merit scale
- \*Includes inflation – 3.75%

**(4) Funding Requirements and Contributions**

*Actual Contributions* - The actual City contributions, for active employees and the Share Plan contributions for the year ended September 30, 2011 amounted to \$21,774,775 and was determined by the October 1, 2010 actuarial valuation. For the fiscal year ended September 30, 2011, the actual amount of covered payroll was approximately \$52,240,000.

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

	Amount	Percent of Actual Annual Covered Member Payroll
City	\$ 21,628,945	41.40%
Share Plan	145,830	0.28%
Employee	3,466,245	6.64%
<b>Total</b>	<b>\$ 25,241,020</b>	<b>48.32%</b>

*Actuarially Determined Contributions* - The contributions required from the City of Coral Gables for the fiscal year ended September 30, 2011, were actuarially determined by the October 1, 2009 valuation report to be \$22,405,410. The actuarially computed annual covered payroll amounted to approximately \$52,693,000. However, recent changes enacted by the State of Florida required the Plan Actuary to calculate the required City contributions for September 30, 2011, based on the contribution percentage (40.98%) stated in the October 1, 2009 (updated), valuation applied to actual pensionable wages, as opposed to a specific dollar amount based on actuarially computer projected payroll. As a result of this change, the calculated required City contributions, based on the actual pensionable wages of \$52,240,271, amounted to \$21,408,063.

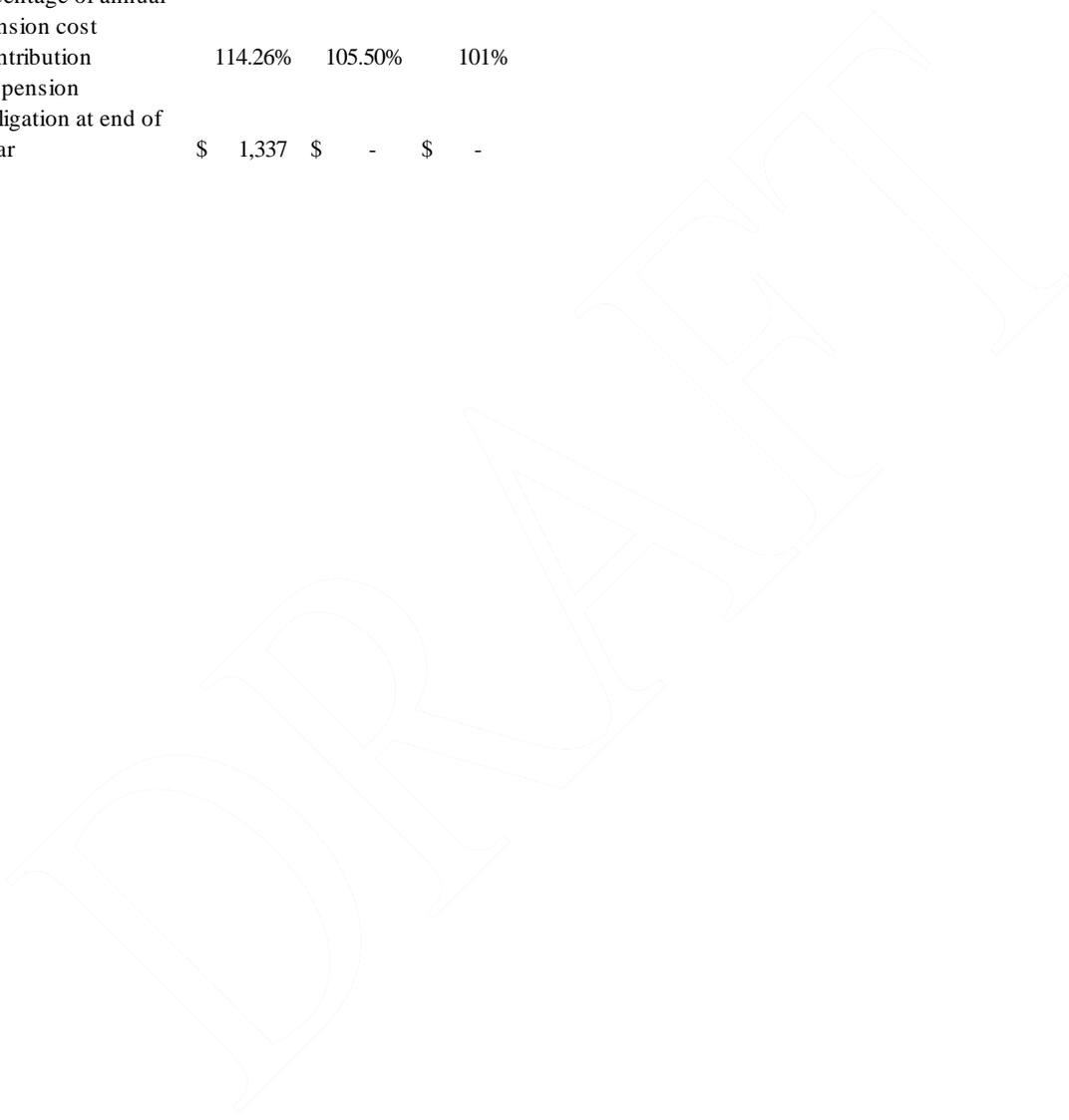
The required City contributions cover the following for the fiscal years ended September 30, 2011:

	Amount	Percent of Actuarially Computed Covered Payroll
Normal cost plus interest	\$ 4,211,874	7.99%
Amortization of unfunded liability	17,196,189	32.63%
<b>Total</b>	<b>\$ 21,408,063</b>	<b>40.62%</b>

*Annual Pension Cost and Net Pension Obligation*

Annual pension cost is a measure of the periodic cost of an employer's participation in a defined pension plan. The annual pension cost for the PERS for the fiscal years ended September 30, 2009, 2010 and 2011 are as follows (in thousands)

	2009	2010	2011
Annual pension cost	\$ 22,366	\$ 24,303	\$ 21,408
Percentage of annual pension cost contribution	114.26%	105.50%	101%
Net pension obligation at end of year	\$ 1,337	\$ -	\$ -



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

CITY OF CORAL GABLES, FLORIDA  
 CERTAIN STATEMENTS OF FIDUCIARY NET ASSETS  
 FIREFIGHTERS' PENSION FUND  
 September 30, 2011

	<b>Firefighters' Pension Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 15,335
Investments at Fair Value:	
Mutual Funds	11,288,263
Total Assets	11,303,598
<b>LIABILITIES</b>	
	-
<b>NET ASSETS</b>	
Systems	\$ 11,303,598

CITY OF CORAL GABLES, FLORIDA  
 CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS  
 FIREFIGHTERS' PENSION FUND  
 For the Fiscal Year Ended September 30, 2011

	<b>Firefighters' Pension Fund</b>
<b>ADDITIONS</b>	
<b>Contributions:</b>	
Employer	\$ 862,967
<b>Investment Income:</b>	
Depreciation in the Fair Value of Investments	(115,727)
Investment Earnings	184,118
Total Investment Income	68,391
Less Investment Expense	132,137
Net Investment Loss	(63,746)
Total	799,221
<b>DEDUCTIONS</b>	
Employee Benefits	337,932
Change in Net Assets	461,289
Net Assets – Beginning	10,842,309
Net Assets – Ending	\$ 11,303,598

**(b) Defined Contribution Plans**

The City provides pension benefits for its Police Officers and Firefighters, as a supplement to the benefits provided under the Coral Gables Retirement defined benefit pension plan, through two defined contribution plans, the Police Officers' Pension Fund and Firefighters' Pension Fund. Benefits from these plans depend solely on amounts contributed to the plans, plus investment earnings. Employer contributions to both plans are the proceeds of a tax on certain insurance companies collected by the State of Florida

and distributed to qualified municipalities according to Florida Statutes, Chapter 185 for Police Officers and Chapter 175 for Firefighters. The plan is administered by the Police and Firefighters Pension Board. The Pension Board with approval of the City Commission has authority for amending the plan.

## **Police Officers**

### **(1) Plan Description**

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

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

The employer contributions for the fiscal year were \$427,246 representing 3.1% of total covered payroll of the Police Department of \$13,697,187.

The Police Officers Plan issues a publicly available financial report that includes the applicable financial statements and required supplementary information. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Retirement System Administrator, 3810 Inverrary Blvd., Lauderhill, Florida 33319.

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

*Basis of accounting* - the financial statements of the Fund have been prepared on the accrual basis of accounting. State contributions are recognized as revenue pursuant to approval by the State of Florida. Distributions are recognized when due and payable pursuant to the terms of the Fund. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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

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

## **Firefighters**

### **(1) Plan Description**

Firefighters participate from the date of employment as a firefighter. Contributions to the plan are 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 contributions for the fiscal year were \$786,553, representing 5.9 % of total covered payroll of the Fire Department of \$13,403,336. In addition, the Plan received from the State of Florida supplemental contributions of \$76,414.

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

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

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

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

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

**NOTE 9 - POSTEMPLOYMENT BENEFITS  
OTHER THAN PENSIONS**

Plan Description – The City provides health insurance benefits to its retired employees through a single-employer program administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees are required to pay 100% of the premium where premiums are determined based upon a blend of active employees and retirees. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Funding Policy - Currently, the City’s Retiree Health Care Plan is unfunded. The City is financing the post employment benefits on a pay-as-you go basis. There are no separate trust funds or equivalent arrangement into which the City contributes to advance-fund the OPEB obligations, as it does for its retiree pension plans. Annual required implied contributions amounted to \$1,778,244 for the current fiscal year, toward which the City made an implied contributions amounted to \$586,393. At September 30, 2011, the City recognized a net OPEB obligation of \$3,291,453 for governmental activities and \$100,407 for business-type activities in its government-wide statement of net assets and proprietary fund statement. The internal service funds reported a net OPEB obligation of \$106,682. The net OPEB obligation is a function of annual required contribution, interest, adjustments to the annual required contribution and actual employers’ contribution made to the plan.

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

Annual Required Contribution (ARC)	\$ 1,778,244
Interest on Net OPEB Obligation	91,778
Adjustment to ARC	(79,542)
Annual OPEB Cost (Expense)	<u>1,790,480</u>
Estimated Employer Contribution	586,393
Increase in Net OPEB Obligation	<u>1,204,087</u>
Net OPEB Obligation- beginning of year	2,294,455
Net OPEB Obligation- ending of year	<u>\$ 3,498,542</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2011	\$ 1,790,840	32.80%	\$3,498,542
September 30, 2010	\$ 1,640,204	28.40%	\$2,294,455
September 30, 2009	\$ 1,524,204	26.50%	\$1,120,028

Funded Status and Funding Progress - as of September 30, 2011, the OPEB schedule of funding progress was as follows:

Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$0	\$ 25,317,350	\$ 25,317,350	0.0%	\$49,102,420	51.6%

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

the assets consistent with the long-term perspective of the calculations.

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

Valuation date	September 30, 2011
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll, Open
Amortization period	30 years
Actuarial assumptions:	
Assumed rate of return on investments	4.00%
Assumed rates of salary increase	4.25% and 5.75% per year depending on the member's age and employment group
Assumed payroll growth	4.00% per year
Initial trend rate	9.00
Ultimate trend rate	4.5%
Inflation rate	3.75%

**NOTE 10 - POLLUTION REMEDIATION OBLIGATIONS**

As of September 30, 2011, the City is involved in two (2) pollution remediation obligating events as follows:

- (a) Biltmore Golf Course - In August 2003, the City received a Notice of Violation (NOV) from Miami-Dade County Permitting, Environment and Regulatory Affairs (PERA) (formerly Department of Environmental Resource Management (DERM)) that documented contamination found in an onsite soakage pit and an adjacent monitoring well. The City through its consultant proposed a natural background study for arsenic, in addition to a supplemental site assessment report (SSAR) to address the contamination found in the identified areas. A revised Site Assessment Report Addendum (SARA) was submitted to DERM in January 2006 and a second SARA was submitted in August 2008 by the new city consultant. The City has completed Phase 1 of this project and submitted the report for this phase to PERA for review. The City is awaiting comment on the report and expects to begin the bidding of Phase 2 of this project in early 2012. Work is anticipated to be completed by the end of 2012 calendar year. The City estimates the remaining costs for this entire obligating event to be \$200,000.
  
- (b) Granada Golf Course - In April 1988, City applied for entry into the State of Florida Department of Environmental Protection (FDEP) Early Detection Incentive Program. This program allowed for

funding and cleanup assistance to be allocated for eligible sites. The City voluntarily removed a 6,000 gallon underground storage tank. As of February 24, 2012, the City has tasked its consultant to proceed with sampling of the area surrounding the former footprint of the underground storage tank. The City is currently evaluating the sampling data and anticipates the cost for this action not to exceed \$10,000.

As of September 30, 2011, the City's total liability related to the pollution remediation obligating event is \$210,000.

**NOTE 11 - INSURANCE PROGRAM**

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

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

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

The City purchases excess insurance over retention of \$500,000 per occurrence for Workers' Compensation. For General and Automobile Liability, the retention is \$350,000 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 for Police Officers and Firefighters. The Police Officers and Firefighters have fully insured individual health care plans.

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

	2011	2010
Unpaid claim payable, beginning	\$ 8,981,000	\$ 9,558,000
Incurred claims and claim adjustments	5,664,936	5,916,635
Claims payments	(2,375,936)	(6,493,635)
Unpaid claims payable, ending	<u>\$ 12,270,000</u>	<u>\$ 8,981,000</u>

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

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

The Capital Project General Obligation Bond Fund has a deficit of \$22,812. The deficit will be offset with reimbursements from Miami-Dade County in the next fiscal year.

**NOTE 13 - CONTINGENCIES AND COMMITMENTS**

Litigations

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

Government Grants

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

Construction Commitments

The City is a party to several improvements and construction contracts. The amount remaining on these uncompleted contracts as of September 30, 2011 was approximately \$3.6 million.

**NOTE 14 - MINIMUM RENTALS RECEIVABLE**

Non-cancelable operating leases of property to third parties are accounted for in the Enterprise Funds and General Fund. The operating leases include various short term leases ranging from less than one year to twenty eight years as well as a long term lease with the management company operating the Biltmore Hotel and Golf Courses and lease and development agreement on City owned land parcels. Minimum rentals receivable under these leases are as follows:

Fiscal Year	Amount
2012	\$ 4,339,139
2013	4,299,221
2014	4,246,517
2015	4,126,464
2016	3,806,675
2017-2021	15,673,598
2022-2026	14,293,274
2027-2031	10,731,972
2032-2036	7,310,228
2037-2041	1,185,125
	<u>\$ 70,012,213</u>

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

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

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

In addition, as part of the Agreement, the Palace conveyed to the City the title on two parcels of land that became part of the land owned by the City on where the project is being built. The agreed market value of the parcels of land was \$1,251,000 which was recognized as donated land in the Statement of Activities as of September 30, 2011, and the Closing and Disbursement Statement dated July 28, 2011.

- (b) Parking Garage Lease and Development Agreement - This Agreement covers the development, construction and operation of the Parking Component of the facility for public parking, private parking and retail spaces. Based on the Agreement, (a) the initial term of the lease is for thirty (30) years commencing on August 1, 2011 (first day of the month following the Possession Date of July 28, 2011) with an option to renew the lease term for up to two (2) additional terms of thirty (30) years each and for a third additional term of nine (9) years, for a total possible maximum term of ninety-nine (99) years, (b) a monthly fee of \$50.00 from August 2008 to July 31, 2011 as pre-possession/good standing fee, (c) a monthly fixed base rent of \$500 from August 1, 2011 through July 31, 2013, (d) Starting August 1, 2013, the total yearly fixed base rent is increased yearly by \$500 until the total yearly fixed base rent is equal to \$12,500, and thereafter until the end of the initial lease term, (e) during the first renewal of the lease term, the yearly fixed base rent is increased to \$12,750 commencing on the second year of the first renewal term and will be increased by 2% per year until the end of the final lease term, including any further renewals thereof, (f) in addition to the yearly fixed base rent, starting August 1, 2014 a percentage base rent is to be paid to the City equal to 0.5% of the project revenue of each rental year. The

percentage base rent rate is increased by .1% yearly until the rate is equal to 2%, and thereafter remains as the rate for the remainder of the initial lease term and renewal terms.

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

In relation to the CDD special assessment bonds, the City through Resolution No. 2011-56 dated March 22, 2011 agreed to guarantee the payment of the bonds and the City and the bond trustee entered into a Guaranty Agreement. As provided in the guaranty agreement, the City agrees to: (a) irrevocably agree to pay to the Trustee from any legally available funds, for the benefit of the bondholders, that portion of the principal and interest on the bonds that becomes due for payment but unpaid due to the occurrence and continuation of events calling for guarantor payment; (b) the City's obligation under the guarantee agreement is limited to a maximum annual debt service amount of \$700,000 and a maximum total debt service amount of \$21

million; (c) the obligation of the City will not constitute a general debt, liability or obligation of the City within the meaning of any constitutional or statutory limitation; (d) the City agrees to budget, appropriate and pay to the Trustee any deficiency amount within ten (10) business days of the receipt of notice of deficiency from the Trustee while the CDD bonds are outstanding; (e) the City received \$225,000 from the proceeds of the CDD bond in consideration for the City's guaranty; (f) in the event that the City's guaranty is called upon, the Palace is considered in default of the two (2) lease agreements and the City may exercise its rights and remedies, which include but not limited, for the City to initiate a reversion of the Palace's leasehold interest in both the private and public facilities.

At September 30, 2011, the City billed to and received from the Palace \$37,050 and \$1,950 for the Lease and Development Agreement and Parking Garage Lease and Development Agreement, respectively. In addition, there are no events or occurrences resulting to the City's guarantee to be called.

The cost of assets under operating leases is \$64,503,788, with a net book value of \$55,513,609. Depreciation expense on leased assets was \$619,198 for the fiscal year ended September 30, 2011.

#### **NOTE 15 - MANAGEMENT AGREEMENTS**

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

Country Club of Coral Gables – the agreement was executed on August 6, 2009 and amended on March 30, 2010, with an initial term of up to ten (10) years, with an option to renew the agreement for an additional period of ten (10) years. The rent commencement date is October 1, 2011 and the management company pays \$5,000 each month starting January 2, 2011 through October 1, 2011. Starting October 1, 2011, the monthly base rent shall be \$20,000 payable in advance on the first day of each month. The monthly base rent for each successive rental year shall be increased by 3.00% annually.

In addition to the base rent, commencing on October 1, 2012 and throughout the initial term of the agreement, the management company shall pay the City additional annual percentage rent equivalent to 6.00% of the amount by which the gross revenue for the rental year exceeds \$4 million, less the amount by

which the real estate tax assessed for the rental year exceeds the adjusted base real estate tax. The adjusted base real estate tax is defined as \$26,943 in the first rental year and shall be increased by 3.00% annually.

For the year ended September 30, 2011, the City billed and collected from the management company \$45,000 as rental income.

Biltmore Hotel - the agreement commenced on February 10, 1986 with a term of up to fifty (50) years. Based on the agreement, the City is entitled to receive on a quarterly basis \$300,000 as base fee, which is adjusted for the effect of cumulative price index over the life of the agreement, and percentage fee equals to 3.5% of the annual net revenue from the operation of the property which is netted against the base fee should it exceeds the base fee. At September 30, 2011, the City billed the base fee amount of \$565,524 and the 3.5% of the annual net revenue of \$604,689 for a total fee amount of \$1,170,213. 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, 2011, the City billed the management company \$782,354 as rental income. Total loans obtained and used by the City in prior years to renovate the property amounted to \$7,935,000. As of September 30, 2011, the outstanding balance of the City's billing to the management company amounted to \$4,360,956 which includes interest charged for past due account of \$121,883.

On December 19, 2011 through Resolution 2011-305, the City and the management company entered into a Settlement and Release Agreement. As part of the agreement, the management company paid to the City \$4,283,655 which represents the total amount owed to the City as of December 19, 2011.

Biltmore and Granada Golf Courses - the agreement commenced on October 1, 2003 with a term of up to twenty-five (25) years. Based on the agreement, the City is entitled to receive on a quarterly basis \$300,000 as base fee, which is adjusted for the effect of cumulative price index over the life of the agreement, and percentage fee equals to 9% of the annual revenue from the operation of the property which is netted against the base fee should it exceeds the base fee. At September 30, 2011, the City billed the base fee amount of \$371,065 for Biltmore Golf and \$617,334 for the Granada Golf green fees. In addition, the City billed the management company for rental of golf cars in the total amount of \$70,698 in fiscal year 2011. As of September 30, 2011, the net realizable outstanding balance of the City's billing to the management company amounted to

\$602,823 for Biltmore Golf Course and \$73,435 for the Granada Golf Course.

Also, in 2004 the management company made a payment of \$250,000 to the City for the renovation of the Granada Golf Course. This payment is to be credited by the City as part of the percentage fee should the amount exceed the base fee. As of September 30, 2011, the percentage fee is below the base fee of \$371,065, thus, the amount is recognized as part of deferred revenue.

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

In consideration of the settlement of past due accounts on December 19, 2011, the outstanding accounts receivable as of September 30, 2011 on the Biltmore Golf Course has been reduced to its net realizable amount of \$602,823. Also, total accounts receivable written off in the amount of \$395,644 is recognized in the Statement of Activities as of September 30, 2011.

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

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

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, was issued November 2010. This Statement is designed to improve financial reporting for governmental entities. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement will be effective for the City beginning with its fiscal year ending September 30, 2013.

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

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

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*, was issued June 2011. The objective of this

Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement will be effective for the City beginning with its fiscal year ending September 30, 2012.

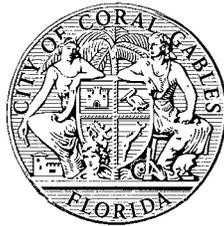
The City's management has not yet determined the effect these Statements will have on the City's financial statements.

***NOTE 17 - LINE OF CREDIT***

The City has available a 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, 2011, the City has not used the line of credit.

***NOTE 18 - 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.



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# 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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 86,964,630	\$ 86,964,630	\$ 84,367,277	\$ (2,597,353)
Licenses	3,091,000	3,091,000	3,052,875	(38,125)
Permits	4,865,350	4,865,350	8,568,709	3,703,359
Fines and Forfeitures	2,825,203	2,825,203	3,996,367	1,171,164
Intergovernmental	3,589,338	3,803,493	3,023,026	(780,467)
Charges for Services	11,792,500	11,792,500	14,078,653	2,286,153
Recreation Activity Fees	3,676,500	3,676,500	3,816,728	140,228
Rental Income	4,604,097	4,604,097	7,355,117	2,751,020
Investment Earnings	27,000	27,000	50,751	23,751
Contributions and Donations	500,000	500,000	1,125,000	625,000
Miscellaneous	133,291	500,750	547,089	46,339
Total Revenues	<u>122,068,909</u>	<u>122,650,523</u>	<u>129,981,592</u>	<u>7,331,069</u>
<b>EXPENDITURES</b>				
Current:				
General Government	14,268,643	14,262,009	13,914,472	347,537
Public Safety	71,876,432	71,860,197	70,784,540	1,075,657
Physical Environment	13,453,182	13,396,802	12,293,091	1,103,711
Transportation	7,752,569	7,758,969	7,657,426	101,543
Economic Environment	647,613	642,763	558,174	84,589
Culture and Recreation	8,013,249	8,266,048	7,647,028	619,020
Debt Service:				
Retirement of Principal	310,440	204,190	191,129	13,061
Interest	28,800	28,800	17,499	11,301
Capital Outlay	594,494	1,456,430	920,455	535,975
Total Expenditures	<u>116,945,422</u>	<u>117,876,208</u>	<u>113,983,814</u>	<u>3,892,394</u>
Excess of Revenues Over Expenditures	<u>5,123,487</u>	<u>4,774,315</u>	<u>15,997,778</u>	<u>11,223,463</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Issuance of Debt	-	454,850	454,850	-
Transfers In	6,201,987	6,201,987	6,807,873	605,886
Transfers Out	<u>(9,515,474)</u>	<u>(9,515,474)</u>	<u>(10,796,532)</u>	<u>(1,281,058)</u>
Total Other Financing Sources (Uses)	<u>(3,313,487)</u>	<u>(2,858,637)</u>	<u>(3,533,809)</u>	<u>(675,172)</u>
Net Change in Fund Balance	<u>\$ 1,810,000</u>	<u>\$ 1,915,678</u>	<u>12,463,969</u>	<u>\$ 10,548,291</u>
Fund Balance - Beginning, as restated			<u>7,023,294</u>	
Fund Balance - Ending			<u>\$ 19,487,263</u>	

See notes to required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)(3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Annual Covered Payroll (4)/(6)
October 1, 2010	\$265,081	\$460,732	\$195,651	57.5%	\$46,950	416.7%
October 1, 2009	\$262,434	\$460,409	\$197,975	57.0%	\$52,693	375.7%
October 1, 2008	\$265,381	\$433,904	\$168,523	61.2%	\$53,452	315.3%

Note: Dollar amounts in thousands

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
September 30, 2011	-	\$25,317,350	\$25,317,350	0%	\$55,248,317	36.0%
September 30, 2010	-	\$21,100,332	\$21,100,332	0%	\$57,458,250	36.7%
September 30, 2009	-	\$19,884,156	\$19,884,156	0%	\$55,248,317	36.0%

**CITY OF CORAL GABLES, FLORIDA**

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

**Note 1 – Budgets and Legal Compliance**

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

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

(c) The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2011 that are included in the final amended budget. For the fiscal year, there was one supplemental appropriation ordinance increasing revenues by \$581,614 and increasing appropriations by \$930,786.



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

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

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



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## **Nonmajor Governmental Funds**

**Debt Service Fund** - to account for and report the financial resources that are restricted, committed, or assigned for the periodic payment of principal, interest, and expenditures on special obligation long-term debt of governmental funds, specifically, Sunshine State Notes issued by the City for various capital projects.

### **Capital Projects Funds:**

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

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

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

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



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CITY OF CORAL GABLES, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2011

	<u>Capital Projects</u>					
	<u>Debt Service Fund</u>	<u>Roadway Improvement Fund</u>	<u>Transportation Fund</u>	<u>General Obligation Bond Fund</u>	<u>Impact Fees Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 1,947,834	\$ 766,196	\$ 383,839	\$ -	\$ 3,097,869
Restricted Cash and Cash Equivalents	596,380	-	-	-	3,305,957	3,902,337
Restricted Cash held by Trustee	1,486,717	-	-	-	-	1,486,717
Accounts Receivable, Net	11,000	1,632,192	-	-	-	1,643,192
Assessment Liens Receivable	4,537	-	-	-	-	4,537
Due from Other Governments	-	355,798	346,200	69,520	-	771,518
Total Assets	<u>2,098,634</u>	<u>3,935,824</u>	<u>1,112,396</u>	<u>453,359</u>	<u>3,305,957</u>	<u>10,906,170</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	722,317	616,584	125,145	13,359	-	1,477,405
Accrued Payroll	-	3,345	1,751	-	-	5,096
Due to Other Funds	-	3,500	985,500	440,000	-	1,429,000
Deferred/Unearned Revenue	4,637	1,795,914	-	22,812	-	1,823,363
Total Liabilities	<u>726,954</u>	<u>2,419,343</u>	<u>1,112,396</u>	<u>476,171</u>	<u>-</u>	<u>4,734,864</u>
<b>FUND BALANCES (DEFICIT)</b>						
<b>Restricted to:</b>						
Public Safety	-	-	-	-	1,389,905	1,389,905
Parks and Recreation	-	-	-	-	1,035,236	1,035,236
Other Physical Environment	-	-	-	-	880,816	880,816
Debt Service Reserve	1,371,680	-	-	-	-	1,371,680
<b>Assigned to:</b>						
Other Capital Projects	-	1,516,481	-	-	-	1,516,481
<b>Unassigned</b>						
Total Fund Balances (Deficit)	<u>1,371,680</u>	<u>1,516,481</u>	<u>-</u>	<u>(22,812)</u>	<u>3,305,957</u>	<u>6,171,306</u>
Total Liabilities and Fund Balances	<u>\$ 2,098,634</u>	<u>\$ 3,935,824</u>	<u>\$ 1,112,396</u>	<u>\$ 453,359</u>	<u>\$ 3,305,957</u>	<u>\$ 10,906,170</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, 2011

	<u>Capital Projects</u>					<b>Total Nonmajor Governmental Funds</b>
	<b>Debt Service Fund</b>	<b>Roadway Improvement Fund</b>	<b>Transportation Fund</b>	<b>General Obligation Bond Fund</b>	<b>Impact Fees Fund</b>	
<b>REVENUES</b>						
Gasoline Sales Tax	\$ -	\$ 1,123,299	\$ -	\$ -	\$ -	\$ 1,123,299
Municipal Surtax	-	-	1,429,343	-	-	1,429,343
Special Assessments	10,491	361,248	-	-	1,847,145	2,218,884
Rental Income	-	-	805	-	-	805
Intergovernmental	-	-	-	1,217,169	-	1,217,169
Charges for Services	-	1,601,500	-	-	-	1,601,500
Investment Earnings	2,548	-	-	-	5,117	7,665
Miscellaneous	-	-	-	25,240	-	25,240
Total Revenues	<u>13,039</u>	<u>3,086,047</u>	<u>1,430,148</u>	<u>1,242,409</u>	<u>1,852,262</u>	<u>7,623,905</u>
<b>EXPENDITURES</b>						
Current:						
Transportation	-	1,320,477	1,103,763	-	-	2,424,240
Culture and Recreation	-	-	-	4,994	-	4,994
Debt Service:						
Retirement of Principal	2,793,595	-	-	-	-	2,793,595
Interest	1,346,844	-	-	-	-	1,346,844
Capital Outlay	-	264,906	-	100,651	-	365,557
Total Expenditures	<u>4,140,439</u>	<u>1,585,383</u>	<u>1,103,763</u>	<u>105,645</u>	<u>-</u>	<u>6,935,230</u>
Excess (Deficiency) of Revenues Over Expenditures before Other Financing Sources (Uses)	<u>(4,127,400)</u>	<u>1,500,664</u>	<u>326,385</u>	<u>1,136,764</u>	<u>1,852,262</u>	<u>688,675</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond Refunding	(24,512,273)	-	-	-	-	(24,512,273)
Transfers In	29,127,747	266,639	764,965	380,032	-	30,539,383
Total Other Financing Sources	<u>4,615,474</u>	<u>266,639</u>	<u>764,965</u>	<u>380,032</u>	<u>-</u>	<u>6,027,110</u>
Net Change in Fund Balances	488,074	1,767,303	1,091,350	1,516,796	1,852,262	6,715,785
Fund Balances (Deficit) - Beginning	<u>883,606</u>	<u>(250,822)</u>	<u>(1,091,350)</u>	<u>(1,539,608)</u>	<u>1,453,695</u>	<u>(544,479)</u>
Fund Balances (Deficit) - Ending	<u>\$ 1,371,680</u>	<u>\$ 1,516,481</u>	<u>\$ -</u>	<u>\$ (22,812)</u>	<u>\$ 3,305,957</u>	<u>\$ 6,171,306</u>

**CITY OF CORAL GABLES, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND - SUNSHINE STATE LOANS**  
 For the Fiscal Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Special Assessments	\$ -	\$ -	\$ 10,491	\$ 10,491
Investment Earnings	-	-	2,548	2,548
Total Revenues	<u>-</u>	<u>-</u>	<u>13,039</u>	<u>13,039</u>
<b>EXPENDITURES</b>				
Debt Service:				
Retirement of Principal	2,856,732	3,016,732	2,793,595	223,137
Interest	1,628,742	1,468,742	1,346,844	121,898
Total Expenditures	<u>4,485,474</u>	<u>4,485,474</u>	<u>4,140,439</u>	<u>345,035</u>
Deficiency of Revenues Under Expenditures	(4,485,474)	(4,485,474)	(4,127,400)	358,074
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Refunding	-	-	(24,512,273)	(24,512,273)
Transfers In	4,485,474	4,485,474	29,127,747	24,642,273
Total Other Financing Sources	<u>4,485,474</u>	<u>4,485,474</u>	<u>4,615,474</u>	<u>130,000</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>488,074</u>	<u>\$ 488,074</u>
Fund Balances - Beginning			<u>883,606</u>	
Fund Balances - Ending			<u>\$ 1,371,680</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, 2011

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 6,004,065	\$ 3,623,715	\$ 13,947,976	\$ 23,575,756
Accounts Receivable, Net	5,978	-	18,109	24,087
Due from Other Funds	-	-	1,430,000	1,430,000
Due from Other Governments	20,645	-	-	20,645
Prepaid Items	-	-	1,807,864	1,807,864
Total Current Assets	<u>6,030,688</u>	<u>3,623,715</u>	<u>17,203,949</u>	<u>26,858,352</u>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Equipment	24,814,991	261,016	-	25,076,007
Accumulated Depreciation	(20,901,840)	(252,658)	-	(21,154,498)
Total Noncurrent Assets	<u>3,913,151</u>	<u>8,358</u>	<u>-</u>	<u>3,921,509</u>
Total Assets	<u>9,943,839</u>	<u>3,632,073</u>	<u>17,203,949</u>	<u>30,779,861</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	329,361	555,961	104,562	989,884
Accrued Payroll	30,207	19,966	-	50,173
Accrued Compensated Absences	95,117	55,180	-	150,297
Claims Payable	-	-	4,007,000	4,007,000
Capital Lease Payable	213,536	-	-	213,536
Total Current Liabilities	<u>668,221</u>	<u>631,107</u>	<u>4,111,562</u>	<u>5,410,890</u>
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	100,811	57,870	-	158,681
Claims Payable	-	-	8,263,000	8,263,000
Capital Lease Payable	578,466	-	-	578,466
Net OPEB Obligation	65,892	40,790	-	106,682
Total Noncurrent Liabilities	<u>745,169</u>	<u>98,660</u>	<u>8,263,000</u>	<u>9,106,829</u>
Total Liabilities	<u>1,413,390</u>	<u>729,767</u>	<u>12,374,562</u>	<u>14,517,719</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	3,121,149	8,358	-	3,129,507
Unrestricted	5,409,300	2,893,948	4,829,387	13,132,635
Total Net Assets	<u>\$ 8,530,449</u>	<u>\$ 2,902,306</u>	<u>\$ 4,829,387</u>	<u>\$ 16,262,142</u>

**CITY OF CORAL GABLES, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended September 30, 2011

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for Services:				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 13,974,606	\$ 13,974,606
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	4,092,570	-	-	4,092,570
Equipment Replacement Charges	2,871,033	-	-	2,871,033
Facilities	-	6,233,883	-	6,233,883
Miscellaneous Service Charges	42,195	-	-	42,195
Total Operating Revenues	<u>7,005,798</u>	<u>6,233,883</u>	<u>13,974,606</u>	<u>27,214,287</u>
<b>OPERATING EXPENSES</b>				
Administration	2,294,501	1,873,515	-	4,168,016
Cost of Sales and Services	3,167,185	3,251,698	-	6,418,883
Benefit Payments	-	-	5,136,796	5,136,796
Insurance	-	-	7,022,728	7,022,728
Depreciation	1,729,869	713	-	1,730,582
Total Operating Expenses	<u>7,191,555</u>	<u>5,125,926</u>	<u>12,159,524</u>	<u>24,477,005</u>
Operating Income (Loss)	<u>(185,757)</u>	<u>1,107,957</u>	<u>1,815,082</u>	<u>2,737,282</u>
<b>NONOPERATING REVENUES</b>				
Interest Earnings	949	917	4,609	6,475
Miscellaneous	11,868	-	9,696	21,564
Interest Expense	(21,367)	-	-	(21,367)
Total Nonoperating Revenues	<u>(8,550)</u>	<u>917</u>	<u>14,305</u>	<u>6,672</u>
Income Before Contributions	(194,307)	1,108,874	1,829,387	2,743,954
Capital Contributions from Federal, State and Local Grants	-	12,600	-	12,600
Income Before Transfers	(194,307)	1,121,474	1,829,387	2,756,554
Transfers In	1,000,000	-	-	1,000,000
Transfers Out	-	-	(4,457,346)	(4,457,346)
Change In Net Assets	805,693	1,121,474	(2,627,959)	(700,792)
Net Assets - Beginning	7,724,756	1,780,832	7,457,346	16,962,934
Net Assets - Ending	<u>\$ 8,530,449</u>	<u>\$ 2,902,306</u>	<u>\$ 4,829,387</u>	<u>\$ 16,262,142</u>

CITY OF CORAL GABLES, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended September 30, 2011

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 7,048,108	\$ 6,243,145	\$ 14,085,316	\$ 27,376,569
Payments to employees	(2,308,045)	(1,864,169)	-	(4,172,214)
Payments to suppliers	(3,041,513)	(3,284,854)	(9,013,107)	(15,339,474)
Net cash provided by (used in) operating activities	<u>1,698,550</u>	<u>1,094,122</u>	<u>5,072,209</u>	<u>7,864,881</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Contributions from other governments	11,868	-	-	11,868
Transfers in from (out to) Other Funds	1,000,000	-	(2,098,646)	(1,098,646)
Net cash provided by (used in) noncapital financing activities	<u>1,011,868</u>	<u>-</u>	<u>(2,098,646)</u>	<u>(1,086,778)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(796,015)	(5,508)	-	(801,523)
Contributions from other governments	-	12,600	-	12,600
Proceeds from debt	300,850	-	-	300,850
Principal paid on debt	(180,373)	-	-	(180,373)
Interest paid on debt	(21,367)	-	-	(21,367)
Net cash provided by (used in) capital and related financing activities	<u>(696,905)</u>	<u>7,092</u>	<u>-</u>	<u>(689,813)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>				
Interest and dividends received	949	917	14,305	16,171
Net increase in cash and cash equivalents	2,014,462	1,102,131	2,987,868	6,104,461
Cash and Cash Equivalents - Beginning	3,989,603	2,521,584	10,960,108	17,471,295
Cash and Cash Equivalents - Ending	<u>\$ 6,004,065</u>	<u>\$ 3,623,715</u>	<u>\$ 13,947,976</u>	<u>\$ 23,575,756</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (185,757)	\$ 1,107,957	\$ 1,815,082	\$ 2,737,282
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation Expense	1,729,869	713	-	1,730,582
Change in assets and liabilities:				
Accounts Receivable	62,955	4,200	90,851	158,006
Due from Other Governments	(20,645)	5,062	19,859	4,276
Prepaid Items	-	-	(122,985)	(122,985)
Accounts Payable	125,672	(33,156)	(19,598)	72,918
Accrued Payroll and Other Expenses	5,089	6,237	-	11,326
Accrued Compensated Absences	(22,503)	1,788	-	(20,715)
Claims Payable	-	-	3,289,000	3,289,000
Net OPEB Obligation	3,870	1,321	-	5,191
Total adjustments	<u>1,884,307</u>	<u>(13,835)</u>	<u>3,257,127</u>	<u>5,127,599</u>
Net cash provided by (used in) operating activities	<u>\$ 1,698,550</u>	<u>\$ 1,094,122</u>	<u>\$ 5,072,209</u>	<u>\$ 7,864,881</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, 2011

	<b>Coral Gables Retirement Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,049,033	\$ 1,100,957	\$ 15,335	\$ 6,165,325
Receivables:				
Accrued Interest and Dividends	571,755	2,402	-	574,157
Buyback Receivable	71,158	-	-	71,158
Share Plan Contributions	145,830	-	-	145,830
Receivable for securities sold	2,921,250	-	-	2,921,250
Other receivables	9,632	-	-	9,632
Total Receivables	<u>3,719,625</u>	<u>2,402</u>	<u>-</u>	<u>3,722,027</u>
Securities Lending Cash Collateral - Invested	<u>48,304,340</u>	<u>-</u>	<u>-</u>	<u>48,304,340</u>
Investments at fair value:				
U.S. Government and Agency	18,545,710	224,423	-	18,770,133
Domestic Fixed Income Fund	12,785,728	856,870	-	13,642,598
Global fixed income	11,708,592	-	-	11,708,592
Corporate Bonds	22,127,384	-	-	22,127,384
Common Stocks	84,734,575	1,340,806	-	86,075,381
International Equity	44,449,826	395,021	-	44,844,847
Real Estate Investment Trust (REIT)	28,968,362	184,878	-	29,153,240
Alternative Investments	9,596,660	-	-	9,596,660
Mutual Funds	-	-	11,288,263	11,288,263
Total Investments	<u>232,916,837</u>	<u>3,001,998</u>	<u>11,288,263</u>	<u>247,207,098</u>
Total Assets	<u>289,989,835</u>	<u>4,105,357</u>	<u>11,303,598</u>	<u>305,398,790</u>
<b>LIABILITIES</b>				
Accounts Payable	144,964	-	-	144,964
Payable for Securities Purchased	747,060	-	-	747,060
Due to the Retirement System	-	93,559	-	93,559
Obligations under Securities Lending	48,304,340	-	-	48,304,340
Total Liabilities	<u>49,196,364</u>	<u>93,559</u>	<u>-</u>	<u>49,289,923</u>
<b>NET ASSETS</b>				
Net Assets held in trust for pension benefits	<u>\$ 240,793,471</u>	<u>\$ 4,011,798</u>	<u>\$ 11,303,598</u>	<u>\$ 256,108,867</u>

CITY OF CORAL GABLES, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended September 30, 2011

	<b>Coral Gables Retirement Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>Additions:</b>				
City Contributions	\$ 21,628,945	\$ 427,246	\$ 862,967	\$ 22,919,158
Share Plan Contributions	145,830	-	-	145,830
Total Government Contributions	<u>21,774,775</u>	<u>427,246</u>	<u>862,967</u>	<u>23,064,988</u>
Employees:				
Employee contributions	3,297,153	-	-	3,297,153
Buybacks	169,092	-	-	169,092
Total Employee Contributions	<u>3,466,245</u>	<u>-</u>	<u>-</u>	<u>3,466,245</u>
Total Contributions	<u>25,241,020</u>	<u>427,246</u>	<u>862,967</u>	<u>26,531,233</u>
Investment Income:				
Net Appreciation (Depreciation) in the Fair Value of Investments	2,111,628	(51,747)	(115,727)	1,944,154
Interest and Dividends	6,802,112	85,882	184,118	7,072,112
Other Income	40,219	-	-	40,219
Total Investment Income	<u>8,953,959</u>	<u>34,135</u>	<u>68,391</u>	<u>9,056,485</u>
Less Investment Expenses	<u>1,662,702</u>	<u>14,650</u>	<u>132,137</u>	<u>1,809,489</u>
Total Investment Income (Loss) before Securities Lending Activity	<u>7,291,257</u>	<u>19,485</u>	<u>(63,746)</u>	<u>7,246,996</u>
Securities Lending Activities:				
Security Lending Income	167,398	-	-	167,398
Security Lending Fees and Rebates	(58,534)	-	-	(58,534)
Net Income from Security Lending Activities	<u>108,864</u>	<u>-</u>	<u>-</u>	<u>108,864</u>
Total Net Investment Income (Loss)	<u>7,400,121</u>	<u>19,485</u>	<u>(63,746)</u>	<u>7,355,860</u>
<b>Total Additions</b>	<u>32,641,141</u>	<u>446,731</u>	<u>799,221</u>	<u>33,887,093</u>
<b>Deductions:</b>				
Pension Benefits Paid	28,043,897	144,226	337,932	28,526,055
Refunds of Contributions	220,075	-	-	220,075
Administrative Expense	280,237	166,530	-	446,767
<b>Total Deductions</b>	<u>28,544,209</u>	<u>310,756</u>	<u>337,932</u>	<u>29,192,897</u>
Net Increase	4,096,932	135,975	461,289	4,694,196
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	236,696,539	3,875,823	10,842,309	251,414,671
End of Year	<u>\$ 240,793,471</u>	<u>\$ 4,011,798</u>	<u>\$ 11,303,598</u>	<u>\$ 256,108,867</u>

CITY OF CORAL GABLES, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Fiscal Year Ended September 30, 2011

	<b>Employee Benefits Fund</b>	<b>Law Enforcement Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents			
Beginning	\$ 811,191	\$ 7,290,024	\$ 8,101,215
Additions	99,270	7,018,493	7,117,763
Deductions	<u>(13,831)</u>	<u>(8,582,381)</u>	<u>(8,596,212)</u>
Total Assets	<u>896,630</u>	<u>5,726,136</u>	<u>6,622,766</u>
<b>LIABILITIES</b>			
Deferred Compensation Payable			
Beginning	805,566	-	805,566
Additions	108,928	-	108,928
Deductions	<u>(23,489)</u>	<u>-</u>	<u>(23,489)</u>
Ending	<u>891,005</u>	<u>-</u>	<u>891,005</u>
Due to Other Governments			
Beginning	5,625	7,290,024	7,295,649
Additions	-	7,018,493	7,018,493
Deductions	<u>-</u>	<u>(8,582,381)</u>	<u>(8,582,381)</u>
Ending	<u>5,625</u>	<u>5,726,136</u>	<u>5,731,761</u>
Total Liabilities	<u>\$ 896,630</u>	<u>\$ 5,726,136</u>	<u>\$ 6,622,766</u>

# Statistical Section

## (UNAUDITED)

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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



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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 150,323,624	\$ 149,598,620	\$ 144,390,262	\$ 141,639,049	\$ 141,673,723	\$ 139,512,991	\$ 140,912,940	\$ 142,963,136	\$ 141,074,353	\$ 139,786,744
Restricted	3,487,877	3,118,227	-	-	300,000	-	-	1,001,238	1,453,694	8,307,036
Unrestricted	3,367,420	4,114,829	9,033,243	5,783,177	1,703,127	3,328,883	-	(624,816)	13,801,226	42,070,763
Total Business-type Activities Net Assets	\$ 157,178,921	\$ 156,831,676	\$ 153,423,505	\$ 147,422,226	\$ 143,676,850	\$ 142,841,874	\$ 140,912,940	\$ 143,339,558	\$ 156,329,273	\$ 190,164,543
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 14,971,480	\$ 15,968,325	\$ 11,052,753	\$ 15,970,401	\$ 16,128,212	\$ 18,930,925	\$ 19,399,108	\$ 21,533,924	\$ 23,080,309	\$ 25,118,022
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	468,045	990,965	6,419,428	4,880,472	8,362,064	10,143,471	10,320,047	7,546,098	8,921,750	9,734,742
Total Business-type Activities Net Assets	\$ 15,439,525	\$ 16,959,290	\$ 17,472,181	\$ 20,850,873	\$ 24,490,276	\$ 29,074,396	\$ 29,719,155	\$ 29,080,022	\$ 32,002,059	\$ 34,852,764
<b>Primary Government</b>										
Invested in Capital Assets, Net of Related Debt	\$ 165,295,104	\$ 165,566,945	\$ 155,443,015	\$ 157,609,450	\$ 157,801,935	\$ 158,443,916	\$ 160,312,048	\$ 164,497,060	\$ 164,154,662	\$ 164,904,766
Restricted	3,487,877	3,118,227	-	-	300,000	-	-	1,001,238	1,453,694	8,307,036
Unrestricted	3,835,465	5,105,794	15,452,671	10,663,649	10,065,191	13,472,354	10,320,047	6,921,282	22,722,976	51,805,505
Total Primary Government Net Assets	\$ 172,618,446	\$ 173,790,966	\$ 170,895,686	\$ 168,273,099	\$ 168,167,126	\$ 171,916,270	\$ 170,632,095	\$ 172,419,580	\$ 188,331,332	\$ 225,017,307

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 10,985,189	\$ 12,807,218	\$ 19,259,266	\$ 18,735,309	\$ 22,591,752	\$ 21,697,557	\$ 22,880,968	\$ 23,349,213	\$ 22,476,553	\$ 17,942,595
Public Safety	44,324,748	47,740,806	56,243,067	69,493,373	82,857,461	69,844,742	70,019,943	68,528,429	67,626,456	71,096,529
Physical Environment	14,189,694	12,143,256	17,224,303	16,795,942	18,996,962	20,842,416	19,427,236	19,427,373	13,668,200	12,747,191
Transportation	5,134,294	4,145,679	6,544,841	7,630,380	6,185,567	6,348,931	6,068,973	6,284,102	10,426,083	10,103,982
Economic Environment	412,106	499,510	559,987	605,991	681,712	732,910	691,803	587,993	653,894	547,916
Culture and Recreation	6,838,956	11,175,469	4,583,627	9,031,840	10,589,595	10,290,416	10,226,932	8,959,144	8,473,939	9,220,799
Interest on Long-Term Debt	911,422	607,524	1,233,166	1,367,725	1,491,412	1,741,825	1,936,947	1,391,416	1,186,837	1,364,343
Depreciation	7,520,399	7,682,502	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>90,316,808</u>	<u>96,801,964</u>	<u>105,648,257</u>	<u>123,660,560</u>	<u>143,394,461</u>	<u>131,498,797</u>	<u>131,252,802</u>	<u>128,527,670</u>	<u>124,511,962</u>	<u>123,023,355</u>
<b>Business-type Activities:</b>										
Sanitary Sewer System	5,979,427	6,176,092	5,912,644	4,980,669	3,936,494	4,209,514	4,230,483	3,854,930	4,303,930	4,304,721
Parking System	2,401,339	2,508,818	2,709,911	2,797,421	4,078,910	4,286,312	4,254,921	4,112,309	3,676,444	4,027,320
Stormwater Utility	1,193,312	1,201,072	1,506,395	1,353,267	1,369,480	1,276,688	1,325,574	1,476,060	1,469,640	3,775,173
Total Business-type Activities	<u>9,574,078</u>	<u>9,885,982</u>	<u>10,128,950</u>	<u>9,131,357</u>	<u>9,384,884</u>	<u>9,772,514</u>	<u>9,810,978</u>	<u>9,443,299</u>	<u>9,450,014</u>	<u>12,107,214</u>
Total Primary Government	<u>\$ 99,890,886</u>	<u>\$ 106,687,946</u>	<u>\$ 115,777,207</u>	<u>\$ 132,791,917</u>	<u>\$ 152,779,345</u>	<u>\$ 141,271,311</u>	<u>\$ 141,063,780</u>	<u>\$ 137,970,969</u>	<u>\$ 133,961,976</u>	<u>\$ 135,130,569</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for services:										
General Government	\$ 10,850,495	\$ 10,596,765	\$ 11,928,422	\$ 13,886,553	\$ 14,363,890	\$ 15,699,777	\$ 15,224,883	\$ 14,161,870	\$ 13,914,951	\$ 34,643,739
Public Safety	3,120,292	4,076,698	4,030,687	3,306,899	3,386,783	2,926,106	2,298,024	2,723,731	5,847,438	6,732,024
Physical Environment	5,668,294	5,716,580	5,765,680	6,423,751	6,407,987	6,783,403	7,036,996	7,653,827	8,821,783	9,487,606
Economic Environment	-	-	-	-	-	-	-	-	-	1,962,748
Culture and Recreation	4,067,357	4,086,321	2,815,351	2,960,042	3,826,206	3,747,163	3,576,441	3,631,334	3,338,009	1,038,967
Operating Grants and Contributions	1,481,406	1,478,001	1,482,412	9,042,210	17,132,223	2,478,666	238,033	108,762	94,832	359,559
Capital Grants and Contributions	1,072,096	4,172,352	3,828,986	58,750	835,796	2,156,192	1,281,665	3,308,654	4,789,203	4,253,176
Total Governmental Activities Program Revenue	<u>26,259,940</u>	<u>30,126,717</u>	<u>29,851,538</u>	<u>35,678,205</u>	<u>45,952,885</u>	<u>33,791,307</u>	<u>29,656,042</u>	<u>31,588,178</u>	<u>36,806,216</u>	<u>58,477,819</u>
<b>Business-type Activities:</b>										
Charges for services:										
Sanitary Sewer System	5,933,635	6,325,769	6,110,263	7,103,375	6,966,131	7,455,717	6,793,767	6,541,910	7,109,919	7,201,475
Parking System	6,754,093	7,722,841	7,960,206	8,244,087	8,777,493	9,187,646	9,088,332	8,311,688	9,227,722	10,154,202
Stormwater Utility	1,166,895	1,491,832	1,502,537	1,495,481	1,490,437	1,496,153	1,546,412	1,857,694	2,340,830	2,417,095
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	1,606,542
Capital Grants and Contributions	-	-	-	-	-	554,196	-	392,233	238,597	324,445
Total Business-type Activities Program Revenue	<u>13,854,623</u>	<u>15,540,442</u>	<u>15,573,006</u>	<u>16,842,943</u>	<u>17,234,061</u>	<u>18,693,712</u>	<u>17,428,511</u>	<u>17,103,525</u>	<u>18,917,068</u>	<u>21,703,759</u>
Total Primary Government Program Revenue	<u>\$ 40,114,563</u>	<u>\$ 45,667,159</u>	<u>\$ 45,424,544</u>	<u>\$ 52,521,148</u>	<u>\$ 63,186,946</u>	<u>\$ 52,485,019</u>	<u>\$ 47,084,553</u>	<u>\$ 48,691,703</u>	<u>\$ 55,723,284</u>	<u>\$ 80,181,578</u>
<b>Net(Expense) Revenue</b>										
Governmental Activities	\$ (64,056,868)	\$ (66,675,247)	\$ (75,796,719)	\$ (87,982,355)	\$ (97,441,576)	\$ (97,707,490)	\$ (101,596,760)	\$ (96,939,492)	\$ (87,705,746)	\$ (64,545,536)
Business-type Activities	4,280,545	5,654,460	5,444,056	7,711,586	7,849,177	8,921,198	7,617,533	7,660,226	9,467,054	9,596,545
Total Primary Government Net Expenses	<u>\$ (59,776,323)</u>	<u>\$ (61,020,787)</u>	<u>\$ (70,352,663)</u>	<u>\$ (80,270,769)</u>	<u>\$ (89,592,399)</u>	<u>\$ (88,786,292)</u>	<u>\$ (93,979,227)</u>	<u>\$ (89,279,266)</u>	<u>\$ (78,238,692)</u>	<u>\$ (54,948,991)</u>
<b>General Revenues and other Changes in Net Assets</b>										
<b>Governmental Activities:</b>										
Taxes										
Property Taxes	\$ 36,644,901	\$ 40,077,925	\$ 47,969,473	\$ 53,466,648	\$ 61,868,946	\$ 69,730,264	\$ 66,388,634	\$ 66,397,191	\$ 70,277,262	\$ 67,078,084
Franchise Fees	4,195,780	4,634,295	5,745,884	5,486,704	6,691,724	7,283,548	7,161,421	7,049,737	6,276,301	6,335,532
Utility Service Taxes	9,436,958	9,658,278	9,540,782	9,594,365	9,939,425	10,186,819	10,422,786	11,293,277	11,219,861	10,953,661
Other Taxes	-	-	-	2,503,017	2,717,415	2,645,290	2,569,027	2,378,268	2,399,014	2,552,642
Intergovernmental	3,387,867	5,172,570	4,327,293	4,452,521	6,076,666	4,252,076	4,053,651	3,684,951	3,641,236	3,990,300
Investment Earnings	820,703	583,918	719,165	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769
Bad Debt Expense	-	-	-	-	-	(4,229,491)	-	-	-	-
Miscellaneous	1,606,956	2,027,843	2,518,392	1,047,855	546,076	310,400	453,448	667,778	239,410	603,945
Special Items	2,060,136	-	-	-	-	-	-	-	-	-
Transfers	3,760,502	4,523,447	4,958,622	4,381,200	4,280,430	4,585,899	7,227,011	8,343,575	6,567,156	6,807,873
Total Governmental Activities	<u>61,913,803</u>	<u>66,678,276</u>	<u>75,779,611</u>	<u>81,981,076</u>	<u>93,696,200</u>	<u>96,872,514</u>	<u>99,666,826</u>	<u>99,973,128</u>	<u>100,695,461</u>	<u>98,380,806</u>
<b>Business-type Activities:</b>										
Investment Earnings	41,491	17,180	14,060	31,153	56,481	80,468	232,392	23,493	9,129	9,266
Miscellaneous	223	21,298	13,397	17,153	14,175	168,353	21,845	20,723	13,010	52,767
Transfers	(3,760,502)	(4,523,447)	(4,958,622)	(4,381,200)	(4,280,430)	(4,585,899)	(7,227,011)	(8,343,575)	(6,567,156)	(6,807,873)
Total Business-type Activities	<u>(3,718,788)</u>	<u>(4,484,969)</u>	<u>(4,931,165)</u>	<u>(4,332,894)</u>	<u>(4,209,774)</u>	<u>(4,337,078)</u>	<u>(6,972,774)</u>	<u>(8,299,359)</u>	<u>(6,545,017)</u>	<u>(6,745,840)</u>
Total Primary Government	<u>\$ 58,195,015</u>	<u>\$ 62,193,307</u>	<u>\$ 70,848,446</u>	<u>\$ 77,648,182</u>	<u>\$ 89,486,426</u>	<u>\$ 92,535,436</u>	<u>\$ 92,694,052</u>	<u>\$ 91,673,769</u>	<u>\$ 94,150,444</u>	<u>\$ 91,634,966</u>
<b>Change in Net Assets</b>										
Governmental Activities	\$ (2,143,065)	\$ 3,029	\$ (17,108)	\$ (6,001,279)	\$ (3,745,376)	\$ (834,976)	\$ (1,929,934)	\$ 3,033,636	\$ 12,989,715	\$ 33,835,270
Business-type Activities	561,757	1,169,491	512,891	3,378,692	3,639,403	4,584,120	644,759	(639,133)	2,922,037	2,850,705
Total Primary Government	<u>\$ (1,581,308)</u>	<u>\$ 1,172,520</u>	<u>\$ 495,783</u>	<u>\$ (2,622,587)</u>	<u>\$ (105,973)</u>	<u>\$ 3,749,144</u>	<u>\$ (1,285,175)</u>	<u>\$ 2,394,503</u>	<u>\$ 15,911,752</u>	<u>\$ 36,685,975</u>

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 <sup>(1)</sup>
<b>General Fund</b>										
Reserved for:										
Encumbrance	\$ 231,159	\$ 1,221,952	\$ 362,891	\$ 346,109	\$ 343,460	\$ 586,407	\$ 504,291	\$ 333,082	\$ 272,511	\$ -
Federal Emergency Management Agency	-	-	-	-	-	-	-	-	-	-
Inventories	209,949	192,379	131,895	129,037	96,193	96,193	96,193	84,139	86,505	-
Prepaid Items	27,744	18,722	69,424	71,719	47,524	50,575	27,416	46,366	128,878	-
Police Education	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	4,000,000	4,000,000	3,943,354	-	-	-	-	-
State Asset Forfeiture	-	837,914	-	-	-	-	-	-	-	-
Law Enforcement Trust	980,000	-	-	-	-	-	-	-	-	-
Cable TV Utilization	-	-	-	-	-	-	-	-	-	-
Coral Gables House	6,941	2,732	-	-	-	-	-	-	-	-
Historic Preservation	39,192	41,458	-	-	-	-	-	-	-	-
Orange Bowl Scholarship	670	670	-	-	-	-	-	-	-	-
Youth Center Concession	251	251	-	-	-	-	-	-	-	-
Pinewood Cemetery	4,971	3,762	-	-	-	-	-	-	-	-
Firefighters Rescue	15,260	10,457	-	-	-	-	-	-	-	-
Dade County Schools Resource	17,686	17,686	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
General Fund	4,622,777	2,970,840	5,618,134	3,739,598	4,774,357	10,169,006	9,195,207	4,501,777	6,535,081	-
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	(1,364,918)	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	126,320
Restricted	-	-	-	-	-	-	-	-	-	3,629,399
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	3,367,565
Unassigned	-	-	-	-	-	-	-	-	-	12,363,979
<b>Total General Fund</b>	<b>\$ 6,156,600</b>	<b>\$ 5,318,823</b>	<b>\$ 10,182,344</b>	<b>\$ 8,286,463</b>	<b>\$ 9,204,888</b>	<b>\$ 9,537,263</b>	<b>\$ 9,823,107</b>	<b>\$ 4,965,364</b>	<b>\$ 7,022,975</b>	<b>\$ 19,487,263</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Encumbrance	\$ 69,131	\$ 163,887	\$ 1,045,854	\$ 173,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	-	-	6,859	6,861	-	6,853	-	-	-	-
Transportation	-	774,850	-	-	749,750	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	1,884,923	3,118,227	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	-	-	-	(9,234,466)	(865,546)	-	(13,140)	(13,140)	319	-
Designated Debt Service	-	-	4,137,746	4,074,889	3,596,787	2,881,918	2,301,631	197,934	883,606	-
Designated Capital Projects	-	-	-	-	-	2,592,192	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Undesignated for Law Enforcement Trust	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	3,284,294	(229,804)	808,806	853,510	1,045,192	-	(402,542)	(230,684)	(1,504,763)	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	26,367,078
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	8,106,937
Unassigned	-	-	-	-	-	-	-	-	-	(22,812)
<b>Total all other Governmental Funds</b>	<b>\$ 5,238,348</b>	<b>\$ 3,827,160</b>	<b>\$ 5,999,265</b>	<b>\$ (4,125,782)</b>	<b>\$ 4,526,183</b>	<b>\$ 5,480,963</b>	<b>\$ 1,885,949</b>	<b>\$ (45,890)</b>	<b>\$ (620,838)</b>	<b>\$ 34,451,203</b>

(1) GASB 54 was implemented during Fiscal Year 2011.

CITY OF CORAL GABLES-COMPREHENSIVE ANNUAL FINANCIAL REPORT-FISCAL YEAR ENDED SEPTEMBER 30, 2011

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES</b>										
Taxes	\$ 51,509,060	\$ 56,443,516	\$ 65,648,114	\$ 71,050,734	\$ 81,217,510	\$ 89,845,921	\$ 86,541,868	\$ 87,118,473	\$ 90,172,438	\$ 86,919,919
Licenses	2,167,844	2,635,641	2,849,665	2,850,746	2,857,303	2,887,848	2,921,161	3,038,646	3,086,382	3,052,875
Permits	6,081,162	5,156,616	4,758,264	6,534,460	6,285,880	7,056,610	5,687,950	4,007,602	4,193,899	8,568,709
Fines and Forfeitures	2,372,762	2,445,472	3,328,089	2,841,931	2,763,587	2,719,620	2,593,690	2,888,947	3,473,120	3,996,367
Intergovernmental	3,898,962	3,971,216	4,278,574	4,525,996	29,021,549	11,123,623	6,315,384	7,390,708	6,875,288	5,000,978
Charges for Services	7,298,160	7,333,240	7,511,162	8,776,856	8,088,297	8,834,802	8,478,227	8,770,139	12,534,515	15,680,153
Recreation Activity Fees	4,067,354	4,086,321	2,509,353	2,651,141	3,497,707	3,747,159	3,576,441	3,631,334	3,338,009	3,816,728
Rental Income	1,731,465	2,705,085	4,305,672	3,216,339	3,399,246	3,682,386	3,610,721	3,126,219	2,526,671	7,355,922
Investment Earnings	631,538	499,983	670,599	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769
Bad Debt	-	-	-	-	-	(4,229,491)	-	-	-	-
Special Assessments	254,287	107,063	140,008	377,466	325,849	52,521	364,965	711,258	499,649	2,222,203
Contributions and Donations from Private Sources	622,899	110,071	-	-	-	-	-	-	-	1,140,000
Proceeds from South Florida Task Force	-	593,242	-	-	-	-	-	-	-	-
Proceeds from Treasury Department	-	107,296	-	-	-	-	-	-	-	-
Miscellaneous	861,792	274,303	2,024,465	243,252	451,601	308,261	453,448	667,778	239,410	603,945
Hurricane Relief	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>81,497,285</b>	<b>86,469,065</b>	<b>98,023,965</b>	<b>104,117,687</b>	<b>139,484,047</b>	<b>128,136,969</b>	<b>121,934,703</b>	<b>121,509,455</b>	<b>127,014,602</b>	<b>138,416,568</b>
<b>EXPENDITURES</b>										
Current:										
General Government	11,121,629	12,130,302	15,659,815	16,127,144	17,967,796	18,077,121	18,247,668	20,512,518	18,000,356	14,134,472
Public Safety	44,686,107	47,454,161	51,861,284	67,967,083	78,388,358	67,908,526	70,467,344	71,460,365	69,089,890	70,798,025
Physical Environment	14,562,824	15,128,081	16,437,244	17,057,530	17,971,512	19,021,263	19,509,302	20,063,855	13,890,885	12,315,830
Transportation	5,391,900	3,999,181	5,490,005	4,858,971	5,852,517	5,524,148	6,178,011	6,660,672	10,980,073	10,158,367
Economic Environment	412,106	499,510	523,349	598,638	645,291	721,991	704,232	607,676	681,765	558,174
Culture and Recreation	6,979,543	8,040,035	7,057,479	8,329,576	10,018,717	10,125,697	9,613,602	8,919,266	8,322,862	8,497,254
Debt service:										
Principal/Retirement of Principal	18,428,313	2,191,244	1,993,506	2,476,731	2,695,528	2,357,400	2,617,586	2,717,833	2,851,673	2,984,724
Interest and Other Charges	945,719	634,398	1,233,166	1,367,725	1,491,412	1,741,825	1,935,947	1,391,416	1,186,837	1,364,343
Capital Outlay	2,491,551	3,303,915	3,507,097	1,336,417	5,162,956	10,267,919	3,197,192	8,047,190	7,797,684	2,922,479
<b>Total Expenditures</b>	<b>105,019,692</b>	<b>93,380,827</b>	<b>103,762,945</b>	<b>120,119,815</b>	<b>140,194,087</b>	<b>135,745,890</b>	<b>132,470,884</b>	<b>140,380,791</b>	<b>132,802,025</b>	<b>123,733,668</b>
Excess (deficiency) of Revenues over Expenditures before Other Financing Sources (Uses)	(23,522,407)	(6,911,762)	(5,738,980)	(16,002,128)	(710,040)	(7,608,921)	(10,536,181)	(18,871,336)	(5,787,423)	14,682,900
<b>OTHER FINANCING SOURCES (USES)</b>										
Debt Issued	4,000,000	-	-	-	-	-	-	-	-	47,100,483
Debt Proceeds	-	-	15,825,000	-	6,000,000	8,547,013	-	3,525,000	702,930	-
Principal Repymt.-Current Bond Refunding	-	-	(11,060,000)	-	-	-	-	-	-	(24,512,273)
Transfers In	23,620,475	8,994,285	20,531,907	9,245,150	8,703,944	12,498,880	11,026,884	14,972,721	13,018,055	45,548,224
Transfers Out	(19,982,066)	(4,331,488)	(15,573,285)	(5,263,950)	(4,423,514)	(12,149,817)	(3,799,873)	(6,415,967)	(6,450,899)	(35,283,005)
<b>Total Other Financing Sources (Uses)</b>	<b>7,638,409</b>	<b>4,662,797</b>	<b>9,723,622</b>	<b>3,981,200</b>	<b>10,280,430</b>	<b>8,896,076</b>	<b>7,227,011</b>	<b>12,081,754</b>	<b>7,270,086</b>	<b>32,853,429</b>
<b>SPECIAL ITEMS:</b>										
Proceeds from Sale of Land	1,567,519	-	-	-	-	-	-	-	-	-
Land & Building	492,617	-	-	-	-	-	-	-	-	-
<b>Total Special Items</b>	<b>2,060,136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in Fund Balances</b>	<b>\$ (13,823,862)</b>	<b>\$ (2,248,965)</b>	<b>\$ 3,984,642</b>	<b>\$ (12,020,928)</b>	<b>\$ 9,570,390</b>	<b>\$ 1,287,155</b>	<b>\$ (3,309,170)</b>	<b>\$ (6,789,582)</b>	<b>\$ 1,482,663</b>	<b>\$ 47,536,329</b>
Debt service as a percentage of noncapital expenditures.	23.30%	3.24%	3.33%	3.34%	3.20%	3.38%	3.65%	3.20%	3.34%	3.73%

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

FISCAL YEAR ENDED	TOTAL TAX LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2003	\$42,069,327	\$39,742,848	94.47%	\$222,862	\$39,965,710	95.00%
2004	\$50,591,645	\$47,423,035	93.74%	\$170,691	\$47,593,726	94.07%
2005	\$56,576,305	\$53,507,209	94.58%	\$231,212	\$53,738,421	94.98%
2006	\$66,217,669	\$61,399,559	92.72%	\$332,579	\$61,732,138	93.23%
2007	\$73,452,215	\$69,634,307	94.80%	\$95,957	\$69,730,264	94.93%
2008	\$72,556,824	\$65,791,821	90.68%	\$596,813	\$66,388,634	91.50%
2009	\$68,055,518	\$64,821,722	95.25%	\$787,734	\$65,609,457	96.41%
2010	\$72,300,304	\$66,309,836	91.71%	\$937,052	\$67,246,888	93.01%
2011	\$68,735,926	\$63,184,651	91.92%	\$1,946,716	\$65,131,367	94.76%

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

FISCAL YEAR ENDED	ASSESSED VALUE (1)			TOTAL ASSESSED VALUE *	TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY			
2002	\$6,145,018,585	\$320,830,060		\$6,465,848,645	5.841
2003	\$6,769,267,008	\$336,684,311		\$7,105,951,319	5.841
2004	\$7,834,696,998	\$363,954,901		\$8,198,651,899	5.990
2005	\$7,834,696,998	\$346,181,099		\$8,180,878,097	5.990
2006	\$10,072,262,531	\$537,053,435		\$10,609,315,966	6.150
2007	\$11,383,139,491	\$348,009,820		\$11,731,149,311	6.150
2008	\$12,743,051,207	\$337,759,609		\$13,080,810,816	5.250
2009**	\$12,388,660,415	\$321,475,554		\$12,710,135,969	5.250
2010 ***	\$11,517,484,781	\$306,492,339		\$11,823,977,120	5.895
2011****	\$11,582,581,921	\$288,250,994		\$11,870,832,915	6.072

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

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

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

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

(\*\*\*\*) Source: Based on Certification of Taxable Value Form DR-420 for Year 2011.

**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						
2002	5.841	0.000		5.841	6.716	9.376	0.736	22.6685
2003	5.841	0.000		5.841	6.857	9.252	0.736	22.6860
2004	5.990	0.000		5.990	6.765	9.252	0.736	22.7430
2005	5.990	0.000		5.990	7.184	8.687	0.734	22.5960
2006	6.150	0.000		6.150	7.069	8.438	0.735	22.3920
2007	6.150	0.000		6.150	6.808	8.105	0.735	21.7980
2008	5.250	0.000		5.250	5.670	7.948	0.659	19.5270
2009	5.250	0.000		5.250	5.926	7.797	0.659	19.6320
2010	5.895	0.000		5.895	6.005	7.995	0.659	20.5540
2011	6.072	0.000		6.072	6.656	8.249	0.659	21.6360

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	2010			2001		
	TAXABLE ASSESSED	PERCENTAGE OF TOTAL CITY TAXABLE VALUE	RANK	TAXABLE ASSESSED	PERCENTAGE OF TOTAL CITY TAXABLE VALUE	RANK
	VALUE	\$11,823,977,120		VALUE	\$6,465,848,645	
Douglas Colonnade LLC	\$ 89,300,000	0.76 %	1	\$ -	-	-
Merrick Park LLC	73,650,500	0.62	2	-	-	-
355 Alhambra Plaza LTD	62,200,000	0.53	3	37,600,000	0.58	3
Prisa Ponce de Leon, LLC	55,600,000	0.47	4	-	-	-
Coral Gables Associates	54,800,000	0.46	5	39,000,000	0.60	2
The Collection Properties LLC	53,700,000	0.45	6	-	-	-
DEKA USA Colonnade LLC	53,300,000	0.45	7	-	-	-
South Florida Equities Inc.	45,800,000	0.39	8	-	-	-
RREEF America Reit II Corp ZZZZ	44,500,000	0.38	9	-	-	-
Ponte Gadeu Gables, LLC	43,703,679	0.37	10	-	-	-
Douglas Entrance Holding LTP Par.	-	-	-	53,700,000	0.83	1
Ibex Colonnade Group	-	-	-	36,000,000	0.56	4
550 Biltmore Inc.	-	-	-	29,131,250	0.45	5
Gables Grand Plaza	-	-	-	28,500,000	0.44	6
Health South Doctor's Hospital	-	-	-	27,741,444	0.43	7
Strategic Hotel Capital Ltr Partners	-	-	-	26,640,000	0.41	8
Emanuel Edelstein & George Goldbloom	-	-	-	25,148,821	0.39	9
Blumberg & Alhambra Partners	-	-	-	20,500,000	0.32	10
Totals	\$ 576,554,179	4.88 %		\$ 323,961,515	5.01 %	

Property assessed on January 1, 2010 for 2010-2011 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)
2002	595	497
2003	992	626
2004	996	1,101
2005	868	609
2006	1,436	797
2007	916	1,016
2008	752	740
2009	889	735
2010	905	831
2011	812	862

(1) Includes prepayments and foreclosures.

**TABLE 10  
CITY OF CORAL GABLES, FLORIDA  
RATIO OF OUTSTANDING DEBT BY TYPE  
SEPTEMBER 30, 2011  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			PERCENTAGE OF PERSONAL INCOME *	PER CAPITA *
	SPECIAL OBLIGATION BONDS	CAPITAL LEASES	NOTES PAYABLE	PARKING SPECIAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT		
2002	40,491,687	-	-	7,620,000	-	48,111,687	2078%	1,135.86
2003	38,300,443	-	-	7,230,000	-	45,530,443	1967%	1,074.92
2004	41,071,937	-	-	20,240,000	-	61,311,937	2777%	1,433.69
2005	38,595,206	221,521	-	19,504,800	-	58,321,527	2591%	1,366.84
2006	41,899,678	144,757	-	18,657,800	-	60,702,235	2675%	1,419.57
2007	47,729,174	360,117	-	17,775,000	-	65,864,291	2886%	1,531.73
2008	45,289,405	182,300	-	16,859,500	-	62,331,205	2523%	1,361.00
2009	46,278,872	-	-	18,548,600	-	64,827,472	2592%	1,424.75
2010	43,638,768	1,162,886	-	17,561,900	-	62,363,554	2562%	1,370.60
2011	62,978,533	1,547,084	-	16,321,467	648,011	81,495,095	3257%	1,742.09

\* 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
2002	***	-	-	100,371	0%
2003	***	-	-	87,742	0%
2004	***	-	-	99,321	0%
2005	***	-	-	115,671	0%
2006	***	-	-	129,497	0%
2007	***	-	-	120,323	0%
2008	***	-	-	121,203	0%
2009	***	-	-	125,255	0%
2010	***	-	-	119,758	0%
2011	***	-	-	113,984	0%

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

**TABLE 12**  
**CITY OF CORAL GABLES, FLORIDA**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**SEPTEMBER 30, 2011**  
 (amounts expressed in thousands)

JURISDICTION	Net Debt Outstanding <sup>(1)</sup>	PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES	AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES
<b>City of Coral Gables</b>	\$ 81,495	100.0%	\$ 81,495
Total direct debt			<u>\$ 81,495</u>
<b>Miami- Dade County <sup>(2)</sup></b>	\$ 1,021,353	5.0%	\$ 51,068
Total overlapping debt			<u>\$ 51,068</u>
 Total direct debt & overlapping debt			<u><u>\$ 132,563</u></u>

(1) Net Debt Outstanding includes Special Obligation Bonds from Sunshine State Financing & Capital Leases outstanding.

(2) Source-Miami-Dade County Finance Department.

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

<b>FISCAL YEAR</b>	<b>(1) POPULATION</b>	<b>(2) PERSONAL INCOME</b>	<b>(1) PER CAPITA INCOME</b>	<b>(1) MEDIAN AGE</b>	<b>(3) SCHOOL ENROLLMENT</b>	<b>(4) UNEMPLOYMENT RATE</b>
2002	42,357 *	2,314,768	54,649	38.7	10,374	4.2%
2003	42,357 *	2,314,768	54,649	38.7	10,704	3.7%
2004	42,765 *	2,207,700	51,624	39.5	10,391	3.3%
2005	42,669 *	2,250,960	52,754	39.5	10,078	2.7%
2006	42,761 *	2,269,369	53,071	39.5	9,596	2.5%
2007	43,000 *	2,282,053	53,071	39.5	9,354	2.4%
2008	45,798 *	2,470,802	53,950	40.7	10,071	3.4%
2009	45,501 *	2,501,372	54,974	41.4	10,257	7.1%
2010	45,501 *	2,433,848	53,490	41.9	12,917	8.4%
2011	46,780 *	2,502,262	53,490	38.8	13,469	7.2%

DATA SOURCES

- (1) Bureau of the Census with intervening estimates by Demographics on call  
\* Bureau of Economic and Business Research, University of Florida
- (2) Amounts expressed in thousands
- (3) School District - Public and Private School
- (4) Unites State Department of Labor-Bureau of Labor Statistic-www.bls.gov

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

(amounts expressed in thousands)

<b>FISCAL YEAR ENDED</b>	<b>GENERAL PROPERTY TAXES (1)</b>	<b>FRANCHISE TAXES</b>	<b>UTILITIES SERVICES TAXES</b>	<b>OTHER TAXES</b>	<b>TOTAL TAXES</b>
2002	\$36,645	\$4,196	\$9,437	-	\$50,278
2003	\$40,078	\$4,634	\$9,658	-	\$54,370
2004	\$47,969	\$5,496	\$9,541	-	\$63,006
2005	\$53,467	\$5,487	\$9,594	\$2,503	\$71,051
2006	\$64,587	\$6,691	\$9,939	\$2,717	\$83,934
2007	\$69,730	\$7,284	\$10,187	\$2,645	\$89,846
2008	\$66,389	\$7,161	\$10,423	\$2,569	\$86,542
2009	\$66,397	\$7,049	\$11,293	\$2,378	\$87,117
2010	\$70,277	\$6,276	\$11,220	\$2,399	\$90,172
2011	\$67,078	\$6,336	\$10,954	\$2,552	\$86,920

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

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

<u>Employers</u>	Fiscal Year Ended September 30,			
	2011		2001	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
University of Miami	13,822 *	64.52%	3,338	42.08%
Doctors Hospital Baptist Hospital	1088	5.08%	900	11.35%
Bayview Financial Training	1000	4.67%	N/A	N/A
The Biltmore Hotel	795	3.71%	600	7.56%
City of Coral Gables	735	3.43%	850	10.71%
Dade County Public Schools	534	2.49%	737	9.29%
Baptist Health South Florida	500	2.33%	190	2.40%
Coral Gables Hospital	487	2.27%	598	7.54%
Commercebank	206	0.96%	N/A	N/A
Bill Ussery Motor	250	1.17%	N/A	N/A
Bacardi USA	330	1.54%	N/A	N/A
Del Monte Fresh Produce	313	1.46%	150	1.89%
Banco Mercantil Venezuela	280	1.31%	250	3.15%
Gables Engineering, Inc.	248	1.16%	200	2.52%
Yard House Restaurant	234	1.09%	N/A	N/A
IBM Corporation	215	1.00%	120	1.51%
Univision Radio Florida	200	0.93%	N/A	N/A
International Bank of Miami	186	0.87%	N/A	N/A
<b>Total</b>	<b>21,423</b>	<b>100.00%</b>	<b>7,933</b>	<b>100.00%</b>

\* Faculty & Full/Partime Employees

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

<b>FUNCTION / PROGRAM</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
City Commission	7	7	7	7	7	7
City Attorney	4	4	4	4	5	5
City Clerk	4	5	5	5	5	5
City Manager	11	12	12	12	10	10
Human Resources	11	11	12	12	10	10
Development Services	0	0	0	0	0	63
Building and Zoning	58	59	65	63	58	0
Planning	5	5	5	5	4	0
Historic Resources	5	5	5	5	4	4
Public Works	77	80	76	76	65	63
Finance	32	32	31	31	31	31
Information Technology	10	11	16	18	16	15
Public Service	122	122	122	115	98	93
Automotive	30	30	30	30	26	23
Police	259	266	264	264	257	255
Fire	149	149	149	149	147	147
Parks & Recreation	36	36	35	33	28	26
Economic Sustainability	5	5	5	4	5	4
Parking	32	32	32	32	32	30

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Function/Program</b>										
Public Safety:										
Police:										
Physical arrests	1,021	973	902	925	1,012	1,173	1,000	881	991	860
Traffic Violations	19,296	20,985	22,055	22,758	23,198	27,556	24,915	26,399	20,750	16,897
Parking violations	94,031	156,151	151,269	119,156	114,614	114,924	105,485	101,644	122,596	151,703
Fire:										
Emergency response	6,267	6,650	8,978	8,347	7,453	7,453	8,000	8,000	8,000	8,000
Fire Inspections conducted	3,250	4,000	4,200	6,200	6,604	6,604	6,600	6,600	6,600	6,500
General Government:										
Tax Rates										
Utility Services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Water	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication Service	5.52%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
Gas	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Gas	7%	7%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Cable Television	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government:										
<i>Area</i>										
Land (sq. miles) <sup>(1)</sup>	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.25	12.92	12.92
Water (sq. miles)	0	0	0	0	0	0	0	0	0	0
<i>Infrastructure</i> <sup>(2)</sup>										
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
Undeveloped Parks	0	0	0	0	0	1	0	0	2	2
Municipal swimming pool	1	1	1	1	1	1	1	1	1	1
36-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
19-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
Recreational areas (acres)	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Undeveloped recreational areas (acres)	0	0	0	0	0	0.5	0.5	0.5	1	1
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

(1) Sources: Per 2010 U.S. Census FY 2010 & 2011 updated

(2) Sources: Various City Departments



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# Compliance Reports

SINGLE AUDIT REPORT

MANAGEMENT LETTER



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## City of Coral Gables, Florida

Single Audit Reports in Accordance with  
OMB Circular A-133 and Management Letter  
in Accordance with the *Rules of the Auditor General*  
of the State of Florida  
Year Ended September 30, 2011

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City of Coral Gables, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2011

Federal Grantor, Pass-Through Entity Federal Awards/State Agency	CFDA/CSFA No.	Contract/ Grant No.	Total Expenditures
<b>U.S. Department of Agriculture:</b>			
Pass-through Florida Department of Agriculture and Consumer Services			
Young Tree Pruning Program	10.688	16010	\$ 17,543
<b>Total U.S. Department of Agriculture</b>			<b>17,543</b>
<b>U.S. Department of Transportation:</b>			
Federal Highway Administration –			
Pass-through Florida Department of Transportation			
Ponce de Leon Median Installation and Roadway Improvement Phase II	20.205	FN426491-1-58.01	1,004,493
<b>Total U.S. Department of Transportation</b>			<b>1,004,493</b>
<b>U.S. Department of Housing and Urban Development:</b>			
09 Economic Development Initiative- Special Project	20.600	B-09-SP-FL-0104	250
<b>Total U.S. Department of Housing and Urban Development</b>			<b>250</b>
<b>U.S. Department of Justice:</b>			
09 JAG (Graffiti)	16.738	DOJ-2009-DJ-BX-0462	37
Pass-through Miami-Dade County:			
07 Urban Area Security Initiative –			
Agreement 09DS-24-11-23-02-011	97.067	07 UASI	1,265
08 Urban Area Security Initiative –			
Agreement 10DS-48-11-23-02-195	97.067	08 UASI	81,969
11 JAGC (Record Improvement)	16.738	2011- JAGC-Dade- 27-B2-186	8,461
<b>Total U.S. Department of Justice</b>			<b>91,732</b>
<b>U.S. Department of Energy:</b>			
Energy Efficiency Conservation Block Grant	81.128	DE-EE0002267	12,600
<b>Total U.S. Department of Energy</b>			<b>12,600</b>
<b>U.S. Department of Homeland Security:</b>			
Disaster Grants (Public Assistance)	97.036	PW3720	185,799
<b>Total U.S. Department of Homeland Security</b>			<b>185,799</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,312,417</b>

(Continued)

City of Coral Gables, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2011 (Continued)

Federal Grantor, Pass-Through Entity Federal Awards/State Agency	CFDA/CSFA No.	Contract/ Grant No.	Total Expenditures
<b>Florida Department of Environmental Protection:</b>			
Conveyance Improvements to C-3 Canal	37.039	LP 6016	1,171,957
City 3 Sanitary Sewer Pump Station Rehabilitation	37.039	LP8910	324,445
<b>Total Florida Department of Environmental Protection</b>			<u>1,496,402</u>
<b>Florida Department of Health:</b>			
Pass-through Miami-Dade County: EMS FY 2010- 2011 County Grant	64.005	C9013	4,760
<b>Total Florida Department of Health</b>			<u>4,760</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>1,501,162</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u>\$ 2,813,579</u>

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

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2011

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**Note 1. General**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal programs and state awards of the City of Coral Gables, Florida (the "City") for the year ended September 30, 2011. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

**Note 2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards and 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2012. Our report was modified to include a reference to other auditors and the adoption of the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Accounting for Fund Balance Reporting and Governmental Fund Type Definitions*, as of September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the City of Coral Gables Retirement Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### *Compliance and Other Matters*

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

We also noted certain matters that we have reported to management of the City in a separate letter dated March 30, 2012.

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

*McGladrey & Pullen, LLP*

Miami, Florida  
March 30, 2012



***Independent Auditor's Report  
on Compliance With Requirements That Could Have a  
Direct and Material Effect on Each Major Federal Program and State Project  
and On Internal Control Over Compliance in Accordance With  
OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, State of Florida***

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

***Compliance***

We have audited the compliance of the City of Coral Gables, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on the City's major federal program and state project for the year ended September 30, 2011. The City's major federal program and state project 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 its major federal program and state project is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*, State of Florida. Those standards and OMB Circular A-133 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 federal program or 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 compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended September 30, 2011.

### ***Internal Control Over Compliance***

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and 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 federal program or state project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

### ***Schedule of Federal Awards and 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, 2011, and have issued our report thereon dated March 30, 2012. Our report was modified to include a reference to other auditors and the adoption of the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Accounting for Fund Balance Reporting and Governmental Fund Type Definitions*, as of September 30, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and 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, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Miami, Florida  
March 30, 2012

Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2011

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

*Federal Awards*

Internal control over major program:

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

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

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

	_____ Yes	_____ X	No
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Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program:</u>
20.205	U.S. Department of Transportation - Ponce de Leon Median Installation and Roadway Improvement Phase II

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

Auditee qualified as low-risk auditee?

	_____ Yes	_____ X	No
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The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)  
 Fiscal Year Ended September 30, 2011

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State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ <u>X</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*?

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

Identification of major projects:

State CSFA No.

37.039

Name of State Projects

Florida Department of Environmental Protection:  
 Conveyance Improvements to C-3 Canal and City 3  
 Sanitary Sewer Pump Station Rehabilitation

Dollar threshold used to distinguish between type A and type B projects:

\$300,000

**II – Financial Statements Findings**

None reported

**III – Federal Award and State Project Findings**

None reported

Summary Schedule of Prior Audit Findings  
Fiscal Year Ended September 30, 2011

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**I – Financial Statement Findings**

**A. Internal Control**

RC 2006-01, IC 2007-01, IC 2008-01, IC 2009-01 and IC 2010-01 – Financial Accounting and Reporting

Current Year's Status: Finding was corrected in the current year.

**B. Compliance Findings**

None reported

**II – Findings and Questioned Costs for Federal Awards**

**Internal Control and Compliance Findings**

None reported



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Coral Gables, Florida (the "City") as of and for the fiscal year ended September 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2012. Our report was modified to include a reference to other auditors and the adoption of the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Accounting for Fund Balance Reporting and Governmental Fund Type Definitions*, as of September 30, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

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

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

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

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

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

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

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011 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, 2011. In connection with our audit, we determined that these two reports were in agreement.

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

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

*McGladrey & Pullen, LLP*

Miami, Florida  
March 30, 2012

Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls  
Fiscal Year Ended September 30, 2011

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No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 09-03	Deficit Fund Balances		X
ML 08-02	Approval of Information Technology (IT) Policies	X	
ML 05-04	Internal Service Fund	X	

**Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls (Continued)  
Fiscal Year Ended September 30, 2011**

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**ML 08-02 – Approval of Information Technology (IT) Policies**

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

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

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

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

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

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

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

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

Current Year View of Responsible Officials and Planned Corrective Action: The IT Security Policies document was forwarded to Gartner, Inc. for their technical review. As per Gartner’s recommendation, the IT Security Policies document was re-edited to update the technology and streamline the contents. In addition, a Social Networks section was added. The final draft has been sent to the Assistant City Attorney, HR and Finance Directors for their review and input before sending it to City Manager’s Office for approval.

**Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls (Continued)  
Fiscal Year Ended September 30, 2011**

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**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. As of September 30, 2010, public facilities and insurance funds had net assets of \$1,780,832 and \$7,457,346, respectively.

Context: This condition is systemic in nature.

Effect: The internal service funds are not charging sufficient rates to cover the costs of providing services to user 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: Although progress has been made with the insurance fund, and the fund is operating at a net surplus, the City should continue to review fees charged to user departments in order to ensure that the benefits being provided more closely equals the fees that are charged to the user departments. Internal services funds such as the insurance fund are designed to operate at a breakeven level, by over or under funding this fund it is impacting the operating results of all the City departments contributing to the fund and could potentially result in noncompliance with Generally Accepted Accounting Principles.

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

Current Year Status: In the current year, the City reported more revenues than expenditures in the motor pool, public facilities and insurance funds through fees charged to the user departments. As of September 30, 2011, the motor pool, public facilities and insurance funds had net assets of \$8,530,449, \$2,902,306 and \$4,829,387, respectively.

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

**Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls (Continued)  
Fiscal Year Ended September 30, 2011**

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Current Year View of Responsible Officials and Planned Corrective Action: The City established guidelines for maintaining adequate net asset balance for the insurance fund in accordance with Governmental Accounting Standards Board Statement No. 10 for emergency/catastrophic events. Additionally, the City has identified needs in both automotive and public facilities that are in excess of the net asset balances at September 30, 2011. The City anticipates that fulfillment of those needs will deplete the net assets in subsequent years.

The City acknowledges it is necessary to continuously review the fees charged to user departments in order to ensure that the benefits being provided more closely equals the fees that are allocated to the user departments.