

City of Coral Gables

Comprehensive Annual Financial Report

*Fiscal Year Ended
September 30, 2014*

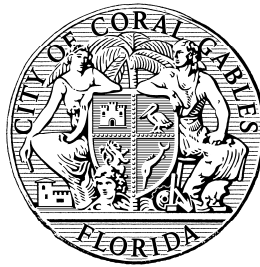
ON THE COVER:

Ponce de Leon Plaza, located at the intersection of Coral Way and Granada Boulevard.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the
FISCAL YEAR ENDED
September 30, 2014



"The City Beautiful"

Prepared by
FINANCE DEPARTMENT

CITY OF CORAL GABLES, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

CITY COMMISSION

JIM C. CASON, *MAYOR*

WILLIAM H. KERDYK, JR., *Vice Mayor*
VINCE LAGO, *Commissioner*

PATRICIA KEON, *Commissioner*
FRANK C. QUESADA, *Commissioner*

CITY MANAGER

CATHY SWANSON-RIVENBARK

FINANCE DIRECTOR

DIANA M. GOMEZ, C.P.A.

ASSISTANT FINANCE DIRECTOR

ADOLFO E. SANSORES

SALLY OLA OLA

Introductory Section

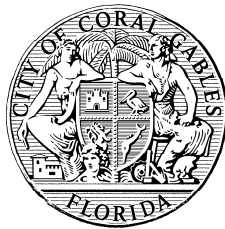
TABLE OF CONTENTS

LETTER OF TRANSMITTAL

GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF PRINCIPAL OFFICIALS



[This Page Intentionally Left Blank]

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal – Finance Director	iii
Certificate of Achievement.....	ix
City of Coral Gables Organizational Chart	x
List of Principal Officials	xi

FINANCIAL SECTION

Report of Independent Certified Public Accountants	1
Management’s Discussion and Analysis (Unaudited)	5

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position.....	18
Statement of Activities	19

Fund Financial Statements

Balance Sheet – Governmental Funds.....	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	25
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	29
Statement of Cash Flows – Proprietary Funds	30
Statement of Fiduciary Net Position – Fiduciary Funds.....	31
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	32

Notes to Financial Statements	33
-------------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	85
Schedule of Changes in the City’s Net Pension Liability and Related Ratios.....	86
Schedule of Contributions (As Required by GASB 67).....	87
Schedule of Investment Returns (As Required by GASB 67).....	88
Schedule of Funding Progress (As Required by GASB 27).....	89
Schedule of Employer Contributions (As Required by GASB 27)	90
Schedule of Funding Progress (OPEB)	91
Notes to Required Supplementary Information.....	92

COMBINING INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheet– Nonmajor Governmental Funds	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Nonmajor Governmental Funds	100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Debt Service Fund	101
Combining Statement of Net Position – Internal Service Funds	104
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	105
Combining Statement of Cash Flows – Internal Service Funds	106
Combining Statement of Fiduciary Net Position – Pension Trust Funds	108
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds.....	109
Combining Statement of Changes in Assets and Liabilities – Agency Funds	110

TABLE OF CONTENTS**PAGE****STATISTICAL SECTION (Unaudited)**

Net Position by Component	113
Changes in Net Position	114
Fund Balances, Governmental Funds	115
Changes in Fund Balances, Governmental Funds	116
Property Tax Levies and Tax Collections	117
Assessed Values of Taxable Property	117
Property Tax Rates Direct and Overlapping Governments	117
Principal Taxpayers.....	118
Special Assessment Billings and Collections	118
Ratio of Outstanding Debt by Type	119
Ratio of Annual Debt Service for General Bonded Debt to Total General Government Expenditures	119
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds	120
Demographic and Economic Statistics	121
General Government Tax Revenue by Source	121
Principal Employers	122
Position Control – Full Time Positions	123
Operating Indicators by Function/Program	124
Capital Asset Statistics by Function/Program	125



The City of Coral Gables

Finance Department

CITY HALL 405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

March 17, 2015

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 Comprehensive Annual Financial Report of the City of Coral Gables, Florida for the fiscal year ended September 30, 2014, pursuant to Florida state law. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by independent certified public accountants, McGladrey LLP, retained by the City and paid from its public funds. The independent auditor has issued an unmodified opinion that the financial statements fairly present the financial position of the City and comply with applicable reporting standards.

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

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

ECONOMIC CONDITION AND OUTLOOK

The City has a residential population of approximately 49,411 and encompasses 14 square miles southwest of Miami in Miami-Dade County, Florida. Since its incorporation in 1925, it has been considered one of South Florida's premier residential communities. The City has approximately 11 million square feet of office space and has developed into an international center of commerce serving as divisional headquarters for approximately 140 multinational companies and 21 consulates and trade offices. The University of Miami, the largest private employer in Coral Gables, instructs approximately 15,500 students and employs approximately 13,000 full-time faculty and staff.

The City supports both the residential and business sectors with excellent City services, having attained the highest possible standards in every field. The Coral Gables Police Department and Fire Department are both fully-accredited, an honor matched by very few cities in the US. Additionally, the Fire Department is one of only a handful of fire departments in the nation to hold the distinction of Class 1 status. In addition, Coral Gables has been named a "Tree City USA" for 29 consecutive years; it has an award-winning Communications Division and offers one of the most comprehensive Parks and Recreation programs in the state. The City is also selected as a "Playful City USA" for 4 consecutive years, and was the first municipality ever to receive the National Emergency Management Award in 1993.

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

In December 2013, the City was named one of the top five most livable communities of its size in the world by the United Nations-backed *International Awards for Livable Communities* (LivCom). The LivCom awards boosts civic pride, increases tourism and investment in the City and raises its international profile. Also, the City was voted "Favorite Area in the 305" by YELP, an international online guide.

The impact of the economic decline on the real estate market resulted in a decline of the City's property values from 2008 of \$13.4 billion to a decrease in 2009 to \$12.7 billion and a continued decrease in 2010 to \$11.8 billion. For tax years 2011, 2012, and 2013 property values increased negligibly to 11.9 billion, \$12.0 billion and 12.27 billion, respectively, which is still not back to the 2008 tax roll levels. Despite the multi-year decrease in property value, the City maintained its commitment to provide a high level of municipal services while reducing its property tax millage rate from 6.072 in 2011 to 5.869 in 2012 to 5.669 in 2013 and to 5.629 in 2014. Due to the slight increase in property values in 2014, the reduced rate of 5.629 resulted to a slight increase of \$458,000 in property tax revenues.

MAJOR INITIATIVES

The City's 2013-2014 Annual Budget included \$19.73 million for capital improvement program as well as much needed capital facility upgrades and equipment/fleet replacement of \$6.3 million included in the operating budget. The program and upgrades include ongoing and additional funding for repairs/improvements to city facilities as well as purchase of land. New funding has been added for garage interior painting and common area improvements, streetscape improvements along the median of Ponce De Leon Boulevard, landscaping/hardscape improvements to the Kings Bay area, and Phase 3 of the landscape improvements of the Ponce De Leon streetscape project. Other new projects include Merrick House restoration, Youth Center field sodding and irrigation improvements and various citywide capital equipment upgrades. Other budgeted capital improvements include upgrades for sanitary sewer lift stations and the replacement of several sanitary sewer force mains and pipes.

During the fiscal year, the City renovated and beautified Tizano and Ingraham Parks with courtyard of rock columns and rustic trellises, with Mediterranean style fountain and stone columns. This is the first major, city-funded park improvement in the south area of the City in decades. The entrance to the City's corporate corridor received a major makeover with newly installed lighting, majestic palms and accenting hedges which enhanced the nighttime ambience along Alhambra Circle. The landscape beautification project on the median from LeJeune Road to Ponce De Leon Boulevard which includes creative ground cover, sod and annuals and improved irrigation was completed in March 2014.

In April 2014, the City joined the Fairchild Tropical Botanic Garden in launching the “Million Orchid Project” with the goal of reintroducing a total of one million orchids across Miami-Dade County, and at least 250,000 of which will be planted throughout the City. The City will budget \$30,000 annually for the next five years towards the project. Also, the City approved the Tree Succession Plan and funding of \$3.6 million for this project with the goal of replacing and adding over 3,000 trees throughout the City neighborhood, to preserve the lush tree canopy across the City and live up to being “Tree City USA” for 29 consecutive years.

As the City’s primary goal is to protect the citizen and property, in September 2014, the City launched the “Quick Response Burglary Prevention” Program which allows alarm companies to immediately contact the City’s police department for dispatch in case the homeowner is not reached on the first contact. This program aims to eliminate unnecessary phone calls and increase the police department’s ability to respond to incidents.

In June 2014, the Standard & Poor’s Rating Services (S&P) affirmed its AA+ issuer credit rating of the City. The rating reflects S&P’s assessment of the City’s implicit general obligation credit strength. The rating rationale reflects the following:

- Very strong economy;
- Very strong budgetary flexibility with 2013 audited reserves at 24.6% of adjusted general fund expenditures;
- Strong budgetary performance likely to continue;
- Very strong liquidity providing strong cash levels to cover both debt service and expenditures;
- Strong management with good financial policies; and
- Weak debt and contingent liabilities position.

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

Long Term Financial Planning. The City Commission adopted an annual budget for fiscal year 2014-2015 with the primary goal of striving to maintain the delivery of services such as Public Safety, Public Works, Parks and Recreation, Sanitation and preservation of the City’s historic character through thoughtful planning, zoning and code enforcement.

The City has planned on a \$13.2 million City-wide capital improvement program for 2014-2015 which includes ongoing and additional funding for repairs/improvements to city facilities as well as for the continued purchase of land, streetscape and landscape improvements at various locations, and capital equipment upgrade. New funding has been added to implement a citywide sidewalk/replacement program, replace and upgrade police information technology data system and equipment, and replace major components of the City’s telephone system. Other new projects include Old Cutler Bay right-of-way entrance improvements, installation of surveillance system at the Youth Center and additional funding for the ongoing installation of bike paths throughout the City.

The City’s Streetscape Improvement Project for Miracle Mile and Restaurant Row in Giralda Avenue is moving forward in fiscal year 2015. This project with estimated cost of \$20 million is aimed to position the City’s downtown for economic growth and livability by transforming them into a beautiful, functional public space that will attract new residents and business and will increase the quality of life and property values. This project is funded 50%/50% by the City and property owners directly benefitting from the improvements.

The City's goal is to grow its tax base with strategic investments throughout the City, as provided in the Neighborhood Renaissance Program (NRP). The NRP is designed to be a blueprint to create "quality settings" in which the City's residents can live, work and play. The projects included in this program are intended to make the City's neighborhoods the most livable they can be, and will continue to build upon the City's reputation as a city with a firm commitment to the future of its neighborhoods. This initiative outlines a number of projects that improve a host of community facilities to provide an outstanding quality of life for the residents. This program will help to further brand Coral Gables as a great and distinctive place that is poised to compete with every other place for residents, visitors, business investments and events. The NRP estimated program costs is \$27.8 million and is funded from the proceeds of Series 2012 and 2011 Revenue Bonds, impact fees, local grants and private donations. As of fiscal year 2014, approximately \$4.4 million has been spent on NRP projects.

In fiscal year 2014-2015, the City will develop its first Sustainability Master Plan as part of its commitment to strategic and comprehensive sustainability planning throughout all city departments. Focus areas will include six sustainable elements such as energy efficiency, resource conservation, land use and transportation, waste minimization, education and outreach, and climate resiliency. As part of the Sustainability Master Plan, the City has developed an eight-year vehicle replacement program budget that utilizes a mixture of funds from the motor pool reserves and increments from recurring revenues to plan and finance the fleet replacement in a manner consistent with standard vehicle replacement cycles. This plan will improve the fuel efficiency and reduce operating costs of the City's fleet system.

FINANCIAL INFORMATION

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

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

OTHER INFORMATION

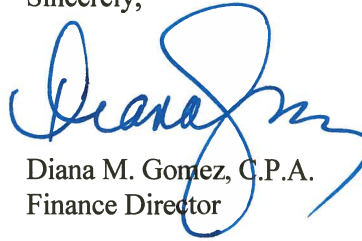
Independent Audit. The City Charter and State Statutes require an annual audit. The accounting firm of McGladrey LLP was appointed by the City Commission. The Audit engagement requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited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

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the thirtieth 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.

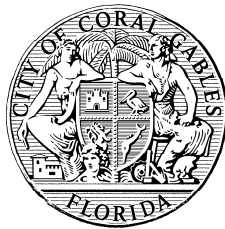
A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 for their contributions made in the preparation of this report. The personal efforts of the following individuals are specifically acknowledged for their commitment to the completion of the audit and the preparation of this report: Sally Ola Ola, Assistant Finance Director, Elsa De Bruzos Fuentes, Accountant III, Dania M. Rodriguez, Accountant III, Cecile Fernandez de Cueto, Accountant II, Carolina Alvizuri, Financial Analyst, and Yvette Diaz, Administrative Assistant to the Finance Director. This Comprehensive Annual Financial Report would not have been possible without the continued leadership and support of the Mayor, City Commission and City Manager.

Sincerely,

A handwritten signature in blue ink, appearing to read "Diana M. Gomez", with a large, stylized flourish extending from the end of the signature.

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



[This Page Intentionally Left Blank]



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

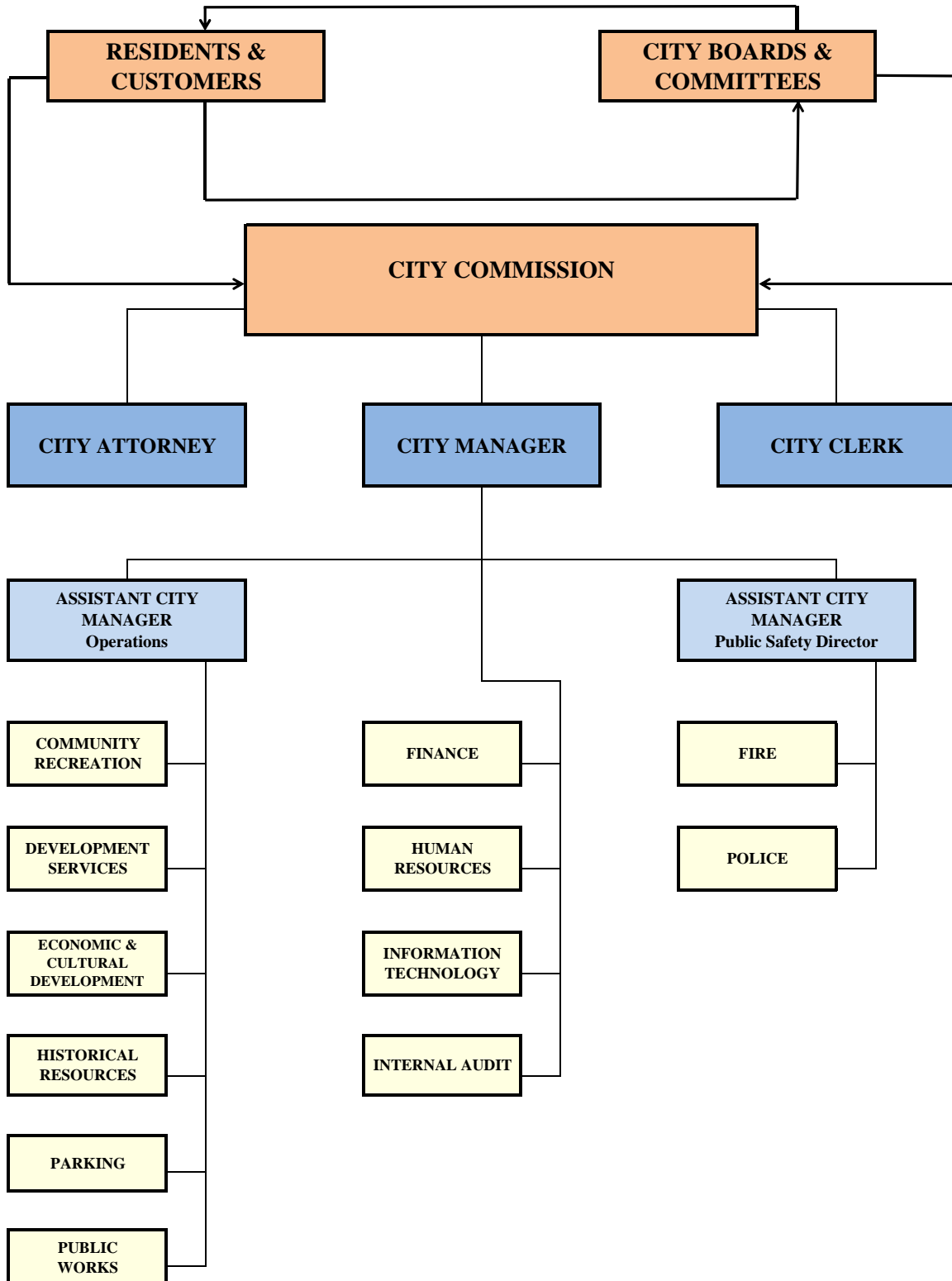
**City of Coral Gables
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

***CITY OF CORAL GABLES, FLORIDA
ORGANIZATION CHART***



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



JIM C. CASON
MAYOR



WILLIAM H. KERDYK, JR
VICE MAYOR



PATRICIA KEON
COMMISSIONER



VINCE C. LAGO
COMMISSIONER



FRANK C. QUESADA
COMMISSIONER



WALTER FOEMAN
CITY CLERK



CATHY SWANSON-RIVENBARK
CITY MANAGER



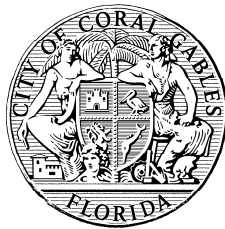
CRAIG E. LEEN
CITY ATTORNEY

CARMEN OLAZABAL, P.E.
ASSISTANT CITY MANAGER

DEPARTMENT DIRECTORS

Community Recreation
Development Services
Economic Sustainability
Human Resources
Finance
Fire Chief
Historical Resources
Information Technology
Internal Audit
Parking
Interim Police Chief
Public Works

Fred Couceyro
Jane Tompkins
Cynthia S. Birdsill
Elsa I. Jaramillo-Velez
Diana M. Gomez
Marc Stolzenberg
Dona M. Spain
Gee Ming Chow
Lori St. John
Kevin J. Kinney
Edward Hudak
Glenn R. Kephart



[This Page Intentionally Left Blank]

Financial Section

REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

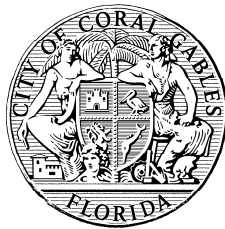
BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION



[This Page Intentionally Left Blank]



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables Florida (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Coral Gables Retirement Fund and Police Officers' Pension Fund, which represent 85% of the total assets and 66% of the total revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Coral Gables Retirement Fund and Police Officers' Pension Fund, is based solely on the report of the other auditors.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining individual fund statements and schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

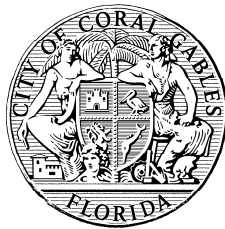
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "McGladrey LLP".

Miami, Florida
March 17, 2015



[This Page Intentionally Left Blank]

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, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letter of Transmittal and the City’s financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$281.29 million (net position). Of this amount, \$105 million represents unrestricted net position, which may be used to support the City’s current and future operation and projects.
- The City has no general obligation debt outstanding.
- As of the close of the current fiscal year, the City’s governmental funds reported combined fund balances of \$103.17 million, an increase of \$17.08 million in comparison with the prior year. Of this amount, \$37.43 million or approximately 36.28% is unassigned fund balance in the General Fund which is available for spending at the City’s discretion.
- At the end of the current year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$44.45 million or 37.86% of the total general fund expenditures and is available for future spending.
- The 2013-2014 annual principal and semi-annual monthly interest payments on loans from the Sunshine State Governmental Financing Commission are 100% funded from operating revenues from the General Fund, the Parking System Fund, and the Stormwater Utility Fund.
- In August 2014, the City issued special obligation bonds Series 2014 with principal amount of \$3.77 million to provide funds for capital improvements, including but not limited, to sewer system improvements. The Series 2014 has a fixed interest rate of 2.42% payable on April 1 and October 1 of each year and matures on October 1, 2024. Principal amount is paid annually starting October 1, 2015.
- In August 2014, the City adopted two separate resolutions approving the Miracle Mile and Giralda Avenue improvement projects and the imposition of a capital special assessment to properties located in the defined assessment areas that will specially benefit from the improvement projects. The total estimated cost of the Miracle Mile and Giralda Avenue projects are \$14.74 million and \$3.34 million, respectively. Property owners in each assessment area are allocated their proportional share of the total assessment. Property owners will pay 50% of the cost of the project and the City will pay 50% of the cost of the project. Property owners will be billed for their share of the assessment in annual installments over 20 years starting in November 2016. They can prepay at any time during the assessment period.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well

as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The basic governmental fund financial statements can be found on pages 22-25 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

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

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33 of this report.

Other information - In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning the City's net pension liability and progress in funding its other post-employment benefits to its employees. Additionally, the City adopts an annual appropriated budget for its general fund and debt service fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on page 84 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 97 of this report.

Government-Wide Financial Analysis

Our analysis of the government-wide financial statements of the City begins below. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City's activities in a way that will help answer this question. These two statements report the net position of the City and changes in them. You can think of the City's net position as one way to measure financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changes to government legislation. As of September 30, 2014, the City's net position increased \$26.62 million which indicates that the City's overall financial position has continued to improve.

To begin our analysis, a summary of the City's government-wide Statement of Net Position is presented in Table A-1.

Table A-1

Condensed Statement of Net Position (In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 169.71	\$ 143.68	\$ 22.35	\$ 16.23	\$ 192.06	\$ 159.91
Capital assets	170.17	174.42	41.68	42.03	211.85	216.45
Total Assets	339.88	318.10	64.03	58.26	403.91	376.36
Total Deferred Outflows of Resource	0.26	0.30	0.18	0.20	0.44	0.50
Current liabilities	10.79	13.51	2.30	2.55	13.09	16.06
Noncurrent liabilities	88.31	87.57	19.41	16.19	107.72	103.76
Total Liabilities	99.10	101.08	21.71	18.74	120.81	119.82
Total Deferred Inflows of Resource	2.25	2.37	-	-	2.25	2.37
Net Position:						
Net Investment in capital assets	127.80	130.95	26.72	26.45	154.52	157.40
Restricted	21.33	11.90	0.22	-	21.55	11.90
Unrestricted	89.66	72.10	15.56	13.27	105.22	85.37
Total Net Position	\$ 238.79	\$ 214.95	\$ 42.50	\$ 39.72	\$ 281.29	\$ 254.67

The major component of the City's net position is "net investment in capital assets", which represents the City's investment in its capital assets, net of the amounts borrowed to purchase these assets. An additional portion of the City's net position of \$21.55 million, or 7.70% of the net position, is restricted due to external restrictions on how they may be used. The remaining balance of \$105.22 million is unrestricted and may be used to meet the City's future needs/spending.

For the governmental activities, capital assets represent 50% of total assets, while noncurrent liabilities represent 89% of the total long-term liabilities. For the business-type activities, these capital assets represent 65% of total assets, while noncurrent liabilities represent 89% of the total long-term liabilities.

Current and other assets increased \$26.03 million for governmental activities mainly due to the positive results of operations of \$23.84 million as shown in the statements of activities. Out of the \$23.84 million, \$9.04 million pertains to the total assessments to property owners in the assessment areas of Miracle Mile and Giralda Avenue improvement projects. This total assessment is recognized as revenue in the statement of activities regardless of the timing of the related cashflows. Current and other assets increased \$6.12 million for business-type activities mainly due to the positive results of operations of \$2.78 million as shown in the statements of activities, and the unspent proceeds of \$3.77 million from the issuance of Series 2014 Special Revenue Bond.

Current liabilities decreased by \$2.72 million for governmental activities primarily due to (a) payment of the \$1.18 million cost of the new state-of-the-art fire ladder truck custom made for the City and completed in fiscal year 2013 and \$175,000 of other equipment; and (b) decrease of \$1 million in contractor invoices related to various on-going capital projects.

Current liabilities decreased \$250,000 for business-type activities mainly due to decrease in accounts payable related to the acquisition of new parking garage system equipment and contractor invoices related to drainage and sewer pump improvement projects.

Total Non-current liabilities increased by \$3.96 million due to (a) scheduled principal payments in fiscal year ended 2014 of \$3.6 million and issuance of new debt of \$3.77 million; (b) new capital lease payable of \$2 million for the acquisition of various equipment and scheduled principal payments of \$1.1 million; (c) increase in compensated absences of \$1.3 million; and (d) increase in net OPEB obligation of \$1.14 million.

The deferred outflow of resources pertains to the deferred charge on refunding resulting from the issuance of Series 2013 A&B debt to refund Series 2004 A&B debt. The total reacquisition price exceeded the net carrying amount of the total refunded debt by \$530 thousand. The deferred charge on refunding, net of amortization, is reported in the governmental and business-type activities in the amount of \$260 thousand and \$201 thousand, respectively.

The deferred inflows of resources pertain to business tax receipts received in advance for future period and presented as unavailable revenue in the government-wide and governmental fund financial statements.

While the Statement of Net Position shows the change in financial position of the City's net position, the Statement of Activities provides answers as to the nature and source of these changes.

Table A-2

Condensed Statement of Activities (In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Revenues:						
Taxes	\$ 86.88	\$ 82.85	\$ -	\$ -	\$ 86.88	\$ 82.85
Intergovernmental	4.74	4.46	-	-	4.74	4.46
Investment Earnings	0.46	0.01	0.07	0.02	0.53	0.03
Miscellaneous	0.29	0.49	-	0.03	0.29	0.52
Program Revenues:						
Charges for Services	43.00	36.94	23.30	20.95	66.30	57.89
Operating	0.49	0.19	-	-	0.49	0.19
Capital	9.46	1.05	-	0.04	9.46	1.09
Total Revenues	145.32	125.99	23.37	21.04	168.69	147.03
Expenses:						
General Government	23.03	19.36	-	-	23.03	19.36
Public Safety	71.81	70.95	-	-	71.81	70.95
Physical Environment	17.17	16.45	-	-	17.17	16.45
Transportation	4.58	7.31	-	-	4.58	7.31
Economic Environment	0.85	0.74	-	-	0.85	0.74
Culture and Recreation	9.92	10.40	-	-	9.92	10.40
Interest Expense	1.49	1.64	-	-	1.49	1.64
Sanitary Sewer System	-	-	5.89	6.07	5.89	6.07
Parking System	-	-	5.01	3.84	5.01	3.84
Stormwater Utility	-	-	2.32	1.44	2.32	1.44
Total Expenses	128.85	126.85	13.22	11.35	142.07	138.20
Increase (decrease) in net position before transfers	16.47	(0.86)	10.15	9.69	26.62	8.83
Transfers	7.37	8.59	(7.37)	(8.59)	-	-
Increase in net position	23.84	7.73	2.78	1.10	26.62	8.83
Beginning Net Position	214.95	207.22	39.72	38.62	254.67	245.84
Ending Net Position	\$ 238.79	\$ 214.95	\$ 42.50	\$ 39.72	\$ 281.29	\$ 254.67

Governmental Activities:

The most significant increase of revenue in governmental activities for the fiscal year 2013-2014 was charges for services with an increase of \$6.06 million or 16% from the previous fiscal year mainly due to (a) increase of \$1.1 million in development service construction review and permit fees on major commercial buildings and addition projects; (b) administrative service cost allocation of \$1.55 million which represents the cost of services provided by and reimbursed to General Fund by Parking Fund, Stormwater Fund and Sanitary Sewer Fund. Effective fiscal year 2014, the City has implemented procedures and methodology to determine the cost of services provided by General Fund to proprietary funds and recorded the amounts as revenue and separate from transfers in/out between funds; (c) increase in fire fee of \$1 million as a result of increase in rates; (d) increase of \$600,000 in the present value of the note receivable due from the University of Miami; (e) increase in rental income of \$455,000 due to scheduled rates increase and consumer price index rate adjustment. Also, capital grants and contributions increased by \$8.41 million mainly due to the total assessments of \$9.04 million to property

owners in the assessment areas of Miracle Mile and Giralda Avenue improvement projects as previously discussed. Taxes increased by \$4.03 million or 5% mainly due to increase of \$2.9 million in ad valorem taxes collected during the year as compared to fiscal year 2013 where there was a significant reversion and refund of taxes due to property value adjustments.

The largest outflow of resources for the City is represented in the public safety function, which had an increase of \$860,000 from the previous fiscal year mainly due to 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 an increase of \$3.7 million mainly due to increase in personnel cost and special professional and legal services. In fiscal year 2014, the City was actively involved in various projects and matters which required substantial consultants and legal services and payment of \$2.12 million. In addition, in fiscal year 2014, the City experienced an increase in employee retirement resulting in payments of unused annual and sick leave benefits of \$1.1 million.

Business-Type Activities:

The City's business-type activities showed an increase of approximately \$2.78 million in net position. Further analysis of this change is included in the analysis of the Proprietary Funds that follows.

Financial Analysis of the City's Major Funds

Governmental Funds

General Fund - This fund recognized \$131.88 million of revenue during the fiscal year, offset by \$117.39 million of expenditures. As noted above, taxes represent the largest portion of revenues and public safety represents the largest portion of expenditures. The City decreased its millage rate from 5.669 to 5.629 and maintained a more stable source of revenues and maintained a stringent control on expenditures to achieve a positive result of operations in fiscal year 2014.

Capital Project General Improvement Fund - This fund recognized \$434,000 in revenue offset by \$2.2 million in capital expenditures. Significant capital project expenditures include improvements of various parks and construction and improvements of City facilities.

Capital Project Neighborhood Renaissance Program - This fund was established for various major capital improvement projects which are funded from the proceeds of Series 2011 and 2012 Bonds and other financial sources. Significant capital project expenditures include improvements of various parks and construction and improvements of City facilities.

Proprietary Funds

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

Sanitary Sewer - Operating revenues increased by approximately \$1 million and operating expenses decreased by approximately \$340,000, from the prior year. In fiscal year 2014, the City increased the system user rates by 7% to recover funds spent on repairs and rehabilitation of sewer pumps. The decrease in operating expense is attributable to decrease in repairs and

maintenance of sewer pumps. During the current year, the Sanitary Sewer Fund received \$42,000 as transfers-in from the Parking Fund to provide additional funding for the repairs and maintenance of sewer pumps. Additionally, during the current year the Sanitary Sewer Fund transferred approximately \$1 million to the General Fund to subsidize the cost of operations of the fund.

Parking System - Operating revenues and operating expenses increased by approximately \$795,000 and \$1 million, respectively, from the prior year. The increase in operating revenue is attributable to the increased use of smart phones “pay-by-phone” application and use of “pay and display” pay stations throughout the City which provide convenience to users and improve collection rate. The increase in operating expense is attributable to increased personnel costs, and increased cost of sales and services. Additionally, during the current year the Parking Fund transferred approximately \$6.03 million to the General Fund to subsidize the cost of operations of the fund; and \$42,000 to the Sanitary Sewer Fund to provide additional funding for the repairs and maintenance of sewer pumps.

Stormwater Utility Fund - Operating revenues and operating expenses increased by approximately \$531,000 and \$839,000, respectively, from the prior year. This is attributable to increase in system user rates by 22% and increase in personnel cost and maintenance-type expense of the stormwater system. In addition, during fiscal year 2014 the Stormwater Utility Fund transferred approximately \$293,000 to the General Fund to subsidize the cost of operations of the fund.

General Fund Budgetary Highlights

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

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

Differences between the original budget and the final amended budget for the General Fund are summarized as follows:

The City’s budgeted revenues increased from \$123.15 million to \$125.57 million from the original to the final budget. The City’s budgeted expenditures increased from \$122.04 million to \$123.27 million from the original to the final budget. For the fiscal year, the budget amendments related to revenue mainly pertain to (a) reclassification of administrative cost allocation of \$1.5 million from Transfers In to Charges for Services. This amount represents the cost of administrative services that General Fund provides to and reimbursed by Parking Funds, Sanitary Sewer Fund and Stormwater Fund; and (b) additional intergovernmental and fines and forfeiture revenues of approximately \$707,000 related to public safety grant and activities. The budget amendments related to expenditures mainly pertains to public safety grants, payments of unused annual and sick leave balances to employees who retired during the fiscal year, and special legal services fees.

The City budgeted \$125.57 million in revenue and recognized \$131.88 million. The City budgeted \$123.27 million in expenditures, but incurred \$117.39 million.

The budget to actual variances in revenue were due to increases in permits, charges for services, and recreation activity fees, as a direct result of the increase in construction and new developments in the City, and improvement in collection of outstanding accounts.

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

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business type activities as of September 30, 2014 amounted to \$211.85 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, and bridges. The City's investment in net capital assets decreased by \$4.60 million from the prior year.

During the current fiscal year, significant additions in governmental activities included \$1.42 million of various construction in progress and \$2.4 million in machinery and equipment. Significant additions for business-type activities included \$723,000 in construction in progress relating to rehabilitation and improvements of various pump stations and \$193,000 in machinery and equipment.

Table A-3

Capital Assets (In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 45.41	\$ 45.41	\$ 3.70	\$ 3.70	\$ 49.11	\$ 49.11
Construction in Progress	2.64	1.46	0.85	2.98	3.49	4.44
Infrastructure	113.07	113.07	27.32	24.47	140.39	137.54
Building	63.64	63.64	30.25	30.25	93.89	93.89
Improvements Other Than Buildings	47.28	46.88	0.61	0.60	47.89	47.48
Machinery and Equipment	46.27	45.20	2.69	2.50	48.96	47.70
Total Capital Assets	318.31	315.66	65.42	64.50	383.73	380.16
Accumulated Depreciation	148.14	141.24	23.74	22.47	171.88	163.71
Net Capital Assets	\$ 170.17	\$ 174.42	\$ 41.68	\$ 42.03	\$ 211.85	\$ 216.45

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

Debt Administration

The City has maintained an “AA+” Implied Credit Rating from Standard & Poor's Corporation and a “Aa1” Implied Rating from Moody’s Investors Service. The City has no general obligation bonds outstanding as of September 30, 2014.

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

The City’s total outstanding Sunshine State Governmental Financing Commission principal debt outstanding as of September 30, 2014 was \$75.27 million. Financing is provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds.

Additional long-term liabilities include compensated absences payable, pollution remediation obligation, net OPEB obligation, and estimated claims liabilities related to the City’s self-insurance programs. The City’s General Fund is primarily utilized for the payment of these liabilities for the governmental activities. Overall, long-term liabilities increased by \$3.96 million. This increase is due primarily to the net effect of the following: an increase in capital lease of \$1.02 million, an increase in the net OPEB obligation of \$1.16 million and an increase in compensated absences of \$1.34 million.

Table A-4

Long-Term Liabilities (In millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Special Obligation Debt	\$ 56.76	\$ 59.80	\$ 18.51	\$ 15.39	\$ 75.27	\$ 75.19
Estimated Insurance Claims	12.03	11.77	-	-	12.03	11.77
Accrued Compensated Absences	9.19	7.92	0.33	0.26	9.52	8.18
Capital Lease	3.17	2.15	0.39	0.39	3.56	2.54
Pollution Remediation Obligation	0.31	0.21	-	-	0.31	0.21
Net OPEB Obligation	6.85	5.72	0.18	0.15	7.03	5.87
Total	\$ 88.31	\$ 87.57	\$ 19.41	\$ 16.19	\$ 107.72	\$ 103.76

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

Economic Factors and Next Year's Budget and Rates

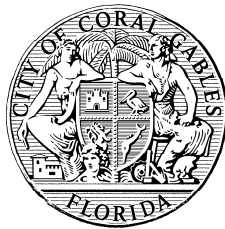
Local, national and international economic factors influence the City's revenue. Positive economic growth is correlated with increased revenue from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment rate, and new construction and assessed property valuation. Net assessed value of real and personal property within the County increased by 6.8%.

The City is considered one of the premium office markets in South Florida, with approximately 10 million square feet of existing prime office space. This submarket is desirable due to its proximity to Miami International Airport and downtown Miami area, while also being convenient to executive housing, allowing officers to live and work in the City Beautiful. Access to client entertaining, with world-class restaurants and first class hotels, in addition to rich cultural offerings and a broad range of retail establishments, are also seen as important amenities to attract business and growth.

The City of Coral Gables offers a wide range of housing choices including rental units, condominiums, and single-family homes in a stable residential real estate market. Over the years, homes in the City have appreciated at a rate greater than many of the surrounding areas. The City's property tax millage rate will be 5.589 for the 2014-2015 budget year and is 0.3552 mills higher than the rolled-back rate of 5.2338. It is the 12th lowest combined tax rate out of 35 taxing entities in Miami-Dade County. The median house value, estimated at \$525,380 has increased by nearly 76% since 1970 and has increased by nearly 53% since 1980. Strict zoning laws, a favorable property tax rate, together with beautiful residential areas, make the City of Coral Gables a sought-after address.

Requests for Information

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



[This Page Intentionally Left Blank]

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

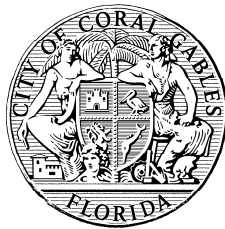
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 36,974,767	\$ 5,858,544	\$ 42,833,311
Restricted Cash and Cash Equivalents	9,238,846	4,256,431	13,495,277
Investments	68,690,366	8,177,891	76,868,257
Restricted Investments	23,965,016	-	23,965,016
Accounts Receivable, Net	19,936,725	2,274,746	22,211,471
Interest Receivable	90,351	6,377	96,728
Assessment Liens Receivable	9,155,842	69,696	9,225,538
Internal Balances	(1,707,160)	1,707,160	-
Due from Other Governments	1,938,556	-	1,938,556
Inventory	88,558	-	88,558
Prepaid Items	1,339,226	-	1,339,226
Capital Assets Not Being Depreciated:			
Land	45,407,634	3,701,838	49,109,472
Construction in Progress	2,635,229	851,512	3,486,741
Capital Assets, Net of Accumulated Depreciation:			
Infrastructure	37,490,161	16,753,405	54,243,566
Buildings	41,861,326	19,330,117	61,191,443
Improvements Other Than Buildings	33,550,752	241,796	33,792,548
Machinery and Equipment	9,222,455	800,366	10,022,821
Total Assets	<u>339,878,650</u>	<u>64,029,879</u>	<u>403,908,529</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	265,036	177,358	442,394
Total Deferred Outflows of Resources	<u>265,036</u>	<u>177,358</u>	<u>442,394</u>
LIABILITIES			
Accounts Payable	5,505,689	1,684,863	7,190,552
Accrued Payroll	1,657,684	103,082	1,760,766
Unearned Revenue	428,041	238,053	666,094
Due to Other Governments	286,866	-	286,866
Deposits Payable	2,913,019	270,804	3,183,823
Noncurrent Liabilities:			
Due Within One Year	13,212,842	1,091,146	14,303,988
Due In More Than One Year	75,098,338	18,317,636	93,415,974
Total Liabilities	<u>99,102,479</u>	<u>21,705,584</u>	<u>120,808,063</u>
DEFERRED INFLOWS OF RESOURCES			
Revenues Received in Advance	2,247,852	-	2,247,852
Total Deferred Inflows of Resources	<u>2,247,852</u>	<u>-</u>	<u>2,247,852</u>
NET POSITION			
Net Investment in Capital Assets	127,802,756	26,722,793	154,525,549
Restricted for:			
Debt Service	3,099,173	-	3,099,173
Public Safety	2,014,341	-	2,014,341
Streetscape Assessment Projects	9,042,431	-	9,042,431
Capital Improvements	2,804,551	215,627	3,020,178
Law Enforcement	1,929,450	-	1,929,450
Public and Historic Art	1,450,152	-	1,450,152
Records Management	645,444	-	645,444
911 Emergency	307,830	-	307,830
Other Purposes	40,214	-	40,214
Unrestricted	89,657,013	15,563,233	105,220,246
Total Net Position	<u>\$ 238,793,355</u>	<u>\$ 42,501,653</u>	<u>\$ 281,295,008</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, 2014

FUNCTION/PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 23,034,595	\$ 20,984,076	\$ -	\$ -	\$ (2,050,519)	\$ -	\$ (2,050,519)
Public Safety	71,806,825	6,400,967	1,000	203,111	(65,201,747)	-	(65,201,747)
Physical Environment	17,166,760	9,625,413	308,724	200,743	(7,031,880)	-	(7,031,880)
Transportation	4,578,226	-	167,618	-	(4,410,608)	-	(4,410,608)
Economic Environment	849,137	1,700,000	-	9,042,431	9,893,294	-	9,893,294
Culture and Recreation	9,924,342	4,291,802	10,045	16,000	(5,606,495)	-	(5,606,495)
Interest on Long-term Debt	1,487,807	-	-	-	(1,487,807)	-	(1,487,807)
Total Governmental Activities	128,847,692	43,002,258	487,387	9,462,285	(75,895,762)	-	(75,895,762)
Business-type Activities:							
Sanitary Sewer System	5,889,856	8,739,881	-	-	-	2,850,025	2,850,025
Parking System	5,009,894	11,625,585	-	-	-	6,615,691	6,615,691
Stormwater Utility	2,320,104	2,930,270	-	-	-	610,166	610,166
Total Business-type Activities	13,219,854	23,295,736	-	-	-	10,075,882	10,075,882
Total	\$ 142,067,546	\$ 66,297,994	\$ 487,387	\$ 9,462,285	(75,895,762)	10,075,882	(65,819,880)
General Revenues:							
Taxes:							
Property Taxes					65,257,324	-	65,257,324
Franchise Fees					6,850,950	-	6,850,950
Utilities Service Taxes					11,861,648	-	11,861,648
Other Taxes					2,908,745	-	2,908,745
Intergovernmental, not restricted for specific programs					4,735,934	-	4,735,934
Investment Earnings					464,999	73,698	538,697
Miscellaneous					284,566	125	284,691
Transfers					7,372,285	(7,372,285)	-
Total General Revenues and Transfers					99,736,451	(7,298,462)	92,437,989
Change in Net Position					23,840,689	2,777,420	26,618,109
Net Position - Beginning					214,952,666	39,724,233	254,676,899
Net Position - Ending					\$ 238,793,355	\$ 42,501,653	\$ 281,295,008

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



[This Page Intentionally Left Blank]

Major Governmental Funds

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

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

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

CITY OF CORAL GABLES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	Major Funds			Nonmajor Funds	
	General Fund	Capital Project General Improvement Fund	Capital Project Neighborhood Renaissance Program Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled Cash and Cash Equivalents	\$ 18,214,770	\$ 6,930,044	\$ -	\$ 1,961,821	\$ 27,106,635
Restricted Cash and Cash Equivalents	-	56,940	5,053,099	4,128,807	9,238,846
Pooled Investments	29,224,857	16,843,853	-	3,268,843	49,337,553
Restricted Investments	7,264,595	-	12,244,161	4,456,260	23,965,016
Accounts Receivable, Net	19,299,199	425,000	-	168,880	19,893,079
Interest Receivable	41,770	13,217	9,149	6,446	70,582
Assessment Liens Receivable	105,147	9,048,051	-	2,644	9,155,842
Due from Other Funds	10,000	-	-	-	10,000
Due from Other Governments	871,886	216,351	16,000	834,319	1,938,556
Prepaid Items	36,678	-	-	-	36,678
Total Assets	75,068,902	33,533,456	17,322,409	14,828,020	140,752,787
LIABILITIES					
Accounts Payable	2,609,669	412,559	14,938	1,233,599	4,270,765
Accrued Payroll	1,582,889	-	-	5,879	1,588,768
Due to Other Funds	-	-	-	10,000	10,000
Unearned Revenue	401,241	26,800	-	-	428,041
Refundable Deposits	2,913,019	-	-	-	2,913,019
Due to Other Governments	286,866	-	-	-	286,866
Total Liabilities	7,793,684	439,359	14,938	1,249,478	9,497,459
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	16,193,818	9,497,229	-	149,820	25,840,867
Revenues Received in Advance	2,247,852	-	-	-	2,247,852
Total Deferred Inflow of Resources	18,441,670	9,497,229	-	149,820	28,088,719
FUND BALANCES					
Nonspendable:					
Prepaid Items	36,678	-	-	-	36,678
Restricted to:					
Law Enforcement	1,929,450	-	-	-	1,929,450
Public and Historic Art	1,450,152	-	-	-	1,450,152
Records Management	645,444	-	-	-	645,444
911 Emergency Fund	307,830	-	-	-	307,830
Debt Service Reserve	-	-	-	3,099,173	3,099,173
Police and Fire System Improvements	-	-	-	2,014,341	2,014,341
Parks System Improvements	-	-	-	1,595,166	1,595,166
Downtown Civic Plaza/Garden Beautification	-	-	4,000,000	-	4,000,000
Ponce Circle Park Improvements	-	-	4,000,000	-	4,000,000
Senior Multi-Purpose Center	-	-	3,500,000	-	3,500,000
Biltmore Tennis Center Improvements	-	-	1,622,655	-	1,622,655
Roads and Streets	-	-	709,650	-	709,650
Other Physical Environment	18,700	56,940	3,475,166	1,123,553	4,674,359
Impact Fee Administration	-	-	-	40,214	40,214
Assigned to:					
Administration Buildings and Equipment	-	1,861,173	-	-	1,861,173
Pension Stabilization	1,500,000	-	-	-	1,500,000
Historical Preservation	65,934	-	-	-	65,934
Public Safety Renovation/Replacement	4,517,371	5,204,421	-	-	9,721,792
Roads and Streets	-	1,502,799	-	-	1,502,799
Tree Succession Planning Project	-	3,603,589	-	-	3,603,589
Youth Center Improvements	-	1,291,880	-	-	1,291,880
Other Parks and Recreation Projects	-	2,584,859	-	-	2,584,859
Other Physical Environment	-	314,699	-	-	314,699
Other Capital Projects	-	7,176,508	-	5,559,910	12,736,418
Other Purposes	923,578	-	-	-	923,578
Unassigned	37,438,411	-	-	(3,635)	37,434,776
Total Fund Balances	48,833,548	23,596,868	17,307,471	13,428,722	103,166,609
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 75,068,902	\$ 33,533,456	\$ 17,322,409	\$ 14,828,020	\$ 140,752,787

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

CITY OF CORAL GABLES, FLORIDA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -
 TO THE STATEMENT OF NET POSITION
 September 30, 2014

Total Fund Balances - Governmental Funds \$ 103,166,609

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 164,724,396

Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 25,840,867

Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 19,484,250

The Statement of Net Position includes an adjustment to reflect an allocation of the internal service funds income to business-type activities. This adjustment decreases the Internal Balances account of governmental activities. (1,707,160)

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

Compensated Absences	\$	(8,816,938)	
Special Obligations Debt Payable		(56,761,060)	
Deferred Charge on Bond Refunding		265,036	
Capital Lease Payable		(400,500)	
Pollution Remediation Obligation		(310,000)	
Net OPEB Obligation		(6,692,145)	(72,715,607)

Total Net Position - Governmental Activities \$ 238,793,355

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

	Major Funds		Nonmajor Funds		
	General Fund	Capital Project General Improvement Fund	Capital Project Neighborhood Renaissance Program Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 83,969,922	\$ -	\$ -	\$ 2,908,745	\$ 86,878,667
Licenses	3,318,725	-	-	-	3,318,725
Permits	8,160,391	-	-	-	8,160,391
Fines and Forfeitures	2,587,073	-	-	-	2,587,073
Intergovernmental	5,106,504	197,652	39,368	615,803	5,959,327
Charges for Services	19,214,525	-	-	-	19,214,525
Recreation Activity Fees	4,211,548	-	-	-	4,211,548
Rental Income	4,701,308	-	-	23,563	4,724,871
Investment Earnings	267,330	102,568	39,819	55,282	464,999
Special Assessments	-	8,580	-	182,457	191,037
Contributions and Donations	60,045	125,000	-	-	185,045
Miscellaneous	283,054	-	-	1,512	284,566
Total Revenues	131,880,425	433,800	79,187	3,787,362	136,180,774
EXPENDITURES					
Current:					
General Government	17,691,864	152,851	8,306	-	17,853,021
Public Safety	70,236,985	367,346	-	-	70,604,331
Physical Environment	16,526,848	15,185	-	-	16,542,033
Transportation	2,434,679	13,500	188,185	1,907,993	4,544,357
Economic Environment	851,438	-	-	-	851,438
Culture and Recreation	8,348,395	358,717	141,366	-	8,848,478
Debt Service:					
Retirement of Principal	180,580	-	-	3,037,060	3,217,640
Interest	8,709	-	-	1,479,098	1,487,807
Capital Outlay	1,110,152	1,274,386	107,230	319,139	2,810,907
Total Expenditures	117,389,650	2,181,985	445,087	6,743,290	126,760,012
Excess (deficiency) of Revenues Over Expenditures before Other Financing Sources (Uses)	14,490,775	(1,748,185)	(365,900)	(2,955,928)	9,420,762
OTHER FINANCING SOURCES (Uses)					
Proceeds from Capital Lease	284,022	-	-	-	284,022
Transfers In	7,372,285	4,110,000	-	4,507,552	15,989,837
Transfers Out	(8,617,552)	-	-	-	(8,617,552)
Total Other Financing Sources (Uses)	(961,245)	4,110,000	-	4,507,552	7,656,307
Net Change in Fund Balances	13,529,530	2,361,815	(365,900)	1,551,624	17,077,069
Fund Balances - Beginning	35,304,018	21,235,053	17,673,371	11,877,098	86,089,540
Fund Balances - Ending	\$ 48,833,548	\$ 23,596,868	\$ 17,307,471	\$ 13,428,722	\$ 103,166,609

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, 2014

Net Change in Fund Balances - Total Governmental Funds **\$ 17,077,069**

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

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

Depreciation Expense	\$ (6,643,821)	
Capital Outlay	<u>2,810,907</u>	(3,832,914)

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

Change in unavailable revenues	<u>8,779,690</u>	8,779,690
--------------------------------	------------------	-----------

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

Payable to a State Agency	355,632	
Loan Repayments	3,217,640	
Debt Proceeds	<u>(284,022)</u>	3,289,250

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.

1,048,252

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.

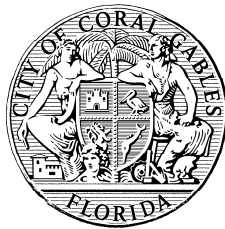
(78,619)

Expenses in the statement of activities that do not require the use of current financial resources are not reported in the government funds.

Compensated Absences	(1,199,162)	
Net OPEB Obligation	(1,107,927)	
Pollution Remediation	(100,000)	
Amortization of Deferred		
Charge on Refunding	<u>(34,950)</u>	(2,442,039)

Change in Net Position of Governmental Activities **\$ 23,840,689**

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



[This Page Intentionally Left Blank]

Major Proprietary Funds

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

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

Non-major Proprietary Fund

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS					
	MAJOR FUNDS			NONMAJOR FUND		GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS		
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 2,758,367	\$ 2,496,465	\$ 603,712	\$ 5,858,544	\$	9,868,132
Restricted Cash and Cash Equivalents	3,985,627	270,804	-	4,256,431		-
Pooled Investments	3,091,224	3,251,195	1,835,472	8,177,891		19,352,813
Accounts Receivable, Net	1,150,140	578,319	546,287	2,274,746		43,646
Interest Receivable	2,055	2,623	1,699	6,377		19,769
Inventories	-	-	-	-		88,558
Assessment Liens Receivable	69,696	-	-	69,696		-
Prepaid Items	-	-	-	-		1,302,548
Total Current Assets	11,057,109	6,599,406	2,987,170	20,643,685		30,675,466
Noncurrent Assets:						
Capital Assets:						
Land	97,980	3,603,858	-	3,701,838		-
Buildings	-	30,247,473	-	30,247,473		-
Construction in Progress	718,212	-	133,300	851,512		-
Infrastructure	23,222,793	-	4,099,341	27,322,134		-
Improvements Other Than Buildings	-	605,157	-	605,157		-
Machinery and Equipment	439,751	2,221,221	29,652	2,690,624		26,894,150
Accumulated Depreciation	(10,025,411)	(12,701,571)	(1,012,722)	(23,739,704)		(21,450,989)
Total Noncurrent Assets	14,453,325	23,976,138	3,249,571	41,679,034		5,443,161
Total Assets	25,510,434	30,575,544	6,236,741	62,322,719		36,118,627
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Refunding	-	177,358	-	177,358		-
Total Deferred Outflows of Resources	-	177,358	-	177,358		-
LIABILITIES						
Current Liabilities:						
Accounts Payable	957,176	496,189	231,498	1,684,863		1,234,924
Accrued Payroll and Other Expenses	38,376	22,008	42,698	103,082		68,916
Deposits Payable	-	270,804	-	270,804		-
Unearned Revenue	-	238,053	-	238,053		-
Accrued Compensated Absences	64,071	74,661	48,679	187,411		197,603
Estimated Liability for Claims Payable	-	-	-	-		3,907,000
Special Obligations Debt Payable	-	628,770	99,905	728,675		-
Capital Lease Payable	-	175,060	-	175,060		717,764
Total Current Liabilities	1,059,623	1,905,545	422,780	3,387,948		6,126,207
Noncurrent Liabilities:						
Accrued Compensated Absences	34,932	67,906	36,302	139,140		179,511
Estimated Liability for Claims Payable	-	-	-	-		8,119,000
Special Obligations Debt Payable	3,770,000	12,115,752	1,899,513	17,785,265		-
Capital Lease Payable	-	214,599	-	214,599		2,047,773
Net OPEB Obligation	50,240	89,316	39,076	178,632		161,886
Total Noncurrent Liabilities	3,855,172	12,487,573	1,974,891	18,317,636		10,508,170
Total Liabilities	4,914,795	14,393,118	2,397,671	21,705,584		16,634,377
NET POSITION						
Net Investment in Capital Assets	14,453,325	11,019,315	1,250,153	26,722,793		2,677,624
Restricted for Capital Improvements	215,627	-	-	215,627		-
Unrestricted	5,926,687	5,340,469	2,588,917	13,856,073		16,806,626
Total Net Position	\$ 20,595,639	\$ 16,359,784	\$ 3,839,070	40,794,493	\$	19,484,250
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				1,707,160		
Net position of business-type activities				\$ 42,501,653		

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS			
	MAJOR FUNDS		NONMAJOR FUND		TOTALS				
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND						
OPERATING REVENUES									
Charges for Services:									
Sewer Use Charges	\$	8,739,881	\$	-	\$	8,739,881	\$	-	
Service Use Charges		-		-		2,930,270		-	
Billings to Departments for Insurance Protection		-		-		-		10,446,825	
Parking Fees:									
On Street Meters		-		6,769,631		-		6,769,631	-
Meter and Permit Lots		-		1,323,738		-		1,323,738	-
Parking Garages		-		3,012,838		-		3,012,838	-
Parking Leases		-		519,378		-		519,378	-
Rental of Equipment and Facilities to Various Funds		-		-		-		-	13,086,053
Total Operating Revenues		8,739,881		11,625,585		2,930,270		23,295,736	23,532,878
OPERATING EXPENSES									
Administration		1,187,206		1,454,742		875,672		3,517,620	3,659,910
Cost of Sales and Services		4,433,070		2,392,931		1,309,582		8,135,583	7,203,753
Benefit Payments		-		-		-		-	2,931,859
Insurance		-		-		-		-	7,355,778
Depreciation		291,469		886,997		91,204		1,269,670	1,532,872
Total Operating Expenses		5,911,745		4,734,670		2,276,458		12,922,873	22,684,172
Operating Income		2,828,136		6,890,915		653,812		10,372,863	848,706
NONOPERATING REVENUES (EXPENSES)									
Interest		29,606		30,614		13,478		73,698	180,968
Interest Expense		(12,418)		(309,794)		(53,388)		(375,600)	(72,259)
Miscellaneous		-		125		-		125	32,035
Gain from Sale of Capital Assets		-		-		-		-	58,802
Total Nonoperating Revenues (Expenses)		17,188		(279,055)		(39,910)		(301,777)	199,546
Income Before Transfers		2,845,324		6,611,860		613,902		10,071,086	1,048,252
Transfers In		41,930		-		-		41,930	-
Transfers Out		(1,048,786)		(6,072,402)		(293,027)		(7,414,215)	-
Change In Net Position		1,838,468		539,458		320,875		2,698,801	1,048,252
Net Position - Beginning		18,757,171		15,820,326		3,518,195			18,435,998
Net Positon - Ending		\$ 20,595,639		\$ 16,359,784		\$ 3,839,070			\$ 19,484,250
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.								78,619	
Change in net position of business-type activities								\$ 2,777,420	

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, 2014

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS					
	MAJOR FUNDS			NONMAJOR FUND	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$ 8,741,101	\$ 11,588,138	\$ 2,824,175	\$ 23,153,414	\$	23,518,978
Payments to Employees	(1,119,167)	(1,425,857)	(850,607)	(3,395,631)		(3,544,228)
Payments to Suppliers	(4,857,553)	(2,398,280)	(1,188,150)	(8,443,983)		(17,074,862)
Net Cash Provided by (used in) Operating Activities	2,764,381	7,764,001	785,418	11,313,800		2,899,888
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from Other Funds	41,930	-	-	41,930		-
Transfers out to Other Funds	(1,048,786)	(6,072,402)	(293,027)	(7,414,215)		-
Amounts Borrowed from Other Funds	-	-	-	-		(1,250,000)
Net Cash Provided by (used in) Noncapital Financing Activities	(1,006,856)	(6,072,402)	(293,027)	(7,372,285)		(1,250,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and Construction of Capital Assets	(589,954)	(36,838)	(133,300)	(760,092)		(607,723)
Proceeds from Sale of Capital Assets	-	-	-	-		58,802
Proceeds from Debt	3,770,000	-	-	3,770,000		-
Principal Paid on Debt	-	(707,356)	(98,340)	(805,696)		(773,281)
Interest Paid on Debt	(12,418)	(286,472)	(53,388)	(352,278)		(72,259)
Net Cash Provided by (used in) Capital and Related Financing Activities	3,167,628	(1,030,666)	(285,028)	1,851,934		(1,394,461)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES						
Purchase of Investments	(2,917,628)	(2,845,018)	(1,254,447)	(7,017,093)		(11,505,014)
Proceeds from Sale of Investments	2,535,447	2,334,835	901,728	5,772,010		14,141,368
Interest and Dividends Received	30,054	31,620	13,866	75,540		220,963
Net Cash Provided by (used in) Investing Activities	(352,127)	(478,563)	(338,853)	(1,169,543)		2,857,317
Net Increase (Decrease) in Cash and Cash Equivalents	4,573,026	182,370	(131,490)	4,623,906		3,112,744
Cash and Cash Equivalents - Beginning	2,170,968	2,584,899	735,202	5,491,069		6,755,388
Cash and Cash Equivalents - Ending	\$ 6,743,994	\$ 2,767,269	\$ 603,712	\$ 10,114,975	\$	9,868,132
Reconciliation to the statement of net position						
Cash and Cash Equivalents	\$ 2,758,367	\$ 1,957,007	\$ 603,712	\$ 5,319,086	\$	9,868,132
Restricted Cash and Cash Equivalents	3,985,627	270,804	-	4,256,431		-
Total	\$ 6,743,994	\$ 2,227,811	\$ 603,712	\$ 9,575,517	\$	9,868,132
Reconciliation of operating income to net cash provided by operating activities:						
Operating Income	\$ 2,828,136	\$ 6,890,915	\$ 653,812	\$ 10,372,863	\$	848,706
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:						
Depreciation Expense	291,469	886,997	91,204	1,269,670		1,532,872
Change in Assets and Liabilities:						
Accounts Receivable	1,220	(64,484)	(106,095)	(169,359)		(13,900)
Inventory	-	-	-	-		29,801
Prepays	-	-	-	-		284,257
Accounts Payable	(424,483)	(5,349)	121,432	(308,400)		(153,530)
Deposits Payable	-	10,107	-	10,107		-
Accrued Payroll and Other Expenses	20,094	742	4,104	24,940		14,857
Accrued Compensated Absences	39,628	13,356	14,492	67,476		74,023
Unearned Revenues	-	16,930	-	16,930		-
Claims Payable	-	-	-	-		256,000
Net OPEB Obligation	8,317	14,787	6,469	29,573		26,802
Total Adjustments	(63,755)	873,086	131,606	940,937		2,051,182
Net Cash Provided by (used in) Operating Activities	\$ 2,764,381	\$ 7,764,001	\$ 785,418	\$ 11,313,800	\$	2,899,888
Noncash Capital Financing Activities						
Capital Assets Acquired through Capital Lease	\$ -	\$ 156,406	\$ -	\$ 156,406	\$	501,616

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2014

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 6,318,154	\$ 3,728,713
Receivables:		
Accrued Interest and Dividends	382,552	-
Employee Contributions Receivable	-	-
Buyback Receivable	24,095	-
Share Plan Contributions	1,666,935	-
Receivable for Securities Sold	358,657	-
Other Receivables	17,769	-
Total Receivables	<u>2,450,008</u>	<u>-</u>
Securities Lending Cash Collateral - Invested	<u>41,790,165</u>	<u>-</u>
Investments at Fair Value:		
U.S. Government and Agency	24,219,235	-
Global fixed income	16,045,556	-
Corporate Bonds	19,586,751	-
Common Stocks	127,201,736	-
International Equity	46,298,904	-
Real Estate Investment Trust (REIT)	42,456,292	-
Alternative Investments	54,915,355	-
Guaranteed Investment Contract	11,264,444	-
Mutual Funds	8,347,805	-
Total Investments	<u>350,336,078</u>	<u>-</u>
Total Assets	<u>400,894,405</u>	<u>3,728,713</u>
LIABILITIES		
Accounts Payable	173,463	-
Payable for Securities Purchased	253,276	-
Due to Coral Gables Retirement Fund	145,830	-
Obligations under Securities Lending	41,790,165	-
Deferred Compensation Payable	-	632,560
Due to Other Governments	-	3,096,153
Total Liabilities	<u>42,362,734</u>	<u>\$ 3,728,713</u>
NET POSITION		
Net Position Restricted for Pension Benefits	<u>\$ 358,531,671</u>	

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2014

	Pension Trust Funds
Additions:	
City Contributions	\$ 27,075,851
Share Plan Contributions	145,830
Total Government Contributions	<u>27,221,681</u>
Employees:	
Employee contributions	4,095,928
Total Employee Contributions	<u>4,095,928</u>
Total Contributions	<u>31,317,609</u>
Investment Income:	
Net Appreciation in the Fair Value of Investments	27,147,990
Interest and Dividends	6,148,377
Other Income	56,028
Total Investment Income	<u>33,352,395</u>
Less Investment Expenses	1,976,815
Total Investment Income before Securities Lending Activity	<u>31,375,580</u>
Securities Lending Activities:	
Security Lending Income	137,778
Security Lending Fees and Rebates	(44,467)
Net Income from Security Lending Activities	<u>93,311</u>
Total Net Investment Income	<u>31,468,891</u>
Total Additions	<u>62,786,500</u>
Deductions:	
Pension Benefits Paid	35,603,723
Refund of Contributions	445,210
Administrative Expenses	391,558
Total Deductions	<u>36,440,491</u>
Net Increase in Net Position	26,346,009
Net Position Restricted for Pension Benefits:	
Beginning of Year	332,185,662
End of Year	<u><u>\$ 358,531,671</u></u>

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

CITY OF CORAL GABLES, FLORIDA NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the applicable funds governed by the City Commission. For financial reporting purposes, all funds, agencies, departments, and offices that make up the City’s legal entity and constitute its primary government are included. The City of Coral Gables Health Facility Authority (Authority) is a related organization because the City Commission has the responsibility of appointing the members of the Authority’s Board. However, it is not included as a part of the financial reporting entity because it is fiscally independent and it has no financial accountability to the City. The Authority is not exclusively for the benefit of the City and the City Commission cannot impose its will over operations, cannot hire, reassign or dismiss management, and cannot remove Authority Board members without cause. The City does not have any component units as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*.

(b) Government -Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. As a basic rule, the government-wide financial statements are consolidated. However, an exception must be made for inter-fund services provided and used between functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

necessary to reconcile the governmental fund-based financial statements to the governmental activities column of the government-wide presentation.

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

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

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

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

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

Revenues considered measurable are recognized, if available, these include the following: Property Taxes when levied for, Special Assessments, Garbage and Trash Fees, Franchise Taxes, Utility Service Taxes, Intergovernmental when eligibility requirements are met, Charges for Services, Recreation Activity, Rental Income, Occupational License, Interest Income, and Ambulance Transport Fees. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the City.

1) Governmental Fund Types

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

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

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

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

Additionally, the City reports the following nonmajor governmental funds:

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

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

2) Proprietary Fund Types

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following nonmajor proprietary fund:

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

The City also reports the following funds:

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

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

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

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

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

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

(d) Cash and Cash Equivalents

The City maintains a cash and investment pool that is available for use by most funds. Each fund's portion of this pool is included in the financial statements as "Cash and Cash Equivalents". Cash and Cash Equivalents is defined to include cash on hand, demand deposits, cash with a state agency and investments with private agencies with original maturities of three months or less. Interest earned on pooled cash and investments is allocated monthly based on cash and investment balances of the respective funds.

(e) Investments

The City's investments are reported at fair value (generally based on quoted market prices) except for the position in the Local Government Surplus Funds Trust Fund which operates in accordance with appropriate state laws and regulations. The investments held by Local Government Surplus Fund Trust Fund are allocated among two funds, LGIP (formerly known as LGIP-A) and Fund B (formerly known as LGIP-B). For LGIP, a 2a7-like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2014, the City's investment in LGIP-A is \$2,204.

Investments for the pension plans are discussed in Notes 4 and 8.

(f) Receivables/Special Assessment Receivable

All receivables are reported net of an allowance for uncollectible amount. 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, 2014:

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, 2014, but not collected as of that date;
2. Waste Fees, Ambulance Transport Fees – This amount represents the unpaid, billed charges for various fines and municipal services.
3. University of Miami 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 sixteen (16) 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.

Special assessments primarily consists of amounts imposed by the City in accordance with City ordinance to fund certain project costs of local improvements or the service cost of related services that provide a special benefit to property based on logical relationship to the value, use, or characteristics of property identified.

(g) Due From Other Governments

Due from other governments primarily consists of amounts due to the City as of September 30, 2014 such as ad valorem tax, grant revenues, fines and other fees.

(h) Inventories and Prepaid Items

Inventories are stated at cost using the weighted average method. Inventory is accounted for using the consumption method whereby inventories are recorded as expenditures when they are used.

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

(i) Capital Assets

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

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

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

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

(j) Accounts Payable and Accrued Payroll

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

(k) Long-Term Obligations

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary fund type Statements of Net Position. Bonds payable are reported net of the applicable bond premiums or discounts. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Deferred amounts (the difference between the reacquisition price and the net carrying amount) 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. Debt issuance costs, except for the portion which relates to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and are recognized as expense on a straight line basis over the duration of the related debt.

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of item recognized as deferred inflow of resources under a modified accrual basis of accounting. In the governmental funds, revenues that are measurable, but are not available; and revenues received in advance which are applicable to future period, are recognized as *deferred inflows* and are reported in this category. The governmental funds report unavailable revenue from various sources which primarily include grants and contributions, charges for services and special assessments. The government-wide statements report deferred outflow of resources for revenues received in advance which are applicable to future periods, such as business taxes payments received in advance.

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

(m) Inter-Fund Transactions

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

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

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

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

(n) Capital Contributions

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

(o) Restricted Assets

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

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

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

(p) Fund Balance/Net Position**1) Fund Equity**

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

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

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

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

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

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

Unassigned fund balance is the residual amount of fund balance in the General Fund and deficit unassigned fund balance of other governmental funds. It represents the resources available for future spending when amount is not a deficit.

2) Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure reduced by depreciation and outstanding debt used to construct or purchase capital assets, and deferred inflow/outflow of resources that are attributed to the acquisition of those assets or related debt are included in this component of net position. The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by enabling legislation in excess of the related liabilities payable from restricted assets. All remaining amounts are considered to be unrestricted.

(q) Operating versus Non-operating Income

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

(r) Use of Resources

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

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

(s) Compensated Absences

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

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

(t) Pollution Remediation Obligation

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

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

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

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

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

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

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

(w) Risk Management

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

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

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

(x) Use of Estimates

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

(y) New Accounting Pronouncements Adopted

The provision of GASB Statement No. 66, *Technical Corrections – 2012-An Amendment of GASB Statements No. 10 and No.62*, is effective for the City in fiscal year 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

At September 30, 2014, the City adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The adoption changed the various terminology, footnote disclosures, and required supplementary information to be disclosed.

The provision for GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* is effective for the City in fiscal year 2014. This Statement requires consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. The adoption of this Statement had no impact on the City's financial statements in fiscal year 2014.

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, 2013, upon which the 2013-2014 levy was based, was approximately \$11.6 billion. A tax levy of \$5.6290 mills (\$5.629 per \$1,000 of taxable value) was required to finance general operations for the fiscal year ended September 30, 2014.

NOTE 3 - RECEIVABLE

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

	Governmental Activities	Business-Type Activities
<u>General Fund</u>		
Franchise Taxes	\$ 1,153,221	\$ -
False Alarms	363,725	-
Utility Taxes	1,041,402	-
Delinquent Waste Fees	3,319,062	-
Ambulance Transport Fees	583,986	-
Granada Golf Course	106,361	-
Leased Properties - Rent Receivable	139,008	-
Donations Receivable - Coral Gables Museum	150,000	-
University of Miami Development Agreement Fee	12,300,000	-
Other	206,618	-
	<u>19,363,383</u>	-
Less: Allowance	(64,184)	-
Total	<u>19,299,199</u>	-
<u>General Improvement Fund</u>		
Due from Cocoplum Community Property Owners	425,000	-
Total	<u>425,000</u>	-
<u>Other Governmental Funds</u>		
BID Accounts Receivable	157,880	-
Miscellaneous	11,000	-
Total	<u>168,880</u>	-
<u>Parking Fund</u>		
Parking Leased Space	-	561,952
Parking – General	-	404,589
		<u>966,541</u>
Less: Allowance	-	(388,222)
Total	-	<u>578,319</u>
<u>Sanitary Sewer Fund</u>		
Customer Receivable	-	1,078,588
Miscellaneous	-	71,967
		<u>1,150,555</u>
Less Allowance	-	(415)
Total	-	<u>1,150,140</u>
<u>Stormwater Fund</u>		
Service Use Charges	-	546,287
Total	-	<u>546,287</u>
Total Governmental Funds	<u>19,893,079</u>	
Total Business-Type Activities/Proprietary Funds		<u>\$ 2,274,746</u>
<u>Internal Service Fund</u>		
Miscellaneous	43,646	
Total Internal Service Funds	<u>43,646</u>	
Total	<u>\$ 19,936,725</u>	

(b) University of Miami Development Agreement

On September 28, 2010, the City and University of Miami (“UM”) entered into a development agreement to establish a new relationship for promoting the health, safety, welfare and cultural advancement of the City and its residents while providing for the coordinated, comprehensive, and orderly development of the UM campus. Terms and conditions of the agreement includes: annual state of the City/UM meeting, Gables Fellow Program, UM’s Coral Gables Lecture and Performances/Concert Series, Ponce De Leon beautification and improvements, “Meet the Doc” Health Care Program, consulting services, Hurricane Athletics Ticket Program, student enrollment/on-campus housing credit, City’s approval of UM’s comprehensive plan and zoning code amendments and increase in seating capacity of Bank United Center, internal road and access within the UM campuses, and conveyance of certain property between UM and the City. In consideration for the terms and conditions of the agreement and City’s satisfaction of its required approval obligations, UM agreed to pay the City a total fee of \$22 million, payable in annual payments which commenced on December 1, 2010 through December 1, 2029. The development agreement fee payment schedule and the present value of the remaining balance are as follows:

Fiscal Year	Amount
2015	\$ 1,025,000
2016	1,025,000
2017	1,025,000
2018	1,025,000
2019	1,025,000
2020-2024	5,125,000
2025-2029	5,125,000
2030	1,025,000
Total payments due to the City	16,400,000
Less: Amount representing imputed interest	4,100,000
Present value of total remaining payments due to the City	<u>\$ 12,300,000</u>

(c) Deferred Inflows/Unearned Revenue

The components of deferred inflows/unearned revenues as of September 30, 2014 are as follows:

	Deferred Inflows	Unearned Revenues
<u>General Fund</u>		
Unavailable revenues:		
False Alarms	\$ 332,568	\$ -
Delinquent Waste Fees	2,843,727	-
Ambulance Transport Fees	251,601	-
Donations to Coral Gables Museum	150,000	-
University of Miami Development Agreement Fee	12,300,000	-
Grants and Contributions Receivable	38,402	-
Liens and Other Receivables	277,520	-
Revenues received in advance:		
Prepaid Business Tax Receipts	2,247,852	-
Prepaid Rent and Other fees	-	399,919
Grants and Contributions	-	1,322
Total	<u>18,441,670</u>	<u>401,241</u>
<u>General Improvement Fund</u>		
Unavailable revenues:		
Grants and Contributions Receivable	13,978	-
Miracle Mile/Giralda Streetscape Improvement Special Assessment	9,042,431	-
Liens and Other Receivables	440,820	-
Revenues received in advance:		
Grants and Contributions	-	26,800
Total	<u>9,497,229</u>	<u>26,800</u>
<u>Other Governmental Funds</u>		
Unavailable revenues:		
Grants and Contributions Receivable	147,175	-
Liens and Other Receivables	2,645	-
Total	<u>149,820</u>	<u>-</u>
Total Governmental Funds	<u>\$ 28,088,719</u>	
Total Governmental Activities/Funds		<u>\$ 428,041</u>
Total Governmental Activities:		
Prepaid Business Tax Receipts	<u>\$ 2,247,852</u>	
<u>Parking Fund</u>		
Prepaid Parking Fees	-	238,053
Total Proprietary Funds		
Business-Type Activities	<u>\$ -</u>	<u>\$ 238,053</u>

(d) Capital Project and Related Services Assessment Program

In January 2011, the City through Resolution No. 2011-25 (As Amended) approved a strategic downtown initiative for Miracle Mile and Restaurant Row, or Giralda Avenue, and approved the implementation of this initiative, including design, cost estimates and financing, each subject to the City Commission's subsequent approval. The initiative aimed to position the City's downtown for economic growth and livability by transforming them into a beautiful, functional public space that will attract new residents and businesses and will increase the quality of life and property values.

In April 2014, the City adopted the Capital Project and Related Services Ordinance No. 2014-07 (the "Ordinance"). The Ordinance establishes the City's procedures for the imposition of capital special assessment programs for the provision of improvements and related services providing a special benefit to local areas within the city; provides for the creation of assessment areas within the city; authorizes the imposition and collection of special assessments to fund the cost of capital improvements and services providing a special benefit to local areas within the city; outlines the procedures for the establishment of an assessment area and the initial and annual implementation steps for imposing special assessments by subsequent resolution. The Ordinance also replaces the City's existing Local Improvement Act, and it provides for the adoption of Florida Statutes section 197.3632 and 197.3635, "Uniform Assessment Collection Act" authorizing the collection of non-ad valorem assessments on the same bill as ad valorem taxes.

During the current fiscal year, the City held various workshops relative to the proposed streetscape improvement project for Miracle Mile and Giralda Avenue. Additionally, the City engaged the services of professionals and consultants to assist in developing the related assessment and methodology that involved a special assessment for the specially benefited properties. The City adopted several resolutions describing the method of assessing the cost of the design, acquisition, construction and installation of the improvement projects, established estimated annual assessment rates, prepared preliminary assessment rolls and approved the mailings and publication of notices required by Ordinance No. 2014-07 for the following improvement projects:

- a) Resolution No. 2014-169 - Final Assessment Resolution for Miracle Mile Improvement Project, adopted on August 26, 2014 for the provision of the improvement project, providing authority and definitions, approving the final assessment rolls, providing for the imposition of the assessment to fund the Miracle Mile improvement project, and providing for collection of the assessments pursuant to the uniform assessment collection act.

The Miracle Mile project will create a unique sense of place - a civic promenade that will become a focal point for the region. The project includes widening of the pedestrian area utilizing high quality materials and finishes, installing extensive gardens and landscaping, setting the stage for incorporation of public art, providing decorative street lighting and way finding, as well as improving drainage and creating new cohesive surfaces from one side of the street to the other.

The estimated cost of the project is \$14.74 million. The properties located in the assessment area that will specially benefit from the improvement project are allocated with total special assessment (initial pre-pay amount) of \$7.37 million which is equivalent to 50% of the estimated cost of the project. The maximum annual assessments, which includes interest costs and other annual costs, is payable in annual installment for a period of twenty (20) years, and collection of the assessments will commence with the ad valorem tax bill in November 2016. The total maximum assessment to all property tax parcels is approximately \$13.35 million over the twenty-year period. The initial pre-payment period allows property owners to pay the assessment amount as described in the assessment roll to avoid interest and other annual costs included in the total maximum assessment amount.

Additionally, property owners may pay-off their assessment at any time during the 22-year repayment period. The total special assessment (initial pre-payment amount) of \$7.37 million is recognized as an assessment receivable and deferred inflow of resources – unavailable revenue in the governmental fund financial statement.

- b) Resolution No. 2014-171 - Final Assessment Resolution for Giralda Avenue Improvement Project, adopted on August 26, 2014 for the provision of the improvement project, providing authority and definitions, approving the final assessment rolls, providing for the imposition of the assessment to fund the Giralda Avenue improvement project, and providing for collection of the assessments pursuant to the uniform assessment collection act.

The Giralda project for restaurant row will include creating a single surface curb-free environment utilizing high quality materials and finishes including an artistic street paver design covering the full width of the road from building to building, installing landscaping, setting the stage for incorporation of public art, providing decorative street lighting and way finding, as well as improving drainage and creating a new and cohesive experience.

The estimated cost of the project is \$3.34 million. The properties located in the assessment area that will specially benefit from the improvement project are allocated with total special assessment (initial pre-pay amount) of \$1.67 million which is equivalent to 50% of the estimated cost of the project. The maximum annual assessments, which includes interest costs and other annual costs, is payable in annual installment for a period of twenty (20) years, and collection of the assessments will commence with the ad valorem tax bill in November 2016. The total maximum assessment to all property tax parcels is approximately \$2.93 million over the twenty-year period. The initial pre-payment period allows property owners to pay the assessment amount as described in the assessment roll to avoid interest and other annual costs included in the total maximum assessment amount.

Additionally, property owners may pay-off their assessment at any time during the 22-year repayment period. The total special assessment (initial pre-payment amount) of \$1.67 million is recognized as an assessment receivable and deferred inflow of resources – unavailable revenue in the governmental fund financial statement.

The City plans to finance the estimated total project cost of the Miracle Mile and Giralda Avenue Improvement Projects of \$18.08 million with long-term, permanent financing which will permit the total assessment to the assessment areas of \$9.04 million to be amortized over a period of not to exceed twenty-two (22) years. The financing will be structured to allow for interest only payments in the first two (2) years which will be paid by the City from legally available non-ad valorem revenues. Beginning in fiscal year 2017, principal and interest payments will be due and paid by 50% by the City (from legally available non-ad valorem), and 50% from the assessment imposed on specially benefitting properties.

On October 14, 2014, the City passed Resolution No. 2014-233 which authorizes the negotiation of a loan in an amount not to exceed \$25 million from the Sunshine State Governmental Financing Commission to finance the cost of capital improvements to Miracle Mile and Giralda Avenue. In addition, it authorized the preparation and filing of proceedings, and appropriate actions for the validation of the loan and bond. The validation process allowed the City to obtain a final judgment from a court which validates and confirms the authority of the City to enter and execute the loan agreement, and the legality and validity of the imposition of the special assessment to fund the streetscape improvements to assessed property, the methodology used to apportion the assessment, the collection of the assessment in annual installment for a period of twenty years, and the lien of the special assessments being equal in rank and dignity with the lien of all state, county and municipal taxes.

The City received the Final Judgment validating and confirming the aforementioned for the Miracle Mile Improvement Loan and Streetscape Improvement Assessment and Giralda Avenue Improvement Loan and Streetscape Improvement Assessment on February 6, 2015 and February 19, 2015, respectively. The City expects to complete negotiation and obtain the loan from Sunshine State Governmental Financing Commission no later than September 30, 2015.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits. As of September 30, 2014, the City's cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 46,213,613	\$ 92,655,382	\$ 138,868,995
Business-type activities	10,114,975	8,177,891	18,292,866
Pension Trust Funds	6,318,154	350,336,078	356,654,232
Agency Funds	3,728,713	-	3,728,713
Total Cash, Cash Equivalents and Investments	<u>\$ 66,375,455</u>	<u>\$ 451,169,351</u>	<u>\$ 517,544,806</u>
Deposits			\$ 66,375,455
Investments			<u>451,169,351</u>
Total Deposits and Investments			<u>\$ 517,544,806</u>

The City maintains cash, cash equivalents and an investment pool that is available for use by all funds except for those which the cash and investments must be segregated due to bond indenture or other legal restrictions. The interest-bearing and non-interest-bearing bank deposits are entirely insured by the Federal Depository Insurance Corporation or collateral held by the State Treasurer. Under provision of the Florida Security for Public Deposits Act, Chapter 280, all qualified public depositories are required to pledge collateral having a fair value equal to or greater than the depository's collateral pledging level.

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

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

Authorized Investments

The City does not have a formal investment policy and follows the State Statutes. The State Statutes authorize the City to invest any surplus funds in notes, bonds and other obligations of agencies of the United States which are unconditionally guaranteed by the U.S. Government, commercial paper, certificates of deposit issued by domestic and foreign financial institutions in the US; and pools of investments administered by the State of Florida known as the Local Government Surplus Funds Trust Fund. These investments are held by Local Government Surplus Fund Trust Fund are allocated among two funds, LGIP (formerly known as LGIP-A) and Fund B (formerly known as LGIP-B). For LGIP, a 2a7-like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. The SBA is not a registrant with the Securities and Exchange Commission. SBA

accounts are not subject to custodial credit risk categorization as these investments are not evidenced by securities that exist in physical or book entry form and they do not have a credit rating.

City of Coral Gables Retirement Fund

The City of Coral Gables Retirement Fund (the “Plan”) investment policy is determined by the Board of Trustees (the “Board”). 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 Board is 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 fair 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 fair 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 fair 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.

Investments in real estate shall not exceed 15% of fair value 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 Plan may invest up to 10% of the total fair 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 investments 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 Plan 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 (the “Plan”) investment policy is determined by the Board of Trustees (the “Board”). The policy was designed by the Board to maximize the Fund’s asset value, while assuming a risk that is consistent with the Board’s risk tolerance. As is prudent, the Board has adopted policy to diversify investment risk among several institutionally acceptable asset classes including equity securities, bonds debentures, and other corporate obligations. The Board is prohibited to invest in bonds issued by a corporation, state or municipality, futures, obligations issued by a foreign government (excluding the State of Israel), hedge funds, internally managed assets, limited partnerships, margin accounts, options, private equity, private mortgages, securities lending, illiquid investments and scrutinized companies published by the Florida State Board of Administration.

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

Firefighters’ Pension Fund

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

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

Investments in corporate fixed income securities shall be limited to those that hold a rating in one of the three (3) highest classifications by a major rating service. No more than 10% at cost of the fixed income portfolio total value may be invested in the securities of any single corporate issuer. Investments in Collateral Mortgage Obligation (CMOs) shall be limited to 10% of the fair value of the total fixed income portfolio and shall be restricted to those issues backed by securities issued or guaranteed by the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the

Federal National Mortgage Association, or that are rated “Aaa” by Moody or AAA” by Standard & Poor rating agencies. There is no limit imposed on investments in fixed income securities issued directly by the US Government or agency or instrumentality thereof.

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

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

Types of Investments

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

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

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

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

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its

fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturity as a means of managing exposure to fair value losses arising from increasing interest rates.

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

The Firefighters Pension Fund has investment in a guaranteed investment contract of \$11,264,444 with a guaranteed interest rate of return and principal. The issuer of the investment assumes the market, credit and interest rate risks related to the investment. The average rate of return on this investment as of September 30, 2014 is 3.01%.

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
U.S. Government Agencies	\$ 100,831,069	\$ -	\$ 100,831,069
*State Board of Administration	2,204	2,204	-
	100,833,273	\$ 2,204	\$ 100,831,069
Deposits	60,057,301		
Total Cash, Cash Equivalents and Investments	\$ 160,890,574		

*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 Plan's investments by maturity at September 30, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. government and agency	\$ 24,219,235	\$ 100,032	\$ 7,935,050	\$ 6,205,628	\$ 9,978,525
Corporate bonds	19,586,751	2,460,212	9,458,909	5,419,137	2,248,493
Domestic fixed income fund	16,045,556	-	8,068,590	-	7,976,966
	\$ 59,851,542	\$ 2,560,244	\$ 25,462,549	\$ 11,624,765	\$ 20,203,984

Information about the sensitivity of the fair values of the Police Officers' Pension Fund's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity at September 30, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Fixed income mutual funds	\$ 1,513,681	\$ 61,990	\$ 821,635	\$ 468,296	\$ 161,760

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). It is the City's and Firefighters' Pension Fund's policy to limit its investment to the top rating issued by NRSRO's.

Information about the sensitivity of the fair value of the City's and Firefighters' Pension Fund's investments to credit ratings is provided by the following table that shows the distribution of the investments by investment type:

Investment Type	Credit Rating Standard & Poor's (S&P)	Fair Value	
		City	Firefighters' Pension Fund
U.S. Government Agencies	AA+	\$ 100,831,069	\$ -
Guaranteed Investment Contract	AA+		11,264,444
Mutual Funds	Not Rated	-	4,347,634
State Board of Administration	Not Rated	2,204	-
		<u>\$ 100,833,273</u>	<u>\$ 15,612,078</u>

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

The following table discloses Coral Gables Retirement Fund's credit ratings by investment type, at September 30, 2014 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 24,219,235	40.47%
Rating of credit risk debt securities by S&P:		
AAA	1,767,893	2.95%
AA+	446,290	0.75%
AA	667,066	1.11%
AA-	762,857	1.27%
A+	1,457,514	2.44%
A	3,891,825	6.50%
A-	4,385,744	7.33%
BBB+	3,087,279	5.16%
BBB	2,033,602	3.40%
BBB-	694,854	1.16%
Not rated	16,437,383	27.46%
Total credit risk debt		
Securities	35,632,307	59.53%
Total fixed income securities	\$ 59,851,542	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, 2014 as applicable:

	Fair Value	Percentage of Portfolio
Rating of credit risk debt securities by S&P :		
AAA	\$ 80,810	5.34%
AA	24,006	1.59%
A	87,102	5.75%
AA1	24,255	1.60%
AA2	26,276	1.74%
AA3	25,265	1.67%
A1	47,498	3.14%
A2	99,545	6.58%
A3	89,944	5.94%
BAA	114,843	7.59%
BAA1	31,329	2.07%
BAA2	36,887	2.44%
BAA3	23,749	1.57%
BA1	1,011	0.07%
BA3	1,011	0.07%
Not rated	800,150	52.86%
Total credit risk fixed income investments	\$ 1,513,681	100%

Concentration of Credit Risk: The Coral Gables Retirement Fund policy limits investments in equities and fixed income securities to no more than 5% and 10% of an investment manager's portfolio, respectively, in any one issue. The investment policy of the Police Officers' Pension Fund and Firefighters' Pension Fund contain limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net position at September 30, 2014 for the City and pension trust fund portfolios.

Custodial Credit Risk: The City does not have a formal policy, but its practice is to ensure that all investments are held by the City or its counterparty in the City's name. These investments are uninsured and unregistered. In accordance with the Coral Gables Retirement Fund investment policy, investments are held by the Plan's custodial banks and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Fund's depository financial institution. In accordance with the Police Officers' Pension Fund's and Firefighters' Pension Fund's investment policy, investments are held by the Plan's custodial bank and registered in the Plan's name. All of the Plan's deposits are insured and/or collateralized by a financial institution separate from the Plan's depository financial institution.

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 Plan participates in international equity funds but does not own any foreign individual securities. The investment policy of the Plan limits the foreign investments to no more than 25% of the Plan's investment balance. As of year-end, the foreign investments were 12% of total portfolio investment balance. The Plan's exposure to foreign currency risk related to foreign equity funds are as follows:

Investment	Fair Value
Vanguard Total International Stock Fund	\$ 571,833

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

Coral Gables Retirement Fund - Securities Lending Transactions

The Coral Gables Retirement Fund is authorized by the state statutes and the Board policies to lend its investment securities. The lending is managed by the Plan's custodial bank. The Plan lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the Plan continues to receive dividends and interest as the owner of the loaned securities. All loans can be terminated on demand by either the Plan or the borrowers, although the average term of loans is approximately eighty-nine 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 Plan to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At year end, the pool has a weighted average term to maturity of forty-six days.

The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Plan 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, 2014:

Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested
U.S. government and agency obligations	\$ 8,256,042	\$ 8,454,981
Domestic corporate stocks	26,571,025	27,357,615
Domestic corporate bonds	5,816,980	5,977,569
Total Securities Lent	\$ 40,644,047	\$ 41,790,165

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, 2014:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	\$ 45,407,634	\$ -	\$ -	\$ 45,407,634
Construction in Progress	1,464,147	1,421,984	(250,902)	2,635,229
Total Non-depreciable Assets	46,871,781	1,421,984	(250,902)	48,042,863
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	63,643,946	-	-	63,643,946
Improvements Other Than Buildings	46,883,328	397,049	-	47,280,377
Machinery and Equipment	45,194,118	2,352,115	(1,272,248)	46,273,985
Total Depreciable Assets	268,789,412	2,749,164	(1,272,248)	270,266,328
Less Accumulated Depreciation for:				
Infrastructure	72,556,605	3,021,254	-	75,577,859
Buildings	20,532,134	1,250,486	-	21,782,620
Improvements Other Than Buildings	12,578,419	1,151,206	-	13,729,625
Machinery and Equipment	35,570,031	2,753,747	1,272,248	37,051,530
Total Accumulated Depreciation	141,237,189	8,176,693	1,272,248	148,141,634
Total Depreciable Assets, net	127,552,223	(5,427,529)	-	122,124,694
Governmental Activities Capital Assets, net	\$ 174,424,004	\$ (4,005,545)	\$ (250,902)	\$ 170,167,557
Business-Type Activities:				
Nondepreciable Assets:				
Land	\$ 3,701,838	\$ -	\$ -	\$ 3,701,838
Construction in Progress	2,978,943	723,254	(2,850,685)	851,512
Total Non-depreciable Assets	6,680,781	723,254	(2,850,685)	4,553,350
Depreciable Assets:				
Infrastructure	24,471,449	2,850,685	-	27,322,134
Buildings	30,247,473	-	-	30,247,473
Improvements Other Than Buildings	605,157	-	-	605,157
Machinery and Equipment	2,497,380	193,244	-	2,690,624
Total Depreciable Assets	57,821,459	3,043,929	-	60,865,388
Less Accumulated Depreciation for:				
Infrastructure	10,186,056	382,673	-	10,568,729
Buildings	10,288,819	628,537	-	10,917,356
Improvements Other Than Buildings	329,974	33,387	-	363,361
Machinery and Equipment	1,665,185	225,073	-	1,890,258
Total Accumulated Depreciation	22,470,034	1,269,670	-	23,739,704
Total Depreciable Assets, net	35,351,425	1,774,259	-	37,125,684
Business-Type Activities Capital Assets, net	\$ 42,032,206	\$ 2,497,513	\$ (2,850,685)	\$ 41,679,034

Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2014:

Governmental Activities:	
General Government	\$ 4,019,624
Public Safety	1,555,119
Transportation	902,550
Culture and Recreation	1,126,109
Physical Environment	573,291
Total depreciation expense – Governmental Activities	<u>\$ 8,176,693</u>
Business-Type Activities:	
Sanitary Sewer System Fund	\$ 291,469
Parking System Fund	886,997
Stormwater Utility Fund	91,204
Total depreciation expense – Business-Type Activities	<u>\$ 1,269,670</u>

NOTE 6 - INTERFUND TRANSACTIONS

The interfund balances below represent short-term loans to cover temporary negative balances in each fund's equity in pooled cash and the time lag between when interfund transactions are recorded in the accounting system and when payments between the funds are made. The composition of interfund due to/from balances at September 30, 2014 is as follows:

<u>Due from/to other funds</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities:		
Major governmental fund:		
General	\$ 10,000	\$ -
Nonmajor governmental fund:		
General Obligation Bond	-	10,000
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Interfund transfers for the fiscal year ended September 30, 2014 are as follows:

	Transfer In				Total
	Major Governmental Funds		Nonmajor Governmental Fund	Major Proprietary Fund	
	General		Other	Sanitary	
	General	Improvement	Governmental	Sewer	
Transfer out:					
Major governmental fund:					
General	\$ -	\$ 4,110,000	\$ 4,507,522	\$ -	\$ 8,617,522
Major proprietary fund:					
Sanitary Sewer	1,048,786	-	-	-	1,048,786
Parking System	6,030,472	-	-	41,930	6,072,402
Non-major proprietary fund	293,027	-	-	-	293,027
	<u>\$ 7,372,285</u>	<u>\$ 4,110,000</u>	<u>\$ 4,507,522</u>	<u>\$ 41,930</u>	<u>\$ 16,031,737</u>

Transfer out from the General Fund to capital project General Improvement Fund was primarily to provide additional funding for capital project expenditures. Transfer out from General Fund to the Debt Service Fund is required to provide funds to pay debt service requirements related to the special revenue bonds. Transfers out from Sanitary Sewer, Parking Systems, and Stormwater Utility to the General Fund were primarily to provide funding as a subsidy for the cost of operations of the General Fund and in accordance with City resolutions. Transfer out from Parking Fund to Sanitary Sewer was primarily to provide funding for rehabilitation of City sewer pumps.

NOTE 7 - LONG-TERM DEBT**(a) Following is a summary of the City's Special Obligation Bonds at September 30, 2014:**

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/14	Current Portion
Governmental Activities:							
06-30-2011	10-01-2016	0.93%	\$ 2,440,000	\$ 2,440,000	\$ 920,000	\$ 1,520,000	\$ 490,000
06-30-2011	10-01-2032	1.51%	4,365,000	4,365,000	305,000	4,060,000	160,000
06-05-2012	10-01-2031	2.67%	43,096,290	43,096,290	3,990,930	39,105,360	1,951,825
02-28-2013	10-01-2028	2.40%	7,725,700	7,725,700	-	7,725,700	379,500
02-28-2013	10-01-2028	3.43%	4,350,000	4,350,000	-	4,350,000	225,000
			<u>61,976,990</u>	<u>61,976,990</u>	<u>5,215,930</u>	<u>56,761,060</u>	<u>3,206,325</u>
Business-Type Activities:							
06-05-2012	10-01-2031	2.67%	6,253,710	6,253,710	579,070	5,674,640	283,175
02-28-2013	10-01-2028	2.40%	9,069,300	9,069,300	-	9,069,300	445,500
08-12-2014	10-01-2024	2.42%	3,770,000	3,770,000	-	3,770,000	-
			<u>19,093,010</u>	<u>19,093,010</u>	<u>579,070</u>	<u>18,513,940</u>	<u>728,675</u>
			<u>\$ 81,070,000</u>	<u>\$ 81,070,000</u>	<u>\$ 5,795,000</u>	<u>\$ 75,275,000</u>	<u>\$ 3,935,000</u>

The City's special obligation bonds consist of loans from the Sunshine State Governmental Financing Commission to provide funds for the acquisition, construction and improvements of capital facilities, and are collateralized and payable from non-ad valorem tax revenues of the City. With respect to the governmental special obligation bonds, fiscal year 2014 debt service was \$4,516,158 while total non-ad valorem tax revenue totaled \$66,623,101. For the business-type special obligation bonds, fiscal year 2014, debt service totaled \$1,018,540 while total non-ad valorem revenue totaled \$23,295,736. All revenue pledges remain in effect for the life of the special obligation bonds.

In fiscal year 2014, the City issued the special obligation bond as follows:

Series 2014 – In August 2014, the City issued special obligation bonds Series 2014 with principal amount of \$3,770,000 to provide funds for capital improvements, including but not limited, to sewer system improvements. The Series 2014 has a fixed interest rate of 2.42% payable on April 1 and October 1 of each year and matures on October 1, 2024. Principal amount is paid annually starting October 1, 2015.

The City has utilized the Sunshine State Governmental Financing Commission (the "Commission") since 1987 as its source to finance the acquisition and construction of City facilities. The Commission was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida. As of September 30, 2014, the Commission's membership consists of the following Florida governmental units: City of Coral Gables; City of Coral Springs; City of Daytona Beach; City of Ft. Lauderdale; City of Jacksonville; City of Lakeland; City of Miami; City of Hollywood; City of Miami Beach; City of Orlando; City of St. Petersburg; City of Tallahassee; City of Vero Beach; Miami-Dade County; Palm Beach County; and Polk County. In addition, the City of Fort Pierce, Leon County, and the City of West Palm Beach participate in the Commission's programs as non-members. Other Florida local governments may in the future become members or non-member participants, including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Total annual debt service requirements on long-term debt outstanding as of September 30, 2014, are as follows:

Fiscal Year	BUSINESS-TYPE ACTIVITIES							Business-Type
	Special Obligation Bonds			Capital Leases			Activities	
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements	
2015	\$ 728,675	\$ 418,059	\$ 1,146,734	\$ 175,060	\$ 8,546	\$ 183,606	\$ 1,330,340	
2016	1,080,508	428,749	1,509,257	142,284	3,659	145,943	1,655,200	
2017	1,103,676	401,697	1,505,373	31,740	1,209	32,949	1,538,322	
2018	1,263,758	372,358	1,636,116	32,380	570	32,950	1,669,066	
2019	1,290,893	340,684	1,631,577	8,195	41	8,236	1,639,813	
2020-2024	6,575,340	1,221,982	7,797,322	-	-	-	7,797,322	
2025-2029	5,503,991	452,127	5,956,118	-	-	-	5,956,118	
2030-2032	967,099	39,081	1,006,180	-	-	-	1,006,180	
Total	18,513,940	\$ 3,674,737	\$ 22,188,677	389,659	\$ 14,025	\$ 403,684	\$ 22,592,361	
Less: Current portion	(728,675)			(175,060)				
Long-term portion	\$ 17,785,265			\$ 214,599				

	GOVERNMENTAL ACTIVITIES							
Fiscal Year	Special Obligation Bonds			Capital Leases			Governmental Activities	
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements	
2015	\$ 3,206,325	\$ 1,581,542	\$ 4,787,867	\$ 863,574	\$ 71,555	\$ 935,129	\$ 5,722,996	
2016	3,259,492	1,489,072	4,748,564	806,733	49,170	855,903	5,604,467	
2017	3,326,324	1,394,797	4,721,121	708,646	29,504	738,150	5,459,271	
2018	3,301,242	1,300,738	4,601,980	666,745	12,891	679,636	5,281,616	
2019	3,364,107	1,206,967	4,571,074	120,339	766	121,105	4,692,179	
2020-2024	15,674,660	4,684,749	20,359,409	-	-	-	20,359,409	
2025-2029	16,926,009	2,359,206	19,285,215	-	-	-	19,285,215	
2030-2032	7,702,901	372,246	8,075,147	-	-	-	8,075,147	
Total	56,761,060	\$ 14,389,317	\$ 71,150,377	3,166,037	\$ 163,886	\$ 3,329,923	\$ 74,480,300	
Less: Current portion	(3,206,325)			(863,574)				
Long-term portion	\$ 53,554,735			\$ 2,302,463				

During the year ended September 30, 2014, the following changes occurred in long-term liabilities of governmental activities:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Accrued Compensated Absences	\$ 7,920,867	\$ 5,286,204	\$ 4,013,019	\$ 9,194,052	\$ 4,925,943
Claims Payable	11,770,000	3,381,936	3,125,936	12,026,000	3,907,000
Special Obligation Debt	59,798,120	-	3,037,060	56,761,060	3,206,325
Capital Lease	2,151,541	1,968,357	953,861	3,166,037	863,574
Pollution Remediation Obligation	210,000	100,000	-	310,000	310,000
	<u>\$ 81,850,528</u>	<u>\$ 10,736,497</u>	<u>\$ 11,129,876</u>	<u>\$ 81,457,149</u>	<u>\$ 13,212,842</u>

During the year ended September 30, 2014, 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	\$ 259,075	\$ 252,042	\$ 184,566	\$ 326,551	\$ 187,411
Special Obligation Debt	15,386,880	3,770,000	642,940	18,513,940	728,675
Capital Lease	396,009	156,406	162,756	389,659	175,060
	<u>\$ 16,041,964</u>	<u>\$ 4,178,448</u>	<u>\$ 990,262</u>	<u>\$ 19,230,150</u>	<u>\$ 1,091,146</u>

(b) Deferred Charge on Refunding/Deferred Outflow

The City has refunded certain special obligation bonds in prior years that resulted in a deferred loss on refunding in total amount of \$530,801. This amount is reported as deferred charge on refunding in the statement of net position and amortized over the life of the refunding debt. As of September 30, 2014, the unamortized amounts of deferred charge on refunding are \$265,036 for governmental activities and \$177,358 for business-type activities.

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

(c) Capital Lease Obligations

The City has entered into certain lease agreements as lessee for financing the acquisition of certain vehicles and equipment for use by different departments. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The capital lease obligations of both governmental activities and business-type activities are payable from non-ad valorem revenues of the City.

The original present value of the minimum payments under the arrangement and the capitalized basis is \$5,001,684 net of accumulated depreciation of \$1,467,441 for governmental activities; and \$858,406 as the capitalized basis and \$421,200 accumulated depreciation for business-type activities.

Future minimum lease obligations are as follows:

Governmental ActivitiesYear ending September 30:

	<u>Amount</u>
Total minimum lease payments -2014	\$ 3,329,923
Less: Amount representing interest	(163,886)
Present value of minimum lease payments	<u>\$ 3,166,037</u>

Business-Type ActivitiesYear ending September 30:

	<u>Amount</u>
Total minimum lease payments -2014	\$ 403,684
Less: Amount representing interest	(14,025)
Present value of minimum lease payments	<u>\$ 389,659</u>

NOTE 8 - EMPLOYEE PENSION PLANS

The City's employee retirement plans include one single-employer defined benefit plan and two defined contribution 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, 2013:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	920
Current Employees:	
Vested	275
Non-vested	290
Total	565

Pension Benefits

Firefighters, police officers and participants, other than firefighters and police officers with more than 10 years of credit service at September 30, 2010 may retire and receive normal retirement benefits upon reaching the earlier of age 52 and 10 years of credited service; age 65 or when the participants age plus years of credited service equals or exceeds 70 (Rule of 70). Participants other than firefighters and police officers with less than 10 years of credited service at September 30, 2010, may retire and receive normal benefits upon reaching the earlier of age 62 and 10 years of credited service; age 65 and 6 years of service; or when the participant's age, plus years of credited service equals or exceeds 80 (Rule of 80). For police officers with less than 10 years of credited service at September 30, 2012, normal retirement shall be the earliest of (a) age 55 and 10 years of credited service or (b) 25 years of credited service.

Effective September 30, 2013, the normal retirement date for firefighters with less than ten years of credited service on September 30, 2013, and firefighters hired on or after that date means the first day of the month coincident with or next following the date on which the participant attains 51 years of age with 25 years of credited service, or "Rule of 76" (age plus years of credited service equal 76); provided, any such member whose normal retirement date under the "Rule of 76" would be after age 59 and who is within 12 months of completing 10 years of credited service on October 15, 2013 shall retain the "Rule of 70" normal retirement date.

Upon normal retirement, police officers eligible for normal retirement at September 30, 2012 and firefighters eligible for normal retirement at September 30, 2013 will receive a monthly pension, payable for life, equal to 3% of the highest three-year average annual earnings multiplied by years of credited

service with a maximum of 75% of average annual earnings. For police officers not eligible for normal retirement at September 30, 2012 the normal retirement benefits shall be 3% for the first 10 years of credited service and 2.5% thereafter (however, credited service prior to September 30, 2012 will accrue at 3%), multiplied by average final compensation, with a maximum of 75% of average final compensation. For firefighters, effective September 30, 2013, the monthly amount of normal retirement income payable to firefighter hired on or after that date shall equal 3% of average final compensation multiplied by the first 10 years of credited service, and 2.5% of average final compensation multiplied by the total years of credited service in excess of the first 10 years of credited service, with the combined normal retirement income not to exceed 75 percent of average final compensation. For employees other than firefighters and police officers who are not included in any bargaining unit for collective bargaining purposes, effective September 30, 2010, the normal retirement benefits for participants other than firefighters, police officers, and excluded employees shall be accrued benefits as of September 30, 2010, plus 2.25% of the average final compensation (highest five year average) multiplied by the total years of credited service with a maximum of 75% of average final compensation.

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

For employees other than firefighters and police officers who are not included in any bargaining unit for collective bargaining purposes (excluded employees), normal retirement benefits are accrued benefits as of September 30, 2010, plus the following:

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

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

Early retirement, disability, death and other benefits are also provided. For police officers not eligible for normal retirement at September 30, 2012, early retirement is eliminated. Firefighters who are employed on September 30, 2013 and have not attained early retirement eligibility as of that date, and firefighters hired on or after October 1, 2013, shall not be eligible for early retirement.

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, 2014 was \$37,787,436.

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 fair value rate of return is greater than or equal to 10%. Cost of living adjustments may be granted only if the Plan remains in a net positive experience position, determined on a cumulative basis from October 1, 2007.

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

Member Contribution - All police officer and firefighter (prior to September 30, 2013) participants are required to contribute 5% of their total earnings to the Plan. Effective September 30, 2013, firefighters are required to contribute 8% of pensionable 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% of total earnings to the Plan. Effective October 1, 2011 general employees who were members of Local Union 769 and management employees shall have their contribution percentage increased based on increases in City contribution requirements since the October 1, 2009 actuarial provisions. For the fiscal year ended September 30, 2012, Union 769 employees' contribution was determined to be 14.27% and management employees 13.79%. Effective October 1, 2013, the contribution rate for management and union employees were 15.00% and 17.00%, respectively, of compensation. Effective October 1, 2014, excluded employees shall contribute in accordance with the cost-sharing provision with the City.

Funding Requirements – The City is required to pay into the Plan such amount as necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid the members. The City's contribution is reduced by the following:

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

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

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

(2) Basis of Accounting for Coral Gables Retirement Plan

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

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

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

- **Debt securities:** Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporate bonds, and global and domestic bond funds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.
- **Equity securities:** These include common stocks and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2014. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.
- **Alternative investments:** These investments include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable fair value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities

through September 30, 2014. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in fiduciary net position along with the gains and losses realized on sales of investments. Purchases and sales of investments are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

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

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

Recently Adopted Accounting Pronouncement – The Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* (GASB Statement No. 67). GASB Statement No. 67 applies to pension plans that administer pension benefits for governments through a trust or equivalent arrangement that meets certain specified criteria. GASB Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the net pension liability of employers for benefits provided through the pension plan. The adoption changed various reporting terminology, footnote disclosures, and required supplementary information to be disclosed.

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.

GASB 27 Disclosures

(3) Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2013, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Valuation Date	10/1/13
Actuarial Value of Assets	\$288,832
Actuarial Accrued Liability (AAL) Entry Age	\$532,201
Unfunded AAL (UAAL)	\$243,369
Funded Ratio	54.27%
Annual Covered Payroll	\$ 37,158
UAAL as a % of Covered Payroll	654.95%

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

Additional information as of the latest actuarial valuation date follows:

Valuation date	10/01/13
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Projected salary increases	4.25% to 5.75% depending on age and group
Includes inflation and other general increase at	3.75%
Cost-of-living adjustments	none assumed

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, 2014 amounted to \$25,700,576 and was determined by the October 1, 2012 actuarial valuation. For the fiscal year ended September 30, 2014, the actual amount of covered payroll was approximately \$36,297,000.

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

	Amount	Percent of Actual Annual Covered Member Payroll
City	\$ 25,554,746	70.40%
Share Plan	145,830	0.40%
Employee	4,095,928	11.28%
Total	\$ 29,796,504	82.08%

Actuarially Determined Contributions - The contributions required from the City of Coral Gables and the State for the fiscal year ended September 30, 2014, were actuarially determined by the October 1, 2012 valuation report to be \$25,678,422. The actuarially computed annual covered payroll amounted to approximately \$39,652,000.

Funding requirements based on valuations prior to October 1, 2009, disclosed a specific dollar amount for the minimum required employer contribution which was based on the actuarially projected payroll. For the year ended September 30, 2011, at the request of the Division of Retirement, the City was required to contribute an amount based on the actuarially determined percentage of actual pensionable payroll ("percentage of payroll method").

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. For the year ended September 30, 2014, the Plan determined to use the "fixed dollar contribution amount".

The required City contributions cover the following for the fiscal years ended September 30, 2014:

	Amount	Percent of Actuarially Computed Covered Payroll
Normal cost plus interest	\$ 3,855,969	9.93%
Amortization of unfunded liability	21,676,623	55.80%
Total	\$ 25,532,592	65.73%

Annual Pension Cost and Net Pension Obligation - Annual pension cost is a measure of the periodic cost of an employer's participation in a defined pension plan. The annual pension cost for the Plan for the fiscal years ended September 30, 2012, 2013 and 2014 are as follows (in thousands):

	2012	2013	2014
Annual pension cost	\$ 23,146	\$ 23,577	\$ 25,664
Percentage of annual pension cost contribution	100%	100%	100%

GASB 67 Disclosures

Net Pension Liability

The components of the net pension liability of the City at September 30, 2014 were as follows:

	Amount
Total pension liability	\$ 543,667,082
Plan fiduciary net position	(336,650,855)
Total net pension liability	\$ 207,016,227
Plan fiduciary net position as a percentage of the total pension liability	62%

Actuarial Assumptions

The total pension liability at September 30, 2014 was determined using an actuarial valuation as of October 1, 2013, with update procedures used to roll forward the total pension liability to September 30, 2014. These actuarial valuations used the following actuarial assumptions:

Inflation	3.75%
Remaining amortization period	22 years
Projected salary increases	Service based table, rates ranging from 4.25% - 5.75%, depending on age, including inflation.
Investment rate of return	7.75% compounded annually, net of pension plan investment expense, including inflation.

Mortality rates calculated with the RP-2000 mortality table for males and females with mortality improvement projected to 2012 using scale AA.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period October 1, 2000 through September 30, 2006. Since this study was performed, the investment return assumption has been lowered to reflect the lower capital market forecast of the Plan's investment consultants.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target allocation as of the valuation date of October 1, 2012 are summarized in the following table:

Long-Term Expected Real Rate of Return *

Asset Class	2014
Domestic equities	7.5%
International equities	8.5%
Domestic bonds	2.5%
International bonds	3.5%
Real estate	4.5%

*Real rate of return adjusted for 3.75% annual inflation rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments (7.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to change in the discount rate

The following presents the net pension liability of the City calculated using the discount rate of percent of 7.75%, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 higher) than the current rate as of September 30, 2014:

	City's Net Pension Liability		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
September 30, 2014	\$ 256,957,586	\$ 207,016,227	\$ 164,615,367

(5) Subsequent Events

According to Ordinance 2014-19, the following provisions become effective subsequent to the fiscal year end for the firefighters and police officers plans:

- Effective September 30, 2014, firefighters shall contribute 10% of their pensionable earnings to the system.
- Effective September 30, 2014, sworn police personnel shall contribute 10% of their pensionable earnings to the system.
- Effective September 30, 2014, there shall be no reduction in the maximum DROP period applicable to any police officer who defers entry into the DROP for more than six months following the earliest applicable DROP eligibility date.

(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

The Police Officers' Retirement Trust Fund (the "Plan") is a defined contribution pension plan covering all police officers employed by the City. The Plan was created and is operated under the Code of the City of Coral Gables, Chapter 50, "Pension", Article IIII - "Retirement System for Police Officers" enacted in 1988.

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. Each participant is credited one share for each year in the Plan, up to a maximum of thirty (30) shares. Initial shares will be credited to eligible participants on April 1 of each year. At September 30, 2014, the Plan membership consisted of 243 active members.

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

The City contributions for the fiscal year were \$535,647 representing 4% of total covered payroll of police officers participating in the Plan of \$12,194,954.

The Police Officers Plan issues a publicly available financial report that includes the applicable financial statements and required supplementary information. Questions concerning any of the information

provided in this report or requests for additional information should be addressed to the Retirement System Administrator, 3810 Inverrary Blvd., Lauderhill, Florida 33319.

(2) Summary of Significant Accounting Policies

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

Investments - Reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

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

Firefighters

(1) Plan Description

The Firefighters' Pension Fund (the "Plan") is a defined contribution pension plan covering all firefighters employed by the City. The Plan was created and is operated under the Code of the City of Coral Gables, Chapter 50, "Pension", Article IV - "Firefighters' Pension Trust Fund" enacted in 1988. 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. As of September 30, 2014, there are 138 plan members and 1,072 participating shares in the Plan.

The City contributions for the fiscal year were \$873,313, representing 6.6% of total covered payroll of firefighters participating in the plan of \$13,141,903. In addition, the Plan received from the State of Florida supplemental contributions of \$112,145.

(2) Summary of Significant Accounting Policies

Basis of accounting - the financial statement of the Plan have been prepared on the accrual basis of accounting. State contributions are recognized as revenue pursuant to approval by the State of Florida. Distributions are recognized when due and payable pursuant to the Plan. 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. The Plan's Guaranteed Investment Contract is considered a nonparticipating contract since its fair value is not significantly affected by the impairment of the credit standing of the issuer or other factors. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the contract is reported at cost.

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

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

CITY OF CORAL GABLES, FLORIDA
CERTAIN STATEMENTS OF FIDUCIARY NET POSITION
FIREFIGHTERS' PENSION FUND
September 30, 2014

ASSETS

Cash and Cash Equivalents	\$ 8,061
Due from Other Governments	985,458
Investments at Fair Value:	
Guaranteed Investment Contract	11,264,444
Mutual Funds	4,347,634
Total Assets	<u>16,605,597</u>

LIABILITIES

Due to Coral Gables Retirement Fund	<u>52,271</u>
-------------------------------------	---------------

NET POSITION

Restricted for Employees' Retirement Systems	<u><u>\$ 16,553,326</u></u>
--	-----------------------------

CITY OF CORAL GABLES, FLORIDA
CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIREFIGHTERS' PENSION FUND
For the Fiscal Year Ended September 30, 2014

ADDITIONS

Contributions:

Employer	<u>\$ 985,458</u>
----------	-------------------

Investment Income:

Appreciation in the Fair Value of Investments	368,816
Investment Earnings	<u>338,164</u>
Total Investment Income	706,980
Less Investment Expense	<u>87,848</u>
Net Investment Income	<u>619,132</u>
Total	1,604,590

DEDUCTIONS

Employee Benefits	<u>548,204</u>
Change in Net Position	1,056,386
Net Position – Beginning	<u>15,496,940</u>
Net Position – Ending	<u><u>\$ 16,553,326</u></u>

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The City provides health insurance benefits to its retired employees through a single-employer plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida 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. The benefits provided under this defined benefit plan are provided for a retiree's lifetime (or until such time at which retiree discontinues coverage under the City sponsored plan, if earlier).

Funding Policy - Currently, the City's Retiree Health Care Plan is unfunded. The City is financing the other post-employment benefits (OPEB) 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 \$1,794,460 for the current fiscal year, toward which the City made an implied contributions which amounted to \$633,092. At September 30, 2014, the City recognized a net OPEB obligation of \$6,854,031 for governmental activities and \$178,632 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 \$161,886 which is reported in the governmental activities total previously mentioned. The net OPEB obligation is a function of annual required contribution, interest, adjustments to the annual required contribution and actual employers' contribution made to the plan.

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

Annual Required Contribution (ARC)	\$1,794,460
Interest on Net OPEB Obligation	205,393
Adjustment to ARC	(202,459)
Annual OPEB Cost (Expense)	1,797,394
Employer Contribution	(633,092)
Increase in Net OPEB Obligation	1,164,302
Net OPEB Obligation- beginning of year	5,868,361
Net OPEB Obligation- ending of year	<u>\$7,032,663</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 September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$1,797,394	35.22%	\$7,032,663
2013	\$1,726,703	33.70%	\$5,868,361
2012	\$1,878,219	34.78%	\$4,723,610
2011	\$1,790,840	32.80%	\$3,498,542

Funded Status and Funding Progress - As of September 30, 2014, the OPEB schedule of funding progress was as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent-age of Covered Payroll
\$0	\$ 25,036,194	\$ 25,036,194	0.0%	\$ 48,491,310	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. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Valuation date	September 30, 2014
Actuarial cost method	Entry Age
Amortization method	Level Percent of Payroll, Open
Amortization period	30 years
Actuarial assumptions:	
Assumed rate of return on investments	3.50%
Assumed rates of salary increase	3.75% - 5.25%
Assumed payroll growth	3.50% per year
Initial trend rate	9.00%
Ultimate trend rate	4.5%
Inflation rate	3.25%

NOTE 10 - POLLUTION REMEDIATION OBLIGATIONS

As of September 30, 2014, the City is involved in four (4) pollution remediation obligating events as follows:

- a) Biltmore Golf Course - In August 2003, the City received a Notice of Violation (NOV) from Miami-Dade County Regulatory and Economic Resources (RER) (formerly Department of Environmental Resource Management (DERM)) that documented contamination found in an onsite soakage pit and an adjacent monitoring well. The City through its consultant proposed a natural background study for arsenic, in addition to a supplemental site assessment report (SSAR) to address the contamination found in the identified areas. The City has completed Phase 1 of this project and submitted the report for this phase to RER for review. The City is in the process of completing Phase 2 of this project which consists of source removal of contaminated soil and placement of an engineering control in the vicinity on the maintenance building. Future work consists of submission of a source removal report and filing of a restrictive covenant and engineering control implementation report by end of fiscal year 2015. Additionally, groundwater will be monitored for at least one year to determine whether additional action is required. The City estimates the remaining costs for this entire obligating event to be \$310,000. This has been recorded as a long-term liability in the City's financial statements for the year ended September 30, 2014.
- b) Granada Golf Course - In April 1988, City applied for entry into the State of Florida Department of Environmental Protection (FDEP) Early Detection Incentive Program. This program allowed for funding and cleanup assistance to be allocated for eligible sites. The City voluntarily removed a 6,000 gallon underground storage tank at the Granada Golf Course. As of September 30, 2014, the City anticipates receiving cleanup assistance from FDEP and is not expecting to incur additional costs to the City. Thus, no liability is recognized for this obligating event for the year ended September 30, 2014.
- c) Former Coral Gables Incinerator Site Assessment - In December 2005, the City demolished the incinerator building, combustion chambers and the incinerator stack at the Public Works Facility located at 2800 SW 72nd Avenue. After the demolition activities were completed, the City's consultants conducted a limited site assessment of the existing soil and groundwater conditions in August and September 2007. Based upon the soil and groundwater analytical results, the levels of contamination detected are essentially equivalent and or above the cleanup target levels for residential and commercial/industrial use levels. Based on these results, the Miami-Dade RER required the City to submit a Site Assessment Report Addendum (SARA) to address the outstanding environmental assessment and remediation requirements of the former incinerator. As of September 30, 2014, the City is in the process of completing the SARA and assessing the options for cleanup of the site. Accordingly, as of September 30, 2014 the cost of the remedial action plan cannot be reasonably estimated, therefore a liability for this site is not recorded in the financial statements.
- d) Coral Gables Country Club - in May 2002, as part of the renovation of the Country Club, an underground storage tank was removed. The City received a NOV from RER and was required to complete a site assessment report due to release of unknown contamination into the ground as a result of the tank removal activities. As of August 2009, the City completed the remediation activities that included the excavation and removal of all soils surrounding the original tank removal footprint. In 2014, the City completed the required groundwater monitoring and received a notification from RER that there is no additional groundwater sampling requirement for this site. The City is in the process of preparing an additional source removal plan for submission to RER to address remaining areas with contaminated soil. This project will be bid out and implemented in 2015 followed by submission of a source removal plan and filing of a restrictive covenant and engineering control implementation report. Accordingly, as of September 30, 2014 the cost of the remedial action plan cannot be reasonably estimated, therefore a liability for this site is not recorded in the financial statements.

As of September 30, 2014, the City's total liability related to the pollution remediation obligating events, as discussed previously, is \$310,000.

NOTE 11 - INSURANCE PROGRAM

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

The City purchases excess insurance over retention of \$500,000 per occurrence for Workers' Compensation. For General and Automobile Liability, the retention is \$350,000. The City is protected by Florida Statute 768.28 which limits losses to, except for certain federal causes of action: (a) \$100,000 per person / \$200,000 per occurrence for claims arising between October 1, 1981 and October 1, 2011; and (b) \$200,000 per person / \$300,000 per occurrence for claims arising after October 1, 2011.

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

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

	<u>2014</u>	<u>2013</u>
Unpaid claim payable, beginning	\$ 11,770,000	\$ 11,774,000
Incurred claims and claim adjustments	3,381,936	2,915,632
Claims payments	<u>(3,125,936)</u>	<u>(2,919,632)</u>
Unpaid claims payable, ending	<u>\$ 12,026,000</u>	<u>\$ 11,770,000</u>

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

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

The Capital Project General Obligation Bond Fund has a deficit of \$3,635. The deficit will be offset with reimbursements from the Miami-Dade County Building Better Communities grant program in the next fiscal year.

NOTE 13 – CONTINGENCIES AND COMMITMENTS**Litigations**

There are several pending claims and lawsuits in which the City is involved. The estimated liability related to these claims has been accrued in the City's Internal Service Insurance Fund. In the opinion of City management, the ultimate resolution of these claims is not likely to have a material, adverse impact to the financial position of the City.

Government Grants

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

Construction Commitments

The City is a party to several improvements and construction contracts. The amount remaining on these uncompleted contracts as of September 30, 2014 was approximately \$1.1 million.

NOTE 14 - MINIMUM RENTALS RECEIVABLE

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

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 5,221,385
2016	4,897,766
2017	4,703,174
2018	4,072,301
2019	4,022,681
2020-2024	18,362,274
2025-2029	14,883,607
2030-2034	9,380,005
2035-2039	4,007,500
2040-2044	436,625
	<u>\$ 69,987,318</u>

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

- (a) Lease and Development Agreement - This Agreement covers the development, construction and operation of the senior housing facility. Based on the Agreement, (a) the initial term of the lease is for thirty (30) years commencing on August 1, 2011 (first day of the month following the Possession Date of July 28, 2011) with an option to renew the lease term for up to two (2) additional terms of thirty (30) years each and for a third additional term of nine (9) years, for a

total possible maximum term of ninety-nine (99) years, (b) a monthly fee of \$950.00 from August 2008 to July 31, 2011, as pre-possession/good standing fee prior to the start of the lease term, (c) a monthly fixed base rent of \$9,500 from August 1, 2011 through July 31, 2013, (d) starting August 1, 2013, the total yearly fixed base rent is increased yearly by \$9,500 until the total yearly fixed base rent is equal to \$237,500, and thereafter until the end of the initial lease term, (e) during the first renewal of the lease term, the yearly fixed base rent is increased to \$242,250 commencing on the second year of the first renewal term will be increased by 2% per year until the end of the final lease term, including any further renewals thereof, (f) in addition to the yearly fixed base rent, starting August 1, 2014 a percentage base rent is to be paid to the City equal to 0.5% of the project revenue of each rental year. The percentage base rent rate is increased by 0.1% yearly until the rate is equal to 2%, and thereafter remains as the rate for the remainder of the initial lease term and renewal terms.

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

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

In relation to the public parking component of the Parking Facility, the Palace petitioned the City and Miami-Dade County to create the "Palace at Coral Gables Community Development District" ("CDD") to assist in the financing of this component. The City supported the creation of the CDD and it was established by the Board of County Commissioners of Miami-Dade County through Ordinance No. 10-49 on July 20, 2010, pursuant to the provision of Chapter 190 of the Florida Statutes. In July 2011, the CDD issued its Special Assessment Revenue Bonds Series 2011 in the amount of \$9.50 million with interest rate of 5% to 5.625% and maturity date of May 1, 2042. The proceeds from issuance of the special assessment bond was used to finance the construction of the public parking facility. The special assessment bonds are payable from CDD's assessments levied on the senior housing facility, retail space, private parking facility, and net revenues of the public parking facility. The Palace is required to maintain an escrow fund and deposit amount approximately equal to three (3) times the maximum annual debt service under the CDD bonds to be used solely for the payment of special assessments levied by the CDD. During the construction of the public parking facility, the bond proceeds were released to the Palace to pay the prorata share of the public parking component construction costs. On July 28, 2011, prior to commencement of construction, the Palace granted a sublease of the public parking portion to the CDD, and the CDD

and the City of Coral Gables entered into an Interlocal Agreement regarding operation and funding of the CDD.

In relation to the CDD special assessment bonds, the City through Resolution No. 2011-56 dated March 22, 2011 agreed to guarantee the payment of the bonds and the City and the bond Board entered into a Guaranty Agreement. As provided in the guaranty agreement, the City agrees to: (a) irrevocably agree to pay to the Board 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 Board any deficiency amount within ten (10) business days of the receipt of notice of deficiency from the Board 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, 2014, the City billed to and received from the Palace \$126,667 and \$6,667 for the Lease and Development Agreement and Parking Garage Lease and Development Agreement, respectively. In addition, there are no events or occurrences resulting in the City's guarantee to be called.

The cost of assets under operating leases is \$65,296,274 with a net book value of \$54,275,413. Depreciation expense on leased assets was \$609,842 for the fiscal year ended September 30, 2014.

NOTE 15 - MANAGEMENT AGREEMENTS

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

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

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

For the year ended September 30, 2014, the City billed and collected from the management company \$254,616 as rental income. In addition, as of September 30, 2014 the gross revenue for the rental year is below the base gross revenue of \$4 million. Thus, no percentage is added to the base rent.

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

At September 30, 2014, the City billed the base fee amount of \$603,920 and the 3.5% of the annual net revenue of \$850,513 for a total fee amount of \$1,454,433. 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, 2014, the City billed and collected from the management company \$706,809 as rental income. Total loans obtained and used by the City in prior years to renovate the property amounted to \$7,935,000.

Biltmore and Granada Golf Courses - the agreement commenced on October 1, 2003 with a term of up to twenty-five (25) years. Based on the agreement, as amended, the City is entitled to receive on a quarterly basis, \$160,000 as base fee for the Biltmore Golf Course, which is adjusted for the effect of cumulative price index over the life of the agreement. The quarterly payment of base fee in the amount of \$40,000 is due and payable starting October 1, 2013. For the year ended September 30, 2014, the City billed and collected from the management company \$161,440 as rental income. For the Granada Golf Course, the City is entitled to receive 100% of the golf course revenues and 5% of the revenues of the pro shop. At September 30, 2014, the City billed \$526,270 and collected \$488,613 from the management company for the Granada Golf Course's gross revenue.

NOTE 16 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The adoption of this statement will require the City to record a liability for the unfunded portion of its pension plans. The unfunded liability has not yet been determined.

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

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

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. The provision of this Statement is effective for financial statements for periods beginning after June 15, 2015 and earlier application is encouraged.

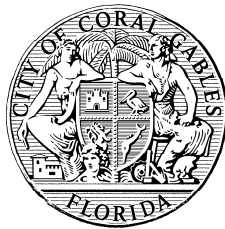
Except as previously disclosed related to GASB 68, the City's management has not yet determined the effect these Statements will have on the City's financial statements.

NOTE 17 - LAW ENFORCEMENT

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

NOTE 18 - SUBSEQUENT EVENT

On December 16, 2014, the City Commission through Resolution No. 2014-274 approved the issuance of Sunshine State Governmental Financing Commission Revenue Bond Series 2015B with principal amount not to exceed \$6.5 million with a tax-exempt interest rate of 2.503%, and final maturity date of April 1, 2030. The proceeds will be used to fund capital improvements, including but not limited to, acquisition of a new radio system and replacement of the microwave relay system.



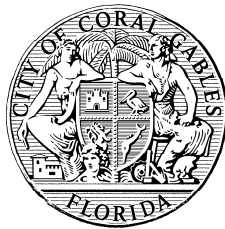
[This Page Intentionally Left Blank]

Required Supplementary Information

(Unaudited)

Supplementary Information

Notes to Required Supplementary Information



[This Page Intentionally Left Blank]

CITY OF CORAL GABLES, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (Unaudited)
For the Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 83,081,035	\$ 83,081,035	\$ 83,969,922	\$ 888,887
Licenses	3,328,750	3,271,750	3,318,725	46,975
Permits	6,448,000	6,448,000	8,160,391	1,712,391
Fines and Forfeitures	2,506,000	2,978,714	2,587,073	(391,641)
Intergovernmental	4,465,000	4,699,005	5,106,504	407,499
Charges for Services	14,783,436	16,395,436	19,214,525	2,819,089
Recreation Activity Fees	3,551,000	3,631,000	4,211,548	580,548
Rental Income	4,685,679	4,685,679	4,701,308	15,629
Investment Earnings	200,000	200,000	267,330	67,330
Contributions and Donations	-	10,000	60,045	50,045
Miscellaneous	102,137	168,262	283,054	114,792
Total Revenues	123,151,037	125,568,881	131,880,425	6,311,544
EXPENDITURES				
Current:				
General Government	16,239,939	17,897,995	17,691,864	206,131
Public Safety	74,924,715	73,333,810	70,236,985	3,096,825
Physical Environment	17,611,569	17,597,369	16,526,848	1,070,521
Transportation	2,533,652	2,784,711	2,434,679	350,032
Economic Environment	930,588	952,906	851,438	101,468
Culture and Recreation	8,734,940	8,921,766	8,348,395	573,371
Debt Service:				
Retirement of Principal	304,182	193,067	180,580	12,487
Interest	29,800	29,800	8,709	21,091
Capital Outlay	732,833	1,560,611	1,110,152	450,459
Total Expenditures	122,042,218	123,272,035	117,389,650	5,882,385
Excess of Revenues Over Expenditures	1,108,819	2,296,846	14,490,775	12,193,929
OTHER FINANCING SOURCES (Uses)				
Proceeds from Debt Issuance	6,850,000	6,850,000	-	(6,850,000)
Proceeds from Capital Lease	-	-	284,022	284,022
Transfers In	7,585,475	6,030,472	7,372,285	1,341,813
Transfers Out	(16,714,822)	(16,884,822)	(8,617,552)	8,267,270
Total Other Financing Sources (Uses)	(2,279,347)	(4,004,350)	(961,245)	3,043,105
Net Change in Fund Balance*	\$ (1,170,528)	\$ (1,707,504)	13,529,530	\$ 15,237,034
Fund Balance - Beginning			35,304,018	
Fund Balance - Ending			\$ 48,833,548	

* The net change in fund balances was included in the adopted budget as an appropriation (i.e., planned uses) of fund balance.

See notes to required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORAL GABLES RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS*
(As Required by GASB 67)
AS OF SEPTEMBER 30, 2014
(Unaudited)

Total pension liability

Service cost	\$ 6,066,834
Interest	40,360,719
Benefit changes	7,175
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payment, including refunds of member contributions	(34,523,344)
Refunds	(445,210)
Net change in total pension liability	11,466,174
Total pension liability - beginning	532,200,908
Total pension liability - ending	543,667,082

Total fiduciary net position

Contributions - City	25,554,746
Contributions - Share Plan	145,830
Contributions - Employees	4,095,928
Net investment income	30,421,080
Benefit payments, including refunds of member contributions	(34,968,554)
Administrative expenses	(334,272)
Net change in plan fiduciary net position	24,914,758
Plan fiduciary net position - beginning	311,736,097
Plan fiduciary net position - ending	\$ 336,650,855
City's net pension liability	\$ 207,016,227

Plan fiduciary net position as a percentage of the total pension liability	61.92%
Covered Employee Payroll	\$ 36,080,732
Net Pension liability as percentage of covered - employee payroll	574%

* Note to Schedule: This Schedule is presented to illustrate the requirement of GASB 67. Currently, only data for the fiscal year ended September 30, 2014 is available.

REQUIRED SUPPLEMENTARY INFORMATION**CITY OF CORAL GABLES RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS***(As Required by GASB 67)**(Unaudited)*

	Year Ended September 30, 2014
Actuarially determined contribution	\$ 25,678,422
Contribution made in relation to the actuarially determined contribution	<u>25,700,576</u>
Contribution deficiency (excess)	<u>\$ (22,154)</u>
Covered-employee payroll	\$ 36,080,732
Contributions as a percentage of covered-employee payroll	<u>71%</u>

Notes to Schedule:**Valuation Date: October 1, 2013****Measurement date: September 30, 2014**

Note	Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.
------	---

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Asset valuation method	5-year smoothed market
Inflation	3.75%
Salary increases	4.25% to 5.75% depending on age, including inflation
Investment rate of return	7.75%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality projected to 2012 using Scale AA

* Note to Schedule: This Schedule is presented to illustrate the requirement of GASB 67. Currently, only data for the fiscal year ended September 30, 2014 is available.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CORAL GABLES RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS**

(As Required by GASB 67)

(Unaudited)

**Year Ended
September 30, 2014**

Annual money-weighted rate of return,
net of investment expense

15.50%

* Note to Schedule: This Schedule is presented to illustrate the requirement of GASB 67. Currently, only data for the fiscal year ended September 30, 2014 is available.

REQUIRED SUPPLEMENTARY INFORMATION**CITY OF CORAL GABLES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS***(As Required by GASB 27)*

(Unaudited)

(Amounts in millions)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL as % of
Valuation Date	Value of	Accrued	Actuarial Accrued	Ratio	Covered	Annual
	Assets (AVA)	Liability (AAL)	Liability	(2)/(3)	Payroll	Covered
			(UAAL)(3)-(2)			Payroll (4)/(6)
October 1, 2013	\$288,832	\$532,201	\$243,369	54.3%	\$37,158	655.0%
October 1, 2012	\$265,431	\$512,948	\$247,517	51.7%	\$39,651	624.2%
October 1, 2011	\$264,628	\$499,648	\$235,020	53.0%	\$40,864	575.1%
October 1, 2010	\$265,081	\$460,732	\$195,651	57.5%	\$46,950	416.7%
October 1, 2009	\$262,434	\$460,409	\$197,975	57.0%	\$52,693	375.7%
October 1, 2008	\$265,381	\$433,904	\$168,523	61.2%	\$53,452	315.3%

REQUIRED SUPPLEMENTARY INFORMATION**CITY OF CORAL GABLES RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS***(As Required by GASB 27)*

(Unaudited)

Year Ended September 30	City Annual Required Contribution	Percentage Contributed
2014	\$25,554,746	100%
2013	\$23,446,908	100%
2012	\$23,000,549	100%
2011	\$21,628,945	100%
2010	\$24,302,660	100%
2009	\$22,907,697	100%

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CORAL GABLES
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS**

(As Required by GASB 27)

(Unaudited)

(Amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
September 30, 2014	-	\$25,036	\$25,036	0%	\$48,491	51.6%
September 30, 2013	-	\$23,907	\$23,907	0%	\$46,841	51.0%
September 30, 2012	-	\$26,636	\$26,636	0%	\$50,036	53.2%
September 30, 2011	-	\$25,317	\$25,317	0%	\$49,102	51.6%
September 30, 2010	-	\$21,100	\$21,100	0%	\$57,458	36.7%
September 30, 2009	-	\$19,884	\$19,884	0%	\$55,248	36.0%

CITY OF CORAL GABLES, FLORIDA

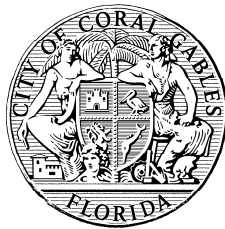
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Note 1 – Budgets and Legal Compliance

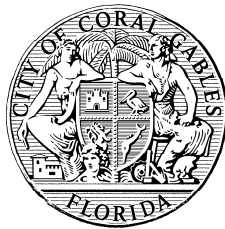
(a) Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general and debt service fund. All annual appropriations lapse at fiscal year-end. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget. Project-length financial plans are adopted for all capital project funds.

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

(c) The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2014 that are included in the final amended budget. For the fiscal year, the budget amendments related to revenue mainly pertain to (a) reclassification of administrative cost allocation of \$1.5 million from Transfers In to Charges for Services. This amount represents the cost of administrative services that General Fund provides to and reimbursed by Parking Funds, Sanitary Sewer Fund and Stormwater Fund; and (b) additional intergovernmental and fines and forfeiture revenues of approximately \$707,000 related to public safety grant and activities. The budget amendments related to expenditures mainly pertains to public safety grants, payments of unused annual and sick leave balances to employees who retired during the fiscal year, and special legal services fees.



[This Page Intentionally Left Blank]

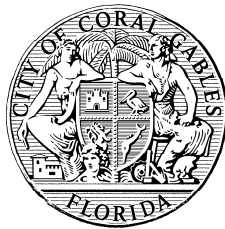


[This Page Intentionally Left Blank]

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.



[This Page Intentionally Left Blank]

Nonmajor Governmental Funds

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

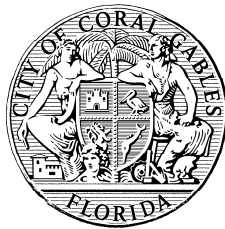
Capital Projects Funds:

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

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

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

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



[This Page Intentionally Left Blank]

CITY OF CORAL GABLES, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

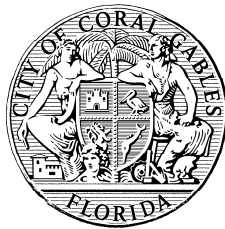
	Capital Projects					
	Debt Service Fund	Roadway Improvement Fund	Transportation Fund	General Obligation Bond Fund	Impact Fees Fund	Total Nonmajor Governmental Funds
ASSETS						
Pooled Cash and Cash Equivalents	\$ -	\$ 1,342,629	\$ 612,826	\$ 6,366	\$ -	\$ 1,961,821
Restricted Cash and Cash Equivalents	2,034,658	-	-	-	2,094,149	4,128,807
Pooled Investments	-	2,776,854	491,989	-	-	3,268,843
Restricted Investments	1,779,516	-	-	-	2,676,744	4,456,260
Accounts Receivable, Net	11,000	157,880	-	-	-	168,880
Interest Receivable	909	2,733	423	-	2,381	6,446
Assessment Liens Receivable	2,644	-	-	-	-	2,644
Due from Other Governments	-	349,466	474,965	9,888	-	834,319
Total Assets	<u>3,828,727</u>	<u>4,629,562</u>	<u>1,580,203</u>	<u>16,254</u>	<u>4,773,274</u>	<u>14,828,020</u>
LIABILITIES						
Accounts Payable	726,910	376,648	130,041	-	-	1,233,599
Accrued Payroll	-	2,767	3,112	-	-	5,879
Due to Other Funds	-	-	-	10,000	-	10,000
Total Liabilities	<u>726,910</u>	<u>379,415</u>	<u>133,153</u>	<u>10,000</u>	<u>-</u>	<u>1,249,478</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - Grants and Contributions	-	137,287	-	9,889	-	147,176
Unavailable revenue - Special Assessments	2,644	-	-	-	-	2,644
Total Deferred Inflows of Resources	<u>2,644</u>	<u>137,287</u>	<u>-</u>	<u>9,889</u>	<u>-</u>	<u>149,820</u>
FUND BALANCES (DEFICIT)						
Restricted to:						
Public Safety	-	-	-	-	2,014,341	2,014,341
Parks and Recreation	-	-	-	-	1,595,166	1,595,166
Other Physical Environment	-	-	-	-	1,123,553	1,123,553
Debt Service Reserve	3,099,173	-	-	-	-	3,099,173
Impact Fee Administration					40,214	40,214
Assigned to:						
Other Capital Projects	-	4,112,860	1,447,050	-	-	5,559,910
Unassigned						
	-	-	-	(3,635)	-	(3,635)
Total Fund Balances (Deficit)	<u>3,099,173</u>	<u>4,112,860</u>	<u>1,447,050</u>	<u>(3,635)</u>	<u>4,773,274</u>	<u>13,428,722</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 3,828,727	\$ 4,629,562	\$ 1,580,203	\$ 16,254	\$ 4,773,274	\$ 14,828,020

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, 2014

	Capital Projects					
	Debt Service Fund	Roadway Improvement Fund	Transportation Fund	General Obligation Bond Fund	Impact Fees Fund	Total Nonmajor Governmental Funds
REVENUES						
Gasoline Sales Tax	\$ -	\$ 1,127,704	\$ -	\$ -	\$ -	\$ 1,127,704
Municipal Surtax	-	-	1,781,041	-	-	1,781,041
Special Assessments	2,050	-	-	-	180,407	182,457
Rental Income	-	-	23,563	-	-	23,563
Intergovernmental	-	448,803	167,000	-	-	615,803
Investment Earnings	6,556	22,698	3,411	-	22,617	55,282
Miscellaneous	-	1,512	-	-	-	1,512
Total Revenues	<u>8,606</u>	<u>1,600,717</u>	<u>1,975,015</u>	<u>-</u>	<u>203,024</u>	<u>3,787,362</u>
EXPENDITURES						
Current:						
Transportation	-	607,311	1,300,682	-	-	1,907,993
Debt Service:						
Retirement of Principal	3,037,060	-	-	-	-	3,037,060
Interest	1,479,098	-	-	-	-	1,479,098
Capital Outlay	-	319,139	-	-	-	319,139
Total Expenditures	<u>4,516,158</u>	<u>926,450</u>	<u>1,300,682</u>	<u>-</u>	<u>-</u>	<u>6,743,290</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,507,552)</u>	<u>674,267</u>	<u>674,333</u>	<u>-</u>	<u>203,024</u>	<u>(2,955,928)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	4,507,552	-	-	-	-	4,507,552
Total Other Financing Sources (Uses)	<u>4,507,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,507,552</u>
Net Change in Fund Balances	-	674,267	674,333	-	203,024	1,551,624
Fund Balances (Deficit) - Beginning	<u>3,099,173</u>	<u>3,438,593</u>	<u>772,717</u>	<u>(3,635)</u>	<u>4,570,250</u>	<u>11,877,098</u>
Fund Balances (Deficit) - Ending	<u>\$ 3,099,173</u>	<u>\$ 4,112,860</u>	<u>\$ 1,447,050</u>	<u>\$ (3,635)</u>	<u>\$ 4,773,274</u>	<u>\$ 13,428,722</u>

CITY OF CORAL GABLES, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DEBT SERVICE FUND - SUNSHINE STATE LOANS (Unaudited)
 For the Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Special Assessments	\$ -	\$ -	\$ 2,050	\$ 2,050
Investment Earnings	-	-	6,556	6,556
Total Revenues	-	-	8,606	8,606
EXPENDITURES				
Debt Service:				
Retirement of Principal	3,038,600	3,038,600	3,037,061	1,539
Interest	2,886,222	2,886,222	1,479,097	1,407,125
Total Expenditures	5,924,822	5,924,822	4,516,158	1,408,664
Deficiency of Revenues Under Expenditures	(5,924,822)	(5,924,822)	(4,507,552)	1,417,270
OTHER FINANCING SOURCES (USES)				
Transfers In	5,924,822	5,924,822	4,507,552	(1,417,270)
Total Other Financing Sources	5,924,822	5,924,822	4,507,552	(1,417,270)
Net Change in Fund Balances	\$ -	\$ -	-	\$ -
Fund Balances - Beginning			3,099,173	
Fund Balances - Ending			\$ 3,099,173	



[This Page Intentionally Left Blank]

Internal Service Funds

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

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

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

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2014

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 3,796,808	\$ 778,821	\$ 5,292,503	\$ 9,868,132
Investments	8,727,767	1,879,478	8,745,568	19,352,813
Accounts Receivable, Net	11,444	4,767	27,435	43,646
Interest Receivable	8,712	2,447	8,610	19,769
Inventories	88,558	-	-	88,558
Prepaid Items	-	-	1,302,548	1,302,548
Total Current Assets	12,633,289	2,665,513	15,376,664	30,675,466
Noncurrent Assets:				
Capital Assets:				
Equipment	26,667,544	226,606	-	26,894,150
Accumulated Depreciation	(21,327,168)	(123,821)	-	(21,450,989)
Total Noncurrent Assets	5,340,376	102,785	-	5,443,161
Total Assets	17,973,665	2,768,298	15,376,664	36,118,627
LIABILITIES				
Current Liabilities:				
Accounts Payable	587,707	570,728	76,489	1,234,924
Accrued Payroll	42,691	26,225	-	68,916
Accrued Compensated Absences	123,105	74,498	-	197,603
Claims Payable	-	-	3,907,000	3,907,000
Capital Lease Payable	717,764	-	-	717,764
Total Current Liabilities	1,471,267	671,451	3,983,489	6,126,207
Noncurrent Liabilities:				
Accrued Compensated Absences	112,498	67,013	-	179,511
Claims Payable	-	-	8,119,000	8,119,000
Capital Lease Payable	2,047,773	-	-	2,047,773
Net OPEB Obligation	100,481	61,405	-	161,886
Total Noncurrent Liabilities	2,260,752	128,418	8,119,000	10,508,170
Total Liabilities	3,732,019	799,869	12,102,489	16,634,377
NET POSITION				
Net Investment in Capital Assets	2,574,839	102,785	-	2,677,624
Unrestricted	11,666,807	1,865,644	3,274,175	16,806,626
Total Net Position	\$ 14,241,646	\$ 1,968,429	\$ 3,274,175	\$ 19,484,250

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2014

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services:				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 10,446,825	\$ 10,446,825
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	5,735,769	-	-	5,735,769
Equipment Replacement Charges	1,413,000	-	-	1,413,000
Facilities	-	5,937,284	-	5,937,284
Total Operating Revenues	<u>7,148,769</u>	<u>5,937,284</u>	<u>10,446,825</u>	<u>23,532,878</u>
OPERATING EXPENSES				
Administration	2,268,976	1,390,934	-	3,659,910
Cost of Sales and Services	3,117,133	4,086,620	-	7,203,753
Benefit Payments	-	-	2,931,859	2,931,859
Insurance	-	-	7,355,778	7,355,778
Depreciation	1,525,752	7,120	-	1,532,872
Total Operating Expenses	<u>6,911,861</u>	<u>5,484,674</u>	<u>10,287,637</u>	<u>22,684,172</u>
Operating Income	<u>236,908</u>	<u>452,610</u>	<u>159,188</u>	<u>848,706</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earnings	70,547	20,449	89,972	180,968
Miscellaneous	7,020	-	25,015	32,035
Gain from Sale of Capital Assets	58,802	-	-	58,802
Interest Expense	(72,259)	-	-	(72,259)
Total Nonoperating Revenues (Expenses)	<u>64,110</u>	<u>20,449</u>	<u>114,987</u>	<u>199,546</u>
Change In Net Position	<u>301,018</u>	<u>473,059</u>	<u>274,175</u>	<u>1,048,252</u>
Net Position - Beginning	13,940,628	1,495,370	3,000,000	18,435,998
Net Position - Ending	<u>\$ 14,241,646</u>	<u>\$ 1,968,429</u>	<u>\$ 3,274,175</u>	<u>\$ 19,484,250</u>

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2014

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 7,148,980	\$ 5,940,472	\$ 10,429,526	\$ 23,518,978
Payments to Employees	(2,197,545)	(1,346,683)	-	(3,544,228)
Payments to Suppliers	(3,135,626)	(4,183,985)	(9,755,251)	(17,074,862)
Net Cash Provided by (used in) Operating Activities	1,815,809	409,804	674,275	2,899,888
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Amounts Borrowed from Other Funds	-	(1,250,000)	-	(1,250,000)
Net Cash Provided by (used in) Noncapital Financing Activities	-	(1,250,000)	-	(1,250,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(528,782)	(78,941)	-	(607,723)
Proceeds from Sale of Capital Assets	58,802	-	-	58,802
Principal Paid on Debt	(773,281)	-	-	(773,281)
Interest Paid on Debt	(72,259)	-	-	(72,259)
Net Cash Provided by (used in) Capital and Related Financing Activities	(1,315,520)	(78,941)	-	(1,394,461)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Purchase of Investments	(5,630,634)	(597,437)	(5,276,943)	(11,505,014)
Proceeds from Sale of Investments	4,704,696	2,026,782	7,409,890	14,141,368
Interest and Dividends Received	78,288	21,941	120,734	220,963
Net Cash Provided by (used in) Investing Activities	(847,650)	1,451,286	2,253,681	2,857,317
Net Increase (Decrease) in Cash and Cash Equivalents	(347,361)	532,149	2,927,956	3,112,744
Cash and Cash Equivalents - Beginning	4,144,169	246,672	2,364,547	6,755,388
Cash and Cash Equivalents - Ending	\$ 3,796,808	\$ 778,821	\$ 5,292,503	\$ 9,868,132
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income (Loss)	\$ 236,908	\$ 452,610	\$ 159,188	\$ 848,706
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Depreciation Expense	1,525,752	7,120	-	1,532,872
Change in Assets and Liabilities:				
Accounts Receivable	211	3,188	(17,299)	(13,900)
Inventory	29,801	-	-	29,801
Prepaid Items	-	-	284,257	284,257
Accounts Payable	(48,294)	(97,365)	(7,871)	(153,530)
Accrued Payroll and Other Expenses	8,151	6,706	-	14,857
Accrued Compensated Absences	46,644	27,379	-	74,023
Claims Payable	-	-	256,000	256,000
Net OPEB Obligation	16,636	10,166	-	26,802
Total Adjustments	1,578,901	(42,806)	515,087	2,051,182
Net Cash Provided by (used in) Operating Activities	\$ 1,815,809	\$ 409,804	\$ 674,275	\$ 2,899,888
Noncash Capital Financing Activities				
Capital Assets Acquired through Capital Lease	\$ 501,616	\$ -	\$ -	\$ 501,616

Fiduciary Funds

Pension Trust Funds

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

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

Agency Fund

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

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

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2014

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,424,862	\$ 885,231	\$ 8,061	\$ 6,318,154
Receivables:				
Accrued Interest and Dividends	382,552	-	-	382,552
Buyback Receivable	24,095	-	-	24,095
Share Plan Contributions	145,830	535,647	985,458	1,666,935
Receivable for securities sold	358,657	-	-	358,657
Other receivables	17,769	-	-	17,769
Total Receivables	928,903	535,647	985,458	2,450,008
Securities Lending Cash Collateral - Invested	41,790,165	-	-	41,790,165
Investments at fair value:				
U.S. Government and Agency	24,219,235	-	-	24,219,235
Global fixed income	16,045,556	-	-	16,045,556
Corporate Bonds	19,586,751	-	-	19,586,751
Common Stocks	127,201,736	-	-	127,201,736
International Equity	46,298,904	-	-	46,298,904
Real Estate Investment Trust (REIT)	42,456,292	-	-	42,456,292
Alternative Investments	54,915,355	-	-	54,915,355
Guaranteed Investment Contract	-	-	11,264,444	11,264,444
Mutual Funds	-	4,000,171	4,347,634	8,347,805
Total Investments	330,723,829	4,000,171	15,612,078	350,336,078
Total Assets	378,867,759	5,421,049	16,605,597	400,894,405
LIABILITIES				
Accounts Payable	173,463	-	-	173,463
Payable for Securities Purchased	253,276	-	-	253,276
Due to Coral Gables Retirement Fund	-	93,559	52,271	145,830
Obligations under Securities Lending	41,790,165	-	-	41,790,165
Total Liabilities	42,216,904	93,559	52,271	42,362,734
NET POSITION				
Net Position Restricted for Pension Benefits	\$ 336,650,855	\$ 5,327,490	\$ 16,553,326	\$ 358,531,671

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2014

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
Additions:				
City Contributions	\$ 25,554,746	\$ 535,647	\$ 985,458	\$ 27,075,851
Share Plan Contributions	145,830	-	-	145,830
Total Government Contributions	25,700,576	535,647	985,458	27,221,681
Employees:				
Employee contributions	4,095,928	-	-	4,095,928
Total Employee Contributions	4,095,928	-	-	4,095,928
Total Contributions	29,796,504	535,647	985,458	31,317,609
Investment Income:				
Net Appreciation in the Fair Value of Investments	26,432,873	346,301	368,816	27,147,990
Interest and Dividends	5,704,390	105,823	338,164	6,148,377
Other Income	56,028	-	-	56,028
Total Investment Income	32,193,291	452,124	706,980	33,352,395
Less Investment Expenses	1,865,522	23,445	87,848	1,976,815
Total Investment Income before Securities Lending Activity	30,327,769	428,679	619,132	31,375,580
Securities Lending Activities:				
Security Lending Income	137,778	-	-	137,778
Security Lending Fees and Rebates	(44,467)	-	-	(44,467)
Net Income from Security Lending Activities	93,311	-	-	93,311
Total Net Investment Income	30,421,080	428,679	619,132	31,468,891
Total Additions	60,217,584	964,326	1,604,590	62,786,500
Deductions:				
Pension Benefits Paid	34,523,344	532,175	548,204	35,603,723
Refunds of Contributions	445,210	-	-	445,210
Administrative Expense	334,272	57,286	-	391,558
Total Deductions	35,302,826	589,461	548,204	36,440,491
Net Increase in Net Position	24,914,758	374,865	1,056,386	26,346,009
Net Position Restricted for Pension Benefits:				
Beginning of Year	311,736,097	4,952,625	15,496,940	332,185,662
End of Year	\$ 336,650,855	\$ 5,327,490	\$ 16,553,326	\$ 358,531,671

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2014

	Employee Benefits Fund	Law Enforcement Fund	Total Agency Funds
ASSETS			
Cash and Cash Equivalents			
Beginning	\$ 880,644	\$ 3,363,874	\$ 4,244,518
Additions	44,245	2,071,800	2,116,045
Deductions	(286,704)	(2,345,146)	(2,631,850)
Total Assets	<u>638,185</u>	<u>3,090,528</u>	<u>3,728,713</u>
LIABILITIES			
Deferred Compensation Payable			
Beginning	875,019	-	875,019
Additions	44,245	-	44,245
Deductions	(286,704)	-	(286,704)
Ending	<u>632,560</u>	<u>-</u>	<u>632,560</u>
Due to Other Governments			
Beginning	5,625	3,363,874	3,369,499
Additions	-	2,071,800	2,071,800
Deductions	-	(2,345,146)	(2,345,146)
Ending	<u>5,625</u>	<u>3,090,528</u>	<u>3,096,153</u>
Total Liabilities	<u>\$ 638,185</u>	<u>\$ 3,090,528</u>	<u>\$ 3,728,713</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.

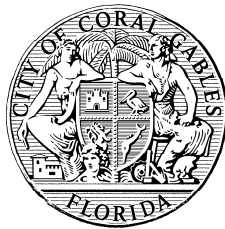
Demographic and Economic Information

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.



[This Page Intentionally Left Blank]

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	\$ 141,639,049	\$ 141,673,723	\$ 139,512,991	\$ 140,912,940	\$ 142,963,136	\$ 141,074,353	\$ 139,786,744	\$ 134,659,013	\$ 130,953,750	\$ 127,802,756
Restricted	-	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868	21,333,586
Unrestricted	5,783,177	1,703,127	3,328,883	-	(624,816)	13,801,226	42,070,763	61,902,841	72,103,048	89,657,013
Total governmental activities net position	<u>\$ 147,422,226</u>	<u>\$ 143,676,850</u>	<u>\$ 142,841,874</u>	<u>\$ 140,912,940</u>	<u>\$ 143,339,558</u>	<u>\$ 156,329,273</u>	<u>\$ 190,164,543</u>	<u>\$ 207,216,602</u>	<u>\$ 214,952,666</u>	<u>\$ 238,793,355</u>
Business-type Activities										
Net investment in capital assets	\$ 15,970,401	\$ 16,128,212	\$ 18,930,925	\$ 19,399,108	\$ 21,533,924	\$ 23,080,309	\$ 25,118,022	\$ 26,049,636	\$ 26,449,997	\$ 26,722,793
Restricted	-	-	-	-	-	-	-	-	-	215,627
Unrestricted	4,880,472	8,362,064	10,143,471	10,320,047	7,546,098	8,921,750	9,734,742	12,573,556	13,274,236	15,563,233
Total business-type activities net position	<u>\$ 20,850,873</u>	<u>\$ 24,490,276</u>	<u>\$ 29,074,396</u>	<u>\$ 29,719,155</u>	<u>\$ 29,080,022</u>	<u>\$ 32,002,059</u>	<u>\$ 34,852,764</u>	<u>\$ 38,623,192</u>	<u>\$ 39,724,233</u>	<u>\$ 42,501,653</u>
Primary Government										
Net investment in capital assets	\$ 157,609,450	\$ 157,801,935	\$ 158,443,916	\$ 160,312,048	\$ 164,497,060	\$ 164,154,662	\$ 164,904,766	\$ 160,708,649	\$ 157,403,747	\$ 154,525,549
Restricted	-	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868	21,549,213
Unrestricted	10,663,649	10,065,191	13,472,354	10,320,047	6,921,282	22,722,976	51,805,505	74,476,397	85,377,284	105,220,246
Total primary government net position	<u>\$ 168,273,099</u>	<u>\$ 168,167,126</u>	<u>\$ 171,916,270</u>	<u>\$ 170,632,095</u>	<u>\$ 172,419,580</u>	<u>\$ 188,331,332</u>	<u>\$ 225,017,307</u>	<u>\$ 245,839,794</u>	<u>\$ 254,676,899</u>	<u>\$ 281,295,008</u>

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	\$ 18,735,309	\$ 22,591,752	\$ 21,697,557	\$ 22,880,968	\$ 23,349,213	\$ 22,476,553	\$ 17,942,595	\$ 16,972,816	\$ 19,363,404	\$ 23,034,595
Public Safety	69,493,373	82,857,461	69,844,742	70,019,943	68,528,429	67,626,456	71,096,529	71,388,299	70,947,494	71,806,825
Physical environment	16,795,942	18,996,962	20,842,416	19,427,236	19,427,373	13,668,200	12,747,191	16,926,907	16,443,793	17,166,760
Transportation	7,630,380	6,185,567	6,348,931	6,068,973	6,284,102	10,426,083	10,103,982	5,585,520	7,312,561	4,578,226
Economic Environment	605,991	681,712	732,910	691,803	587,993	653,894	547,916	725,712	741,153	849,137
Culture and Recreation	9,031,840	10,589,595	10,290,416	10,226,932	8,959,144	8,473,939	9,220,799	9,899,154	10,401,674	9,924,342
Interest on long-term debt	1,367,725	1,491,412	1,741,825	1,936,947	1,391,416	1,186,837	1,364,343	2,107,713	1,641,277	1,487,807
Total Governmental Activities	123,660,560	143,394,461	131,498,797	131,252,802	128,527,670	124,511,962	123,023,355	123,606,121	126,851,356	128,847,692
Business-type activities:										
Sanitary Sewer System	4,980,669	3,936,494	4,209,514	4,230,483	3,854,930	4,303,930	4,304,721	5,004,038	6,073,033	5,889,856
Parking System	2,797,421	4,078,910	4,286,312	4,254,921	4,112,309	3,676,444	4,027,320	3,941,559	3,838,427	5,009,894
Stormwater Utility	1,353,267	1,369,480	1,276,688	1,325,574	1,476,060	1,469,640	3,775,173	2,758,505	1,443,704	2,320,104
Total Business-type Activities	9,131,357	9,384,884	9,772,514	9,810,978	9,443,299	9,450,014	12,107,214	11,704,102	11,355,164	13,219,854
Total Expenses	\$ 132,791,917	\$ 152,779,345	\$ 141,271,311	\$ 141,063,780	\$ 137,970,969	\$ 133,961,976	\$ 135,130,569	\$ 135,310,223	\$ 138,206,520	\$ 142,067,546
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 13,886,553	\$ 14,363,890	\$ 15,699,777	\$ 15,224,883	\$ 14,161,870	\$ 13,914,951	\$ 34,643,739	\$ 18,229,888	\$ 17,559,499	\$ 20,984,076
Public Safety	3,306,899	3,386,783	2,926,106	2,298,024	2,723,731	5,847,438	6,732,024	6,013,738	5,394,421	6,400,967
Physical environment	6,423,751	6,407,987	6,783,403	7,036,996	7,653,827	8,821,783	9,487,606	9,330,652	9,428,396	9,625,413
Economic Environment	-	-	-	-	-	-	1,962,748	2,600,000	200,000	1,700,000
Culture and Recreation	2,960,042	3,826,206	3,747,163	3,576,441	3,631,334	3,338,009	1,038,967	3,688,909	4,357,075	4,291,802
Operating grants and contributions	9,042,210	17,132,223	2,478,666	238,033	108,762	94,832	359,559	415,718	192,080	487,387
Capital grants and contributions	58,750	835,796	2,156,192	1,281,665	3,308,654	4,789,203	4,253,176	2,831,825	1,054,644	9,462,285
Total Governmental Activities	35,678,205	45,952,885	33,791,307	29,656,042	31,588,178	36,806,216	58,477,819	43,110,730	38,186,115	52,951,930
Business-type activities:										
Charges for services:										
Sanitary Sewer System	7,103,375	6,966,131	7,455,717	6,793,767	6,541,910	7,109,919	7,201,475	7,605,600	7,725,590	8,739,881
Parking System	8,244,087	8,777,493	9,187,646	9,088,332	8,311,688	9,227,722	10,154,202	10,330,540	10,830,461	11,625,585
Stormwater Utility	1,495,481	1,490,437	1,496,153	1,546,412	1,857,694	2,340,830	2,417,095	2,524,565	2,399,023	2,930,270
Operating grants and contributions	-	-	-	-	-	-	1,606,542	-	-	-
Capital grants and contributions	-	-	554,196	-	392,233	238,597	324,445	920,448	37,222	-
Total Business-type Activity	16,842,943	17,234,061	18,693,712	17,428,511	17,103,525	18,917,068	21,703,759	21,381,153	20,992,296	23,295,736
Total Program Revenue	\$ 52,521,148	\$ 63,186,946	\$ 52,485,019	\$ 47,084,553	\$ 48,691,703	\$ 55,723,284	\$ 80,181,578	\$ 64,491,883	\$ 59,178,411	\$ 76,247,666
Net(Expense) Revenue										
Governmental activities	\$ (87,982,355)	\$ (97,441,576)	\$ (97,707,490)	\$ (101,596,760)	\$ (96,939,492)	\$ (87,705,746)	\$ (64,545,536)	\$ (80,495,391)	\$ (88,665,241)	\$ (75,895,762)
Business-type activities	7,711,586	7,849,177	8,921,198	7,617,533	7,660,226	9,467,054	9,596,545	9,677,051	9,637,132	10,075,882
Total Net Expense	\$ (80,270,769)	\$ (89,592,399)	\$ (88,786,292)	\$ (93,979,227)	\$ (89,279,266)	\$ (78,238,692)	\$ (54,948,991)	\$ (70,818,340)	\$ (79,028,109)	\$ (65,819,880)
General Revenues										
Governmental Activities:										
Taxes										
Property taxes	\$ 53,466,648	\$ 61,868,946	\$ 69,730,264	\$ 66,388,634	\$ 66,397,191	\$ 70,277,262	\$ 67,078,084	\$ 66,377,589	\$ 62,358,935	\$ 65,257,324
Franchise fees	5,486,704	6,691,724	7,283,548	7,161,421	7,049,737	6,276,301	6,335,532	6,763,530	6,392,689	6,850,950
Utility taxes	9,594,365	9,939,425	10,186,819	10,422,786	11,293,277	11,219,861	10,953,661	10,897,549	11,316,446	11,861,648
Other Taxes	2,503,017	2,717,415	2,645,290	2,569,027	2,378,268	2,399,014	2,552,642	2,702,518	2,784,018	2,908,745
Intergovernmental	4,452,521	6,076,666	4,252,076	4,053,651	3,684,951	3,641,236	3,990,300	4,254,993	4,461,004	4,735,934
Investment Earnings	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070	5,968	464,999
Bad Debt Expense	-	-	(4,229,491)	-	-	-	-	-	-	-
Miscellaneous	1,047,855	546,076	310,400	453,448	667,778	239,410	603,945	482,745	494,871	284,566
Transfers in/out	4,381,200	4,280,430	4,585,899	7,227,011	8,343,575	6,567,156	6,807,873	5,954,456	8,587,374	7,372,285
Total general revenues, transfers and special items	81,981,076	93,696,200	96,872,514	99,666,826	99,973,128	100,695,461	98,380,806	97,547,450	96,401,305	99,736,451
Business-type activities:										
Investment Earnings	31,153	56,481	80,468	232,392	23,493	9,129	9,266	16,670	20,595	73,698
Miscellaneous	17,153	14,175	168,353	21,845	20,723	13,010	52,767	31,163	30,688	125
Transfers in/out	(4,381,200)	(4,280,430)	(4,585,899)	(7,227,011)	(8,343,575)	(6,567,156)	(6,807,873)	(5,954,456)	(8,587,374)	(7,372,285)
Total Business-type activities	(4,332,894)	(4,209,774)	(4,337,078)	(6,972,774)	(8,299,359)	(6,545,017)	(6,745,840)	(5,906,623)	(8,536,091)	(7,298,462)
Total primary government	\$ 77,648,182	\$ 89,486,426	\$ 92,535,436	\$ 92,694,052	\$ 91,673,769	\$ 94,150,444	\$ 91,634,966	\$ 91,640,827	\$ 87,865,214	\$ 92,437,989
Change in Net Position										
Governmental activities	\$ (6,001,279)	\$ (3,745,376)	\$ (834,976)	\$ (1,929,934)	\$ 3,033,636	\$ 12,989,715	\$ 33,825,270	\$ 17,052,059	\$ 7,736,064	\$ 23,840,689
Business-type activities	3,378,692	3,639,403	4,584,120	644,759	(639,133)	2,922,037	2,850,705	3,770,428	1,101,041	2,777,420
Total Change in Net Position	\$ (2,622,587)	\$ (105,973)	\$ 3,749,144	\$ (1,285,175)	\$ 2,394,503	\$ 15,911,752	\$ 36,675,975	\$ 20,822,487	\$ 8,837,105	\$ 26,618,109

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved for:										
Encumbrance	\$ 346,109	\$ 343,460	\$ 586,407	\$ 504,291	\$ 333,082	\$ 272,511	\$ -	\$ -	\$ -	\$ -
Federal Emergency Management Agency	-	-	-	-	-	-	-	-	-	-
Inventories	129,037	96,193	96,193	96,193	84,139	86,505	-	-	-	-
Prepaid Items	71,719	47,524	50,575	27,416	46,366	128,878	-	-	-	-
Police Education	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	4,000,000	3,943,354	-	-	-	-	-	-	-	-
State Asset Forfeiture	-	-	-	-	-	-	-	-	-	-
Law Enforcement Trust	-	-	-	-	-	-	-	-	-	-
Cable TV Utilization	-	-	-	-	-	-	-	-	-	-
Coral Gables House	-	-	-	-	-	-	-	-	-	-
Historic Preservation	-	-	-	-	-	-	-	-	-	-
Orange Bowl Scholarship	-	-	-	-	-	-	-	-	-	-
Youth Center Concession	-	-	-	-	-	-	-	-	-	-
Pinewood Cemetery	-	-	-	-	-	-	-	-	-	-
Firefighters Rescue	-	-	-	-	-	-	-	-	-	-
Dade County Schools Resource	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
General Fund	3,739,598	4,774,357	10,169,006	9,195,207	4,501,777	6,535,081	-	-	-	-
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	(1,364,918)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	126,320	28,654	28,654	36,678
Restricted	-	-	-	-	-	-	3,629,399	4,273,043	4,169,504	4,351,576
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	3,367,565	4,012,316	2,404,046	7,006,883
Unassigned	-	-	-	-	-	-	12,363,979	21,111,908	28,701,814	37,438,411
Total general fund	\$ 8,286,463	\$ 9,204,888	\$ 9,537,263	\$ 9,823,107	\$ 4,965,364	\$ 7,022,975	\$ 19,487,263	\$ 29,425,921	\$ 35,304,018	\$ 48,833,548
All Other Governmental Funds										
Reserved for:										
Encumbrance	\$ 173,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	6,861	-	6,853	-	-	-	-	-	-	-
Transportation	-	749,750	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	(9,234,466)	(865,546)	-	(13,140)	(13,140)	319	-	-	-	-
Designated Debt Service	4,074,889	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	853,510	1,045,192	-	(402,542)	(230,684)	(1,504,763)	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	26,367,078	26,925,026	25,399,733	25,236,858
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	8,106,937	16,125,829	25,389,424	29,099,838
Unassigned	-	-	-	-	-	-	(22,812)	(41,104)	(3,635)	(3,635)
Total all other governmental funds	\$ (4,125,782)	\$ 4,526,183	\$ 5,480,963	\$ 1,885,949	\$ (45,890)	\$ (620,838)	\$ 34,451,203	\$ 43,009,751	\$ 50,785,522	\$ 54,333,061

Note: GASB54 was implemented during Fiscal Year 2011.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 71,050,734	\$ 81,217,510	\$ 89,845,921	\$ 86,541,868	\$ 87,118,473	\$ 90,172,438	\$ 86,919,919	\$ 86,741,186	\$ 82,852,088	\$ 86,878,667
Licenses	2,850,746	2,857,303	2,887,848	2,921,161	3,038,646	3,086,382	3,052,875	3,148,148	3,250,589	3,318,725
Permits	6,534,460	6,285,880	7,056,610	5,687,950	4,007,602	4,193,899	8,568,709	7,935,003	7,696,589	8,160,391
Fines and Forfeitures	2,841,931	2,763,587	2,719,620	2,593,690	2,888,947	3,473,120	3,996,367	3,641,890	2,891,719	2,587,073
Intergovernmental	4,525,996	29,021,549	11,123,623	6,315,384	7,390,708	6,875,288	5,000,978	6,884,559	6,144,249	5,959,327
Charges for Services	8,776,856	8,088,297	8,834,802	8,478,227	8,770,139	12,534,515	15,680,153	15,447,479	15,638,624	19,214,525
Recreation Actviity Fees	2,651,141	3,497,707	3,747,159	3,576,441	3,631,334	3,338,009	3,816,728	3,534,934	3,979,867	4,211,548
Rental Income	3,216,339	3,399,246	3,682,386	3,610,721	3,126,219	2,526,671	7,355,922	3,638,760	4,269,160	4,724,871
Investment earnings	1,048,766	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070	5,968	464,999
Bad Debt	-	-	(4,229,491)	-	-	-	-	-	-	-
Special Assessments	377,466	325,849	52,521	364,965	711,258	499,649	2,222,203	476,556	980,246	191,037
Contributions and Donations	-	-	-	-	-	-	1,140,000	735,131	466,060	185,045
Miscellaneous	243,252	451,601	308,261	453,448	667,778	239,410	603,945	482,745	494,871	284,566
Total revenues	104,117,687	139,484,047	128,136,969	121,934,703	121,509,455	127,014,602	138,416,568	132,780,461	128,670,030	136,180,774
EXPENDITURES										
Current:										
General Government	16,127,144	17,967,796	18,077,121	18,247,668	20,512,518	18,000,356	14,134,472	13,930,147	16,000,917	17,853,021
Public Safety	67,967,083	78,388,358	67,908,526	70,467,344	71,460,365	69,089,890	70,798,025	72,542,153	72,738,499	70,604,331
Physical Environment	17,057,530	17,971,512	19,021,263	19,509,302	20,063,855	13,890,885	12,315,830	16,810,152	16,548,289	16,542,033
Transportation	4,858,971	5,852,517	5,524,148	6,178,011	6,660,672	10,980,073	10,158,367	5,792,162	7,601,909	4,544,357
Economic Environment	598,638	645,291	721,991	704,232	607,676	681,765	558,174	753,151	773,882	851,438
Culture and Recreation	8,329,576	10,018,717	10,125,697	9,613,602	8,919,266	8,322,862	8,497,254	9,306,731	9,729,332	8,848,478
Debt service:										
Retirement of Principal	2,476,731	2,695,528	2,357,400	2,617,586	2,717,833	2,851,673	2,984,724	43,762,940	3,368,388	3,217,640
Interest and Other Charges	1,367,725	1,491,412	1,741,825	1,935,947	1,391,416	1,186,837	1,364,343	2,107,713	1,641,277	1,487,807
Bond Issuance Cost	-	-	-	-	-	-	-	61,456	88,020	-
Capital outlay	1,336,417	5,162,956	10,267,919	3,197,192	8,047,190	7,797,684	2,922,479	1,285,402	1,551,289	2,810,907
Total expenditures	120,119,815	140,194,087	135,745,890	132,470,884	140,380,791	132,802,025	123,733,668	166,352,007	130,041,802	126,760,012
Excess (deficiency) of revenues over expenditures	(16,002,128)	(710,040)	(7,608,921)	(10,536,181)	(18,871,336)	(5,787,423)	14,682,900	(33,571,546)	(1,371,772)	9,420,762
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Leases	-	-	-	-	-	-	-	-	-	284,022
Refunding Bond Issued	-	6,000,000	8,547,013	-	3,525,000	702,930	47,100,483	43,096,290	12,075,700	-
Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-	(11,996,561)	-
Principal Repymt.-Current Bond Refunding	-	-	-	-	-	-	(24,512,273)	-	-	-
Transfers In	9,245,150	8,703,944	12,498,880	11,026,884	14,972,721	13,018,055	45,548,224	15,624,666	24,716,096	15,989,837
Transfers Out	(5,263,950)	(4,423,514)	(12,149,817)	(3,799,873)	(6,415,967)	(6,450,899)	(35,283,005)	(6,652,204)	(9,769,595)	(8,617,552)
Total other financing sources (uses)	3,981,200	10,280,430	8,896,076	7,227,011	12,081,754	7,270,086	32,853,429	52,068,752	15,025,640	7,656,307
Net change in fund balances	\$ (12,020,928)	\$ 9,570,390	\$ 1,287,155	\$ (3,309,170)	\$ (6,789,582)	\$ 1,482,663	\$ 47,536,329	\$ 18,497,206	\$ 13,653,868	\$ 17,077,069

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
2005	\$ 56,576,305	\$ 53,235,436	94.09%	\$ 231,212	\$ 53,466,648	94.50%
2006	66,217,669	61,536,367	92.93%	332,579	61,868,946	93.43%
2007	73,452,215	69,634,307	94.80%	95,957	69,730,264	94.93%
2008	72,556,824	65,791,821	90.68%	596,813	66,388,634	91.50%
2009	68,055,518	65,609,457	96.41%	787,734	66,397,191	97.56%
2010	72,300,304	69,328,037	95.89%	949,225	70,277,262	97.20%
2011	68,735,926	65,131,368	94.76%	1,946,716	67,078,084	97.59%
2012	66,647,377	64,648,342	97.00%	1,729,247	66,377,589	99.60%
2013	65,676,937	61,713,029	93.96%	645,906	62,358,935	94.95%
2014	66,561,720	65,257,324	98.04%	-	65,257,324	98.04%

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		
2005	\$ 7,834,696,998	\$ 346,181,099	\$ 8,180,878,097	5.990
2006	10,072,262,531	537,053,435	10,609,315,966	6.150
2007	11,383,139,491	348,009,820	11,731,149,311	6.150
2008	12,743,051,207	337,759,609	13,080,810,816	5.250
2009	11,875,112,539	312,425,424	12,187,537,963	5.250
2010	11,069,459,141	297,254,234	11,366,713,375	5.895
2011	11,150,104,798	273,567,777	11,423,672,575	6.072
2012	11,582,581,921	288,250,994	11,870,832,915	5.869
2013	11,752,319,227	273,243,675	12,025,562,902	5.669
2014	11,996,154,496	284,616,094	12,280,770,590	5.629

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

(*) Source: Final tax roll values from the Department of Property Appraisal, except for 2012-2014 which are based on Certification of Taxable Value Form DR-420 for respective years.

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

FISCAL YEAR ENDED	CITY TAX RATES			COUNTY	SCHOOL	STATE	TOTAL
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE				
2005	5.990	0.000	5.990	7.184	8.687	0.7350	22.5960
2006	6.150	0.000	6.150	7.069	8.438	0.7350	22.3920
2007	6.150	0.000	6.150	6.808	8.105	0.7350	21.7980
2008	5.250	0.000	5.250	5.670	7.948	0.6590	19.5270
2009	5.250	0.000	5.250	5.926	7.797	0.6590	19.6320
2010	5.895	0.000	5.895	6.005	7.995	0.6590	20.5540
2011	6.072	0.000	6.072	6.656	8.249	0.6585	21.6360
2012	5.869	0.000	5.869	5.769	8.005	0.4708	20.1140
2013	5.669	0.000	5.669	5.161	7.998	0.4634	19.2914
2014	5.629	0.000	5.629	5.798	7.977	0.4455	19.8495

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	FISCAL YEAR ENDED 2014			FISCAL YEAR ENDED 2005		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE \$12,280,770,590	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE \$8,180,878,097
Merrick Park LLC	\$ 97,161,665	1	0.79 %	\$ 62,079,600	2	0.76 %
Banyan St GAP Douglas Ent Own LLC	77,000,000	2	0.63	-	-	-
Prisa Ponce de Leon, LLC	73,647,767	3	0.60	-	-	-
396 Alhambra LLC	61,626,358	4	0.50	-	-	-
355 Alhambra Plaza LLC	61,100,000	5	0.50	32,100,000	7	0.39
South Florida Equities Reit Inc.	57,741,265	6	0.47	-	-	-
Ponte Gadea Gables, LLC	55,425,103	7	0.45	-	-	-
Coral Gables Associates	51,150,000	8	0.42	41,500,000	4	0.51
The Collection Properties LLC	50,806,316	9	0.41	40,500,000	5	0.50
General Growth Properties	50,452,200	10	0.41	-	-	-
Douglas Colonnade LLC	-	-	-	62,600,000	1	0.77
Crescent Alhambra, LLC	-	-	-	47,300,000	3	0.58
550 Biltmore Inc.	-	-	-	30,000,000	9	0.37
Gables Grand Plaza	-	-	-	32,685,928	6	0.40
121 Alhambra Tower LLC	-	-	-	31,300,000	8	0.38
Bayview Colonnade LLC	-	-	-	29,900,000	10	0.37
Totals	\$ 636,110,674		5.18 %	\$ 409,965,528		5.01 %

Property assessed on January 1, 2013 for 2013-2014 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)
2005	868	609
2006	1,436	797
2007	916	1,016
2008	752	740
2009	889	735
2010	905	831
2011	812	862
2012	843	836
2013	856	830
2014	875	870

(1) Includes prepayments and foreclosures.

TABLE 10
CITY OF CORAL GABLES, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
SEPTEMBER 30, 2014
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME *	PER CAPITA *
	SPECIAL OBLIGATION BONDS	CAPITAL LEASES	PARKING SPECIAL OBLIGATION BONDS	CAPITAL LEASES			
2005	\$ 38,595,206	\$ 221,521	\$ 19,504,800	\$ -	\$ 58,321,527	2591%	1,366.84
2006	41,899,678	144,757	18,657,800	-	60,702,235	2675%	1,419.57
2007	47,729,174	360,117	17,775,000	-	65,864,291	2886%	1,531.73
2008	45,289,405	182,300	16,859,500	-	62,331,205	2523%	1,361.00
2009	46,278,872	-	18,548,600	-	64,827,472	2592%	1,424.75
2010	43,638,768	1,162,886	17,561,900	-	62,363,554	2562%	1,370.60
2011	62,978,533	1,547,084	16,321,467	648,011	81,495,095	3257%	1,742.09
2012	62,544,790	1,672,710	15,795,210	532,128	80,544,838	3481%	1,699.22
2013	59,798,120	2,151,541	15,386,880	396,009	77,732,550	2907%	1,573.18
2014	56,761,060	3,166,037	18,513,940	389,659	78,830,696	2837%	1,588.34

* 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
2005	-	-	-	115,671	0%
2006	-	-	-	129,497	0%
2007	-	-	-	120,323	0%
2008	-	-	-	121,203	0%
2009	-	-	-	125,255	0%
2010	-	-	-	119,758	0%
2011	-	-	-	113,984	0%
2012	-	-	-	115,215	0%
2013	-	-	-	117,134	0%
2014	-	-	-	117,390	0%

TABLE 12
CITY OF CORAL GABLES, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2014
(amounts expressed in thousands)

JURISDICTION	NET DEBT OUTSTANDING	PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES (1)	AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES
City of Coral Gables	\$ 59,927	100.0%	\$ 59,927
Total direct debt			\$ 59,927
Miami-Dade County, Florida	\$ 1,293,364	6.1%	\$ 78,895
Total overlapping debt			\$ 78,895
Total direct debt and overlapping debt			\$ 138,822

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

TOTAL NET GENERAL OBLIGATION DEBT

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

The City has no legal debt requirement.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Coral Gables. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the the City of Coral Gables. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

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

FISCAL YEAR ENDED	(1) POPULATION	(2) PERSONAL INCOME	(1) PER CAPITA INCOME	(1) MEDIAN AGE	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2005	42,669	\$ 2,250,960	\$ 52,754	39.5	10,078	2.7%
2006	42,761	2,269,369	53,071	39.5	9,596	2.5%
2007	43,000	2,282,053	53,071	39.5	9,354	2.4%
2008	45,798	2,470,802	53,950	40.7	10,071	3.4%
2009	45,501	2,501,372	54,974	41.4	10,257	7.1%
2010	45,501	2,433,848	53,490	41.9	12,917	8.4%
2011	46,780	2,502,262	53,490	38.8	13,469	7.2%
2012	47,401	2,313,690	48,811	39.4	13,644	5.7%
2013	49,411	2,674,025	54,118	41.4	13,514	5.3%
2014	49,631	2,778,790	55,989	40.4	15,385	4.5%

DATA SOURCES

(1) United States Census Bureau estimates by Demographics-www.census.gov

(2) Amounts expressed in thousands

(3) Dade County School District - Public and Private School

(4) United State Department of Labor-Bureau of Labor Statistic-www.bls.gov

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

FISCAL YEAR ENDED	GENERAL PROPERTY TAXES (1)	FRANCHISE TAXES	UTILITIES SERVICES TAXES	OTHER TAXES	TOTAL TAXES
2005	\$ 53,467	\$ 5,487	\$ 9,594	\$ 2,503	\$ 71,051
2006	64,587	6,691	9,939	2,717	83,934
2007	69,730	7,284	10,187	2,645	89,846
2008	66,389	7,161	10,423	2,569	86,542
2009	66,397	7,049	11,293	2,378	87,117
2010	70,277	6,276	11,220	2,399	90,172
2011	67,078	6,336	10,954	2,552	86,920
2012	66,378	6,764	10,898	2,703	86,743
2013	62,359	6,393	11,316	2,784	82,852
2014	65,257	6,851	11,862	2,909	86,879

(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,			
	2014		2005	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
University of Miami	14,025 *	58.46%	9,833	63.00%
Bayview Asset Management	1,600	6.67%	1,000	6.41%
Baptist Health South Florida/Corporate Office	1,094	4.56%	190	1.22%
Doctors Hospital -Baptist Hospital South Florida	1,001	4.17%	900	5.77%
City of Coral Gables	800	3.33%	850	5.45%
The Biltmore Hotel	657	2.74%	600	3.84%
Coral Gables Hospital	600	2.50%	598	3.83%
Dade County Public Schools	534	2.23%	737	4.72%
Bacardi USA	325	1.35%	330	2.11%
The Collection	310	1.29%	N/A	N/A
Mercantil Commerce Bank/Commerce Bank	293	1.22%	N/A	N/A
Gables Engineering, Inc.	279	1.16%	200	1.28%
Gilbraltar Bank	278	1.16%	N/A	N/A
HBO Latin America	276	1.15%	N/A	N/A
Bill Ussery Motors Mercedes-Benz	258	1.08%	250	1.60%
Diageo	220	0.92%	N/A	N/A
IBM Corporation	215	0.90%	120	0.77%
Kindered Hospital	200	0.83%	N/A	N/A
Stantec	150	0.63%	N/A	N/A
Yard House Restaurant	141	0.59%	N/A	N/A
Richemont L.A. & Caribbean	140	0.58%	N/A	N/A
Univision Radio Florida	140	0.58%	N/A	N/A
Hyatt Regency Coral Gables	125	0.52%	N/A	N/A
The Westin Colonnade Hotel	125	0.52%	N/A	N/A
American Airlines	103	0.43%	N/A	N/A
Cable & Wireless	100	0.42%	N/A	N/A
Total	23,989	100.00%	15,608	100.00%

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

* Faculty & Full/Partime Employees

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

FUNCTION / PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Commission	7	7	7	7	7	7	7	7	7
City Attorney	4	4	4	5	5	5	5	5	5
City Clerk	4	4	5	5	5	5	5	5	5
City Manager	12	12	12	11	10	10	10	11	11
Human Resources	11	11	12	12	10	10	10	10	10
Development Services	58	58	65	63	58	63	64	64	64
Planning	5	5	5	5	4	0	0	0	0
Historic Resources	5	5	5	5	4	4	4	4	4
Public Works	77	80	76	76	65	63	84	84	204
Finance	31	32	31	31	31	31	33	33	34
Information Technology	11	11	16	19	16	15	15	15	15
Public Service	122	122	122	115	98	93	0	0	0
Automotive	30	30	30	30	26	23	0	0	0
Police	265	266	264	264	257	255	255	256	263
Fire	149	149	149	149	147	147	147	147	147
Parks & Recreation	36	36	35	33	28	26	0	0	0
Economic Sustainability	5	5	5	4	5	4	4	5	5
Parking	32	32	32	34	32	30	0	0	0
Community/Leisure Services	0	0	0	0	0	0	148	146	26
Total	864	869	875	868	808	791	791	792	800

Source: City of Coral Gables Budget Book

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

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety:										
Police:										
Physical arrests	925	1,012	1,173	1,000	881	991	860	847	880	935
Traffic Violations	22,758	23,198	27,556	24,915	26,399	20,750	16,897	20,462	19,863	23,785
Parking violations	119,156	114,614	114,924	105,485	101,644	122,596	151,703	139,929	96,394	100,674
Fire:										
Emergency response	8,347	7,453	7,097	4,361	6,014	8,000	6,224	7,621	7,022	7,721
Fire Inspections conducted	6,200	6,604	7,704	3,300	5,016	6,600	10,345	12,068	13,716	10,769
General Government:										
Tax Rates										
Utility Services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Water	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication Service	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
Gas	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Gas	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Cable Television	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

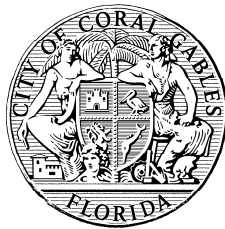
Sources: Various City departments

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Area										
Land (sq. miles) (1)	12.3	12.3	12.3	12.3	12.3	12.9	13.1	13.1	13.1	13.1
Water (sq. miles)	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Infrastructure (2)										
Paved streets	228	228	228	228	228	228	228	228	228	228
Unpaved streets	0	0	0	0	0	0	0	0	0	0
Canals and waterways	45	45	45	45	45	45	45	45	45	45
FPL owned streetlights	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Public Safety:										
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation:										
Recreation										
Public beach (miles)	0	0	0	0	0	0	0	0	0	0
Municipal parks	14	14	14	14	14	14	14	14	14	14
Undeveloped parks	0	0	0	0	0	0	2	2	2	2
Municipal swimming pool	1	1	1	1	1	1	1	1	1	1
36-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
19-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
Recreational areas (acres)	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Recreation centers	1	1	1	1	1	1	1	1	1	1
Municipal Water System										
Water mains (miles)	0	0	0	0	0	0	0	0	0	0
Fire hydrants	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260
Municipal Sewer System										
Wastewater force main (miles)	10	10	10	10	10	10	10	10	10	10
Wastewater lift stations	32	32	32	32	32	32	32	32	32	32

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

(2) Sources: Various city departments



[This Page Intentionally Left Blank]

City of Coral Gables, Florida

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

Fiscal Year Ended September 30, 2014

Table of Contents

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 <i>Government Auditing Standards</i>	1 – 2
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards as Required by OMB Circular A-133	3 – 4
Schedule of Expenditures of Federal Awards	5
Schedule of Expenditures of State Financial Assistance	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8 – 9
Management Letter Required By Chapter 10.550 of the Rules of the Auditor General of the State of Florida	10 – 11
Appendix A –Status of Prior Year's Recommendations to Improve Financial Management	12



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 17, 2015. Our report includes a reference to other auditors who audited the financial statements of the City of Coral Gables Retirement Plan and Police Officers' Pension Fund, as described in our report on the City's financial statements. The City of Coral Gables Retirement Plan was not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Miami, Florida
March 17, 2015



**Independent Auditor's Report on Compliance
for the Major Federal Program; Report on Internal
Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards as Required by OMB Circular A-133**

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

Report on Compliance for the Major Federal Program

We have audited the City of Coral Gables, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards as Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 17, 2015 which contained unmodified opinions on those financial statements. Our report included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

McGladrey LLP

Miami, Florida
March 17, 2015

City of Coral Gables, Florida

**Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2014**

Federal Grantor/Pass-Through Entity/Federal Awards	CFDA No.	Contract/ Grant No.	Total Expenditures
U.S. Department of Homeland Security:			
K-20 Target Hardening/Access Control	97.067	91Y-5322A-3PK01	\$ 81,881
Pass-through City of Miami, Florida:			
11 Urban Area Security Initiative	97.067	12-DS-22-11-23-02-236	30,993
12 Urban Area Security Initiative	97.067	14-DS-C5-11-23-02-212	63,500
Total Department of Homeland Security			<u>176,374</u>
U.S. Department of Justice:			
FY 2013 Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2014-JAGD-DADE-7-E6-077	9,969
FY 2010 Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	DOJ-2010-DJ-BX-1607	11,752
Drug Control & System Improvement	16.738	2014-JAGC-DADE-29-E5-060	5,020
			<u>26,741</u>
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None	145,628
Department of Justice Forfeiture Program (Equitable Sharing Program)			
South Florida Money Laundering Strike Force	16.922	None	333,329
			<u>478,957</u>
Total U.S. Department of Justice			<u>682,072</u>
National Endowment for the Arts:			
Civic Arts Monuments	45.024	12-6200-7027	16,000
Total National Endowment for the Arts			<u>16,000</u>
U.S. Department of Housing and Urban Development:			
09 Economic Development Initiative- Special Project	14.251	B-09-SP-FL-0104	117,351
Total U.S. Department of Housing and Urban Development			<u>117,351</u>
U.S. Department of Treasury:			
South Florida Money Laundering Strike Force (Equitable Sharing Program)	21.000	None	930,351
Total U.S. Department of Treasury			<u>930,351</u>
Total Expenditures of Federal Awards			<u>\$ 1,745,774</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

City of Coral Gables, Florida

**Schedule of Expenditures of State Financial Assistance
Fiscal Year Ended September 30, 2014**

State Grantor/Pass-Through Entity/State Assistance	CFSA No.	Contract/ Grant No.	Total Expenditures
Florida Department of Transportation:			
Service Development for Route Expansion	55.012	FPN 42361218401, Contract APF46	<u>\$ 132,000</u>
Total Florida Department of Transportation			<u>132,000</u>
Florida Department of Health:			
Pass-through Miami-Dade County, Florida: EMS FY 2013-2014 County Grant	64.005	C2013	<u>1,000</u>
Total Florida Department of Health			<u>1,000</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 133,000</u></u>

City of Coral Gables, Florida

**Notes to Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2014**

Note 1. General and Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal programs of the City of Coral Gables, Florida (the City) for the year ended September 30, 2014. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133 *Audits of States, Local Governments and Non-profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position, or cash flows of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and OMB Circular A-87, *Costs Principles for State, Local, and Indian Tribal Governments*.

The City of Coral Gables, Florida

**Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2014**

I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes

 X No

Significant deficiency(ies) identified?

_____ Yes

 X None Reported

Noncompliance material to financial statements noted?

_____ Yes

 X No

Federal Awards

Internal control over major program:

Material weakness(es) identified?

_____ Yes

 X No

Significant deficiency(ies) identified?

_____ Yes

 X None Reported

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

Unmodified

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

_____ Yes

 X No

Identification of major program:

CFDA Number

21.000

Name of Federal Program:

Department of Treasury Forfeiture Program
(Equitable Sharing Program) South Florida
Money Laundering Strike Force

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

\$ 300,000

Auditee qualified as low-risk auditee?

 X Yes

_____ No

(Continued)

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2014

II – Financial Statements Findings

None reported

III – Federal Award Findings

None reported

Summary Schedule of Prior Audit Findings

No findings were reported for the fiscal year ended September 30, 2013.



**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

Report on the Financial Statements

We have audited the financial statements of the City of Coral Gables, Florida (the City), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 17, 2015.

Auditor's Responsibility

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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Auditor General. Other auditors audited the financial statements of the City of Coral Gables Retirement Plan and Police Officers' Pension Fund, as described in our report on the City's financial statements. This management letter does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 17, 2015 should be considered in conjunction with this management letter.

Prior Audit Findings

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 the findings and recommendations made in the preceding annual financial audit report as disclosed in Appendix A – *Status of Prior Year's Recommendations to Improve Financial Management*.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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 is disclosed in Note 1 of the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

McGladrey LLP

March 17, 2015
Miami, Florida

City of Coral Gables, Florida

Appendix A – Status of Prior Year’s Recommendations to Improve Financial Management

Fiscal Year Ended September 30, 2014

No.	Prior Year's Observations	Observation Addressed or No Longer Relevant
ML 2013-01 and 2012-01	Internal Service Fund	X
ML 2012-02	Interfund Services	X
ML 2013-02	User Access Rights Administration	X



Independent Accountant's Report

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

We have examined the City of Coral Gables, Florida's (the "City") compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

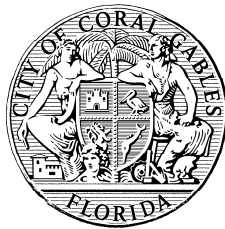
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

McGladrey LLP

Miami, Florida
March 17, 2015



[This Page Intentionally Left Blank]