



CORAL GABLES
THE CITY BEAUTIFUL

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2015

*Celebrating 90 years
of a dream realized*



Celebrate

ON THE COVER:

De Soto Fountain, built in 1925, is one of the most famous public monuments in Coral Gables.

The freestanding fountain sits prominently on a traffic circle connecting Venetian Pool and the Biltmore Hotel.

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the
FISCAL YEAR ENDED
September 30, 2015



"The City Beautiful"

Prepared by
FINANCE DEPARTMENT

CITY OF CORAL GABLES, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

CITY COMMISSION

JIM C. CASON, *MAYOR*

FRANK C. QUESADA., *Vice Mayor*
VINCE LAGO, *Commissioner*

PATRICIA KEON, *Commissioner*
JEANNETTE SLESNICK, *Commissioner*

CITY MANAGER

CATHY SWANSON-RIVENBARK

FINANCE DIRECTOR

DIANA M. GOMEZ, C.P.A.

ASSISTANT FINANCE DIRECTOR

SALLY OLA OLA

Introductory Section

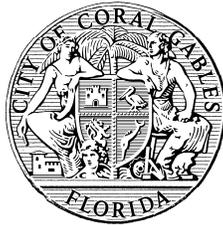
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LIST OF PRINCIPAL OFFICIALS



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The City of Coral Gables

Finance Department

CITY HALL 405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

March 8, 2016

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, 2015, 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, RSM US 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 51,227 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 Downtown area of Coral Gables is a vibrant business environment for its central location, proximity to international travel hubs, quality dining, and exceptional hotels. 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 U.S. The Coral Gables Fire Department is one of only a handful of fire departments in the nation to hold both the distinction of Class 1 status and full accreditation. The Coral Gables Police Department embodies this standard with their most recent CALEA reaccreditation, receiving the Gold Standard Accreditation with Excellence. Only one percent of all national law enforcement agencies have been distinguished with this accreditation.

Coral Gables has been named a "Tree City USA" for 30 consecutive years. To live up to this title, 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 four years towards the project. In addition, the City adopted a Tree Succession Plan and funded \$3.6 million for this project with the goal of replacing diseased trees and adding over 3,000 new trees throughout the City neighborhood, to preserve the lush tree canopy across the City. Approximately 700 trees have already been planted as part of the Tree Succession Program which began in the summer of 2015. Another 480 locations have been identified and staked, completing a third of the approximately 3,000 trees which were promised as part of this citywide project. The planting of the new trees is expected to last until the end of fiscal year 2016.

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

The 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) in 2013. 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 in 2008 resulted in a decline of the City's property values from \$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, 2013 and 2014 property values increased modestly to \$11.9 billion, \$12.0 billion, \$12.28 billion and \$12.85 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 to 5.629 in 2014 and to 5.589 in 2015. Due to the upward trend in taxable property values, property tax values increased by approximately \$2.24 million.

MAJOR INITIATIVES

The City's 2014-2015 Annual Budget included a \$13.2 million City-wide capital improvement program 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 the purchase of open space, the creation of entry-way improvements, installation of surveillance system at the Youth Center and additional funding for the ongoing installation of bike paths throughout the City.

The Miracle Mile and Giralda Avenue Streetscape Project is in full swing, as the much anticipated project has passed the momentous conceptual phase and is set to begin construction shortly. The renovated area will accommodate a pedestrian environment by increasing the sidewalk areas by 50% while including artful paving, lighting and landscaping. This project, estimated cost of \$26 million, is aimed to position the City's downtown for economic growth and livability by transforming the area 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 jointly by the City and property owners directly benefitting from the improvements

In June 2015, the City purchased a condominium space at the Palace at Coral Gables for \$3 million as a base shell to build an adult activity center. The project is at design and planning stage and will open by summer 2016.

During the year, the City has started the installation and construction of the new state-of-the-art public safety radio communication system. The new radio system is a 3-site 800 MHz simulcasted APCO Project 25 compliant digital voice network. This project includes new radio dispatch consoles for operators within the Primary Public Safety Answering Point (PSAP) and comparable equipment for the backup PSAP. Also included is a replacement of the majority of the City's 800 mobile (in vehicles) and portable (handheld) radios. As part of the radio network replacement, the City's microwave relay system is also being replaced. The project cost is approximately \$6.46 million and funded from the proceeds of the Special Revenue Bond Series 2014B. The project is expected to be completed by the end of fiscal year 2016.

The City has completed phase one of the renovation of Granada Golf Course which included restoring the greens, tees and fairways, and extending cart paths. During this phase, major tree maintenance took place to make the course safer, which included the removal of four large diseased trees. These trees will be replaced with a variety of palms and flowering trees to preserve the "Tree City USA" canopy that exists today. Phase two will be accompanied by the replacement of rain shelters and is anticipated to finish shortly into the new fiscal year. The project cost is approximately \$650,000.

During the fiscal year, the City implemented the Residential Sidewalk Restoration Program with approximate project cost of \$2 million. The \$2 million project will restore uneven or broken sidewalks that have been damaged in the past 20 years while also establishing sidewalk connectors for ADA accessibility.

Parking Garage 1 and 4 received much needed renovation which includes upgrade of lighting, painting of interior and exterior surfaces, restriping parking spaces, replace broken wheel stops, repair railings, and installation of a bike parking area/facility.

In October 2015, Moody's Investors Service has upgraded the City's long-term issuer rating to Aaa from Aa1 and upgraded to Aa1 the non-advalorem revenue debt rating. The Issuer Rating upgrade reflects the City's initiative to build up financial reserves and conservatively manage operations, and incorporates the substantial and rebounding tax base, wealthy socioeconomic profile, strong financial position, low debt burden, and moderate pension liability. The Aa1 non-ad valorem rating also incorporates the ample and growing level of legally-available non-ad valorem revenues supporting the debt. The City also received an upgrade from S&P to AA+/Positive from AA+/Stable.

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 2015-2016 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 fiscal year 2015-2016 budget provides for a capital improvement program totaling \$25 million and highlights include facility repairs/maintenance of \$2.5 million, historic facility repairs/restorations of \$3.2 million, motor pool equipment replacement of \$3.5 million, parking system repairs/improvements of \$2.4 million, parks and recreation amenity improvements of \$3.8 million, public safety improvements of \$1.8 million, transportation and roadway improvements of \$4.3 million, utility repairs/improvements of \$2.3 million and information technology equipment replacement of \$1.1 million.

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 further enhance the City’s neighborhoods 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 2015, approximately \$8.4 million has been spent on NRP projects.

In October 2015, to address the issue of the unfunded pension liability, the City passed a resolution authorizing the implementation of the unfunded pension liability accelerated pay down policy. The policy is adopted to reduce the amount of time to fully fund the current unfunded liability amount and eliminate any future pension unfunded liabilities as they may arise. This resolution allows for budgeting of additional payments above the annual required contribution in order to more quickly fund the unfunded liability. As part of the implementation of the policy, the City contributed additional \$4 million to the Coral Gables Retirement System in October 2015 which was applied towards the unfunded liability.

In December 2015, the City started the process of developing a new comprehensive strategic management plan to be implemented at the start of fiscal year 2017. The new strategic plan will help determine a 3 to 5 year work plan aimed at moving the City forward with sustained growth. The work plan will incorporate performance metrics to help measure our successes. Once the plan is in place, the City will work towards developing a comprehensive financial plan to secure those successes.

The City’s first Sustainability Master Plan is underway, which is part of the City’s overall commitment to strategic and comprehensive sustainability planning throughout all City departments. Focus areas 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.

The City is taking actions to reduce the carbon footprint through improved infrastructure, with the addition of the Grand Avenue Loop to the free trolley service. This new loop is intended to reduce car use by encouraging public transportation, as the new loop will provide service from the Douglas Metro Station. There are also considerations of incorporating Leadership in Energy and Environmental Design (LEED) building standards into applicable City and Zoning Codes, such guidelines would allow for great energy savings in buildings with little additional costs. The issue of pollution was also addressed with a resolution that encourages City residents, businesses, vendors, and visitors to cease the use of polystyrene products with the replacement of reusable, recyclable and compostable alternatives.

Climate change is an issue that Coral Gables takes very seriously with particular weight placed on rising sea level. The City plans on dedicating \$250,000 in partnership with Florida International University to analyze mitigation and adaptation strategies for the community. City of Coral Gables is planning for the future by undergoing a community vulnerability assessment. The assessment will identify the City's at-risk infrastructure and will propose adaptation and mitigation strategies to deal with the projected effects of rising sea level.

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 RSM US LLP was appointed by the City Commission. The Audit engagement requires the independent auditor to report on the fair presentation of the financial statements and on the City'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, 2014. This was the thirty first consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,



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



Government Finance Officers Association

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

Presented to

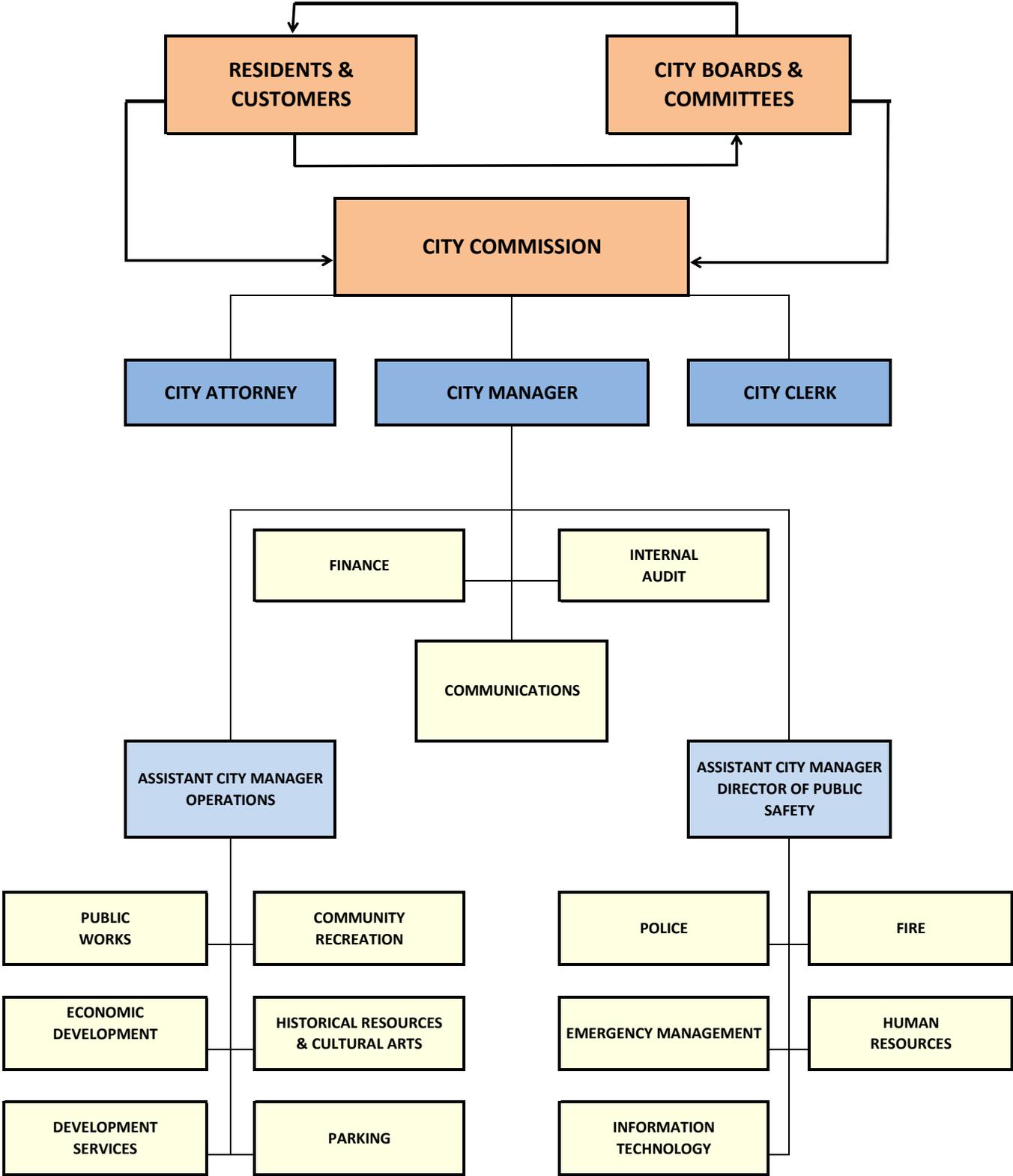
**City of Coral Gables
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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



CITY OF CORAL GABLES LIST OF PRINCIPAL OFFICIALS



JIM C. CASON
MAYOR



FRANK C. QUESADA
VICE MAYOR



PATRICIA KEON
COMMISSIONER



VINCE C. LAGO
COMMISSIONER



JEANNETTE SLESNICK
COMMISSIONER



WALTER FOEMAN
CITY CLERK



CATHY SWANSON-RIVENBARK
CITY MANAGER



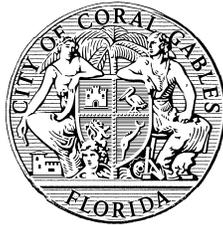
CRAIG E. LEEN
CITY ATTORNEY

FRANK FERNANDEZ
ASSISTANT CITY MANAGER / DIRECTOR OF PUBLIC SAFETY

DEPARTMENT DIRECTORS

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

Maria Rosa Higgins-Fallon
Fred Couceyro
Charles Wu (Acting)
Javier Betancourt
Elsa I. Jaramillo-Velez
Diana M. Gomez
Mark Stolzenberg
Dona M. Spain
Gee Ming Chow
Lori St. John
Kevin J. Kinney
Edward Hudak
Glenn R. Kephart



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Financial Section

REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION



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RSM US LLP

Independent Auditor's Report

Honorable Mayor and Members
of the City Commission
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, 2015, 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 81% of the total assets/deferred outflows of resources and 52% 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.

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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 reports 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, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the accompanying financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, effective October 1, 2014. The net position balances of the governmental activities, business type activities, sanitary sewer system fund, parking fund, and the aggregate remaining fund information as of October 1, 2014 have been restated. Our opinion is not modified with respect to this matter.

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 08, 2016 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.

RSM US LLP

Miami, Florida
March 8, 2016



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MANAGEMENT’S DISCUSSION AND ANALYSIS

(Unaudited)

This section of the City’s financial statements presents management’s analysis of the City’s financial performance during the fiscal year that ended on September 30, 2015. 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 \$116.91 million (net position) position which decreased \$164.38 million when compared to prior year, mainly due to the recognition of net pension liability of \$212.84 million as of fiscal year end resulting from the implementation of GASB 68 and 71, as further discussed in Notes 1(aa) and 8 of the financial statements. The current year change in net position was an increase of \$30.4 million.
- 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 \$120.25 million, an increase of \$17.10 million in comparison with the prior year. Of this amount, \$39.30 million or approximately 32.64% is unassigned fund balance in the General Fund which is maintained in accordance with the City’s Fund Balance Reserve Policy.
- At the end of the current year, the total of the committed, assigned, and unassigned components of fund balances for the general fund was \$48.03 million or 39.62% of the total general fund expenditures and is available for future spending.
- The 2014-2015 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 December 2014, the City issued special obligation bonds Series 2014B with principal amount of \$6.5 million to provide funds for capital improvements, including but not limited to acquisition of a new radio system and replacement of the microwave relay system. The Series 2014B has a tax-exempt fixed interest rate of 2.05% payable on April 1 and October 1 of each year and matures on April 1, 2030.
- The City’s Streetscape Improvement Project for Miracle Mile and Restaurant Row in Giralda Avenue is moving forward in fiscal year 2015. Properties located in the defined assessment areas that will specially benefit from the improvement projects are allocated with total special assessment of \$9.04 million where \$864,000 has been received by the City from property owners who had prepaid their special assessment. On January 26, 2016, the City passed Resolution 2016-33 approving a construction contract for a guaranteed maximum price of \$21.6 million, and contract for the construction administration services not to exceed \$500,000. The total project cost is estimated at \$25.9 million which includes the

guaranteed construction price, construction administration services, design and other project costs.

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, debt service fund and capital project general improvement 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 87 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, 2015, the City's total net position decreased \$164.38 million when compared to prior year, mainly due to the recognition of a net pension liability of \$212.84 million as of fiscal year end resulting from the implementation of GASB 68 and 71, as further discussed in footnotes 1aa and 8 of the financial statements. The current year change in net position was an increase of \$30.4 million.

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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 184.76	\$ 169.71	\$ 25.38	\$ 22.35	\$ 210.14	\$ 192.06
Capital assets	180.07	170.17	42.76	41.68	222.83	211.85
Total Assets	364.83	339.88	68.14	64.03	432.97	403.91
Total Deferred Outflows of Resource	27.80	0.26	0.94	0.18	28.74	0.44
Current liabilities	13.97	10.79	2.96	2.30	16.93	13.09
Noncurrent liabilities	296.40	88.31	24.39	19.41	320.79	107.72
Total Liabilities	310.37	99.10	27.35	21.71	337.72	120.81
Total Deferred Inflows of Resource	6.96	2.25	0.12	-	7.08	2.25
Net Position:						
Net Investment in capital assets	133.37	127.80	23.57	26.72	156.94	154.52
Restricted	21.86	21.33	0.30	0.22	22.16	21.55
Unrestricted	(79.93)	89.66	17.74	15.56	(62.19)	105.22
Total Net Position	\$ 75.30	\$ 238.79	\$ 41.61	\$ 42.50	\$ 116.91	\$ 281.29

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 \$22.16 million, or 19% of the net position, is restricted due to external restrictions on how they may be used. The City’s unrestricted net position is a deficit of \$62.19 million.

For the governmental activities, capital assets represent 49% of total assets, while noncurrent liabilities represent 95% of the total long-term liabilities. For the business-type activities, these capital assets represent 63% of total assets, while noncurrent liabilities represent 89% of the total long-term liabilities.

Current and other assets increased \$15.05 million for governmental activities mainly due to the positive results of operations of \$17.14 million as shown in the statements of revenues, expenditures and changes in fund balance on page 24 of this report. Current and other assets increased \$3.03 million for business-type activities mainly due to the positive results of operations of \$5.84 million as shown in the statements of activities.

Current liabilities increased by \$3.18 million for governmental activities primarily due to increase in contractor invoices related to various on-going capital projects.

Current liabilities increased \$660 thousand for business-type activities mainly due to increase in accounts payable related to the acquisition of thirty-five (35) new “pay and display” pay stations and contractor invoices related to various improvement projects at parking garages.

Total Non-current liabilities had a net increase of \$213.10 million due to (a) recognition of net pension liability of \$212.84 million (b) scheduled principal payments in fiscal year ended 2015 of \$3.9 million and issuance of new debt of \$6.5 million; (c) repayment of capital lease payable of \$3.1 million; and (d) increase in net OPEB obligation of \$1.14 million.

The deferred outflows of resources consist of deferred outflows related to pension and deferred charge on bond refunding. Deferred outflows related to pension of \$28.36 million consists of difference between expected and actual experience and pension contribution to be expensed in the subsequent period. Deferred charge on refunding of \$380,000 resulted from issuance of a refunding bond with reacquisition price exceeding the net carrying value of the refunded debt.

The deferred inflows of resources consist of business tax receipts of \$2.69 million received in advance for fiscal year 2016, and deferred inflows related to pension of \$4.39 million representing the net difference between projected and actual earnings on pension plan investments.

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		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General Revenues:						
Taxes	\$ 90.08	\$ 86.88	\$ -	\$ -	\$ 90.08	\$ 86.88
Intergovernmental	5.03	4.74	-	-	5.03	4.74
Investment Earnings	0.71	0.46	0.09	0.07	0.80	0.53
Gain on Sale of Capital Assets	3.65	-	-	-	3.65	-
Miscellaneous	0.25	0.29	-	-	0.25	0.29
Program Revenues:						
Charges for Services	43.81	43.00	25.60	23.30	69.41	66.30
Operating	0.09	0.49	-	-	0.09	0.49
Capital	1.35	9.46	0.46	-	1.81	9.46
Total Revenues	144.97	145.32	26.15	23.37	171.12	168.69
Expenses:						
General Government	22.36	23.03	-	-	22.36	23.03
Public Safety	69.42	71.81	-	-	69.42	71.81
Physical Environment	16.34	17.17	-	-	16.34	17.17
Transportation	6.56	4.58	-	-	6.56	4.58
Economic Environment	0.77	0.85	-	-	0.77	0.85
Culture and Recreation	10.04	9.92	-	-	10.04	9.92
Interest Expense	1.39	1.49	-	-	1.39	1.49
Sanitary Sewer System	-	-	6.68	5.89	6.68	5.89
Parking System	-	-	5.17	5.01	5.17	5.01
Stormwater Utility	-	-	2.02	2.32	2.02	2.32
Total Expenses	126.88	128.85	13.87	13.22	140.75	142.07
Increase (decrease) in net position before transfers	18.09	16.47	12.28	10.15	30.37	26.62
Transfers	7.23	7.37	(7.23)	(7.37)	-	-
Increase in net position	25.32	23.84	5.05	2.78	30.37	26.62
Beginning Net Position, as restated (Note 1(aa))	49.98	214.95	36.56	39.72	86.54	254.67
Ending Net Position	\$ 75.30	\$ 238.79	\$ 41.61	\$ 42.50	\$ 116.91	\$ 281.29

Governmental Activities:

The most significant increase of revenue in governmental activities for the fiscal year 2014-2015 was taxes with an increase of \$3.20 million or 4% mainly due to increase of \$2.9 million in ad valorem taxes collected during the year attributable to the slight increase in property values in 2015. During fiscal year 2015, as part of a settlement agreement with a third-party for \$3.9 million, the City sold the land and building used as trolley maintenance facility. The net gain on the sale was \$3.65 million. Capital grants and contributions decreased by \$8.11 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 which was recognized as revenue in fiscal year 2014, regardless of the timing of the related cashflows.

The largest outflow of resources for the City is represented in the public safety function which 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. Further analysis of

change in the expenditures of the governmental fund is included in the analysis of the City's major funds.

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 \$137.19 million of revenue during the fiscal year, offset by \$121.24 million of expenditures. As noted above, taxes represent the largest portion of revenues and public safety represents the largest portion of expenditures. In fiscal year 2015, public safety function increased \$1.9 million due to increase in personnel costs. The general government function showed an increase of \$1.4 million mainly due to increase in personnel cost. During fiscal year 2015, the City allowed employees to convert sixty (60) unused annual leave hours to cash which amounted to \$841,000. The City decreased its millage rate from 5.629 to 5.5890 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 2015.

Debt Service Fund – In fiscal year 2015, the City issued special obligation bonds Series 2014B with principal amount of \$6.5 million to provide funds for capital improvements, including but not limited to acquisition of a new radio system and replacement of the microwave relay system. In addition, the City paid \$3.2 million in scheduled principal payments in fiscal year ended 2015.

Capital Project General Improvement Fund - This fund recognized \$1.90 million in revenue offset by \$11.43 million in capital expenditures. Significant capital project expenditures include the Streetscape Improvement Project for Miracle Mile and Restaurant Row in Giralda Avenue, construction of the senior center, construction and implementation of the new radio system and replacement of the microwave relay system, 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 \$635,000 and operating expenses increased by approximately \$530,000 from the prior year. In fiscal year 2015, the City increased the system user rates by 7% to recover funds spent on repairs and rehabilitation of sewer pumps and higher cost of waste disposal. The increase in operating expense is attributable to higher cost of waste disposal and in repairs and maintenance of sewer pumps. During the current year, the Sanitary Sewer Fund received \$38,000 as transfers-in from the Parking Fund to provide additional funding for the repairs and maintenance of sewer pumps; and transferred approximately \$1.1 million to the General Fund to subsidize the cost of operations of the fund. Additionally, the City spent approximately \$ 1.5 million to replace and

upgrade the equipment in City 2 pump station. This capital project is partly funded by US Environmental Protection Agency through a grant award.

Parking System - Operating revenues increased by approximately \$1.4 million 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 operating expense showed increase of \$249,000 mainly related to various repairs and maintenance to garage facilities. Additionally, during the current year the Parking Fund transferred approximately \$5.78 million to the General Fund to subsidize the cost of operations of the fund; \$38,000 to the Sanitary Sewer Fund; and \$2,500 to Stormwater Fund to provide additional funding for the repairs and maintenance of sewer pumps and stormwater system.

Stormwater Utility Fund - Operating revenues increased by approximately \$268,000 from the prior year attributable to increase in system user rates by 7%. The operating expense showed a decrease of \$263,000 mainly due to reduced maintenance-type work on the stormwater infrastructure. In addition, during fiscal year 2015 the Stormwater Utility Fund transferred approximately \$319,000 to the General Fund to subsidize the cost of operations of the fund; and received \$2,500 from Parking Fund to provide additional funding for the repairs and maintenance of the stormwater system.

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 \$128.80 million to \$129.31 million from the original to the final budget. The City’s budgeted expenditures increased from \$127.83 million to \$128.26 million from the original to the final budget. For the fiscal year, the budget amendments related to revenue mainly pertain to increase in intergovernmental revenues from grant related projects. The budget amendments related to expenditures mainly pertain to increase in grant related capital project expenditures for public safety.

The City budgeted \$129.31 million in revenue and recognized \$137.19 million. The City budgeted \$128.26 million in expenditures, but incurred \$121.24 million.

The budget to actual variances in revenue were due to increases in permits and related building and planning fees as a direct result of the increase in construction and new developments in the City, increase in recreation activity fees, receipt of equitable sharing revenues from federal agencies as part of the City’s participation in public safety operations/programs, and improved collection of waste collection fees.

The budget to actual variances in expenditures were due to decreases in 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, 2015 amounted to \$222.82 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 increased by \$10.97 million from the prior year.

During the current fiscal year, significant additions in governmental activities included \$10.42 million of various construction in progress, \$3.0 million of improvements other than building and \$4.82 million in machinery and equipment. Significant additions for business-type activities included \$2.17 million in construction in progress relating to rehabilitation and improvements of various pump stations and \$235,000 in machinery and equipment.

Table A-3

Capital Assets (In millions of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 45.41	\$ 45.41	\$ 3.70	\$ 3.70	\$ 49.11	\$ 49.11
Construction in Progress	13.05	2.64	3.02	0.85	16.07	3.49
Infrastructure	113.07	113.07	27.32	27.32	140.39	140.39
Building	63.64	63.64	30.25	30.25	93.89	93.89
Improvements Other Than Buildings	49.79	47.28	0.61	0.61	50.40	47.89
Machinery and Equipment	49.95	46.27	2.93	2.69	52.88	48.96
Total Capital Assets	334.91	318.31	67.83	65.42	402.74	383.73
Accumulated Depreciation	154.85	148.14	25.07	23.74	179.92	171.88
Net Capital Assets	\$ 180.06	\$ 170.17	\$ 42.76	\$ 41.68	\$ 222.82	\$ 211.85

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

Debt Administration

The City has received a “AA/Positive” Implied Credit Rating from Standard & Poor's Corporation and a “Aaa” Implied Rating from Moody’s Investors Service. The City has no general obligation bonds outstanding as of September 30, 2015.

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, 2015 was \$77.84 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, estimated claims liabilities related to the City's self-insurance programs, and net pension liability. The City's General Fund is primarily utilized for the payment of these liabilities for the governmental activities. Overall, long-term liabilities decreased by \$7.39 million. This decrease is due primarily to the net effect of the following: implementation of GASB 68 and recognition of net pension liability of \$212.84 million which decreased by \$7 million as of fiscal year 2015, increase in the net OPEB obligation of \$1.14 million, issuance of new special revenue bonds of \$6.5 million and debt service payments of \$3.9 million.

Table A-4

Long-Term Liabilities (In millions of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014*	2015	2014*	2015	2014
Special Obligation Debt	\$ 60.05	\$ 56.76	\$ 17.79	\$ 18.51	\$ 77.84	\$ 75.27
Estimated Insurance Claims	11.93	12.03	-	-	11.93	12.03
Accrued Compensated Absences	9.24	9.19	0.29	0.33	9.53	9.52
Capital Lease	0.25	3.17	0.21	0.39	0.46	3.56
Pollution Remediation Obligation	0.03	0.31	-	-	0.03	0.31
Net OPEB Obligation	7.98	6.85	0.19	0.18	8.17	7.03
Net Pension Liability	206.92	214.34	5.92	6.13	212.84	220.47
Total	\$ 296.40	\$ 302.65	\$ 24.40	\$ 25.54	\$ 320.80	\$ 328.19

- The 2014 balances have been restated to reflect the implementation of GASB Statements 68 and 71, as further discussed in Note 1(aa) of the financial statements.

Additional information on the City's long-term debt can be found in Note 7 of this report; net pension liability and OPEB obligation is discussed in Notes 8 and 9, respectively, of this report.

Economic Factors and Next Year's Budget and Rates

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

construction and assessed property valuation. Net assessed value of real and personal property within the County increased by 8.10%.

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 5.559 for the 2015-2016 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 \$617,300 has increased by nearly 107% since 1970 and has increased by nearly 80% 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 City's Finance Director, 405 Biltmore Way, Coral Gables, Florida 33134.

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET POSITION
September 30, 2015

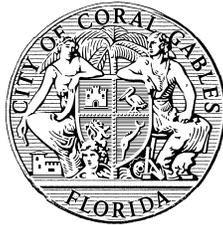
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 64,536,239	\$ 8,764,575	\$ 73,300,814
Restricted Cash and Cash Equivalents	12,165,067	578,061	12,743,128
Investments	58,009,323	11,673,678	69,683,001
Restricted Investments	21,024,398	-	21,024,398
Accounts Receivable, Net	18,812,886	2,412,735	21,225,621
Interest Receivable	108,219	12,904	121,123
Assessment Liens Receivable	8,276,672	69,696	8,346,368
Internal Balances	(1,406,955)	1,406,955	-
Due from Other Governments	1,692,473	463,764	2,156,237
Inventory	60,853	-	60,853
Prepaid Items	1,483,094	-	1,483,094
Capital Assets Not Being Depreciated:			
Land	45,407,634	3,701,838	49,109,472
Construction in Progress	13,051,473	3,019,441	16,070,914
Capital Assets, Net of Accumulated Depreciation:			
Infrastructure	34,468,907	16,307,385	50,776,292
Buildings	40,611,059	18,743,003	59,354,062
Improvements Other Than Buildings	35,163,029	208,409	35,371,438
Machinery and Equipment	11,367,885	772,117	12,140,002
Total Assets	<u>364,832,256</u>	<u>68,134,561</u>	<u>432,966,817</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	231,842	155,182	387,024
Deferred Outflows Related to Pension	27,567,679	788,058	28,355,737
Total Deferred Outflows of Resources	<u>27,799,521</u>	<u>943,240</u>	<u>28,742,761</u>
LIABILITIES			
Accounts Payable	7,796,155	2,272,988	10,069,143
Accrued Payroll	1,973,173	144,271	2,117,444
Unearned Revenue	579,103	262,048	841,151
Due to Other Governments	158,055	-	158,055
Deposits Payable	3,469,279	278,534	3,747,813
Noncurrent Liabilities:			
Due Within One Year	12,773,920	1,393,136	14,167,056
Due In More Than One Year	283,625,514	22,997,994	306,623,508
Total Liabilities	<u>310,375,199</u>	<u>27,348,971</u>	<u>337,724,170</u>
DEFERRED INFLOWS OF RESOURCES			
Revenues Received in Advance	2,693,985	-	2,693,985
Deferred Inflows Related to Pension	4,265,782	121,943	4,387,725
Total Deferred Inflows of Resources	<u>6,959,767</u>	<u>121,943</u>	<u>7,081,710</u>
NET POSITION			
Net Investment in Capital Assets	133,370,878	23,568,249	156,939,127
Restricted for:			
Debt Service	1,680,845	-	1,680,845
Public Safety	2,031,052	-	2,031,052
Streetscape Assessment Projects	9,042,431	-	9,042,431
Capital Improvements	3,941,130	299,527	4,240,657
Law Enforcement	2,580,282	-	2,580,282
Public and Historic Art	1,762,089	-	1,762,089
Records Management	819,656	-	819,656
Unrestricted	(79,931,552)	17,739,111	(62,192,441)
Total Net Position	<u>\$ 75,296,811</u>	<u>\$ 41,606,887</u>	<u>\$ 116,903,698</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, 2015

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	\$ 22,362,962	\$ 23,300,256	\$ -	\$ -	\$ 937,294	\$ -	\$ 937,294
Public Safety	69,415,601	6,582,738	12,027	367,450	(62,453,386)	-	(62,453,386)
Physical Environment	16,343,967	8,158,310	60,338	850,380	(7,274,939)	-	(7,274,939)
Transportation	6,558,044	18,906	-	-	(6,539,138)	-	(6,539,138)
Economic Environment	770,611	680,000	-	-	(90,611)	-	(90,611)
Culture and Recreation	10,035,755	5,070,153	14,792	128,128	(4,822,682)	-	(4,822,682)
Interest on Long-term Debt	1,388,635	-	-	-	(1,388,635)	-	(1,388,635)
Total Governmental Activities	126,875,575	43,810,363	87,157	1,345,958	(81,632,097)	-	(81,632,097)
Business-type Activities:							
Sanitary Sewer System	6,680,895	9,375,348	-	463,764	-	3,158,217	3,158,217
Parking System	5,170,070	13,025,045	-	-	-	7,854,975	7,854,975
Stormwater Utility	2,024,485	3,198,371	-	-	-	1,173,886	1,173,886
Total Business-type Activities	13,875,450	25,598,764	-	463,764	-	12,187,078	12,187,078
Total	\$ 140,751,025	\$ 69,409,127	\$ 87,157	\$ 1,809,722	(81,632,097)	12,187,078	(69,445,019)
General Revenues:							
Taxes:							
Property Taxes					68,107,835	-	68,107,835
Franchise Fees					6,908,438	-	6,908,438
Utilities Service Taxes					11,986,127	-	11,986,127
Other Taxes					3,077,874	-	3,077,874
Intergovernmental, not restricted for specific programs					5,034,109	-	5,034,109
Investment Earnings					706,665	94,112	800,777
Gain on Sale of Capital Assets					3,648,411	-	3,648,411
Miscellaneous					254,373	-	254,373
Transfers					7,229,879	(7,229,879)	-
Total General Revenues and Transfers					106,953,711	(7,135,767)	99,817,944
Change in Net Position					25,321,614	5,051,311	30,372,925
Net Position - Beginning, as restated (Note 1(aa))					49,975,197	36,555,576	86,530,773
Net Position - Ending					\$ 75,296,811	\$ 41,606,887	\$ 116,903,698

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



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Major Governmental Funds

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

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

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

CITY OF CORAL GABLES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

	Major Funds			Nonmajor Funds	
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled Cash and Cash Equivalents	\$ 23,487,690	\$ -	\$ 28,864,813	\$ 1,580,459	\$ 53,932,962
Restricted Cash and Cash Equivalents	-	938,675	3,734,578	7,491,814	12,165,067
Pooled Investments	26,846,984	-	13,344,175	2,222,057	42,413,216
Restricted Investments	7,011,823	1,500,922	-	12,511,653	21,024,398
Accounts Receivable, Net	18,525,608	11,000	94,058	129,422	18,760,088
Interest Receivable	52,394	1,380	16,201	15,466	85,441
Assessment Liens Receivable	95,667	8,181,005	-	-	8,276,672
Due from Other Funds	2,315,000	-	-	-	2,315,000
Due from Other Governments	899,936	-	14,016	778,521	1,692,473
Prepaid Items	40,866	-	14,426	155,556	210,848
Total Assets	79,275,968	10,632,982	46,082,267	24,884,948	160,876,165
LIABILITIES					
Accounts Payable	3,092,707	771,132	1,479,843	989,250	6,332,932
Accrued Payroll	1,889,150	-	-	8,990	1,898,140
Due to Other Funds	-	-	2,250,000	65,000	2,315,000
Unearned Revenue	552,303	-	26,800	-	579,103
Refundable Deposits	3,469,279	-	-	-	3,469,279
Due to Other Governments	158,055	-	-	-	158,055
Total Liabilities	9,161,494	771,132	3,756,643	1,063,240	14,752,509
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	14,680,566	8,181,005	108,044	213,957	23,183,572
Revenues Received in Advance	2,693,985	-	-	-	2,693,985
Total Deferred Inflow of Resources	17,374,551	8,181,005	108,044	213,957	25,877,557
FUND BALANCES					
Nonspendable:					
Prepaid Items	40,866	-	14,426	155,556	210,848
Restricted to:					
Law Enforcement	2,031,052	-	-	-	2,031,052
Public and Historic Art	673,136	-	-	-	673,136
Records Management	819,656	-	-	-	819,656
Public Safety Communication System	-	-	1,692,015	-	1,692,015
Debt Service Reserve	-	1,680,845	-	-	1,680,845
Police and Fire System Improvements	-	-	-	2,580,282	2,580,282
Parks System Improvements	-	-	-	6,298,554	6,298,554
Downtown Civic Plaza	-	-	-	2,000,000	2,000,000
Entrances/Circles/Fountains	-	-	-	1,691,941	1,691,941
Miracle Mile/Giralda Streetscape Project	-	-	1,952,846	-	1,952,846
Other Physical Environment	18,700	-	89,717	7,180,480	7,288,897
Impact Fee Administration	-	-	-	40,214	40,214
Assigned to:					
Administration Buildings and Equipment	-	-	3,985,435	-	3,985,435
Pension Stabilization	2,000,000	-	-	-	2,000,000
Historical Preservation	66,608	-	-	-	66,608
Roads and Streets	-	-	2,054,469	-	2,054,469
Other Public Safety Projects	-	-	15,201,042	-	15,201,042
Other Parks and Recreation Projects	-	-	8,481,521	-	8,481,521
Other Physical Environment	-	-	1,505,109	-	1,505,109
Other Capital Projects	-	-	2,870,393	3,712,235	6,582,628
Other Purposes	7,784,689	-	4,370,607	-	12,155,296
Unassigned	39,305,216	-	-	(51,511)	39,253,705
Total Fund Balances	52,739,923	1,680,845	42,217,580	23,607,751	120,246,099
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 79,275,968	\$ 10,632,982	\$ 46,082,267	\$ 24,884,948	\$ 160,876,165

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, 2015

Total Fund Balances - Governmental Funds	\$	120,246,099
Amounts reported for <i>governmental activities</i> 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.		173,102,777
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		23,183,572
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.		14,627,803
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.		(1,406,955)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
	\$	
Compensated Absences	(8,869,835)	
Special Obligations Debt Payable	(60,054,735)	
Deferred Charge on Bond Refunding	231,842	
Capital Lease Payable	(254,690)	
Pollution Remediation Obligation	(25,000)	
Net OPEB Obligation	(7,764,207)	
Net Pension Liability	<u>(200,272,818)</u>	(277,009,443)
Deferred inflows/outflows of resources in the Statement of Net Position will be recognized in future periods.		
Deferred Outflows of Resources Related to Pension	26,681,635	
Deferred Inflows of Resources Related to Pension	<u>(4,128,677)</u>	<u>22,552,958</u>
Total Net Position - Governmental Activities	\$	<u>75,296,811</u>

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

CITY OF CORAL GABLES, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2015

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Other Governmental Funds	
REVENUES					
Taxes	\$ 87,002,400	\$ -	\$ -	\$ 3,077,874	\$ 90,080,274
Licenses	3,255,125	-	-	-	3,255,125
Permits	8,783,434	-	-	-	8,783,434
Fines and Forfeitures	2,494,796	-	-	-	2,494,796
Intergovernmental	5,496,714	-	570,793	24,000	6,091,507
Charges for Services	20,169,601	-	-	-	20,169,601
Recreation Activity Fees	4,377,394	-	-	-	4,377,394
Rental Income	4,849,290	-	-	37,513	4,886,803
Investment Earnings	453,322	8,587	133,960	110,796	706,665
Special Assessments	-	177	1,199,633	1,618,120	2,817,930
Contributions and Donations	58,292	-	-	-	58,292
Miscellaneous	254,373	-	-	-	254,373
Total Revenues	137,194,741	8,764	1,904,386	4,868,303	143,976,194
EXPENDITURES					
Current:					
General Government	19,113,382	-	487,027	7,887	19,608,296
Public Safety	72,095,947	-	317,217	-	72,413,164
Physical Environment	17,067,829	-	28,185	-	17,096,014
Transportation	2,525,978	-	55,412	4,357,524	6,938,914
Economic Environment	821,259	-	-	-	821,259
Culture and Recreation	8,489,640	-	857,765	206,607	9,554,012
Debt Service:					
Retirement of Principal	145,810	3,206,325	-	-	3,352,135
Interest	9,644	1,506,436	-	-	1,516,080
Capital Outlay	972,978	-	9,681,915	4,329,884	14,984,777
Total Expenditures	121,242,467	4,712,761	11,427,521	8,901,902	146,284,651
Excess (deficiency) of Revenues Over (Under)					
Expenditures before Other Financing Sources (Uses)	15,952,274	(4,703,997)	(9,523,135)	(4,033,599)	(2,308,457)
OTHER FINANCING SOURCES (Uses)					
Special Revenue Bonds Issued	-	-	6,500,000	-	6,500,000
Sale of Capital Assets	-	-	3,900,000	-	3,900,000
Transfers In	9,188,532	6,384,842	17,743,847	4,330	33,321,551
Transfers Out	(21,234,431)	(3,099,173)	-	-	(24,333,604)
Total Other Financing Sources (Uses)	(12,045,899)	3,285,669	28,143,847	4,330	19,387,947
Net Change in Fund Balances	3,906,375	(1,418,328)	18,620,712	(4,029,269)	17,079,490
Fund Balances - Beginning	48,833,548	3,099,173	23,596,868	27,637,020	103,166,609
Fund Balances - Ending	\$ 52,739,923	\$ 1,680,845	\$ 42,217,580	\$ 23,607,751	\$ 120,246,099

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 17,079,490

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

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

Depreciation Expense	\$ (6,482,252)	
Capital Outlay	14,984,777	
Capitalized Interest	127,445	
Disposal of Assets	<u>(251,589)</u>	8,378,381

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

Change in unavailable revenues	<u>(2,657,295)</u>	(2,657,295)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which repayment exceeded the amount issued in the current period.

Loan Repayments	3,352,135	
Debt Proceeds	<u>(6,500,000)</u>	(3,147,865)

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.

1,229,437

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.

(233,025)

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	(52,897)	
Net OPEB Obligation	(1,072,062)	
Pollution Remediation	285,000	
Amortization of Deferred Charge on Refunding	<u>(33,194)</u>	(873,153)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension Contributions	22,863,168	
Cost of benefits earned net of employee contributions	<u>(17,317,524)</u>	5,545,644

Change in Net Position of Governmental Activities \$ 25,321,614

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



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Major Proprietary Funds

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

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

Non-major Proprietary Fund

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	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	\$ 4,149,221	\$ 3,404,371	\$ 1,210,983	\$ 8,764,575	\$ 10,603,277
Restricted Cash and Cash Equivalents	299,527	278,534	-	578,061	-
Pooled Investments	5,642,302	4,345,222	1,686,154	11,673,678	15,596,107
Accounts Receivable, Net	1,353,742	467,465	591,528	2,412,735	52,798
Interest Receivable	5,876	4,759	2,269	12,904	22,778
Inventories	-	-	-	-	60,853
Assessment Liens Receivable	69,696	-	-	69,696	-
Due from Other Governments	463,764	-	-	463,764	-
Prepaid Items	-	-	-	-	1,272,246
Total Current Assets	11,984,128	8,500,351	3,490,934	23,975,413	27,608,059
Noncurrent Assets:					
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	30,247,473	-	30,247,473	-
Construction in Progress	2,821,519	-	197,922	3,019,441	-
Infrastructure	23,222,793	-	4,099,341	27,322,134	-
Improvements Other Than Buildings	-	605,157	-	605,157	-
Machinery and Equipment	443,730	2,452,714	29,652	2,926,096	29,674,417
Accumulated Depreciation	(10,380,227)	(13,585,793)	(1,103,926)	(25,069,946)	(22,707,207)
Total Noncurrent Assets	16,205,795	23,323,409	3,222,989	42,752,193	6,967,210
Total Assets	28,189,923	31,823,760	6,713,923	66,727,606	34,575,269
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	-	155,182	-	155,182	-
Deferred Outflows Related to Pensions	266,357	334,170	187,531	788,058	886,044
Total Deferred Outflows of Resources	266,357	489,352	187,531	943,240	886,044
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,660,406	589,827	22,755	2,272,988	1,463,223
Accrued Payroll and Other Expenses	72,998	28,398	42,875	144,271	75,033
Deposits Payable	-	278,534	-	278,534	-
Unearned Revenue	-	262,048	-	262,048	-
Accrued Compensated Absences	54,299	74,556	41,489	170,344	199,081
Estimated Liability for Claims Payable	-	-	-	-	3,962,000
Special Obligations Debt Payable	335,000	645,380	100,128	1,080,508	-
Capital Lease Payable	-	142,284	-	142,284	-
Total Current Liabilities	2,122,703	2,021,027	207,247	4,350,977	5,699,337
Noncurrent Liabilities:					
Accrued Compensated Absences	17,719	65,938	32,635	116,292	166,494
Estimated Liability for Claims Payable	-	-	-	-	7,966,000
Special Obligations Debt Payable	3,435,000	11,470,372	1,799,385	16,704,757	-
Capital Lease Payable	-	72,315	-	72,315	-
Net OPEB Obligation	55,006	91,676	42,782	189,464	213,912
Net Pension Liability	1,999,280	2,508,279	1,407,607	5,915,166	6,650,662
Total Noncurrent Liabilities	5,507,005	14,208,580	3,282,409	22,997,994	14,997,068
Total Liabilities	7,629,708	16,229,607	3,489,656	27,348,971	20,696,405
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	41,216	51,709	29,018	121,943	137,105
Total Deferred Inflows of Resources	41,216	51,709	29,018	121,943	137,105
NET POSITION					
Net Investment in Capital Assets	11,351,907	10,896,140	1,320,202	23,568,249	6,909,102
Restricted for Capital Improvements	299,527	-	-	299,527	-
Unrestricted	9,133,922	5,135,656	2,062,578	16,332,156	7,718,701
Total Net Position	\$ 20,785,356	\$ 16,031,796	\$ 3,382,780	40,199,932	\$ 14,627,803
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				1,406,955	
Net position of business-type activities				\$ 41,606,887	

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, 2015

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	MAJOR FUNDS		NONMAJOR FUND		
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS	
OPERATING REVENUES					
Charges for Services:					
Sewer Use Charges	\$ 9,375,348	\$ -	\$ -	\$ 9,375,348	\$ -
Service Use Charges	-	-	3,198,371	3,198,371	-
Billings to Departments for Insurance Protection	-	-	-	-	10,746,058
Parking Fees:					
On Street Meters	-	7,888,509	-	7,888,509	-
Meter and Permit Lots	-	1,373,080	-	1,373,080	-
Parking Garages	-	3,207,443	-	3,207,443	-
Parking Leases	-	556,013	-	556,013	-
Rental of Equipment and Facilities to Various Funds	-	-	-	-	13,481,896
Total Operating Revenues	<u>9,375,348</u>	<u>13,025,045</u>	<u>3,198,371</u>	<u>25,598,764</u>	<u>24,227,954</u>
OPERATING EXPENSES					
Administration	1,088,792	1,293,215	788,113	3,170,120	3,650,384
Cost of Sales and Services	5,243,924	2,806,419	1,134,059	9,184,402	7,013,587
Benefit Payments	-	-	-	-	1,869,126
Insurance	-	-	-	-	7,299,307
Depreciation	354,816	884,222	91,204	1,330,242	1,605,981
Total Operating Expenses	<u>6,687,532</u>	<u>4,983,856</u>	<u>2,013,376</u>	<u>13,684,764</u>	<u>21,438,385</u>
Operating Income	<u>2,687,816</u>	<u>8,041,189</u>	<u>1,184,995</u>	<u>11,914,000</u>	<u>2,789,569</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	45,792	33,473	14,847	94,112	166,737
Interest Expense	(91,234)	(281,754)	(50,723)	(423,711)	(44,458)
Miscellaneous	-	-	-	-	64,957
Gain from Sale of Capital Assets	-	-	-	-	10,700
Total Nonoperating Revenues (Expenses)	<u>(45,442)</u>	<u>(248,281)</u>	<u>(35,876)</u>	<u>(329,599)</u>	<u>197,936</u>
Income Before Contributions	2,642,374	7,792,908	1,149,119	11,584,401	2,987,505
Capital Contributions from Federal, State and Local Grants	463,764	-	-	463,764	-
Income Before Transfers	3,106,138	7,792,908	1,149,119	12,048,165	2,987,505
Transfers In	38,121	-	2,500	40,621	200,585
Transfers Out	(1,125,042)	(5,825,621)	(319,837)	(7,270,500)	(1,958,653)
Change In Net Position	2,019,217	1,967,287	831,782	4,818,286	1,229,437
Net Position - Beginning, as restated (Note 1(aa))	18,766,139	14,064,509	2,550,998		13,398,366
Net Position - Ending	<u>\$ 20,785,356</u>	<u>\$ 16,031,796</u>	<u>\$ 3,382,780</u>		<u>\$ 14,627,803</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				233,025	
Change in net position of business-type activities				<u>\$ 5,051,311</u>	

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

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				
	MAJOR FUNDS			NONMAJOR	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	\$ 9,171,746	\$ 13,167,624	\$ 3,153,130	\$ 25,492,500	\$ 24,218,802
Payments to Employees	(1,131,750)	(1,355,995)	(834,065)	(3,321,810)	(3,787,941)
Payments to Suppliers	(4,540,694)	(2,712,780)	(1,342,802)	(8,596,276)	(15,993,714)
Net Cash Provided by (used in) Operating Activities	3,499,302	9,098,849	976,263	13,574,414	4,437,147
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from Other Funds	38,121	-	2,500	40,621	200,585
Transfers out to Other Funds	(1,125,042)	(5,825,621)	(319,837)	(7,270,500)	(1,958,653)
Net Cash Provided by (used in) Noncapital Financing Activities	(1,086,921)	(5,825,621)	(317,337)	(7,229,879)	(1,758,068)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(2,107,286)	(231,493)	(64,622)	(2,403,401)	(3,130,030)
Proceeds from Sale of Capital Assets	-	-	-	-	15,814
Principal Paid on Debt	-	(803,831)	(99,905)	(903,736)	(2,765,537)
Interest Paid on Debt	(91,234)	(259,578)	(50,723)	(401,535)	(44,458)
Net Cash Provided by (used in) Capital and Related Financing Activities	(2,198,520)	(1,294,902)	(215,250)	(3,708,672)	(5,924,211)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES					
Purchase of Investments	(7,787,228)	(5,058,590)	(1,545,342)	(14,391,160)	(13,658,291)
Proceeds from Sale of Investments	5,236,150	3,964,563	1,694,660	10,895,373	17,414,997
Interest and Dividends Received	41,971	31,337	14,277	87,585	223,571
Net Cash Provided by (used in) Investing Activities	(2,509,107)	(1,062,690)	163,595	(3,408,202)	3,980,277
Net Increase (Decrease) in Cash and Cash Equivalents	(2,295,246)	915,636	607,271	(772,339)	735,145
Cash and Cash Equivalents - Beginning	6,743,994	2,767,269	603,712	10,114,975	9,868,132
Cash and Cash Equivalents - Ending	\$ 4,448,748	\$ 3,682,905	\$ 1,210,983	\$ 9,342,636	\$ 10,603,277
Reconciliation to the statement of net position					
Cash and Cash Equivalents	\$ 4,149,221	\$ 3,404,371	\$ 1,210,983	\$ 8,764,575	\$ 10,603,277
Restricted Cash and Cash Equivalents	299,527	278,534	-	578,061	-
Total	\$ 4,448,748	\$ 3,682,905	\$ 1,210,983	\$ 9,342,636	\$ 10,603,277
Reconciliation of operating income to net cash provided by operating activities:					
Operating Income	\$ 2,687,816	\$ 8,041,189	\$ 1,184,995	\$ 11,914,000	\$ 2,789,569
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	354,816	884,222	91,204	1,330,242	1,605,981
Pension Expense	(55,361)	(69,457)	(38,978)	(163,796)	(184,161)
Change in Assets and Liabilities:					
Accounts Receivable	(203,602)	110,854	(45,241)	(137,989)	(9,152)
Inventory	-	-	-	-	27,705
Prepays	-	-	-	-	30,302
Accounts Payable	703,230	93,639	(208,743)	588,126	228,299
Deposits Payable	-	7,730	-	7,730	-
Accrued Payroll and Other Expenses	34,622	6,390	177	41,189	6,117
Accrued Compensated Absences	(26,985)	(2,073)	(10,857)	(39,915)	(11,539)
Unearned Revenues	-	23,995	-	23,995	-
Claims Payable	-	-	-	-	(98,000)
Net OPEB Obligation	4,766	2,360	3,706	10,832	52,026
Total Adjustments	811,486	1,057,660	(208,732)	1,660,414	1,647,578
Net Cash Provided by Operating Activities	\$ 3,499,302	\$ 9,098,849	\$ 976,263	\$ 13,574,414	\$ 4,437,147
Noncash Operating Activities:					
Deferred Outflows Related to Pension	\$ 266,357	\$ 334,170	\$ 187,531	\$ 788,058	\$ 886,044
Deferred Inflows Related to Pension	(41,216)	(51,709)	(29,018)	(121,943)	(137,105)
Net Pension Liability	(1,999,280)	(2,508,279)	(1,407,607)	(5,915,166)	(6,650,662)

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, 2015

	Pension Trust Funds	Agency Funds
ASSETS	<u> </u>	<u> </u>
Cash and Cash Equivalents	\$ 6,332,120	\$ 2,973,883
Receivables:		
Accrued Interest and Dividends	299,516	-
Buyback Receivable	5,140	-
Share Plan Contributions	1,589,623	-
Receivable for Securities Sold	3,227,829	-
Other Receivables	24,520	-
Total Receivables	<u>5,146,628</u>	<u>-</u>
Securities Lending Cash Collateral - Invested	<u>43,954,886</u>	<u>-</u>
Investments at Fair Value:		
U.S. Government and Agency	18,438,500	-
Global fixed income	15,346,796	-
Corporate Bonds	16,553,599	-
Common Stocks	126,507,326	-
International Equity	43,029,181	-
Real Estate Investment Trust (REIT)	49,327,710	-
Alternative Investments	55,093,579	-
Guaranteed Investment Contract	10,861,489	-
Mutual Funds	8,845,759	-
Total Investments	<u>344,003,939</u>	<u>-</u>
Total Assets	<u>399,437,573</u>	<u>2,973,883</u>
LIABILITIES		
Accounts Payable	294,964	-
Payable for Securities Purchased	3,374,726	-
Due to Coral Gables Retirement Fund	145,830	-
Obligations under Securities Lending	43,954,886	-
Deferred Compensation Payable	-	628,434
Due to Other Governments	-	2,345,449
Total Liabilities	<u>47,770,406</u>	<u>\$ 2,973,883</u>
NET POSITION		
Net Position Restricted for Pension Benefits	<u>\$ 351,667,167</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, 2015

	Pension Trust Funds
Additions:	
City Contributions	\$ 25,595,648
Share Plan Contributions	145,830
Total Government Contributions	25,741,478
Employees:	
Employee contributions	4,628,400
Buybacks	75,314
Total Employee Contributions	4,703,714
Total Contributions	30,445,192
Investment Income:	
Net Appreciation in the Fair Value of Investments	1,817,922
Interest and Dividends	6,370,086
Other Income	39,251
Total Investment Income	8,227,259
Less Investment Expenses	(1,980,768)
Total Investment Income before Securities Lending Activity	6,246,491
Securities Lending Activities:	
Security Lending Income	92,642
Security Lending Fees and Rebates	(27,736)
Net Income from Security Lending Activities	64,906
Total Net Investment Income	6,311,397
Total Additions	36,756,589
Deductions:	
Pension Benefits Paid	42,837,516
Refund of Contributions	307,461
Administrative Expenses	476,116
Total Deductions	43,621,093
Net Increase (Decrease) in Net Position	(6,864,504)
Net Position Restricted for Pension Benefits:	
Beginning of Year	358,531,671
End of Year	\$ 351,667,167

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.

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

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

Additionally, the City reports the following nonmajor governmental funds:

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, 2015, the City's investment in LGIP-A is \$68,857.

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, 2015:

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, 2015, 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 fifteen (15) 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, 2015 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

Works of arts, historical treasures and similar assets acquired, donated or constructed by the City are not capitalized. These collections of assets are held for public exhibition at the Coral Gables Museum, and or installed at outdoor civic monuments, traffic circles and fountains.

(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) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Coral Gables Retirement Fund (the “Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(l) Long-Term Obligations

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental-wide and proprietary fund type Statements of Net 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.

(m) 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 two items that qualifies for reporting in this category: (a) deferred charge on bond refunding and deferred outflows related to pension which are 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 Statement of Net Position and Statement of Net Position of the proprietary funds report deferred inflows of resources related to pension and deferred inflow 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.

(n) Inter-Fund Transactions/Due To/From Other Funds

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

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

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

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

(o) Capital Contributions

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

(p) Restricted Assets

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

The Capital Project Neighborhood Renaissance Program Fund reports restricted assets representing unspent proceeds from the issuance of special obligation bonds to be used for capital improvements. The Capital Project General Improvement Fund reports restricted assets from the Miracle Mile and Giralda capital project assessment program.

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

(q) 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.

(r) Operating versus Non-operating Income

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

(s) Use of Resources

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

(t) Compensated Absences

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

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

(u) Pollution Remediation Obligation

The City accrues future pollution remediation costs that meet the measurement criteria as outlined in GASB 49, *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.

(v) Employee Benefits Plan

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

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

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

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

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

(x) 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.

(y) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows/outflows of resources and disclosures of contingent assets, liabilities and deferred inflows/outflows at the date of the financial statements and the

reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(z) New Accounting Pronouncements Adopted

At September 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*. This Statement improves 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. As a result of the adoption of this statement, the City recorded a liability for the unfunded portion of its pension plan. See Note 8 – Employee Pension Plans.

At September 30, 2015, the provision of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* is effective for the City. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The adoption of this Statement had no impact on the City’s financial statements in fiscal year 2015.

At September 30, 2015, the City adopted GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement eliminates 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. The City adopted this Standard simultaneously with the provisions of GASB 68.

(aa) Restatement of Prior Year Balances

As a result of implementing GASB 68 and 71, net position was restated at October 1, 2014:

	Governmental Activities	Business-Type Activities
Net Position - Beginning, as previously reported	\$ 238,793,355	\$ 42,501,653
Cumulative effect of adoption of GASB Nos. 68 and 71	<u>(188,818,158)</u>	<u>(5,946,077)</u>
Net Position - Beginning, as restated	<u>\$ 49,975,197</u>	<u>\$ 36,555,576</u>

	Proprietary Funds		
	Sanitary Sewer	Parking System	Stormwater Utility
Net Position - Beginning, as previously reported	\$ 20,595,639	\$ 16,359,784	\$ 3,839,070
Cumulative effect of adoption of GASB Nos. 68 and 71	<u>(1,829,500)</u>	<u>(2,295,275)</u>	<u>(1,288,072)</u>
Net Position - Beginning, as restated	<u>\$ 18,766,139</u>	<u>\$ 14,064,509</u>	<u>\$ 2,550,998</u>

	Internal Service Funds	
	Motor Pool	Public Facilities
Net Position - Beginning, as previously reported	\$ 14,241,646	\$ 1,968,429
Cumulative effect of adoption of GASB Nos. 68 and 71	<u>(3,739,323)</u>	<u>(2,341,561)</u>
Net Position - Beginning, as restated	<u>\$ 10,502,323</u>	<u>\$ (373,132)</u>

The implementation of GASB Statement No. 68 and 71 resulted in the City recording deferred outflows of resources related to pensions of \$25,700,576 and a net pension liability of \$220,464,811.

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, 2014, upon which the 2014-2015 levy was based, was approximately \$12.8 billion. A tax levy of \$5.5890 mills (\$5.5890 per \$1,000 of taxable value) was required to finance general operations for the fiscal year ended September 30, 2015.

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	\$ 1,164,068	\$ -
False Alarms	369,305	-
Utility Taxes	971,717	-
Delinquent Waste Fees	2,917,807	-
Ambulance Transport Fees	700,296	-
Leased Properties - Rent Receivable	238,551	-
Donations Receivable - Coral Gables Museum	100,000	-
University of Miami Development Agreement Fee	11,955,000	-
Other	173,048	-
	<hr/> 18,589,792	<hr/> -
Less: Allowance	(64,184)	-
Total	<hr/> 18,525,608	<hr/> -
<u>Debt Service Fund</u>		
Miscellaneous	11,000	-
Total	<hr/> 11,000	<hr/> -
<u>General Improvement Fund</u>		
Due from Cocoplum Community Property Owners	94,058	-
Total	<hr/> 94,058	<hr/> -
<u>Other Governmental Funds</u>		
BID Accounts Receivable	129,422	-
Total	<hr/> 129,422	<hr/> -
<u>Parking Fund</u>		
Parking Leased Space	-	450,464
Parking – General	-	405,224
		<hr/> 855,688
Less: Allowance	-	(388,222)
Total	<hr/> -	<hr/> 467,465
<u>Sanitary Sewer Fund</u>		
Customer Receivable	-	1,279,633
Miscellaneous	-	74,524
		<hr/> 1,354,157
Less Allowance	-	(415)
Total	<hr/> -	<hr/> 1,353,742
<u>Stormwater Fund</u>		
Service Use Charges	-	591,528
Total	<hr/> -	<hr/> 591,528
Total Governmental Funds	<hr/> 18,760,088	
Total Business-Type Activities/Proprietary Funds		<hr/> <hr/> \$ 2,412,735
<u>Internal Service Fund</u>		
Miscellaneous	52,798	
Total Internal Service Funds	<hr/> 52,798	
Total	<hr/> \$ 18,812,886	

(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
2021-2025	5,125,000
2026-2030	5,125,000
Total payments due to the City	<u>15,375,000</u>
Less: Amount representing imputed interest	<u>(3,420,000)</u>
Present value of total remaining payments due to the City	<u><u>\$ 11,955,000</u></u>

(c) Deferred Inflows/Unearned Revenue

The components of deferred inflow of resources (unavailable revenues) and unearned revenues as of September 30, 2015 are as follows:

	Unavailable Revenues	Unearned Revenues
<u>General Fund</u>		
False Alarms	\$ 368,509	\$ -
Delinquent Waste Fees	1,435,216	-
Ambulance Transport Fees	474,002	-
Donations to Coral Gables Museum	100,000	-
University of Miami Development Agreement Fee	11,955,000	-
Liens and Other Receivables	347,839	-
Prepaid Business Tax Receipts	2,693,985	-
Prepaid Rent and Other fees	-	550,768
Grant Receipts Not Yet Earned	-	1,535
Total	17,374,551	552,303
<u>Debt Service Fund</u>		
Miracle Mile/Giralda Streetscape Improvement Assessment	8,178,539	-
Liens and Other Receivables	2,466	-
Total	8,181,005	-
<u>General Improvement Fund</u>		
Grants and Contributions	13,978	26,800
Liens and Other Receivables	94,066	-
Total	108,044	26,800
<u>Other Governmental Funds</u>		
Grants and Contributions	213,957	-
Total	213,957	-
Total Governmental Funds	\$ 25,877,557	
Total Governmental Activities/Funds		\$ 579,103
Total Governmental Activities:		
Prepaid Business Tax Receipts	\$ 2,693,985	
<u>Parking Fund</u>		
Prepaid Parking Fees	-	262,048
Total Proprietary Funds		
Business-Type Activities	\$ -	\$ 262,048

(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.

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 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. 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 2017. 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 20-year repayment period. As of September 30, 2015, a total of \$858,040 was received from property owners who prepaid their assessments within the initial pre-payment period.

The total remaining special assessment (initial pre-payment amount) of \$6.5 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 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. 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 2017. 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 20-year repayment period. As of September 30, 2015, a total of \$5,853 was received from property owners who prepaid their assessments within the initial pre-payment period

The total remaining 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.

On January 26, 2016, the City passed Resolution 2016-33 approving a contract for the construction of the Miracle Mile and Giralda Streetscape Projects (the Project) for a guaranteed maximum price of \$21.6 million, and contract for the construction administration services not to exceed \$500,000. The total project cost is estimated at \$25.9 million which includes the guaranteed construction price, construction administration services, design and other project costs.

The City plans to finance the total project cost 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 (20) 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 2018, principal and interest payments will be due and paid by the City (from legally available non-ad valorem), and 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.

On September 22, 2015, the City passed Resolution No. 2015-226 supplementing Resolution No. 2014-233, authorizing the negotiation of two loans in an aggregate principal amount not to exceed \$25 million from Sunshine State Governmental Financing Commission and approving the execution and delivery of two loan agreements, and approving the form of the Preliminary Official Statements.

The City expects to complete negotiation and obtain the loan from Sunshine State Governmental Financing Commission no later than April 30, 2016.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits. As of September 30, 2015, the City’s cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 76,701,306	\$ 79,033,721	\$ 155,735,027
Business-type activities	9,342,636	11,673,678	21,016,314
Pension Trust Funds	6,332,120	344,003,939	350,336,059
Agency Funds	2,973,883	-	2,973,883
Total Cash, Cash Equivalents and Investments	<u>\$ 95,349,945</u>	<u>\$ 434,711,338</u>	<u>\$ 530,061,283</u>
Deposits			\$ 95,349,945
Investments			<u>434,711,338</u>
Total Deposits and Investments			<u>\$ 530,061,283</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 Plan’s 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 10% (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 15% 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%
Convertibles	2 - 8%
Treasury Inflation Protected Securities	3 - 7%
International equity	5 - 25%
Real estate	0 - 8%
Fixed income	15%-no limit
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 \$10,861,489 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, 2015 is 3.0%.

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1 - 5</u>
U.S. Government Agencies	\$ 90,641,542	\$ -	\$ 90,641,542
*State Board of Administration	65,857	65,857	-
	90,707,399	\$ 65,857	\$ 90,641,542
Deposits	89,017,825		
Total Cash, Cash Equivalents and Investments	\$ 179,725,224		

*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, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
U.S. government and agency	\$ 18,438,500	\$ 201,117	\$ 3,956,845	\$ 4,868,729	\$ 9,411,809
Corporate bonds	16,553,599	1,809,886	9,439,717	4,121,665	1,182,331
Global fixed income	15,346,796	-	7,457,946	-	7,888,850
	\$ 50,338,895	\$ 2,011,003	\$ 20,854,508	\$ 8,990,394	\$ 18,482,990

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, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Fixed income mutual funds	\$ 1,503,661	\$ 8,540	\$ 835,884	\$ 284,882	\$ 374,355

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+	\$ 90,641,542	\$ -
Guaranteed Investment Contract	AA+		10,861,489
Mutual Funds	Not Rated	-	5,112,991
State Board of Administration	Not Rated	65,857	-
		<u>\$ 90,707,399</u>	<u>\$ 15,974,480</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, 2015 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 18,438,500	36.63%
Rating of credit risk debt securities by S&P:		
AAA	1,423,503	2.83%
AA+	193,827	0.39%
AA	364,759	0.72%
AA-	575,817	1.14%
A+	716,502	1.42%
A	2,373,204	4.71%
A-	4,923,289	9.78%
BBB+	4,556,602	9.05%
BBB	1,040,013	2.07%
BBB-	386,083	0.77%
Not rated	15,346,796	30.49%
Total credit risk debt securities	31,900,395	63.37%
Total fixed income securities	\$ 50,338,895	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, 2015 as applicable:

	Fair Value	Percentage of Portfolio
Rating of credit risk debt securities by S&P :		
Aaa	\$ 713,334	47.44%
Aa	99,831	6.64%
A	325,209	21.63%
Baa	42,003	2.79%
BBB	97,508	6.48%
B	56,699	3.77%
Not rated	169,077	11.24%
Total credit risk fixed income investments	\$ 1,503,661	100%

Concentration of Credit Risk: The Coral Gables Retirement Fund policy limits investments in equities and fixed income securities to no more than 10% 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 net position at September 30, 2015 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 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 11% of total portfolio investment balance.

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, 2015:

<u>Securities Lent:</u>	<u>Market Value of Securities on Loan for Cash</u>	<u>Fair Value of Cash Collateral Invested</u>
U.S. government and agency obligations	\$ 4,157,404	\$ 4,253,439
Domestic corporate stocks	35,743,485	36,173,438
Domestic corporate bonds	3,466,874	3,528,009
<u>Total Securities Lent</u>	<u>\$ 43,367,763</u>	<u>\$ 43,954,886</u>

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, 2015:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	\$ 45,407,634	\$ -	\$ -	\$ 45,407,634
Construction in Progress	2,635,229	12,765,690	(2,349,446)	13,051,473
Total Non-depreciable Assets	48,042,863	12,765,690	(2,349,446)	58,459,107
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	63,643,946	-	-	63,643,946
Improvements Other Than Buildings	47,280,377	3,004,112	(491,644)	49,792,845
Machinery and Equipment	46,273,985	4,821,896	(1,141,375)	49,954,506
Total Depreciable Assets	270,266,328	7,826,008	(1,633,019)	276,459,317
Less Accumulated Depreciation for:				
Infrastructure	75,577,859	3,021,254	-	78,599,113
Buildings	21,782,620	1,250,267	-	23,032,887
Improvements Other Than Buildings	13,729,625	1,140,246	(240,055)	14,629,816
Machinery and Equipment	37,051,530	2,676,466	(1,141,375)	38,586,621
Total Accumulated Depreciation	148,141,634	8,088,233	(1,381,430)	154,848,437
Total Depreciable Assets, net	122,124,694	(262,225)	(251,589)	121,610,880
Governmental Activities Capital Assets, net	\$ 170,167,557	\$ 12,503,465	\$ (2,601,035)	\$ 180,069,987
Business-Type Activities:				
Nondepreciable Assets:				
Land	\$ 3,701,838	\$ -	\$ -	\$ 3,701,838
Construction in Progress	851,512	2,167,929	-	3,019,441
Total Non-depreciable Assets	4,553,350	2,167,929	-	6,721,279
Depreciable Assets:				
Infrastructure	27,322,134	-	-	27,322,134
Buildings	30,247,473	-	-	30,247,473
Improvements Other Than Buildings	605,157	-	-	605,157
Machinery and Equipment	2,690,624	235,472	-	2,926,096
Total Depreciable Assets	60,865,388	235,472	-	61,100,860
Less Accumulated Depreciation for:				
Infrastructure	10,568,729	446,020	-	11,014,749
Buildings	10,917,356	587,114	-	11,504,470
Improvements Other Than Buildings	363,361	33,387	-	396,748
Machinery and Equipment	1,890,258	263,721	-	2,153,979
Total Accumulated Depreciation	23,739,704	1,330,242	-	25,069,946
Total Depreciable Assets, net	37,125,684	(1,094,770)	-	36,030,914
Business-Type Activities Capital Assets, net	\$ 41,679,034	\$ 1,073,159	\$ -	\$ 42,752,193

Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2015:

Governmental Activities:	
General Government	\$ 3,911,217
Public Safety	1,413,872
Transportation	1,100,641
Culture and Recreation	1,090,483
Physical Environment	572,020
Total depreciation expense – Governmental Activities	<u>\$ 8,088,233</u>
Business-Type Activities:	
Sanitary Sewer System Fund	\$ 354,816
Parking System Fund	884,222
Stormwater Utility Fund	91,204
Total depreciation expense – Business-Type Activities	<u>\$ 1,330,242</u>

NOTE 6 - INTERFUND TRANSACTIONS

The interfund balance between General Fund and General Obligation Bond represents short-term loan to cover temporary negative balance in equity in pooled cash related to grant expenditures pending reimbursement from the Miami-Dade County Building Better Community grant program. Interfund balance between General Fund and Capital Project-General Improvement Fund represents funds provided and used for the Miracle Mile/Giralda Streetscape Project which will be reimbursed from the proceeds of a long-term financing to finance the total project cost, as authorized by the City Commission through Resolution 2014-223.

<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 Fund	\$ 2,315,000	\$ -
General Improvement		2,250,000
Nonmajor governmental fund:		
General Obligation Bond	-	65,000
	<u>\$ 2,315,000</u>	<u>\$ 2,315,000</u>

Interfund transfers for the fiscal year ended September 30, 2015 are as follows:

	Transfer In							Total
	Major Governmental Funds			Nonmajor Governmental Fund	Major Proprietary Fund	Nonmajor Proprietary Fund	Internal Service Fund	
	General	Debt Service	General Improvement	Transportation Fund	Sanitary Sewer	Stormwater	Public Facilities	
Transfer out:								
Major governmental fund:								
General	\$ -	\$ 6,384,842	\$ 14,644,674	\$ 4,330	\$ -	\$ -	\$ 200,585	\$21,234,431
Debt Service	-	-	3,099,173	-	-	-	-	3,099,173
Major proprietary fund:								
Sanitary Sewer	1,125,042	-	-	-	-	-	-	1,125,042
Parking System	5,785,000	-	-	38,121	2,500	-	-	5,825,621
Non-major proprietary fund								
Stormwater	319,837	-	-	-	-	-	-	319,837
Internal Service fund:								
Insurance Fund	1,958,653	-	-	-	-	-	-	1,958,653
	<u>\$ 9,188,532</u>	<u>\$ 6,384,842</u>	<u>\$ 17,743,847</u>	<u>\$ 4,330</u>	<u>\$ 38,121</u>	<u>\$ 2,500</u>	<u>\$ 200,585</u>	<u>\$33,562,757</u>

Transfers out from the General Fund to capital project General Improvement Fund, Transportation Fund and Public Facilities Fund was primarily to provide additional funding for capital project expenditures. Transfer out from Debt Service Fund to Capital Projects Fund represent transfer of accumulated excess fund over the required fund for debt service, 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 Parking Systems Fund, Sanitary Sewer Fund, Stormwater Fund, and Insurance Fund 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. Transfers out from Parking Fund to Sanitary Sewer and Stormwater Fund were primarily to provide funding for rehabilitation of City sewer pumps and stormwater system.

NOTE 7 - LONG-TERM DEBT

(a) Following is a summary of the City’s Special Obligation Bonds at September 30, 2015:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/15	Current Portion
Governmental Activities:							
06-30-2011	10-01-2016	0.93%	\$ 2,440,000	\$ 2,440,000	\$ 1,410,000	\$ 1,030,000	\$ 505,000
06-30-2011	10-01-2032	1.51%	4,365,000	4,365,000	465,000	3,900,000	165,000
06-05-2012	10-01-2031	2.67%	43,096,290	43,096,290	5,942,755	37,153,535	1,956,192
02-28-2013	10-01-2028	2.40%	7,725,700	7,725,700	379,500	7,346,200	393,300
02-28-2013	10-01-2028	3.43%	4,350,000	4,350,000	225,000	4,125,000	240,000
12-19-2014	04-01-2030	2.50%	6,500,000	6,500,000	-	6,500,000	365,000
			<u>68,476,990</u>	<u>68,476,990</u>	<u>8,422,255</u>	<u>60,054,735</u>	<u>3,624,492</u>
Business-Type Activities:							
06-05-2012	10-01-2031	2.67%	6,253,710	6,253,710	862,245	5,391,465	283,808
02-28-2013	10-01-2028	2.40%	9,069,300	9,069,300	445,500	8,623,800	461,700
08-12-2014	10-01-2024	2.42%	3,770,000	3,770,000	-	3,770,000	335,000
			<u>19,093,010</u>	<u>19,093,010</u>	<u>1,307,745</u>	<u>17,785,265</u>	<u>1,080,508</u>
			<u>\$ 87,570,000</u>	<u>\$ 87,570,000</u>	<u>\$ 9,730,000</u>	<u>\$ 77,840,000</u>	<u>\$ 4,705,000</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 2015 debt service was \$4,712,761 while total non-ad valorem tax revenue totaled \$69,086,906. For the business-type special obligation bonds, fiscal year 2015, debt service totaled \$1,152,386 while total non-ad valorem revenue totaled \$25,598,764. All revenue pledges remain in effect for the life of the special obligation bonds through final maturity date of October 1, 2032.

In fiscal year 2015, the City issued the special obligation bond as follows:

Series 2015B - On December 19, 2014, the City issued special obligation bonds Series 2014B with principal amount of \$6.5M to provide funds for capital improvements, including but not limited to, acquisition of a new radio system and replacement of the microwave relay system. The Series 2015B has a tax-exempt fixed interest rate of 2.50% payable on April 1 and October 1 of each year and matures on April 1, 2030. Principal amount is paid annually starting April 1, 2016.

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, 2015, 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, 2015, 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
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	1,320,962	308,302	1,629,264	-	-	-	1,629,264
2021-2025	6,661,497	1,058,632	7,720,129	-	-	-	7,720,129
2026-2030	4,411,722	328,766	4,740,488	-	-	-	4,740,488
2031-2034	652,249	17,490	669,739	-	-	-	669,739
Total	17,785,265	\$ 3,256,678	\$ 21,041,943	214,599	\$ 5,479	\$ 220,078	\$ 21,262,021
Less: Current portion	(1,080,508)			(142,284)			
Long-term portion	\$ 16,704,757			\$ 72,315			

Fiscal Year	GOVERNMENTAL ACTIVITIES						Governmental
	Special Obligation Bonds			Capital Leases			Activities
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
2016	3,624,492	1,651,768	5,276,260	98,627	5,776	104,403	5,380,663
2017	3,696,324	1,548,357	5,244,681	53,752	3,701	57,453	5,302,134
2018	3,681,242	1,445,036	5,126,278	95,701	2,032	97,733	5,224,011
2019	3,754,107	1,341,753	5,095,860	6,610	33	6,643	5,102,503
2020	3,849,038	1,236,124	5,085,162	-	-	-	5,085,162
2021-2025	17,723,503	4,710,228	22,433,731	-	-	-	22,433,731
2026-2030	18,453,278	2,073,235	20,526,513	-	-	-	20,526,513
2031-2034	5,272,751	177,674	5,450,425	-	-	-	5,450,425
Total	60,054,735	\$ 14,184,175	\$ 74,238,910	254,690	\$ 11,542	\$ 266,232	\$ 74,505,142
Less: Current portion	(3,624,492)			(98,627)			
Long-term portion	\$ 56,430,243			\$ 156,063			

During the year ended September 30, 2015, 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	\$ 9,194,052	\$ 5,247,725	\$ 5,206,367	\$ 9,235,410	\$ 5,063,801
Claims Payable	12,026,000	2,305,591	2,403,591	11,928,000	3,962,000
Special Obligation Debt	56,761,060	6,500,000	3,206,325	60,054,735	3,624,492
Capital Lease	3,166,037	-	2,911,347	254,690	98,627
Pollution Remediation Obligation	310,000	-	285,000	25,000	25,000
Net OPEB Obligation	6,854,031	1,124,088	-	7,978,119	-
Net Pension Liability	214,337,699	-	7,414,219	206,923,480	-
	<u>\$ 302,648,879</u>	<u>\$ 15,177,404</u>	<u>\$ 21,426,849</u>	<u>\$ 296,399,434</u>	<u>\$ 12,773,920</u>

During the year ended September 30, 2015, 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	\$ 326,551	\$ 136,375	\$ 176,290	\$ 286,636	\$ 170,344
Special Obligation Debt	18,513,940	-	728,675	17,785,265	1,080,508
Capital Lease	389,659	-	175,060	214,599	142,284
Net OPEB Obligation	178,632	10,832	-	189,464	-
Net Pension Liability	6,127,112	-	211,946	5,915,166	-
	<u>\$ 25,535,894</u>	<u>\$ 147,207</u>	<u>\$ 1,291,971</u>	<u>\$ 24,391,130</u>	<u>\$ 1,393,136</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, 2015, the unamortized amounts of deferred charge on refunding are \$231,842 for governmental activities and \$155,182 for business-type activities.

See Note 8 for information on deferred outflows/inflows related to pension.

All of the City’s outstanding loans are tax exempt except for the \$4,365,000 loan issued on June 30, 2011, which is taxable.

(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 \$2,386,727 for governmental activities; and \$858,406 as the capitalized basis and \$561,600 accumulated depreciation for business-type activities.

Future minimum lease obligations are as follows:

Governmental Activities	
<u>Year ending September 30:</u>	
	<u>Amount</u>
Total minimum lease payments -2015	\$ 266,232
Less: Amount representing interest	(11,542)
Present value of minimum lease payments	<u>\$ 254,690</u>
Business-Type Activities	
<u>Year ending September 30:</u>	
	<u>Amount</u>
Total minimum lease payments -2015	\$ 220,078
Less: Amount representing interest	(5,479)
Present value of minimum lease payments	<u>\$ 214,599</u>

NOTE 8 - EMPLOYEE PENSION PLANS

The City’s employee retirement plans include one single-employer defined benefit plan and five 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, 2014:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	965
<hr/>	
Current Employees:	
Vested	256
Non-vested	301
Total	557

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 their 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, 2015 was \$39,728,883.

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%. Effective February 10, 2015, cost of living adjustments may be granted only if the Plan remains in a net positive experience position, determined on a cumulative basis from July 1, 1994.

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. Effective September 30, 2014, all police officer and firefighter participants are required to contribute 10% of their 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, 2015. 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, 2015. 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.

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.

Net Pension Liability

The City’s net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability of the City at September 30, 2015 were as follows:

	Amount
Total pension liability	\$ 549,489,501
Plan fiduciary net position	(336,650,855)
Total net pension liability	\$ 212,838,646
 Plan fiduciary net position as a percentage of the total pension liability	 61.27%

Actuarial Assumptions

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal, Level Percent of Pay
Inflation	3.75%
Salary increases	4.25% - 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 improvement projected to 2012 using Scale AA

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 September 30, 2014 valuation were based on the results of an actuarial experience study for the six year period ending September 30, 2014.

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 September 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return *
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 annual inflation rate of 3.75%.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. This single discount rate was based on the expected rate of return on pension plan investment of 7.75%. The projection of cash flows used to determine the discount rate assumed that plan employee contributions will be made at the current contribution rate and that contributions from the City will be made at rates equal to the difference between the total actuarially determined contribution rates and the employee rate. Based on these

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.

Changes in Net Pension Liability

	Coral Gables Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A)-(B)
Balances at September 30, 2013	\$ 532,200,908	\$ 311,736,097	220,464,811
Changes for the year:			
Service cost	6,066,834		6,066,834
Interest on the total pension liability	40,360,719		40,360,719
Changes of benefit terms	7,175		7,175
Difference between expected and actual experience	5,822,419		5,822,419
Contributions - employer		25,554,746	(25,554,746)
Contributions - nonemployer		145,830	(145,830)
Contributions - member		4,095,928	(4,095,928)
Net investment income		30,421,080	(30,421,080)
Benefit payments	(34,523,344)	(34,523,344)	-
Refunds	(445,210)	(445,210)	-
Administrative expense		(334,272)	334,272
Net changes	17,288,593	24,914,758	(7,626,165)
Net pension liability -September 30, 2014	<u>549,489,501</u>	<u>336,650,855</u>	<u>212,838,646</u>

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	\$ 263,544,315	\$ 212,838,646	\$ 169,746,587

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$18,404,086 as follows:

Amounts recognized in pension expense:

Changes for the year:

Service cost	\$ 6,066,834
Interest on the total pension liability	40,360,719
Current period benefit changes	7,175
Contributions - member	(4,095,928)
Projected earnings on plan investments	(24,936,424)
Administrative expense	334,272
Recognition of outflow (inflow) of resources due to liabilities	1,764,369
Recognition of outflow (inflow) of resources due to assets	(1,096,931)
Net changes	<u>\$ 18,404,086</u>

As of September 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,058,050	\$ -
Employer contributions made subsequent to the measurement date	24,297,686	-
Net difference between projected and actual earnings on pension plan investments	-	4,387,725
Total	<u>\$ 28,355,736</u>	<u>\$ 4,387,725</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense as follows:

Year Ending September 30:	Net Deferred Inflow of Resources
2016	\$ 667,438
2017	667,438
2018	(567,619)
2019	<u>(1,096,932)</u>
Total	<u>\$ (329,675)</u>

The deferred outflow of resources of \$24,297,686 resulting from City contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability/net pension expense for the fiscal year ending September 30, 2016.

The Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions, presented as Required Supplementary Information (RSI) following the notes to the

financial statements, provides additional information about the net pension liability, plan assets and contributions for each of the City's defined benefit pension plan.

(b) Defined Contribution Plans for Police Officers and Firefighters

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 III - "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, 2015, the Plan membership consisted of 247 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 \$534,128 representing 4.1% of total covered payroll of police officers participating in the Plan of \$12,891,920.

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 has 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, 2015, there are 139 plan members and 1,050 participating shares in the Plan.

The City contributions for the fiscal year were \$817,082, representing 6.2% of total covered payroll of firefighters participating in the plan of \$13,127,589. In addition, the Plan received from the State of Florida supplemental contributions of \$92,582.

(2) Summary of Significant Accounting Policies

Basis of accounting - the financial statement of the Plan has 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, 2015

ASSETS

Cash and Cash Equivalents	\$	54,167
Due from Other Governments		909,665
Investments at Fair Value:		
Guaranteed Investment Contract		10,861,489
Mutual Funds		5,112,991
Total Assets		16,938,312

LIABILITIES

Due to Coral Gables Retirement Fund		52,271
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NET POSITION

Restricted for Pension Benefits		\$ 16,886,041
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CITY OF CORAL GABLES, FLORIDA
 CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FIREFIGHTERS' PENSION FUND
 For the Fiscal Year Ended September 30, 2015

ADDITIONS

Contributions:

Employer	\$	909,664
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Investment Income:

Depreciation in the Fair Value of Investments		(112,724)
Investment Earnings		327,169
Total Investment Income		214,445
Less Investment Expense		(88,315)
Net Investment Income		126,130
Total		1,035,794

DEDUCTIONS

Employee Benefits		703,079
Change in Net Position		332,715
Net Position – Beginning		16,553,326
Net Position – Ending		\$ 16,886,041

(c) Defined Contribution Plans for Appointed Officials and Management

In September 2015, the City passed Ordinance No. 2015-21 amending the Code of the City of Coral Gables Section 50-26 pertaining to “Pension” providing that it shall not be mandatory for any appointed official of the City, or any assistant city manager or deputy city attorney, or department director hired on or after September 8, 2015, to participate in the Coral Gables Retirement System (the “System”), but have the option of participation in the System. In the event the appointed officials and employees elect to participate in any retirement plan other than the System, the City may contribute a sum not to exceed the maximum limit provided by law to the plan. The ordinance also provides that it is not mandatory for elected official of the City to participate in the System. In the event the elected official chooses to participate in any retirement plan other than the System, the City will contribute a sum not to exceed 6.5% of the elected official’s compensation to that plan.

The City has contracted ICMA-RC on behalf of its excluded employees for three defined contribution pension plans categorized as executives (for assistant city manager/deputy city attorney), department heads; and a separate plan for the City Manager and City Attorney. All plans are established under the provisions of Section 401(a) of the Internal Revenue Code as Money Purchase Plans and Trusts. The City Commission has the authority for establishing or amending the plan’s provisions. The assets of the plans are owned by the employee; however, the City has a custodial responsibility to properly administer the plans. In a defined contributions plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The Executives 401(a) Plan provisions require the City to contribute 15% of each participant’s salary and participants are not required to contribute to the plan. Employees are eligible to participate from the date of employment. The City’s contributions for each employee (and interest allocated to the employee’s account) are fully vested at the time of the contribution.

The Department Heads 401(a) Plan provisions require the City to contribute 10% of each participant’s salary and participants are not required to contribute to the plan. Employees are eligible to participate from the date of employment. The City’s contributions for each employee (and interest allocated to the employee’s account) are vested at 20% after first year of service and increases by 20% at every year of service and fully vested after five years of continuous service.

The City Manager’s and City Attorney’s 401(a) Plan requires the City to contribute 25% of the City Manager’s and City Attorney’s salary for each plan year and are not required to contribute to the plan. The City’s contribution and those of the City Manager and City Attorney (and interest allocated to their account) are fully vested at the time of the contribution.

For the year ended September 30, 2015, the City’s total contributions to the 401(a) defined contribution plans was \$104,778.

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 \$1,814,397 for the current fiscal year, toward which the City made an implied contributions which amounted to \$679,477. At September 30, 2015, the City recognized a net OPEB obligation of \$7,978,119 for governmental activities and \$189,464 for business-type activities in its government-wide statement of net position and proprietary fund statement. The internal service funds reported a net OPEB obligation of \$213,912 which is reported in the governmental activities total as 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)	\$1,810,881
Interest on Net OPEB Obligation	246,143
Adjustment to ARC	<u>(242,627)</u>
Annual OPEB Cost (Expense)	1,814,397
Employer Contribution	<u>(679,477)</u>
Increase in Net OPEB Obligation	1,134,920
Net OPEB Obligation- beginning of year	<u>7,032,663</u>
Net OPEB Obligation- ending of year	<u><u>\$8,167,583</u></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,	Percentage of Annual OPEB		
	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
2015	\$1,814,397	37.44%	\$8,167,583
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, 2015, 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	\$ 25,803,401	\$ 25,803,401	0.0%	\$ 48,535,620	53.2%

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

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

Valuation date	September 30, 2015
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*	3.25% - 7.25%
Assumed payroll growth*	3.50% per year
Initial trend rate	8.00%
Ultimate trend rate	4.5%
*Includes inflation rate	2.5%

NOTE 10 - POLLUTION REMEDIATION OBLIGATIONS

As of September 30, 2015, 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 has also completed Phase 2 of this project which consisted of source removal of contaminated soil and placement of an engineering control in the vicinity on the

maintenance building. The City submitted a Source Removal Report documenting the source removal in September 2015, to be followed by the filing of a Restrictive Covenant and Engineering Control Implementation Report in 2016. Depending on the comment from DERM groundwater contamination 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 \$25,000. This has been recorded as a long-term liability in the City's financial statements for the year ended September 30, 2015.

- 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, 2015, 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, 2015.
- 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, 2015, the City is in the process of completing the SARA and assessing the options for cleanup of the site. Accordingly, as of September 30, 2015 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 2016 followed by submission of a source removal plan and filing of a restrictive covenant and engineering control implementation report. Accordingly, as of September 30, 2015 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, 2015, the City's total liability related to the pollution remediation obligating events, as discussed previously, is \$25,000.

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>2015</u>	<u>2014</u>
Unpaid claim payable, beginning	\$ 12,026,000	\$ 11,770,000
Incurred claims and claim adjustments	2,305,591	3,381,936
Claims payments	<u>(2,403,591)</u>	<u>(3,125,936)</u>
Unpaid claims payable, ending	<u>\$ 11,928,000</u>	<u>\$ 12,026,000</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 fund balance of \$51,511. 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, 2015 was approximately \$7.0 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>
2016	\$ 5,333,512
2017	4,738,266
2018	4,141,664
2019	4,147,949
2020	4,118,125
2021-2025	18,406,153
2026-2030	14,288,259
2031-2035	9,360,603
2036-2040	2,741,500
2041-2045	187,125
	<u>\$ 67,463,156</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 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 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, 2015, the City billed to and received from the Palace \$134,583 and \$7,083 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 \$65,375,428 with a net book value of \$53,945,096. Depreciation expense on leased assets was \$616,821 for the fiscal year ended September 30, 2015.

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 paid \$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, 2015, the City billed and collected from the management company \$262,260 as rental income. In addition, as of September 30, 2015 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, 2015, the City billed the base fee amount of \$612,948 and the 3.5% of the annual net revenue of \$948,894 for a total fee amount of \$1,561,842. 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, 2015, the City billed and collected from the management company \$737,856 as rental income. Total loans obtained and used by the City in prior years to renovate the property amounted to \$7,935,000 and the outstanding balance on loans at September 30, 2015 is \$5.14 million.

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, 2015, the City billed and collected from the management company \$164,120 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, 2015, the City billed and collected \$382,771 from the management company for the Granada Golf Course's gross revenue as of May 2015. Granada Golf Course was closed from June 2015 to September 2015 due to renovation of the facility.

NOTE 16 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

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.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 6*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015.

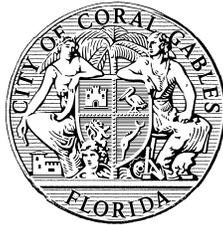
The City’s management has not determined the effect these pronouncements will have on the City’s financial statements.

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

- (a) On January 26, 2016, the City passed Resolution 2016-33 approving a contract for the construction of the Miracle Mile and Giralda Streetscape Projects for a guaranteed maximum price of \$21.6 million, and contract for the construction administration services not to exceed \$500,000. The total project cost is estimated at \$25.9 million which includes the guaranteed construction price, construction administration services, design and other project costs.
- (b) On February 23, 2016, the City passed Ordinance 2016-12 approving to abolish the Coral Gables Health Facility Authority.



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Required Supplementary Information

(Unaudited)

Supplementary Information

Notes to Required Supplementary Information

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 85,461,478	\$ 85,461,478	\$ 87,002,400	\$ 1,540,922
Licenses	3,280,000	3,280,000	3,255,125	(24,875)
Permits	6,730,000	6,730,000	8,783,434	2,053,434
Fines and Forfeitures	1,976,000	1,976,000	2,494,796	518,796
Intergovernmental	4,775,000	5,241,948	5,496,714	254,766
Charges for Services	17,750,000	17,750,000	20,169,601	2,419,601
Recreation Activity Fees	3,716,200	3,742,200	4,377,394	635,194
Rental Income	4,785,446	4,785,446	4,849,290	63,844
Investment Earnings	160,000	160,000	453,322	293,322
Contributions and Donations	5,000	8,000	58,292	50,292
Miscellaneous	158,995	172,202	254,373	82,171
Total Revenues	<u>128,798,119</u>	<u>129,307,274</u>	<u>137,194,741</u>	<u>7,887,467</u>
EXPENDITURES				
Current:				
General Government	18,846,980	19,113,382	19,113,382	-
Public Safety	76,362,503	75,480,996	72,095,947	3,385,049
Physical Environment	18,164,390	18,350,240	17,067,829	1,282,411
Transportation	2,597,224	2,609,074	2,525,978	83,096
Economic Environment	1,132,707	1,135,707	821,259	314,448
Culture and Recreation	9,322,094	9,505,952	8,489,640	1,016,312
Debt Service:				
Retirement of Principal	167,346	153,826	145,810	8,016
Interest	43,577	43,577	9,644	33,933
Capital Outlay	1,197,622	1,864,971	972,978	891,993
Total Expenditures	<u>127,834,443</u>	<u>128,257,725</u>	<u>121,242,467</u>	<u>7,015,258</u>
Excess of Revenues Over Expenditures	<u>963,676</u>	<u>1,049,549</u>	<u>15,952,274</u>	<u>14,902,725</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,857,212	6,857,212	9,188,532	2,331,320
Transfers Out	(8,676,172)	(12,655,752)	(21,234,431)	(8,578,679)
Total Other Financing Sources (Uses)	<u>(1,818,960)</u>	<u>(5,798,540)</u>	<u>(12,045,899)</u>	<u>(6,247,359)</u>
Net Change in Fund Balance*	<u>\$ (855,284)</u>	<u>\$ (4,748,991)</u>	<u>3,906,375</u>	<u>\$ 8,655,366</u>
Fund Balance - Beginning			<u>48,833,548</u>	
Fund Balance - Ending			<u>\$ 52,739,923</u>	

* 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, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS*
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	5,822,419
Changes of assumptions	-
Benefit payment, including refunds of member contributions	(34,968,554)
Net change in total pension liability	17,288,593
Total pension liability - beginning	532,200,908
Total pension liability - ending	549,489,501
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	\$ 212,838,646
Plan fiduciary net position as a percentage of the total pension liability	61.27%
Covered Employee Payroll	\$ 54,150,082
Net Pension liability as percentage of covered employee payroll	393.05%

* Note to Schedule: This Schedule is presented to illustrate the requirement of GASB 68. Currently, only data for the fiscal year ended September 30, 2014 is available.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CORAL GABLES, FLORIDA
SCHEDULE OF CONTRIBUTIONS
(Unaudited)**

	Year Ended September 30, 2015	Year Ended September 30, 2014
Actuarially determined contribution	\$ 24,288,466	\$ 25,678,422
Contribution made in relation to the actuarially determined contribution	<u>24,297,686</u>	<u>25,700,576</u>
Contribution deficiency (excess)	<u>\$ (9,220)</u>	<u>\$ (22,154)</u>
Covered-employee payroll	\$ 56,838,562	\$ 54,150,082
Contributions as a percentage of covered-employee payroll	<u>42.75%</u>	<u>47.46%</u>

Notes to Schedule:

Valuation Date: October 1, 2013 (For Fiscal Year 2015)

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 68 and intended to show information for 10 years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION**CITY OF CORAL GABLES, FLORIDA
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS**

(Unaudited)

(Amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
September 30, 2015	-	\$25,803	\$25,803	0%	\$48,535	53.2%
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 however must seek City Commission approval to change the total appropriated budget amount, unless changes to the total appropriated budget are considered necessary for the continuity of the City's operations, for which management is give the authority to do so without the City Commission approval.

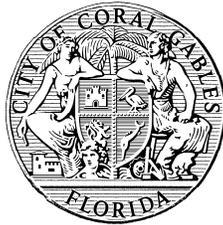
(c) Budget ordinance provides that transfers between operating, capital, proprietary and internal service funds are necessary and appropriate during the prior fiscal year-end closing process, as well as subsequent to the adoption of the annual budget for the continuity of City operations.

(c) The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2015 that are included in the final amended budget.

Combining Individual Fund Statements and Schedules

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

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



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Nonmajor Governmental Funds

Capital Projects Funds:

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.

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

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

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

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



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CITY OF CORAL GABLES, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2015

	Capital Projects					
	Neighborhood Renaissance Program Fund	Roadway Improvement Fund	Transportation Fund	General Obligation Bond Fund	Impact Fees Fund	Total Nonmajor Governmental Funds
ASSETS						
Pooled Cash and Cash Equivalents	\$ -	\$ 931,191	\$ 574,657	\$ 74,611	\$ -	\$ 1,580,459
Restricted Cash and Cash Equivalents	4,130,301	-	-	-	3,361,513	7,491,814
Pooled Investments	-	1,649,415	572,642	-	-	2,222,057
Restricted Investments	9,463,840	-	-	-	3,047,813	12,511,653
Accounts Receivable, Net	-	129,422	-	-	-	129,422
Interest Receivable	8,453	2,637	707	-	3,669	15,466
Due from Other Governments	-	239,184	481,573	57,764	-	778,521
Prepaid Items	-	-	155,556	-	-	155,556
Total Assets	<u>13,602,594</u>	<u>2,951,849</u>	<u>1,785,135</u>	<u>132,375</u>	<u>6,412,995</u>	<u>24,884,948</u>
LIABILITIES						
Accounts Payable	224,118	254,969	449,041	61,122	-	989,250
Accrued Payroll	-	5,341	3,649	-	-	8,990
Due to Other Funds	-	-	-	65,000	-	65,000
Total Liabilities	<u>224,118</u>	<u>260,310</u>	<u>452,690</u>	<u>126,122</u>	<u>-</u>	<u>1,063,240</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - Grants and Contributions	-	137,287	-	57,764	-	195,051
Unavailable revenue - Special Assessments	-	-	18,906	-	-	18,906
Total Deferred Inflows of Resources	<u>-</u>	<u>137,287</u>	<u>18,906</u>	<u>57,764</u>	<u>-</u>	<u>213,957</u>
FUND BALANCES (DEFICIT)						
Nonspendable:						
Prepaid Items	-	-	155,556	-	-	155,556
Restricted to:						
Public Safety	-	-	-	-	2,580,282	2,580,282
Downtown Civic Plaza	2,000,000	-	-	-	-	2,000,000
Entrances/Circles/Fountains	1,691,941	-	-	-	-	1,691,941
Parks and Recreation	3,922,972	-	-	-	2,375,582	6,298,554
Other Physical Environment	5,763,563	-	-	-	1,416,917	7,180,480
Impact Fee Administration	-	-	-	-	40,214	40,214
Assigned to:						
Other Capital Projects	-	2,554,252	1,157,983	-	-	3,712,235
Unassigned						
Total Fund Balances (Deficit)	<u>13,378,476</u>	<u>2,554,252</u>	<u>1,313,539</u>	<u>(51,511)</u>	<u>6,412,995</u>	<u>23,607,751</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 13,602,594</u>	<u>\$ 2,951,849</u>	<u>\$ 1,785,135</u>	<u>\$ 132,375</u>	<u>\$ 6,412,995</u>	<u>\$ 24,884,948</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2015

	Capital Projects					Total Nonmajor Governmental Funds
	Neighborhood Renaissance Program Fund	Roadway Improvement Fund	Transportation Fund	General Obligation Bond Fund	Impact Fees Fund	
REVENUES						
Gasoline Sales Tax	\$ -	\$ 1,180,480	\$ -	\$ -	\$ -	\$ 1,180,480
Municipal Surtax	-	-	1,897,394	-	-	1,897,394
Special Assessments	-	-	-	-	1,618,120	1,618,120
Rental Income	-	-	37,513	-	-	37,513
Intergovernmental	24,000	-	-	-	-	24,000
Investment Earnings	62,448	21,061	5,686	-	21,601	110,796
Total Revenues	<u>86,448</u>	<u>1,201,541</u>	<u>1,940,593</u>	<u>-</u>	<u>1,639,721</u>	<u>4,868,303</u>
EXPENDITURES						
Current:						
General Government	7,887	-	-	-	-	7,887
Transportation	2,675	2,276,415	2,078,434	-	-	4,357,524
Culture and Recreation	206,607	-	-	-	-	206,607
Capital Outlay	3,798,274	483,734	-	47,876	-	4,329,884
Total Expenditures	<u>4,015,443</u>	<u>2,760,149</u>	<u>2,078,434</u>	<u>47,876</u>	<u>-</u>	<u>8,901,902</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,928,995)</u>	<u>(1,558,608)</u>	<u>(137,841)</u>	<u>(47,876)</u>	<u>1,639,721</u>	<u>(4,033,599)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	4,330	-	-	4,330
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,330</u>	<u>-</u>	<u>-</u>	<u>4,330</u>
Net Change in Fund Balances	(3,928,995)	(1,558,608)	(133,511)	(47,876)	1,639,721	(4,029,269)
Fund Balances (Deficit) - Beginning	<u>17,307,471</u>	<u>4,112,860</u>	<u>1,447,050</u>	<u>(3,635)</u>	<u>4,773,274</u>	<u>27,637,020</u>
Fund Balances (Deficit) - Ending	<u>\$ 13,378,476</u>	<u>\$ 2,554,252</u>	<u>\$ 1,313,539</u>	<u>\$ (51,511)</u>	<u>\$ 6,412,995</u>	<u>\$ 23,607,751</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ -	\$ -	\$ 177	\$ 177
Investment Earnings	-	-	8,587	8,587
Total Revenues	-	-	8,764	8,764
EXPENDITURES				
Debt Service:				
Retirement of Principal	3,207,890	3,629,290	3,206,325	422,965
Interest	2,650,202	2,755,552	1,506,436	1,249,116
Total Expenditures	5,858,092	6,384,842	4,712,761	1,672,081
Deficiency of Revenues Under Expenditures	(5,858,092)	(6,384,842)	(4,703,997)	1,680,845
OTHER FINANCING SOURCES (USES)				
Transfers In	5,858,092	6,384,842	6,384,842	-
Transfers Out	-	-	(3,099,173)	(3,099,173)
Total Other Financing Sources	5,858,092	6,384,842	3,285,669	(3,099,173)
Net Change in Fund Balances	\$ -	\$ -	(1,418,328)	\$ (1,418,328)
Fund Balances - Beginning			3,099,173	
Fund Balances - Ending			<u>\$ 1,680,845</u>	



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Internal Service Funds

Motor Pool Fund - to account for the costs of operating a maintenance facility for automotive and other various types of equipment used by other City departments. The operating and maintenance costs are allocated to the user departments by charging a flat rate 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, 2015

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 3,456,582	\$ 1,316,588	\$ 5,830,107	\$ 10,603,277
Investments	5,660,027	2,028,441	7,907,639	15,596,107
Accounts Receivable, Net	17,702	34,961	135	52,798
Interest Receivable	8,678	3,121	10,979	22,778
Inventories	60,853	-	-	60,853
Prepaid Items	-	400	1,271,846	1,272,246
Total Current Assets	<u>9,203,842</u>	<u>3,383,511</u>	<u>15,020,706</u>	<u>27,608,059</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	29,436,759	237,658	-	29,674,417
Accumulated Depreciation	(22,560,478)	(146,729)	-	(22,707,207)
Total Noncurrent Assets	<u>6,876,281</u>	<u>90,929</u>	<u>-</u>	<u>6,967,210</u>
Total Assets	<u>16,080,123</u>	<u>3,474,440</u>	<u>15,020,706</u>	<u>34,575,269</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	544,408	341,636	-	886,044
Total Deferred Outflows of Resources	<u>544,408</u>	<u>341,636</u>	<u>-</u>	<u>886,044</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	520,792	849,725	92,706	1,463,223
Accrued Payroll	47,919	27,114	-	75,033
Accrued Compensated Absences	135,709	63,372	-	199,081
Claims Payable	-	-	3,962,000	3,962,000
Total Current Liabilities	<u>704,420</u>	<u>940,211</u>	<u>4,054,706</u>	<u>5,699,337</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	121,644	44,850	-	166,494
Claims Payable	-	-	7,966,000	7,966,000
Net OPEB Obligation	134,459	79,453	-	213,912
Net Pension Liability	4,086,337	2,564,325	-	6,650,662
Total Noncurrent Liabilities	<u>4,342,440</u>	<u>2,688,628</u>	<u>7,966,000</u>	<u>14,997,068</u>
Total Liabilities	<u>5,046,860</u>	<u>3,628,839</u>	<u>12,020,706</u>	<u>20,696,405</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	84,241	52,864	-	137,105
Total Deferred Inflows of Resources	<u>84,241</u>	<u>52,864</u>	<u>-</u>	<u>137,105</u>
NET POSITION				
Net Investment in Capital Assets	6,818,173	90,929	-	6,909,102
Unrestricted	4,675,257	43,444	3,000,000	7,718,701
Total Net Position	<u>\$ 11,493,430</u>	<u>\$ 134,373</u>	<u>\$ 3,000,000</u>	<u>\$ 14,627,803</u>

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, 2015

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services:				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 10,746,058	\$ 10,746,058
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	5,366,952	-	-	5,366,952
Equipment Replacement Charges	1,923,000	-	-	1,923,000
Facilities	-	6,191,944	-	6,191,944
Total Operating Revenues	<u>7,289,952</u>	<u>6,191,944</u>	<u>10,746,058</u>	<u>24,227,954</u>
OPERATING EXPENSES				
Administration	2,221,692	1,428,692	-	3,650,384
Cost of Sales and Services	2,533,227	4,480,360	-	7,013,587
Benefit Payments	-	-	1,869,126	1,869,126
Insurance	-	-	7,299,307	7,299,307
Depreciation	1,583,073	22,908	-	1,605,981
Total Operating Expenses	<u>6,337,992</u>	<u>5,931,960</u>	<u>9,168,433</u>	<u>21,438,385</u>
Operating Income	<u>951,960</u>	<u>259,984</u>	<u>1,577,625</u>	<u>2,789,569</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earnings	67,791	19,791	79,155	166,737
Interest Expense	(44,458)	-	-	(44,458)
Miscellaneous	5,114	32,145	27,698	64,957
Gain from Sale of Capital Assets	10,700	-	-	10,700
Total Nonoperating Revenues (Expenses)	<u>39,147</u>	<u>51,936</u>	<u>106,853</u>	<u>197,936</u>
Income Before Transfers	991,107	311,920	1,684,478	2,987,505
Transfers In	-	200,585	-	200,585
Transfers Out	-	-	(1,958,653)	(1,958,653)
Change In Net Position	991,107	512,505	(274,175)	1,229,437
Net Position - Beginning, as restated	10,502,323	(378,132)	3,274,175	13,398,366
Net Position - Ending	<u>\$ 11,493,430</u>	<u>\$ 134,373</u>	<u>\$ 3,000,000</u>	<u>\$ 14,627,803</u>

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2015

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 7,283,694	\$ 6,161,750	\$ 10,773,358	\$ 24,218,802
Payments to Employees	(2,273,889)	(1,514,052)	-	(3,787,941)
Payments to Suppliers	(2,572,437)	(4,201,763)	(9,219,514)	(15,993,714)
Net Cash Provided by (used in) Operating Activities	<u>2,437,368</u>	<u>445,935</u>	<u>1,553,844</u>	<u>4,437,147</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from Other Funds	-	200,585	-	200,585
Transfers out to Other Funds	-	-	(1,958,653)	(1,958,653)
Net Cash Provided by (used in) Noncapital Financing Activities	<u>-</u>	<u>200,585</u>	<u>(1,958,653)</u>	<u>(1,758,068)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(3,118,978)	(11,052)	-	(3,130,030)
Proceeds from Sale of Capital Assets	15,814	-	-	15,814
Principal Paid on Debt	(2,765,537)	-	-	(2,765,537)
Interest Paid on Debt	(44,458)	-	-	(44,458)
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>(5,913,159)</u>	<u>(11,052)</u>	<u>-</u>	<u>(5,924,211)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Purchase of Investments	(4,575,271)	(1,493,735)	(7,589,285)	(13,658,291)
Proceeds from Sale of Investments	7,643,011	1,344,772	8,427,214	17,414,997
Interest and Dividends Received	67,825	51,262	104,484	223,571
Net Cash Provided by (used in) Investing Activities	<u>3,135,565</u>	<u>(97,701)</u>	<u>942,413</u>	<u>3,980,277</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(340,226)	537,767	537,604	735,145
Cash and Cash Equivalents - Beginning	3,796,808	778,821	5,292,503	9,868,132
Cash and Cash Equivalents - Ending	<u>\$ 3,456,582</u>	<u>\$ 1,316,588</u>	<u>\$ 5,830,107</u>	<u>\$ 10,603,277</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income (Loss)	\$ 951,960	\$ 259,984	\$ 1,577,625	\$ 2,789,569
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Depreciation Expense	1,583,073	22,908	-	1,605,981
Pension Expense	(113,153)	(71,008)	-	(184,161)
Change in Assets and Liabilities:				
Accounts Receivable	(6,258)	(30,194)	27,300	(9,152)
Inventory	27,705	-	-	27,705
Prepaid Items	-	(400)	30,702	30,302
Accounts Payable	(66,915)	278,997	16,217	228,299
Accrued Payroll and Other Expenses	5,228	889	-	6,117
Accrued Compensated Absences	21,750	(33,289)	-	(11,539)
Claims Payable	-	-	(98,000)	(98,000)
Net OPEB Obligation	33,978	18,048	-	52,026
Total Adjustments	<u>1,485,408</u>	<u>185,951</u>	<u>(23,781)</u>	<u>1,647,578</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ 2,437,368</u>	<u>\$ 445,935</u>	<u>\$ 1,553,844</u>	<u>\$ 4,437,147</u>
Noncash Operating Activities:				
Deferred Outflows Related to Pension	\$ 544,408	\$ 341,636	\$ -	\$ 886,044
Deferred Inflows Related to Pension	(84,241)	(52,864)	-	(137,105)
Net Pension Liability	<u>(4,086,337)</u>	<u>(2,564,325)</u>	<u>-</u>	<u>(6,650,662)</u>

Fiduciary Funds

Pension Trust Funds

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

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

Agency Fund

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

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

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2015

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,783,915	\$ 494,038	\$ 54,167	\$ 6,332,120
Receivables:				
Accrued Interest and Dividends	299,516	-	-	299,516
Buyback Receivable	5,140	-	-	5,140
Share Plan Contributions	145,830	534,128	909,665	1,589,623
Receivable for securities sold	3,227,829	-	-	3,227,829
Other receivables	24,520	-	-	24,520
Total Receivables	3,702,835	534,128	909,665	5,146,628
Securities Lending Cash Collateral - Invested	43,954,886	-	-	43,954,886
Investments at fair value:				
U.S. Government and Agency	18,438,500	-	-	18,438,500
Global fixed income	15,346,796	-	-	15,346,796
Corporate Bonds	16,553,599	-	-	16,553,599
Common Stocks	126,298,982	208,344	-	126,507,326
International Equity	43,029,181	-	-	43,029,181
Real Estate Investment Trust (REIT)	49,327,710	-	-	49,327,710
Alternative Investments	55,093,579	-	-	55,093,579
Guaranteed Investment Contract	-	-	10,861,489	10,861,489
Mutual Funds	-	3,732,768	5,112,991	8,845,759
Total Investments	324,088,347	3,941,112	15,974,480	344,003,939
Total Assets	377,529,983	4,969,278	16,938,312	399,437,573
LIABILITIES				
Accounts Payable	294,964	-	-	294,964
Payable for Securities Purchased	3,374,726	-	-	3,374,726
Due to Coral Gables Retirement Fund	-	93,559	52,271	145,830
Obligations under Securities Lending	43,954,886	-	-	43,954,886
Total Liabilities	47,624,576	93,559	52,271	47,770,406
NET POSITION				
Net Position Restricted for Pension Benefits	\$ 329,905,407	\$ 4,875,719	\$ 16,886,041	\$ 351,667,167

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended September 30, 2015

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
Additions:				
City Contributions	\$ 24,151,856	\$ 534,128	\$ 909,664	\$ 25,595,648
Share Plan Contributions	145,830	-	-	145,830
Total Government Contributions	<u>24,297,686</u>	<u>534,128</u>	<u>909,664</u>	<u>25,741,478</u>
Employees:				
Employee contributions	4,628,400	-	-	4,628,400
Buybacks	75,314	-	-	75,314
Total Employee Contributions	<u>4,703,714</u>	<u>-</u>	<u>-</u>	<u>4,703,714</u>
Total Contributions	<u>29,001,400</u>	<u>534,128</u>	<u>909,664</u>	<u>30,445,192</u>
Investment Income:				
Net Appreciation in the Fair Value of Investments	2,131,205	(200,559)	(112,724)	1,817,922
Interest and Dividends	5,926,030	116,887	327,169	6,370,086
Other Income	39,251	-	-	39,251
Total Investment Income	<u>8,096,486</u>	<u>(83,672)</u>	<u>214,445</u>	<u>8,227,259</u>
Less Investment Expenses	<u>(1,873,440)</u>	<u>(19,013)</u>	<u>(88,315)</u>	<u>(1,980,768)</u>
Total Investment Income before Securities Lending Activity	6,223,046	(102,685)	126,130	6,246,491
Securities Lending Activities:				
Security Lending Income	92,642	-	-	92,642
Security Lending Fees and Rebates	<u>(27,736)</u>	<u>-</u>	<u>-</u>	<u>(27,736)</u>
Net Income from Security Lending Activities	<u>64,906</u>	<u>-</u>	<u>-</u>	<u>64,906</u>
Total Net Investment Income	<u>6,287,952</u>	<u>(102,685)</u>	<u>126,130</u>	<u>6,311,397</u>
Total Additions	<u>35,289,352</u>	<u>431,443</u>	<u>1,035,794</u>	<u>36,756,589</u>
Deductions:				
Pension Benefits Paid	41,295,632	838,805	703,079	42,837,516
Refunds of Contributions	307,461	-	-	307,461
Administrative Expense	<u>431,707</u>	<u>44,409</u>	<u>-</u>	<u>476,116</u>
Total Deductions	<u>42,034,800</u>	<u>883,214</u>	<u>703,079</u>	<u>43,621,093</u>
Net Increase (Decrease) in Net Position	(6,745,448)	(451,771)	332,715	(6,864,504)
Net Position Restricted for Pension Benefits:				
Beginning of Year	336,650,855	5,327,490	16,553,326	358,531,671
End of Year	<u>\$ 329,905,407</u>	<u>\$ 4,875,719</u>	<u>\$ 16,886,041</u>	<u>\$ 351,667,167</u>

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2015

	Employee Benefits Fund	Law Enforcement Fund	Total Agency Funds
ASSETS			
Cash and Cash Equivalents			
Beginning	\$ 638,185	\$ 3,090,529	\$ 3,728,714
Additions	72,083	1,527,891	1,599,974
Deductions	(76,209)	(2,278,596)	(2,354,805)
Total Assets	<u>634,059</u>	<u>2,339,824</u>	<u>2,973,883</u>
LIABILITIES			
Deferred Compensation Payable			
Beginning	632,560	-	632,560
Additions	72,083	-	72,083
Deductions	(76,209)	-	(76,209)
Ending	<u>628,434</u>	<u>-</u>	<u>628,434</u>
Due to Other Governments			
Beginning	5,625	3,090,529	3,096,154
Additions	-	1,527,891	1,527,891
Deductions	-	(2,278,596)	(2,278,596)
Ending	<u>5,625</u>	<u>2,339,824</u>	<u>2,345,449</u>
Total Liabilities	<u>\$ 634,059</u>	<u>\$ 2,339,824</u>	<u>\$ 2,973,883</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.

TABLE 1
CITY OF CORAL GABLES
NET POSITION BY COMPONENT

(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Asset:	\$ 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	\$ 133,586,545
Restricted	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868	21,333,586	21,749,068
Unrestricted	1,703,127	3,328,883	-	(624,816)	13,801,226	42,070,763	61,902,841	72,103,048	89,657,013	(80,038,802)
Total Governmental Activities Net Position	<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>	<u>\$ 75,296,811</u>
Business-type Activities										
Net Investment in Capital Asset:	\$ 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	\$ 24,929,687
Restricted	-	-	-	-	-	-	-	-	215,627	299,527
Unrestricted	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	16,377,673
Total Business-type Activities Net Position	<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>	<u>\$ 41,606,887</u>
Primary Government										
Net Investment in Capital Asset:	\$ 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	\$ 156,939,127
Restricted	300,000	-	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868	21,549,213	22,157,012
Unrestricted	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	(62,192,441)
Total Primary Government Net Position	<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>	<u>\$ 116,903,698</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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 22,362,962
Public Safety	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	69,415,601
Physical Environment	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	16,343,967
Transportation	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	6,558,044
Economic Environment	681,712	732,910	691,803	587,993	653,894	547,916	725,712	741,153	849,137	770,611
Culture and Recreation	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	10,035,755
Interest on Long-term Debt	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	1,388,635
Total Governmental Activities	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	126,875,575
Business-type Activities:										
Sanitary Sewer System	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	6,680,895
Parking System	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	5,170,070
Stormwater Utility	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	2,024,485
Total Business-type Activities	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	13,875,450
Total Expenses	\$ 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	\$ 140,751,025
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	\$ 23,300,256
Public Safety	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	6,582,738
Physical Environment	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	8,158,310
Transportation	-	-	-	-	-	-	-	-	-	18,906
Economic Environment	-	-	-	-	-	1,962,748	2,600,000	200,000	1,700,000	680,000
Culture and Recreation	3,826,206	3,747,163	3,576,441	3,631,334	3,338,009	3,688,909	3,688,909	4,357,075	4,291,802	5,107,153
Operating Grants and Contributions	17,132,223	2,478,666	238,033	108,762	94,832	359,559	415,718	192,080	487,387	87,157
Capital Grants and Contributions	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	1,345,958
Total Governmental Activities	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	45,243,478
Business-type Activities:										
Charges for Services:										
Sanitary Sewer System	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	9,375,348
Parking System	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	13,025,045
Stormwater Utility	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	3,198,371
Operating Grants and Contributions	-	-	-	-	-	1,606,542	-	-	-	-
Capital Grants and Contributions	-	554,196	-	392,233	238,597	324,445	920,448	37,222	-	463,764
Total Business-type Activity	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	26,062,528
Total Program Revenue	\$ 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	\$ 71,306,006
Net(Expense) Revenue										
Governmental Activities	\$ (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)	\$ (81,632,097)
Business-type Activities	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	12,187,078
Total Net Expense	\$ (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)	\$ (69,445,019)
General Revenues										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 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	\$ 68,107,835
Franchise Fees	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	6,908,438
Utility Service Taxes	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	11,986,127
Other Taxes	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	3,077,874
Intergovernmental	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	5,034,109
Investment Earnings	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070	5,968	464,999	706,665
Bad Debt Expense	-	(4,229,491)	-	-	-	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	3,648,411
Miscellaneous	546,076	310,400	453,448	667,778	239,410	603,945	482,745	494,871	284,566	254,373
Transfers in/out	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	7,229,879
Total General Revenues, Transfers and Special Items	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	106,953,711
Business-type Activities:										
Investment Earnings	56,481	80,468	232,392	23,493	9,129	9,266	16,670	20,595	73,698	94,112
Miscellaneous	14,175	168,353	21,845	20,723	13,010	52,767	31,163	30,688	125	-
Transfers in/out	(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)	(7,229,879)
Total Business-type Activities	(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)	(7,135,767)
Total Primary Government	\$ 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	\$ 99,817,944
Change in Net Position										
Governmental Activities	\$ (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	\$ 25,321,614
Business-type Activities	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	5,051,311
Total Change in Net Position	\$ (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	\$ 30,372,925

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved for:										
Encumbrance	\$ 343,460	\$ 586,407	\$ 504,291	\$ 333,082	\$ 272,511	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	96,193	96,193	96,193	84,139	86,505	-	-	-	-	-
Prepaid Items	47,524	50,575	27,416	46,366	128,878	-	-	-	-	-
Accounts Receivable	3,943,354	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
General Fund	4,774,357	10,169,006	9,195,207	4,501,777	6,535,081	-	-	-	-	-
Undesignated	-	(1,364,918)	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	126,320	28,654	28,654	36,678	40,866
Restricted	-	-	-	-	-	3,629,399	4,273,043	4,169,504	4,351,576	3,542,544
Assigned	-	-	-	-	-	3,367,565	4,012,316	2,404,046	7,006,883	9,851,297
Unassigned	-	-	-	-	-	12,363,979	21,111,908	28,701,814	37,438,411	39,305,216
Total General Fund	\$ 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	\$ 52,739,923
All Other Governmental Funds										
Reserved for:										
Prepaid Items	\$ -	\$ 6,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	749,750	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Fund	(865,546)	-	(13,140)	(13,140)	319	-	-	-	-	-
Designated Debt Service	3,596,787	2,881,918	2,301,631	197,934	883,606	-	-	-	-	-
Designated Capital Projects	-	2,592,192	-	-	-	-	-	-	-	-
Capital Projects Funds	1,045,192	-	(402,542)	(230,684)	(1,504,763)	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	169,982
Restricted	-	-	-	-	-	26,367,078	26,925,026	25,399,733	25,236,858	25,206,894
Assigned	-	-	-	-	-	8,106,937	16,125,829	25,389,424	29,099,838	42,180,811
Unassigned	-	-	-	-	-	(22,812)	(41,104)	(3,635)	(3,635)	(51,511)
Total All Other Governmental Funds	\$ 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	\$ 67,506,176

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 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	\$ 90,080,274
Licenses	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	3,255,125
Permits	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	8,783,434
Fines and Forfeitures	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	2,494,796
Intergovernmental	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	6,091,507
Charges for Services	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	20,169,601
Recreation Actviity Fees	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	4,377,394
Rental Income	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	4,886,803
Investment Earnings	1,575,518	2,107,709	1,390,848	158,351	75,221	58,769	114,070	5,968	464,999	706,665
Bad Debt	-	(4,229,491)	-	-	-	-	-	-	-	-
Special Assessments	325,849	52,521	364,965	711,258	499,649	2,222,203	476,556	980,246	191,037	2,817,930
Contributions and Donations	-	-	-	-	-	1,140,000	735,131	466,060	185,045	58,292
Miscellaneous	451,601	308,261	453,448	667,778	239,410	603,945	482,745	494,871	284,566	254,373
Total Revenues	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	143,976,194
EXPENDITURES										
Current:										
General Government	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	19,608,296
Public Safety	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	72,413,164
Physical Environment	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	17,096,014
Transportation	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	6,938,914
Economic Environment	645,291	721,991	704,232	607,676	681,765	558,174	753,151	773,882	851,438	821,259
Culture and Recreation	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	9,554,012
Debt Service:										
Retirement of Principal	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	3,352,135
Interest and Other Charges	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	1,516,080
Bond Issuance Cost	-	-	-	-	-	-	61,456	88,020	-	-
Capital outlay	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	14,984,777
Total Expenditures	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	146,284,651
Excess (deficiency) of Revenues Over Expenditures	(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	(2,308,457)
OTHER FINANCING SOURCES (USES)										
Special Revenue Bond Issued	-	-	-	-	-	-	-	-	-	6,500,000
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	3,900,000
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	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	33,321,551
Transfers Out	(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)	(24,333,604)
Total Other Financing Sources (Uses)	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	19,387,947
Net Change In Fund Balances	\$ 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	\$ 17,079,490
Debt service as a percentage of noncapital expenditures										
	3.10%		3.52%	3.11%	3.23%	3.60%	27.79%	3.90%	3.80%	3.71%

**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
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%
2015	69,863,911	68,107,835	97.49%	-	68,107,835	97.49%

**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		
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
2015	12,563,996,934	291,419,796	12,855,416,730	5.589

(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 2012-2015 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	MILLAGE	MILLAGE	MILLAGE	
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
2015	5.589	0.000	5.589	5.900	7.974	0.4187	19.8826

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 2015			FISCAL YEAR ENDED 2006		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE \$12,855,416,730	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE \$10,609,315,966
Merrick Park LLC	\$ 142,716,727	1	1.11 %	\$ 67,833,035	1	0.64 %
Banyan St GAP Douglas Ent Own LLC	80,800,000	2	0.63	65,302,000	2	0.62
Prisa Ponce de Leon, LLC	69,164,867	3	0.54	55,500,000	3	0.52
South Florida Equities Reit Inc.	63,509,223	4	0.49	47,320,343	4	0.45
LG Coral Gables LLC	62,660,968	5	0.49	-	-	-
Ponte Gadea Gables LLC	60,967,613	6	0.47	-	-	-
Prim Bac Colonnade LLC	55,800,000	7	0.43	-	-	-
The Collection Properties LLC	55,450,785	8	0.43	44,619,500	5	0.42
CPT 355 Alhambra Circle	54,200,000	9	0.42	40,036,637	7	0.38
Coral Gables Associates	49,400,000	10	0.39	43,575,000	6	0.41
Ponce Cir Dev LLC	-	-	-	34,952,547	8	0.33
121 Alhambra Tower LLC	-	-	-	34,349,963	9	0.32
RREEF American Reit II Corp	-	-	-	31,238,640	10	0.29
Totals	<u>\$ 694,670,183</u>		<u>5.40 %</u>	<u>\$ 464,727,665</u>		<u>4.38 %</u>

Property assessed on January 1, 2014 for 2014-2015 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)
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
2015	909	945

(1) Includes prepayments and foreclosures.

**TABLE 10
CITY OF CORAL GABLES, FLORIDA
RATIO OF OUTSTANDING DEBT BY TYPE
SEPTEMBER 30, 2015
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			
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
2015	60,054,735	254,690	17,785,265	214,599	78,309,289	2695%	1,528.67

* 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
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%
2015	-	-	-	121,242	0%

TABLE 12
CITY OF CORAL GABLES, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2015
(amounts expressed in thousands)

<u>JURISDICTION</u>	<u>NET DEBT OUTSTANDING</u>	<u>PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES (1)</u>	<u>AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES</u>
City of Coral Gables	\$ 60,309	100.0%	\$ 60,309
Total direct debt			<u>\$ 60,309</u>
Miami-Dade County, Florida	\$ 1,364,122	5.94%	\$ 81,029
Total overlapping debt			<u>\$ 81,029</u>
Total direct debt and overlapping debt			<u><u>\$ 141,338</u></u>

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 recognize 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
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%
2015	51,227	2,905,647	56,721	40.8	13,705	4.9%

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
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
2015	68,108	6,908	11,986	3,078	90,080

- (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,			
	2015		2006	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
University of Miami	14,604 *	57.96%	9,874	63.10%
Bayview Asset Management	1,600	6.35%	1,000	6.39%
Baptist Health South Florida/Corporate Office	1,276	5.06%	190	1.21%
Doctors Hospital -Baptist Hospital South Florida	1,142	4.53%	900	5.75%
City of Coral Gables	801	3.18%	850	5.43%
The Biltmore Hotel	700	2.78%	600	3.83%
Coral Gables Hospital	671	2.66%	598	3.82%
Dade County Public Schools	534	2.12%	737	4.71%
Bacardi USA	300	1.19%	330	2.11%
The Collection	310	1.23%	N/A	N/A
Mercantil Commerce Bank/Commerce Bank	293	1.16%	N/A	N/A
Gables Engineering, Inc.	281	1.12%	200	1.28%
Gibraltar Bank	272	1.08%	N/A	N/A
HBO Latin America	276	1.10%	N/A	N/A
Bill Ussery Motors Mercedes-Benz	258	1.02%	250	1.60%
Diageo	300	1.19%	N/A	N/A
IBM Corporation	215	0.85%	120	0.77%
Kindered Hospital	200	0.79%	N/A	N/A
Quirch Food	155	0.62%	N/A	N/A
Stantec	150	0.60%	N/A	N/A
Yard House Restaurant	141	0.56%	N/A	N/A
Richemont L.A. & Caribbean	140	0.56%	N/A	N/A
Univision Radio Florida	140	0.56%	N/A	N/A
Hyatt Regency Coral Gables	113	0.45%	N/A	N/A
The Westin Colonnade Hotel	120	0.48%	N/A	N/A
American Airlines	103	0.41%	N/A	N/A
Cable & Wireless	100	0.40%	N/A	N/A
Total	25,195	100.00%	15,649	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
TEN YEAR COMPARISONS

FUNCTION / PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Commission	7	7	7	7	7	7	7	7	7	6
City Attorney	4	4	4	5	5	5	5	5	5	5
City Clerk	4	4	5	5	5	5	5	5	5	7
City Manager	12	12	12	11	10	10	10	11	11	9
Human Resources	11	11	12	12	10	10	10	10	10	11
Development Services	58	58	65	63	58	63	64	64	64	63
Planning	5	5	5	5	4	0	0	0	0	0
Historic Resources	5	5	5	5	4	4	4	4	4	5
Public Works	77	80	76	76	65	63	84	84	204	204
Finance	31	32	31	31	31	31	33	33	34	32
Information Technology	11	11	16	19	16	15	15	15	15	16
Public Service	122	122	122	115	98	93	0	0	0	0
Automotive	30	30	30	30	26	23	0	0	0	0
Police	265	266	264	264	257	255	255	256	263	262
Fire	149	149	149	149	147	147	147	147	147	147
Parks & Recreation	36	36	35	33	28	26	0	0	0	0
Economic Sustainability	5	5	5	4	5	4	4	5	5	6
Parking	32	32	32	34	32	30	0	0	0	0
Community/Leisure Services	0	0	0	0	0	0	148	146	26	28
Total	864	869	875	868	808	791	791	792	800	801

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Police:										
Physical Arrests	1,012	1,173	1,000	881	991	860	847	880	935	876
Traffic Violations	23,198	27,556	24,915	26,399	20,750	16,897	20,462	19,863	23,785	19,917
Parking Violations	114,614	114,924	105,485	101,644	122,596	151,703	139,929	96,394	100,674	100,808
Fire:										
Emergency Response	7,453	7,097	4,361	6,014	8,000	6,224	7,621	7,022	7,721	7,886
Fire Inspections Conducted	6,604	7,704	3,300	5,016	6,600	10,345	12,068	13,716	10,769	10,549
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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Area										
Land (sq. miles) (1)	12.3	12.3	12.3	12.3	12.9	13.1	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 (miles)	47	47	47	47	47	47	47	47	47	47
FPL owned streetlights	3,532	3,532	3,532	3,532	3,532	3,532	3,532	3,532	3,532	3,532
City owned streetlights	583	583	583	583	583	583	583	583	583	583
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	2	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	35	35	35	35	35	35	35	35	35	35
Wastewater Gravity main (miles)	0	0	0	0	0	0	64	64	64	64

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

(2) Sources: Various City Departments

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, 2015

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RSM US LLP

**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**

Independent Auditor's Report

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, 2015, 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 8, 2016, which included an emphasis of matter paragraph for the adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, effective July 1, 2014. Our report also includes a reference to other auditors who audited the financial statements of the City of Coral Gables Retirement Fund and Police Officers' Pension Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The City of Coral Gables Retirement Fund was not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the City of Coral Gables Retirement Fund.

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.

RSM US LLP

Miami, Florida
March 8, 2016



RSM US LLP

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule
of Expenditures of Federal Awards and State Financial Assistance
Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Coral Gables, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2015. 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

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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 and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 8, 2016, which contained unmodified opinions on those financial statements and included an emphasis of matter paragraph for the adoption of GASB Statements No. 68 and 71. Our report also included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis, as required OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

RSM VS LLP

Miami, Florida
March 8, 2016

City of Coral Gables, Florida

**Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2015**

Federal Grantor, Pass-Through Entity Federal Awards	CFDA No.	Contract/ Grant No.	Total Expenditures
U.S Department of Homeland Security:			
Pass-through Miami-Dade County, Florida:			
13 Urban Area Security Initiative	97.067	14-DS-L2-11-23-02-413	\$ 63,450
Total Department of Homeland Security			<u>63,450</u>
U.S. Department of Justice:			
FY 2015 Edward Byrne Memorial Justice Assistance Grant (JAG-D)	16.738	2015-JAGD-DADE-10-R1-147	9,994
FY 2015 Edward Byrne Memorial Justice Assistance Grant (JAG-C)	16.738	2015-JAGC-DADE-15-R3-240	6,500
			<u>16,494</u>
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None	288,722
Department of Justice Forfeiture Program (Equitable Sharing Program)			
South Florida Money Laundering Strike Force	16.922	None	7,293
			<u>296,015</u>
Total U.S. Department of Justice			<u>312,509</u>
National Endowment for the Arts:			
Civic Arts Monuments	45.024	12-6200-7027	24,000
Total National Endowment for the Arts			<u>24,000</u>
U.S. Department of Treasury:			
South Florida Money Laundering Strike Force (Equitable Sharing Program)	21.000	None	443,791
Total U.S Department of Treasury			<u>443,791</u>
U.S. Environmental Protection Agency:			
City 2 Sanitary Sewer Pump Station Rehabilitation	66.202	XP-95480112	463,764
Total U.S Environmental Protection Agency			<u>463,764</u>
			<u>\$ 1,307,514</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, 2015**

State Grantor, Pass-Through Entity State Assistance	CFSA No.	Contract/ Grant No.	Total Expenditures
Florida Department of Transportation:			
New Service Expansion – Public Transit Service Development Program	55.012	FPN 43666518401, Contract G0321	\$ 18,906
Total Florida Department of Transportation			<u>18,906</u>
Florida Department of Health:			
Pass-through Miami-Dade County, Florida:			
EMS FY 2013-2014 County Grant	64.005	C2013	1,430
EMS FY 2014-2015 County Grant	64.005	C3013	711
Total Florida Department of Health			<u>2,141</u>
FDS-DHR:			
Small Matching Historic Preservation Grant	45.031	S1524	49,575
Total FDS-DHR			<u>49,575</u>
E911 Board:			
E911 State Grant Program	72.002	S6-13-12-5	304,000
			<u>304,000</u>
Total Expenditures of State Financial Assistance			<u>\$ 374,622</u>

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

The City of Coral Gables, Florida

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2015**

Note 1. General and Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state financial assistance of the City of Coral Gables, Florida (the City) for the year ended September 30, 2015. 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 and Chapter 10.550, Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position, or cash flows, where applicable, 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* and the *Rules of the Department of Financial Services, State of Florida*.

The City of Coral Gables, Florida

**Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2015**

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?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major program:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> 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?

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

CFDA Number(s)

66.202

Name of Federal Program:

Congressionally Mandated Projects – City 2 Sanitary Sewer Pump Station Rehabilitation

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

\$ 300,000

Auditee qualified as low-risk auditee?

<u> X </u> Yes	<u> </u> No
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(Continued)

The City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2015

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, 2014.



RSM US LLP

**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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 8, 2016. Our report was modified to include a reference to other auditors. This report does not include the findings and recommendations of the other auditors' that are reported on separately by those auditors. Our report also includes an emphasis of matter paragraph relating to the City's adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, effective October 1, 2014.

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 Fund and Police Officers' Pension Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The City of Coral Gables Retirement Fund was not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the City of Coral Gables Retirement Fund.

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 Each 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 8, 2016 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. There were no findings or recommendations made in the preceding annual financial audit report.

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, 2015, 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, 2015. 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. A recommendation is included in *Appendix A – Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls*.

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.

RSM US LLP

Miami, Florida
March 8, 2016

The City of Coral Gables, Florida

Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls.

Fiscal Year Ended September 30, 2015

ML 2015 - 01 User Access

Criteria: General information technology (IT) controls require that an organization establish formal policies and procedures for managing user accounts and access rights to an organization’s relevant financial applications and systems.

Condition: We noted that user access provisioning and access rights changes are not being documented on a consistent basis. Specifically, we noted that the *System and Application Access Request Form* is not being consistently prepared to document access provisioning and access rights changes for financially relevant applications.

Cause: The City’s Information Technology Operation Standard Manual does not address the specific steps and documentation required to be completed when provisioning and/or changing user accounts and access rights.

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

Recommendation: We recommend that management establish formal policies and procedures addressing the specific steps and documentation required to be completed when provisioning and/or changing user accounts and access rights.

Views of Responsible Officials and Planned Corrective Actions: Our process for new hires and access changes includes creating a service ticket in Heat, sending/requesting an Application Access Request Form to/from the department head(s) applicable to the change requested, and collecting the form with approval and signatures before any change is performed. The access request form includes an area where specific modules and permissions requested are detailed. In some cases, the director/supervisor sends an email approving in writing the access requested, and that email is attached to the Heat ticket and used in lieu of the form itself.

IT staff is trained on the procedures to create/change accounts, requesting proper authorizations and signoffs, and all the associated protocols. Even though application access and security is documented in the IT standards document, the above access provisioning process is not detailed with specific steps as noted in the audit observations. IT will remedy that finding by including user access provisioning and change policies and procedures in the City of Coral Gables’ Information Technology Operation Standard Manual. We are already enforcing and monitoring those practices, but we will make sure they are properly documented in the SOP documentation.

It is our internal policy to consistently request the Application Access Request Form, document the request on a Heat ticket and follow change management procedures. We will put those steps and procedures in writing and will continue training staff and enforcing those rules.



RSM US LLP

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, 2015. 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, 2015.

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.

RSM US LLP

Miami, Florida
March 8, 2016

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