

# *City of Coral Gables, Florida*

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Fiscal Year Ended September 30, 2017*



*A World-Class City  
With A Home-Town Feel*

**CORAL  
GABLES**<sup>®</sup>  
THE CITY BEAUTIFUL



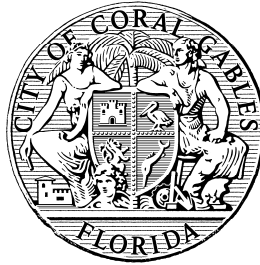
The original studio of H. George Fink, often described as the best examples of Mediterranean Revival Style architecture in Coral Gables, is now owned by the City. The building was designed in 1925 by Fink who was one of the City's earliest and most prolific architects. He was also the cousin of Coral Gables Founder George Merrick.

The interior space of the building is hailed as one of the few absolutely intact interiors from the 1920s in Coral Gables. All of the original interior furnishings in the building were also acquired by the City.

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the  
FISCAL YEAR ENDED  
September 30, 2017



*"The City Beautiful"*

Prepared by  
FINANCE DEPARTMENT

# CITY OF CORAL GABLES, FLORIDA

*COMMISSION - MANAGER FORM OF GOVERNMENT*

## CITY COMMISSION

RAUL VALDES-FAULI, *MAYOR*

PATRICIA KEON., *Vice Mayor*  
VINCE LAGO, *Commissioner*

FRANK C. QUESADA, *Commissioner*  
MICHAEL MENA, *Commissioner*

## CITY MANAGER

CATHY SWANSON-RIVENBARK

## FINANCE DIRECTOR

DIANA M. GOMEZ, C.P.A.

## ASSISTANT FINANCE DIRECTOR FOR REPORTING AND OPERATIONS

SALLY OLA OLA

# Introductory Section

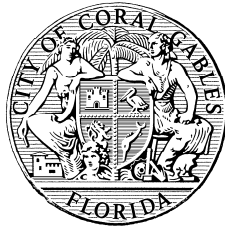
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GFOA CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART

LIST OF PRINCIPAL OFFICIALS



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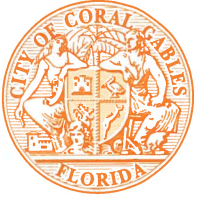
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# The City of Coral Gables

## *Finance Department*

CITY HALL 405 BILTMORE WAY  
CORAL GABLES, FLORIDA 33134

March 30, 2018

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 (the "City") for the fiscal year ended September 30, 2017, 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 help 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 50,815 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 more than 150 multinational companies and 19 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 16,800 students and employs approximately 15,100 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.

The impact of the economic decline on the real estate market in 2008 caused the City's property values to decrease from a high of \$13.4 billion in tax year 2008, to \$12.7 billion in 2009 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. For tax year 2016, taxable values are the highest in the history of the City at \$14.4 billion which represents a 5.0% increase over the tax year 2015 taxable value of \$13.7 billion and property tax increased by approximately \$3.70 million. For fiscal year 2017, the property tax rate is 5.559 which is the sixth consecutive year the City has not raised its millage rate.

The City is one of only three cities in Florida and the only one in Miami-Dade County with three "AAA" bond ratings. Fitch Ratings has joined Standard & Poor's and Moody's in assigning the City with a "AAA" bond rating. According to Fitch Ratings, Coral Gables' 'AAA' *"reflects the strength of its financial reserves, broad budgetary flexibility and prudent management that support an expectation for stable financial performance through economic cycles. Coral Gables' economic resource base is robust and underpins its credit strengths, particularly the affordability of long-term liabilities and favorable revenue growth prospects."*

The City has a formal policy to keep in reserve 25% of the City's operating budget plus debt service requirement for fiscal year 2018. The City has met the reserve requirement of \$42.58 million as of September 30, 2017. However, approximately \$4.4 million of reserve has been used to cover Hurricane Irma expenditures and is expected to be reimbursable from Federal Emergency Management Agency (FEMA) and State Florida. The City's required share of expenditures has already been funded with available resources.

One of the City's most exciting current initiatives is an investment of more than \$25 million to make Miracle Mile, the City's main street and one of its central shopping and dining areas, vibrant pedestrian destination. The initiative, which also includes "restaurant row" on nearby Giralda Plaza, includes widening the walkway to create areas for al fresco dining and a more engaging retail experience. The redesign for both Miracle Mile and Giralda Plaza includes curbsless streets, shaded sidewalks, and inviting open spaces that are intimately tied to the history, character and climate of Coral Gables. The project has an estimated completion date of early 2018. This project is funded jointly by the City, Miami-Dade County and property owners directly benefitting from the improvements.

Coral Gables has been named a "Tree City USA" for 32 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 budgets \$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 and palms throughout the City neighborhood, to preserve the lush tree canopy across the City.

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 eleven properties listed on the National Register of Historic Places, including The Biltmore Hotel, Coral Gables Merrick House, Venetian Pool and Coral Gables City Hall, as well as over 1,450 locally designated properties.

For nine consecutive years, Coral Gables has been designated as a Playful City USA community. Playful City USA is a national recognition program that honors cities and towns across the country for taking bold steps that make it easy for all kids to get the balanced and active play they need to thrive. Once again this year, Coral Gables has been recognized for its efforts to create a more playable, family-friendly community.

The City was named one of the top five most livable communities of its size in the world by the United Nations-backed *International Awards for Livable Communities* (LivCom). The LivCom awards boosts civic pride, increases tourism and investment in the City and raises its international profile. Also, the City was voted “Favorite Area in the 305” by YELP, an international online guide; and Wall Street named the City as “sixth most walkable suburbs in the US”. Venetian Pool, City’s historic natural freshwater was voted one of the world’s coolest pool by Travel and Leisure Magazine and earned the Jeff Ellis Platinum Safety Award (the highest level awarded for open water).

## **MAJOR INITIATIVES**

The City Commission adopted an annual budget for fiscal year 2016-2017 with the primary goal of funding important physical investments in the community, ranging from new technologies such as E-Permitting, new parks, expansion of the CCTV public safety initiative, continued refurbishment of historic civic art, advanced traffic calming measures, significant physical improvements to ensure energy efficiency, improved recycling, and changes to our infrastructure that will make the City better able to adapt to sea level rise. The fiscal year 2016-2017 budget provides for a capital improvement program totaling \$18.7 million and highlights include replacement of capital equipment of \$1.4 million, facility repairs and maintenance of \$1.5 million, historic facility repairs and restorations of \$0.8 million, motor pool equipment replacement of \$3.2 million, parking system repairs and maintenance of \$1.1 million, parks and recreation amenity improvements of \$2.8 million, public safety improvements of \$3 million, transportation and roadway improvements of \$2.8 million and utility repairs and improvements of \$2 million.

In fiscal year 2017, the City made it a priority to enhance the neighborhoods’ quality of life through ongoing development and landscape beautification of various pocket parks throughout the City. The City continues to engage the surrounding communities in the development of these pocket parks to best suit the needs of the neighborhoods. These projects cost approximately \$600,000 in fiscal year 2017.

To preserve the architectural history and heritage of the City, during 2017 the City has completed several major restoration and renovation projects of City’s historic plazas, fountains and entrance ways. The works include the architectural renovation and conservation of the structures, fountains and retrofit of all light fixtures. The Coral Gables Merrick House has received major restoration work and is expected to re-open to public in early 2018. These projects cost approximately \$3.4 million in fiscal year 2017.

In 2017, the renovation and improvements of the Youth Center War Memorial is underway which involves roof repair, resodding and irrigation, fence replacement, and structural improvements. The project cost was approximately \$1.67 million as of fiscal year 2017.

During fiscal year 2017, the Mobile Permit Service program was in full swing where residents can now contact a City representative to meet at their home in order to obtain a permit. Eligible permits for this new service include small home renovations such as kitchen or bathrooms alterations, exterior painting, and general minor repairs, among others. Approximately 250 customers availed of the service in fiscal year 2017.

In fiscal year 2017, the City's Public Safety Team implemented new strategies that resulted in an overall 6.8% reduction in crime. The City now has the lowest incidents of reported vehicle and residential burglaries citywide in more than 15 years and has also dramatically reduced traffic homicides and crashes. Greater emphasis has been placed on reducing speeding in the community with more than 23,294 uniform traffic citations and written warnings issued in neighborhoods, school zones, and major roadways. These new strategies are working with significant community support and partnership. The Phase 1 of the citywide installation of CCTV cameras at strategic was completed which improves security and public safety through enhance information gathering and threat assessment to residents and businesses. These projects cost approximately \$1.36 million in fiscal year 2017

The City passed a resolution in 2015 authorizing the implementation of the unfunded pension liability accelerated pay down policy. The policy was adopted to reduce the amount of time to fully fund the current unfunded liability amount and where funds are available, eliminate any future pension unfunded liabilities as they may arise. This resolution allows for budgeting 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 an additional \$3.3 million to the Coral Gables Retirement System in October 2016 which was applied towards the unfunded liability. The City has contributed a total of \$7.3 million in additional funds towards the unfunded liability since fiscal year 2016.

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. By strictly adhering to these controls, the City was able to restore the fund balance reserve to a responsible level of at least 25% of the operating budget plus debt service payment requirements of the following year. With the City's available fund balance at the end of fiscal year 2016, the City was able to fund approximately \$5 million of emergency preparedness, clean-up and restoration costs brought about by Hurricane Irma while maintaining stable and fully funded current operations.

**Long Term Financial Planning.** The City Commission adopted an annual budget for fiscal year 2017-2018 which represents the second of a 3-year city-wide strategic plan that captures the programmatic and budgetary priorities of the City with supporting action plans and performance measurements destined to make Coral Gables "a world-class City with a hometown feel". The annual budget together with the 3-year strategic plan and 5-year capital plan chart out a deliberate and measurable path to world class excellence that support the steadfast implementation of the City's sound financial policies. The fiscal year 2017-2018 budget provides for additional funds towards the capital improvement program totaling \$23.9 million. Highlights include replacement of capital equipment of \$1.6 million, facility repairs and maintenance of \$1.5 million, historic facility repairs and restorations of \$2.1 million, motor pool equipment replacement of \$3.3 million, parking system repairs and maintenance of \$1.1 million, parks and recreation amenity improvements of \$2.8 million, public safety improvements of \$1.6 million, transportation and roadway improvements of \$5 million and utility repairs and improvements of \$4.7 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 2017, approximately \$20.5 million has been spent on NRP projects.

The 2017-2019 Strategic Plan was implemented at the start of fiscal year 2017. The new three-year strategic plan is a city-wide work program that positions the City for consistent success moving forward. This plan includes improved processes, the introduction an ongoing community satisfaction survey to further guide improvements and validate successes, well-trained employees, and greener business practices. The annual budget adopted by the City represents the comprehensive financial plan on resource allocation, timeliness and deliverables for each action plan tied to the new strategic plan.

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. The City passed a Green Building Ordinance in April 2016 that requires buildings in Coral Gables to be built according to the latest applicable version of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver certification or equivalent. This applies to all new City buildings, buildings being constructed on City of Coral Gables property, and all buildings to be built over 20,000 square feet which are not owned by the City of Coral Gables. With this new law, the City is encouraging new development which utilizes sustainable design and construction best practices. The City's Green Building Ordinance recognizes the positive environmental impacts of energy and water-efficient building designs, as well as construction, operation and maintenance methods and materials. This Ordinance is aligned with a number of other environmentally friendly initiatives that have been implemented in Coral Gables, all aimed at creating a more sustainable and resilient community.

Climate change is an issue that Coral Gables takes very seriously with particular weight placed on rising sea level. The City has dedicated \$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

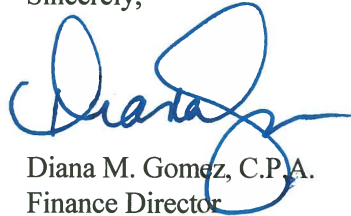
**Independent Audit.** The City Charter and State Statutes require an annual audit. The accounting firm of RSM US LLP was appointed by the City Commission. The Audit engagement requires the independent auditor to report on the fair presentation of the financial statements and on the City's internal controls 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, 2016. This was the thirty third 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,

A handwritten signature in blue ink, appearing to read "Diana M. Gomez", with a large loop at the end.

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**

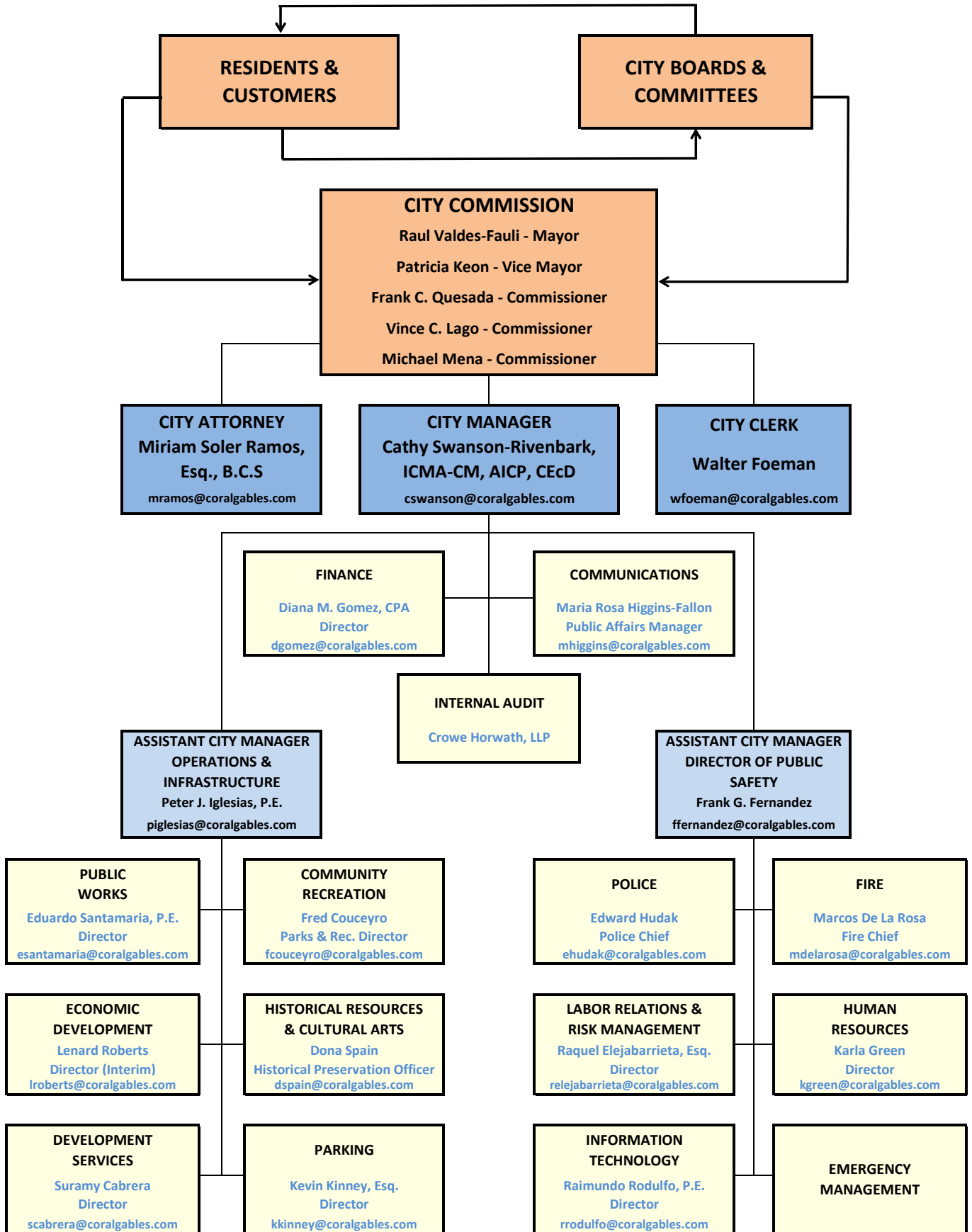
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

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





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



**RAUL VALDES-FAULI**  
MAYOR



**PATRICIA KEON**  
VICE MAYOR



**FRANK C. QUESADA**  
COMMISSIONER



**VINCE C. LAGO**  
COMMISSIONER



**MICHAEL MENA**  
COMMISSIONER



**WALTER FOEMAN**  
CITY CLERK



**CATHY SWANSON-RIVENBARK**  
CITY MANAGER



**MIRIAM SOLER RAMOS**  
CITY ATTORNEY

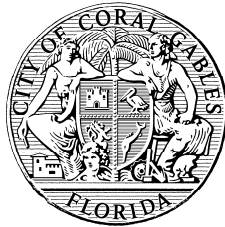
**FRANK G. FERNANDEZ**  
ASST. CITY MANAGER / DIRECTOR OF PUBLIC SAFETY

**PETER J. IGLESIAS**  
ASST. CITY MANAGER/OPERATIONS & INFRASTRUCTURE

**DEPARTMENT DIRECTORS**

Communication  
Community Recreation  
Development Services  
Economic Development  
Finance  
Fire Chief  
Historical Resources  
Human Resources  
Information Technology  
Labor Relations & Risk Mgmt.  
Parking  
Police Chief  
Public Works

Maria Rosa Higgins-Fallon  
Fred Couceyro  
Suramy Cabrera  
Lenard Roberts (Interim)  
Diana M. Gomez  
Marcos De La Rosa  
Dona M. Spain  
Karla Green  
Raimundo Rodulfo  
Raquel Elejabarrieta  
Kevin J. Kinney  
Edward Hudak  
Eduardo Santamaria



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# Financial Section

REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

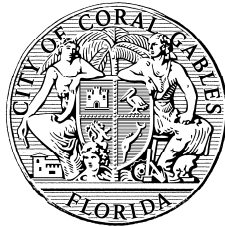
BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION



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## 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, 2017, 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 84% of the total assets/deferred outflows of resources and 72% of the total revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports 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 reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Coral Gables Retirement Fund were not audited in accordance with *Government Auditing Standards*.

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

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

### **Opinions**

In our opinion, based on our audit and the 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), budgetary comparison information for the general fund, and the pension related schedules 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 reports 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.

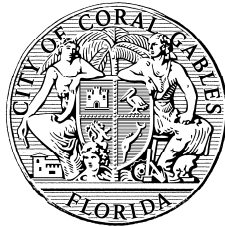
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018 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 solely 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 the effectiveness of the City's 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 30, 2018



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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, 2017. 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 \$135.36 million (net position) which increased \$4.82 million when compared to prior year.
- As of the close of the current fiscal year, the City’s governmental funds reported combined fund balances of \$117.93 million, a decrease of \$14.16 million in comparison with the prior year. Of this amount, \$38.18 million or approximately 32.38% is unassigned fund balance in the General Fund which met the City’s formal policy of reserve fund balance of 25% of the City’s operating budget plus debt service requirement of fiscal year 2018.
- At the end of the current year, the total of the committed, assigned, and unassigned components of fund balances for the general fund was \$55.75 million or 40% of the total general fund expenditures and is available for future spending.
- The City has no general obligation debt outstanding.
- The 2016-2017 annual principal and semi-annual interest payments on loans from the Sunshine State Governmental Financing Commission are 100% funded from the non-ad valorem revenues of the General Fund; and operating revenues of the Parking System Fund and the Stormwater Utility Fund.
- The City’s Streetscape Improvement Project for Miracle Mile and Giralda Avenue was underway during fiscal year 2017 with several area blocks substantially completed. The total project cost is estimated at \$25.9 million which includes design, the guaranteed construction price, construction administration services, and other related project costs.
- To finance the cost of the Streetscape Improvement Project, the City issued Capital Improvement Revenue Bonds Series 2016A, Series 2016B and Series 2016C with total principal and premium amount of \$23.79 million. The 2016 Bonds are secured by a covenant to budget and appropriate from legally available non ad valorem revenue. In addition, the 2016 Bonds are secured by special assessments imposed on properties located in the defined assessment areas that will specially benefit from the improvement projects. Total special assessment is \$9.04 million where \$913,000 has been received by the City from property owners who have prepaid their special assessment.

- As of September 30, 2017, the City has incurred expenditures of approximately \$5 million for emergency and preventive measures, clean-up and restoration costs related to Hurricane Irma which struck the South Florida area on September 10, 2017. The City funded the hurricane related expenditures from the unassigned fund balance of the General Fund. The total financial impact of hurricane related damages, clean-up and restoration costs for the City is still unknown as of fiscal year 2017.

## **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 reports 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. It 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). 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 activities 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 20-21 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 24-27 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. 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 30-32 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 33-34 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 35 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 96 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 104 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, 2017, the City’s total net position increased by \$6.2 million when compared to prior year which indicates that the City’s overall financial position has continued to improve.

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

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 195.77	\$ 209.14	\$ 20.88	\$ 22.36	\$ 216.65	\$ 231.50
Capital assets	215.90	198.85	43.32	43.94	259.22	242.79
<b>Total Assets</b>	<b>411.67</b>	<b>407.99</b>	<b>64.20</b>	<b>66.30</b>	<b>475.87</b>	<b>474.29</b>
Total Deferred Outflows of Resource	40.53	48.04	1.35	1.55	41.88	49.59
Current liabilities	28.17	25.26	2.91	2.69	31.08	27.95
Noncurrent liabilities	322.80	335.24	22.71	23.90	345.51	359.14
<b>Total Liabilities</b>	<b>350.97</b>	<b>360.50</b>	<b>25.62</b>	<b>26.59</b>	<b>376.59</b>	<b>387.09</b>
Total Deferred Inflows of Resource	5.72	6.16	0.08	0.09	5.80	6.25
<b>Net Position:</b>						
Net Investment in capital assets	141.70	135.58	29.22	29.44	170.92	165.02
Restricted	24.05	23.79	1.38	0.35	25.43	24.14
Unrestricted (Deficit)	(70.24)	(70.00)	9.25	11.38	(60.99)	(58.62)
<b>Total Net Position</b>	<b>\$ 95.51</b>	<b>\$ 89.37</b>	<b>\$ 39.85</b>	<b>\$ 41.17</b>	<b>\$ 135.36</b>	<b>\$ 130.54</b>

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 \$25.43 million, or 18% 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 \$60.99 million.

For the governmental activities, capital assets represent 52% of total assets, while noncurrent liabilities represent 92% of the total long-term liabilities. For the business-type activities, these capital assets represent 67% of total assets, while noncurrent liabilities represent 89% of the total long-term liabilities.

Current and other assets decreased \$13.37 million for governmental activities mainly due to (a) ongoing use of the proceeds of special obligation bonds for capital improvements such as the Streetscape Improvement Project funded from Capital Improvement Revenue Bonds Series 2016A, Series 2016B and Series 2016C; and Neighborhood Renaissance Program funded from Special Revenue Bonds Series 2012. Prior year balance of unspent proceeds from bond issuances was \$17.04 million compared to \$4.4 million in fiscal year 2017; and (b) positive results of operations of \$7.4 million as shown in the statements activities on page 21 of this report. Current and other assets decreased \$1.48 million for business-type activities mainly due to increase activity related to sanitary sewer system inflow and infiltration maintenance projects and continuing maintenance and upgrade of parking garages.

Current liabilities increased by \$2.91 million for governmental activities primarily due to outstanding invoices of \$2.83 million related to Hurricane Irma emergency preparedness and recovery/restoration activities. Current liabilities increased \$210,000 for business-type activities mainly due to increase in outstanding contractor invoices related to various improvement projects related to sanitary sewer system inflow and infiltration maintenance projects and continuing maintenance and upgrade of parking garages.

Total Non-current liabilities had a net decrease of \$13.63 million due to (a) decrease in net pension liability of \$9.62 million; (b) scheduled principal payments in fiscal year ended 2017 of \$4.83 million; (c) repayment of capital lease payable of \$72,000 and new capital lease financing of \$262,000; (d) increase in net OPEB obligation of \$1.28 million; and (e) decrease in claims payable of \$1.29 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 \$41.59 million consists of difference between expected and actual experience and pension contribution to be expensed in the subsequent period. Deferred charge on refunding of \$285,000 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 \$3.1 million received in advance for fiscal year 2018, and deferred inflows related to pension of \$2.69 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			
	2017	2016	2017	2016	2017	2016
<b>General Revenues:</b>						
Taxes	\$ 97.64	\$ 92.83	\$ -	\$ -	\$ 97.64	\$ 92.83
Intergovernmental	5.27	5.19	-	-	5.27	5.19
Investment Earnings	1.09	0.80	0.10	0.12	1.19	0.92
Miscellaneous	1.57	0.39	-	-	1.57	0.39
<b>Program Revenues:</b>						
Charges for Services	42.55	45.15	26.92	25.63	69.47	70.78
Operating	-	0.18	-	-	-	0.18
Capital	1.13	0.94	0.01	0.43	1.14	1.37
<b>Total Revenues</b>	<b>149.25</b>	<b>145.48</b>	<b>27.03</b>	<b>26.18</b>	<b>176.28</b>	<b>171.66</b>
<b>Expenses:</b>						
General Government	26.15	24.81	-	-	26.15	24.81
Public Safety	81.74	74.35	-	-	81.74	74.35
Physical Environment	19.61	18.91	-	-	19.61	18.91
Transportation	5.59	6.33	-	-	5.59	6.33
Economic Environment	1.20	0.91	-	-	1.20	0.91
Culture and Recreation	16.08	12.88	-	-	16.08	12.88
Interest Expense	1.25	1.31	-	-	1.25	1.31
Sanitary Sewer System	-	-	9.91	9.24	9.91	9.24
Parking System	-	-	7.62	7.12	7.62	7.12
Stormwater Utility	-	-	2.31	2.17	2.31	2.17
<b>Total Expenses</b>	<b>151.62</b>	<b>139.50</b>	<b>19.84</b>	<b>18.53</b>	<b>171.46</b>	<b>158.03</b>
Increase (decrease) in net position before transfers	(2.37)	5.98	7.19	7.65	4.82	13.63
Transfers	8.51	8.09	(8.51)	(8.09)	-	-
Increase (decrease) in net position	6.14	14.07	(1.32)	(0.44)	4.82	13.63
Beginning Net Position	89.37	75.30	41.17	41.61	130.54	116.91
Ending Net Position	\$ 95.51	\$ 89.37	\$ 39.85	\$ 41.17	\$ 135.36	\$ 130.54

**Governmental Activities:**

The most significant increase of revenue in governmental activities for the fiscal year 2016-2017 was taxes with an increase of \$4.81 million or 5% mainly due to an increase of \$4.58 million in ad valorem taxes collected during the year attributable to the increase in property values in 2016.

Charges for services decreased by \$2.60 million mainly due to (a) decrease in impact fee special assessment of \$1.35 million which is a direct effect of timing and size of new construction projects within the city; and (b) transaction rent of \$816,000 received by the City in fiscal year 2016 as a result of change in the ownership of a property as provided in the ground lease agreement with the City.

Miscellaneous revenue increase by \$1.2 million mainly due to the \$1.3 million received from Florida Power and Light as part of a settlement agreement regarding installation of power transmission lines.

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 a decrease of approximately \$1.28 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 \$144.33 million of revenue during the fiscal year, offset by \$139.71 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 2017, public safety function increased \$7.86 million, general government function increased \$845,000, culture and recreation increased \$945,000 and physical environment function increased \$782,000. These increases are mainly due to increase in personnel costs and repairs and maintenance-type work on various city facilities. Also contributing to the increase in the public safety function was the expenditures incurred by the City related to Hurricane Irma for emergency and preventive measures, clean-up and restoration costs of approximately \$5 million. The City maintained its millage rate at 5.5590 and maintained a more stable source of revenues and maintained stringent controls on expenditures to achieve a positive result of operations in fiscal year 2017.

Debt Service Fund – In fiscal year 2017, the City paid \$3.74 million in scheduled principal payments including full redemption of bonds with par value of \$40,000 from Series 2016A. The full redemption is funded from full prepayments of special assessments received from property owners on properties located in the defined assessment areas as part of the Streetscape Improvement Assessment Program.

Capital Project General Improvement Fund - This fund recognized \$1.77 million revenues and offset by \$23.86 million in capital expenditures. Significant capital project expenditures include the Streetscape Improvement Projects for Miracle Mile and Giralda Avenue, sidewalk extensions and additions, 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 \$337,000 and operating expenses increased by approximately \$822,000 from the prior year. The increase in the operating revenue is due to an average of 6% increase in sanitary sewer collection rate effective in June 2016 to cover the increase in wastewater treatment and disposal charges from Miami-Dade County of approximately 10% which resulted to the increase in operating expense in fiscal year 2017. During the current year, the Sanitary Sewer Fund received \$71,000 as transfers-in from the Parking Fund to provide additional funding for the repairs and maintenance of sewer pumps; and transferred approximately \$1.17 million to the General Fund to subsidize the cost of operations of the fund. The resulting negative change in the net position of \$1,339,000 is funded from the planned use of the unrestricted net position of the Sanitary Sewer System Fund as provided for in the adopted budget for fiscal year 2017.

Parking System - Operating revenues decreased by approximately \$55,000 from the prior year. The operating revenue is considered strong and stable since it did not decrease significantly due to the effect of the Streetscape Projects to the overall flow of traffic along the construction areas. The operating expense showed increase of \$705,000 mainly related to various repairs and maintenance to garage facilities. Additionally, during the current year the Parking Fund transferred approximately \$7 million to the General Fund to subsidize the cost of operations of the fund; \$71,000 to the Sanitary Sewer Fund; and \$12,000 to Stormwater Fund to provide additional funding for the repairs and maintenance of sewer pumps and stormwater system. The resulting negative change in the net position of \$1.80 million is funded from the planned use of the unrestricted net position of the Parking Fund as provided for in the adopted budget for fiscal year 2017.

Stormwater Utility Fund - Operating revenues increased by approximately \$1 million from the prior year. In fiscal year 2017, the City increased the system user rates by approximately 35% as a funding strategy to provide and accumulate funds for capital infrastructure improvements as part of the sea level rise mitigation related storm water improvements. With this funding strategy in place as approved by the City Commission, the goal is to accumulate \$100 million by fiscal year 2040. As a result of the rate increase, \$990,000 of the operating revenue was recognized and presented as Net Position - Restricted for Capital Improvements in Statement of Net Position for fiscal year 2017. In addition, during fiscal year 2017 the Stormwater Utility Fund transferred approximately \$422,000 to the General Fund to subsidize the cost of operations of the fund; and received \$12,000 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 \$139.69 million to \$139.93 million from the original to the final budget. The City's budgeted expenditures increased from \$141.60 million to \$143.16 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 activities and private contributions. The budget amendments related to expenditures mainly pertains to increase in personnel cost in public safety and promotional and advertising expenses for culture and recreation.

The City budgeted \$139.93 million in revenue and recognized \$144.33 million. The City budgeted \$143.16 million in expenditures, but incurred \$139.71 million.

The budget to actual variances in revenue were due to increases in utility service taxes, 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, ambulance transport fees, board of architect fees, and increase in receipt of equitable sharing revenues from federal agencies as part of the City's participation in public safety operations/programs.

The budget to actual variances in expenditures were due to decreases in general government, physical environment, transportation, and culture and recreation, as a result of management initiatives towards more prudent control on spending. The increase in public safety is mainly due to approximately \$5 million in expenditures incurred by the City related to Hurricane Irma for emergency and preventive measures, clean-up and restoration costs.

## **Capital Assets and Debt Administration**

### *Capital Assets*

The City's capital assets for its governmental and business type activities as of September 30, 2017 amounted to \$259.22 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 \$16.44 million from the prior year.

During the current fiscal year, significant additions in governmental activities included \$20.38 million of various construction in progress, and \$6.43 million in machinery and equipment. Significant additions for business-type activities included \$300,000 in construction in progress relating to improvements parking facilities and various pump stations and \$523,000 in machinery and equipment.

Table A-3

*Capital Assets (In millions of dollars)*

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 52.59	\$ 52.52	\$ 3.70	\$ 3.70	\$ 56.29	\$ 56.22
Construction in Progress	36.86	17.84	3.19	4.62	40.05	22.46
Infrastructure	113.07	113.07	28.87	27.32	141.94	140.39
Building	67.92	67.91	30.25	30.25	98.17	98.16
Improvements Other Than Buildings	51.01	50.09	0.82	0.63	51.83	50.72
Machinery and Equipment	54.62	59.80	3.71	3.85	58.33	63.65
Total Capital Assets	376.07	361.23	70.54	70.37	446.61	431.60
Accumulated Depreciation	160.17	162.39	27.21	26.43	187.38	188.82
Net Capital Assets	\$ 215.90	\$ 198.84	\$ 43.33	\$ 43.94	\$ 259.23	\$ 242.78

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

*Debt Administration*

The City has received a “AAA” issuer credit rating from Standard & Poor's Corporation, Moody’s Investors Service and Fitch Ratings. The City has no general obligation bonds outstanding as of September 30, 2017.

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, 2017 was \$92.09 million. Financing is provided by a general pledge of resources other than property taxes and the amount needed is transferred from other funds. In addition, the Capital Improvement Revenue Bonds Series 2016A, and Series 2016B are also secured by special assessment imposed on benefited property owners.

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 \$13.63 million. This decrease is due primarily to the net effect of the following: decrease in net pension liability of \$9.62 million, increase in OPEB obligation of \$1.28 million, debt service payments of \$4.83 million and decrease in estimated insurance claims of \$1.29 million.

Table A-4

*Long-Term Liabilities (In millions of dollars)*

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Special Obligation Debt	\$ 76.49	\$ 80.22	\$ 15.60	\$ 16.70	\$ 92.09	\$ 96.92
Estimated Insurance Claims	12.73	14.02	-	-	12.73	14.02
Accrued Compensated Absences	9.86	9.21	0.30	0.31	10.16	9.52
Capital Lease	0.32	0.10	0.04	0.07	0.36	0.17
Pollution Remediation Obligation	0.03	0.03	-	-	0.03	0.03
Net OPEB Obligation	10.36	9.11	0.25	0.22	10.61	9.33
Net Pension Liability	213.01	222.55	6.52	6.60	219.53	229.15
Total	\$ 322.80	\$ 335.24	\$ 22.71	\$ 23.90	\$ 345.51	\$ 359.14

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

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

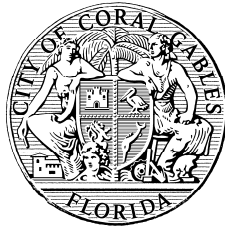
Local, national and international economic factors influence the City's revenue. Positive economic growth is correlated with increased revenue from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety 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 8.4%.

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 FY 2017-2018 and it is the 11<sup>th</sup> lowest combined tax rate out of 35 taxing entities in Miami-Dade County. The median home value, estimated at \$881,683, has increased by nearly 195% since 1970 and has increased by nearly 157% 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.



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# Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

CITY OF CORAL GABLES, FLORIDA  
STATEMENT OF NET POSITION  
September 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 38,684,804	\$ 2,422,426	\$ 41,107,230
Restricted Cash and Cash Equivalents	6,587,747	1,672,304	8,260,051
Investments	96,331,807	7,622,862	103,954,669
Restricted Investments	18,733,823	2,047,095	20,780,918
Receivables for Securities Sold	9,193,169	806,831	10,000,000
Accounts Receivable, Net	15,758,846	4,477,492	20,236,338
Interest Receivable	256,749	20,336	277,085
Assessment Liens Receivable	8,115,873	69,696	8,185,569
Internal Balances	(1,726,172)	1,726,172	-
Due from Other Governments	2,420,645	16,856	2,437,501
Inventory	57,730	-	57,730
Prepaid and Deposits	1,356,439	-	1,356,439
Capital Assets Not Being Depreciated:			
Land	52,591,947	3,701,838	56,293,785
Construction in Progress	36,856,809	3,194,720	40,051,529
Capital Assets, Net of Accumulated Depreciation:			
Infrastructure	28,426,399	16,970,256	45,396,655
Buildings	42,309,722	17,573,246	59,882,968
Improvements Other Than Buildings	33,941,315	354,598	34,295,913
Machinery and Equipment	21,776,193	1,526,803	23,302,996
Total Assets	<u>411,673,845</u>	<u>64,203,531</u>	<u>475,877,376</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	171,001	114,413	285,414
Deferred Outflows Related to Pension	40,355,378	1,235,242	41,590,620
Total Deferred Outflows of Resources	<u>40,526,379</u>	<u>1,349,655</u>	<u>41,876,034</u>
<b>LIABILITIES</b>			
Accounts Payable	13,566,980	2,145,617	15,712,597
Accrued Payroll	4,037,249	149,923	4,187,172
Unearned Revenue	6,123,642	317,066	6,440,708
Due to Other Governments	265,289	-	265,289
Deposits Payable	4,180,062	295,894	4,475,956
Noncurrent Liabilities:			
Due Within One Year	14,796,819	1,463,893	16,260,712
Due In More Than One Year	308,000,736	21,250,135	329,250,871
Total Liabilities	<u>350,970,777</u>	<u>25,622,528</u>	<u>376,593,305</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Revenues Received in Advance	3,110,891	-	3,110,891
Deferred Inflows Related to Pension	2,611,705	79,942	2,691,647
Total Deferred Inflows of Resources	<u>5,722,596</u>	<u>79,942</u>	<u>5,802,538</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	141,701,245	29,215,832	170,917,077
Restricted for:			
Debt Service	2,371,757	-	2,371,757
Public Safety	3,241,743	-	3,241,743
Streetscape Assessment Projects	8,844,742	-	8,844,742
Capital Improvements	4,184,354	1,376,410	5,560,764
Law Enforcement	2,725,656	-	2,725,656
Public and Historic Art	1,699,254	-	1,699,254
Records Management	981,418	-	981,418
Unrestricted (Deficit)	(70,243,318)	9,258,474	(60,984,844)
Total Net Position	<u>\$ 95,506,851</u>	<u>\$ 39,850,716</u>	<u>\$ 135,357,567</u>

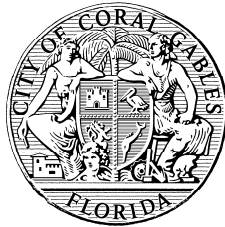
The notes to the financial statements are an integral part of this statement.



CITY OF CORAL GABLES, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2017

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
<b>Governmental Activities:</b>							
General Government	\$ 26,145,355	\$ 22,518,156	\$ -	\$ -	\$ (3,627,199)	\$ -	\$ (3,627,199)
Public Safety	81,742,619	5,621,211	5,732	-	(76,115,676)	-	(76,115,676)
Physical Environment	19,613,033	9,363,312	-	818,482	(9,431,239)	-	(9,431,239)
Transportation	5,589,737	-	-	-	(5,589,737)	-	(5,589,737)
Economic Environment	1,197,659	377,000	-	-	(820,659)	-	(820,659)
Culture and Recreation	16,081,272	4,669,719	-	316,545	(11,095,008)	-	(11,095,008)
Interest on Long-term Debt	1,251,516	-	-	-	(1,251,516)	-	(1,251,516)
<b>Total Governmental Activities</b>	<b>151,621,191</b>	<b>42,549,398</b>	<b>5,732</b>	<b>1,135,027</b>	<b>(107,931,034)</b>	<b>-</b>	<b>(107,931,034)</b>
<b>Business-type Activities:</b>							
Sanitary Sewer System	9,909,417	9,766,468	-	8,115	-	(134,834)	(134,834)
Parking System	7,619,066	12,927,872	-	-	-	5,308,806	5,308,806
Stormwater Utility	2,304,339	4,222,466	-	-	-	1,918,127	1,918,127
<b>Total Business-type Activities</b>	<b>19,832,822</b>	<b>26,916,806</b>	<b>-</b>	<b>8,115</b>	<b>-</b>	<b>7,092,099</b>	<b>7,092,099</b>
<b>Total</b>	<b>\$ 171,454,013</b>	<b>\$ 69,466,204</b>	<b>\$ 5,732</b>	<b>\$ 1,143,142</b>	<b>(107,931,034)</b>	<b>7,092,099</b>	<b>(100,838,935)</b>
General Revenues:							
Taxes:							
Property Taxes					76,024,328	-	76,024,328
Franchise Fees					7,013,442	-	7,013,442
Utilities Service Taxes					11,400,580	-	11,400,580
Other Taxes					3,201,429	-	3,201,429
Intergovernmental, not restricted for specific programs					5,269,308	-	5,269,308
Investment Earnings					1,088,333	95,965	1,184,298
Miscellaneous					1,566,608	2,635	1,569,243
Transfers					8,508,515	(8,508,515)	-
Total General Revenues and Transfers					114,072,543	(8,409,915)	105,662,628
Change in Net Position					6,141,509	(1,317,816)	4,823,693
Net Position - Beginning					89,365,342	41,168,532	130,533,874
Net Position - Ending					\$ 95,506,851	\$ 39,850,716	\$ 135,357,567

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, special revenue bonds 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, 2017

	Major Funds			Nonmajor Funds	
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled Cash and Cash Equivalents	\$ 13,869,506	\$ -	\$ 14,057,761	\$ 1,271,157	\$ 29,198,424
Restricted Pooled Cash and Cash Equivalents	-	2,451,980	316,515	3,819,252	6,587,747
Pooled Investments	54,678,402	-	22,507,545	2,507,331	79,693,278
Restricted Pooled Investments	9,605,090	1,006,297	3,257,008	4,865,428	18,733,823
Receivable for Securities Sold	1,429,590	-	4,438,694	1,063,046	6,931,330
Accounts Receivable, Net	15,428,790	11,000	61,076	168,222	15,669,088
Interest Receivable	138,241	1,419	62,044	17,591	219,295
Streetscape Projects Assessment Liens Receivable	-	8,010,445	-	-	8,010,445
Other Liens Receivable	102,961	2,467	-	-	105,428
Due from Other Funds	165,000	-	-	-	165,000
Due from Other Governments	1,074,347	-	343,568	1,002,730	2,420,645
Prepaid and Deposits	184,327	-	-	-	184,327
Total Assets	96,676,254	11,483,608	45,044,211	14,714,757	167,918,830
<b>LIABILITIES</b>					
Accounts Payable	6,012,441	1,098,939	3,069,167	959,682	11,140,229
Accrued Payroll	3,933,396	-	-	5,492	3,938,888
Due to Other Funds	-	-	-	165,000	165,000
Unearned Revenue	6,096,842	-	26,800	-	6,123,642
Refundable Deposits	4,180,062	-	-	-	4,180,062
Due to Other Governments	265,289	-	-	-	265,289
Total Liabilities	20,488,030	1,098,939	3,095,967	1,130,174	25,813,110
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	12,234,462	8,012,912	404,612	410,226	21,062,212
Revenues Received in Advance	3,110,891	-	-	-	3,110,891
Total Deferred Inflow of Resources	15,345,353	8,012,912	404,612	410,226	24,173,103
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Prepaid Items	184,327	-	-	-	184,327
<b>Restricted to:</b>					
Law Enforcement	2,725,656	-	-	-	2,725,656
Public and Historic Art	1,699,254	-	57,912	-	1,757,166
Records Management	981,418	-	-	-	981,418
Public Safety Communication System	-	-	239,031	-	239,031
Debt Service Reserve	-	2,371,757	-	-	2,371,757
Police and Fire System Improvements	-	-	-	3,241,743	3,241,743
Parks System Improvements	-	-	-	3,387,613	3,387,613
Entrances/Circles/Fountains	-	-	-	82,895	82,895
Miracle Mile/Giralda Streetscape Project	-	-	3,199,096	-	3,199,096
Other Physical Environment	18,700	-	77,484	2,155,421	2,251,605
Impact Fee Administration	-	-	-	99,162	99,162
<b>Assigned to:</b>					
Administration Buildings and Equipment	-	-	1,362,583	-	1,362,583
Pension Stabilization	2,000,000	-	-	-	2,000,000
Historical Preservation	61,312	-	-	-	61,312
Roads and Streets	-	-	1,838,127	-	1,838,127
Other Public Safety Projects	76,173	-	13,593,290	-	13,669,463
Other Parks and Recreation Projects	-	-	5,617,835	-	5,617,835
Other Physical Environment	-	-	521,372	-	521,372
Other Capital Projects	-	-	8,078,821	4,360,914	12,439,735
Other Purposes	14,918,301	-	6,958,081	-	21,876,382
Unassigned	38,177,730	-	-	(153,391)	38,024,339
Total Fund Balances	60,842,871	2,371,757	41,543,632	13,174,357	117,932,617
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 96,676,254	\$ 11,483,608	\$ 45,044,211	\$ 14,714,757	\$ 167,918,830

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, 2017

<b>Total Fund Balances - Governmental Funds</b>	\$	117,932,617
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.		206,849,680
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		21,062,212
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.		17,026,395
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.		(1,726,172)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated Absences	\$	(9,517,107)
Special Obligations Debt Payable		(74,698,919)
Premium on Special Obligation Debt Issued		(1,788,626)
Deferred Charge on Bond Refunding		171,001
Capital Lease Payable		(318,699)
Pollution Remediation Obligation		(25,000)
Net OPEB Obligation		(10,117,115)
Net Pension Liability		(205,811,203)
		(302,105,668)
Deferred inflows/outflows of resources in the Statement of Net Position will be recognized in future periods.		
Deferred Outflows of Resources Related to Pension		38,991,206
Deferred Inflows of Resources Related to Pension		(2,523,419)
		36,467,787
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b>95,506,851</b>

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, 2017

	Major Funds		Nonmajor Funds		
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 94,438,350	\$ -	\$ -	\$ 3,201,429	\$ 97,639,779
Licenses	3,365,902	-	-	-	3,365,902
Permits	9,019,702	-	-	-	9,019,702
Fines and Forfeitures	2,329,161	-	-	-	2,329,161
Intergovernmental	5,424,046	-	200,000	866,853	6,490,899
Charges for Services	19,176,388	-	-	-	19,176,388
Recreation Activity Fees	4,520,645	-	-	-	4,520,645
Rental Income	4,961,998	-	-	27,421	4,989,419
Investment Earnings	748,546	8,356	268,924	62,507	1,088,333
Special Assessments	-	15,837	3,325	252,130	271,292
Contributions and Donations	78,750	-	2,500	-	81,250
Miscellaneous	266,609	-	1,300,000	-	1,566,609
<b>Total Revenues</b>	<b>144,330,097</b>	<b>24,193</b>	<b>1,774,749</b>	<b>4,410,340</b>	<b>150,539,379</b>
<b>EXPENDITURES</b>					
Current:					
General Government	21,608,789	11,034	426,921	16,665	22,063,409
Public Safety	82,926,379	-	11,287	-	82,937,666
Physical Environment	19,573,099	-	170,244	-	19,743,343
Transportation	3,070,215	-	62,724	2,662,190	5,795,129
Economic Environment	1,207,597	-	40,560	-	1,248,157
Culture and Recreation	10,530,588	-	3,284,252	1,714,365	15,529,205
Debt Service:					
Retirement of Principal	40,621	3,736,324	-	-	3,776,945
Interest	2,726	2,176,644	-	-	2,179,370
Capital Outlay	751,658	-	19,489,796	1,797,355	22,038,809
<b>Total Expenditures</b>	<b>139,711,672</b>	<b>5,924,002</b>	<b>23,485,784</b>	<b>6,190,575</b>	<b>175,312,033</b>
Excess (deficiency) of Revenues Over (Under)					
Expenditures before Other Financing Sources (Uses)	4,618,425	(5,899,809)	(21,711,035)	(1,780,235)	(24,772,654)
<b>OTHER FINANCING SOURCES (Uses)</b>					
Proceeds from Capital Lease	261,580	-	-	-	261,580
Transfers In	10,037,834	5,489,514	6,540,553	-	22,067,901
Transfers Out	(11,715,220)	-	-	-	(11,715,220)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,415,806)</b>	<b>5,489,514</b>	<b>6,540,553</b>	<b>-</b>	<b>10,614,261</b>
<b>Net Change in Fund Balances</b>	<b>3,202,619</b>	<b>(410,295)</b>	<b>(15,170,482)</b>	<b>(1,780,235)</b>	<b>(14,158,393)</b>
Fund Balances - Beginning	57,640,252	2,782,052	56,714,114	14,954,592	132,091,010
<b>Fund Balances - Ending</b>	<b>\$ 60,842,871</b>	<b>\$ 2,371,757</b>	<b>\$ 41,543,632</b>	<b>\$ 13,174,357</b>	<b>\$ 117,932,617</b>

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, 2017

**Net Change in Fund Balances - Total Governmental Funds** \$ (14,158,393)

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	\$ (7,593,678)	
Capital Outlay	22,038,809	
Capitalized Interest	<u>927,854</u>	15,372,985

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

Change in unavailable revenues	<u>(1,285,194)</u>	(1,285,194)
--------------------------------	--------------------	-------------

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	3,776,945	
Debt Proceeds	<u>(261,580)</u>	3,515,365

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

2,398,592

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.

(335,178)

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

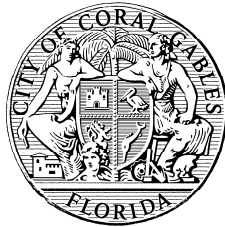
Compensated Absences	(656,529)	
Net OPEB Obligation	(1,255,632)	
Amortization of Deferred Charge on Refunding	<u>(29,490)</u>	(1,941,651)

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	24,717,158	
Cost of benefits earned net of employee contributions	<u>(22,142,175)</u>	2,574,983

**Change in Net Position of Governmental Activities** \$ 6,141,509

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, 2017

	<b>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>MAJOR FUNDS</b>			<b>NONMAJOR FUND</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
	<b>SANITARY SEWER SYSTEM FUND</b>	<b>PARKING SYSTEM FUND</b>	<b>STORMWATER UTILITY FUND</b>	<b>TOTALS</b>	
<b>ASSETS</b>					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 865,625	\$ 1,167,970	\$ 388,831	\$ 2,422,426	\$ 9,486,380
Restricted Pooled Cash and Cash Equivalents	385,686	295,894	990,724	1,672,304	-
Pooled Investments	2,631,882	2,843,947	2,147,033	7,622,862	16,638,529
Restricted Pooled Investments	2,047,095	-	-	2,047,095	-
Receivable for Securities Sold	407,182	246,284	153,365	806,831	2,261,839
Accounts Receivable, Net	2,710,551	567,013	1,199,928	4,477,492	89,758
Interest Receivable	10,109	6,060	4,167	20,336	37,454
Inventories	-	-	-	-	57,730
Assessment Liens Receivable	69,696	-	-	69,696	-
Due from Other Governments	-	-	16,856	16,856	-
Prepaid and Deposits	-	-	-	-	1,172,112
Total Current Assets	<u>9,127,826</u>	<u>5,127,168</u>	<u>4,900,904</u>	<u>19,155,898</u>	<u>29,743,802</u>
Noncurrent Assets:					
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	30,247,473	-	30,247,473	-
Construction in Progress	2,983,203	211,517	-	3,194,720	44,184
Infrastructure	23,775,212	-	5,093,007	28,868,219	-
Improvements Other Than Buildings	-	819,926	-	819,926	-
Machinery and Equipment	120,328	3,562,257	25,072	3,707,657	28,675,530
Accumulated Depreciation	(10,674,270)	(15,277,512)	(1,266,590)	(27,218,372)	(19,667,009)
Total Noncurrent Assets	<u>16,302,453</u>	<u>23,167,519</u>	<u>3,851,489</u>	<u>43,321,461</u>	<u>9,052,705</u>
Total Assets	<u>25,430,279</u>	<u>28,294,687</u>	<u>8,752,393</u>	<u>62,477,359</u>	<u>38,796,507</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	-	114,413	-	114,413	-
Deferred Outflows Related to Pensions	399,270	573,951	262,021	1,235,242	1,364,172
Total Deferred Outflows of Resources	<u>399,270</u>	<u>688,364</u>	<u>262,021</u>	<u>1,349,655</u>	<u>1,364,172</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	1,340,042	713,716	91,859	2,145,617	2,426,751
Accrued Payroll and Other Expenses	68,837	38,293	42,793	149,923	98,361
Deposits Payable	-	295,894	-	295,894	-
Unearned Revenue	-	317,066	-	317,066	-
Accrued Compensated Absences	48,153	77,577	42,025	167,755	190,674
Estimated Liability for Claims Payable	-	-	-	-	4,802,000
Special Obligations Debt Payable	355,000	786,280	122,478	1,263,758	-
Capital Lease Payable	-	32,380	-	32,380	-
Total Current Liabilities	<u>1,812,032</u>	<u>2,261,206</u>	<u>299,155</u>	<u>4,372,393</u>	<u>7,517,786</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	21,311	66,063	44,787	132,161	152,629
Estimated Liability for Claims Payable	-	-	-	-	7,930,000
Special Obligations Debt Payable	2,735,000	10,027,332	1,574,991	14,337,323	-
Capital Lease Payable	-	8,195	-	8,195	-
Net OPEB Obligation	81,645	111,334	59,378	252,357	244,935
Net Pension Liability	2,107,507	3,029,541	1,383,051	6,520,099	7,200,648
Total Noncurrent Liabilities	<u>4,945,463</u>	<u>13,242,465</u>	<u>3,062,207</u>	<u>21,250,135</u>	<u>15,528,212</u>
Total Liabilities	<u>6,757,495</u>	<u>15,503,671</u>	<u>3,361,362</u>	<u>25,622,528</u>	<u>23,045,998</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows Related to Pensions	25,840	37,145	16,957	79,942	88,286
Total Deferred Inflows of Resources	<u>25,840</u>	<u>37,145</u>	<u>16,957</u>	<u>79,942</u>	<u>88,286</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	14,883,461	12,220,870	2,111,501	29,215,832	8,581,735
Restricted for Capital Improvements	385,686	-	990,724	1,376,410	-
Unrestricted	3,777,067	1,221,365	2,533,870	7,532,302	8,444,660
Total Net Position	<u>\$ 19,046,214</u>	<u>\$ 13,442,235</u>	<u>\$ 5,636,095</u>	<u>38,124,544</u>	<u>\$ 17,026,395</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				1,726,172	
Net position of business-type activities				<u>\$ 39,850,716</u>	

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

CITY OF CORAL GABLES, FLORIDA  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Fiscal Year Ended September 30, 2017

	<b>BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
	<b>MAJOR FUNDS</b>		<b>NONMAJOR FUND</b>		
	<b>SANITARY SEWER SYSTEM FUND</b>	<b>PARKING SYSTEM FUND</b>	<b>STORMWATER UTILITY FUND</b>	<b>TOTALS</b>	
<b>OPERATING REVENUES</b>					
Charges for Services:					
Sewer Use Charges	\$ 9,766,468	\$ -	\$ -	\$ 9,766,468	\$ -
Service Use Charges	-	-	4,222,466	4,222,466	-
Billings to Departments for Insurance Protection	-	-	-	-	10,982,972
Parking Fees:					
On Street Meters	-	7,370,812	-	7,370,812	-
Meter and Permit Lots	-	1,669,687	-	1,669,687	-
Parking Garages	-	3,288,661	-	3,288,661	-
Parking Leases	-	598,712	-	598,712	-
Rental of Equipment and Facilities to Various Funds	-	-	-	-	16,212,722
Total Operating Revenues	<u>9,766,468</u>	<u>12,927,872</u>	<u>4,222,466</u>	<u>26,916,806</u>	<u>27,195,694</u>
<b>OPERATING EXPENSES</b>					
Administration	1,181,097	1,756,629	691,421	3,629,147	3,874,627
Cost of Sales and Services	8,419,121	4,940,257	1,529,487	14,888,865	7,834,877
Benefit Payments	-	-	-	-	1,473,249
Insurance	-	-	-	-	7,776,075
Depreciation	375,195	899,160	88,374	1,362,729	2,336,942
Total Operating Expenses	<u>9,975,413</u>	<u>7,596,046</u>	<u>2,309,282</u>	<u>19,880,741</u>	<u>23,295,770</u>
Operating Income (Loss)	<u>(208,945)</u>	<u>5,331,826</u>	<u>1,913,184</u>	<u>7,036,065</u>	<u>3,899,924</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	45,091	32,745	18,129	95,965	146,375
Interest Expense	(74,778)	(167,147)	(45,334)	(287,259)	-
Miscellaneous	-	2,635	-	2,635	29,693
Gain from Sale of Capital Assets	-	-	-	-	166,766
Total Nonoperating Revenues (Expenses)	<u>(29,687)</u>	<u>(131,767)</u>	<u>(27,205)</u>	<u>(188,659)</u>	<u>342,834</u>
Income (Loss) Before Contributions	<u>(238,632)</u>	<u>5,200,059</u>	<u>1,885,979</u>	<u>6,847,406</u>	<u>4,242,758</u>
Capital Contributions from Federal, State and Local Grants	-	-	8,115	8,115	-
Income (Loss) Before Transfers	<u>(238,632)</u>	<u>5,200,059</u>	<u>1,894,094</u>	<u>6,855,521</u>	<u>4,242,758</u>
Transfers In	71,419	-	12,174	83,593	-
Transfers Out	<u>(1,171,976)</u>	<u>(6,997,885)</u>	<u>(422,247)</u>	<u>(8,592,108)</u>	<u>(1,844,166)</u>
Change In Net Position	<u>(1,339,189)</u>	<u>(1,797,826)</u>	<u>1,484,021</u>	<u>(1,652,994)</u>	<u>2,398,592</u>
Net Position - Beginning	20,385,403	15,240,061	4,152,074		14,627,803
Net Position - Ending	<u>\$ 19,046,214</u>	<u>\$ 13,442,235</u>	<u>\$ 5,636,095</u>		<u>\$ 17,026,395</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				335,178	
Change in net position of business-type activities				<u>\$ (1,317,816)</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, 2017

	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	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 8,406,220	\$ 12,942,324	\$ 3,618,960	\$ 24,967,504	\$ 27,125,199
Payments to Employees	(1,177,537)	(1,569,071)	(763,599)	(3,510,207)	(3,954,798)
Payments to Suppliers	(8,117,854)	(5,035,345)	(1,560,889)	(14,714,088)	(16,481,465)
Net Cash Provided by (used in) Operating Activities	(889,171)	6,337,908	1,294,472	6,743,209	6,688,936
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from Other Funds	71,419	-	12,174	83,593	-
Transfers out to Other Funds	(1,171,976)	(6,997,885)	(422,247)	(8,592,108)	(1,844,166)
Net Cash Provided by (used in) Noncapital Financing Activities	(1,100,557)	(6,997,885)	(410,073)	(8,508,515)	(1,844,166)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets	(109,990)	(603,247)	(12,174)	(725,411)	(3,951,084)
Proceeds from Sale of Capital Assets	-	-	-	-	166,766
Contributions from Other Governments	400,000	-	-	400,000	-
Principal Paid on Debt	(345,000)	(688,501)	(101,916)	(1,135,417)	-
Interest Paid on Debt	(74,778)	(147,366)	(45,334)	(267,478)	-
Net Cash Provided by (used in) Capital and Related Financing Activities	(129,768)	(1,439,114)	(159,424)	(1,728,306)	(3,784,318)
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>					
Purchase of Investments	(6,898,885)	(3,787,878)	(3,709,049)	(14,395,812)	(21,657,521)
Proceeds from Sale of Investments	8,030,606	5,824,679	3,552,385	17,407,670	18,159,390
Interest and Dividends Received	43,566	37,231	16,893	97,690	163,186
Net Cash Provided by (used in) Investing Activities	1,175,287	2,074,032	(139,771)	3,109,548	(3,334,945)
Net Increase (Decrease) in Cash and Cash Equivalents	(944,209)	(25,059)	585,204	(384,064)	(2,274,493)
Cash and Cash Equivalents - Beginning	2,195,520	1,488,923	794,351	4,478,794	11,760,873
Cash and Cash Equivalents - Ending	\$ 1,251,311	\$ 1,463,864	\$ 1,379,555	\$ 4,094,730	\$ 9,486,380
<b>Reconciliation to the statement of net position</b>					
Cash and Cash Equivalents	\$ 865,625	\$ 1,167,970	\$ 388,831	\$ 2,422,426	\$ 9,486,380
Restricted Cash and Cash Equivalents	385,686	295,894	990,724	1,672,304	-
Total	\$ 1,251,311	\$ 1,463,864	\$ 1,379,555	\$ 4,094,730	\$ 9,486,380
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating Income (Loss)	\$ (208,945)	\$ 5,331,826	\$ 1,913,184	\$ 7,036,065	\$ 3,899,924
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	375,195	899,160	88,374	1,362,729	2,336,942
Pension Expense	(6,175)	184,613	(89,347)	89,091	(65,361)
Change in Assets and Liabilities:					
Accounts Receivable	(1,360,248)	(27,168)	(603,506)	(1,990,922)	(70,495)
Inventory	-	-	-	-	-
Prepaid and Deposits	-	18,725	-	18,725	900,675
Accounts Payable	301,267	(113,813)	(31,402)	156,052	992,061
Deposits Payable	-	9,149	-	9,149	-
Accrued Payroll and Other Expenses	(3,395)	1,789	(542)	(2,148)	(6,767)
Accrued Compensated Absences	(6,064)	(6,094)	6,906	(5,252)	(10,115)
Unearned Revenues	-	32,471	-	32,471	-
Claims Payable	-	-	-	-	(1,290,000)
Net OPEB Obligation	19,194	7,250	10,805	37,249	2,072
Total Adjustments	(680,226)	1,006,082	(618,712)	(292,856)	2,789,012
Net Cash Provided by (Used in) Operating Activities	\$ (889,171)	\$ 6,337,908	\$ 1,294,472	\$ 6,743,209	\$ 6,688,936
<b>Noncash Operating Activities:</b>					
Deferred Outflows Related to Pension	\$ 339,270	\$ 573,951	\$ 262,021	\$ 1,175,242	\$ 1,364,172
Deferred Inflows Related to Pension	(25,840)	(37,145)	(16,957)	(79,942)	(88,286)
Net Pension Liability	2,107,507	(3,029,541)	(1,383,051)	(2,305,085)	(7,200,648)
<b>Noncash Capital and Related Financing Activities:</b>					
Capital Assets Retirement, net	(436,635)	(126,873)	(12,500)	(576,008)	(6,187,788)

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, 2017

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 10,673,092	\$ 3,289,590
Receivables:		
Accrued Interest and Dividends	257,908	-
Buyback Receivable	15,692	-
Share Plan Contributions	886,050	-
Receivable for Securities Sold	297,914	-
Other Receivables	45,357	-
Total Receivables	1,502,921	-
Securities Lending Cash Collateral - Invested	43,894,730	-
Investments:		
U.S. Government and Agency	13,434,810	-
Domestic Fixed Income Fund	3,684,188	-
Global fixed income	9,049,202	-
Corporate Bonds	11,180,721	-
Common Stocks	150,926,108	-
International Equity	58,032,750	-
Real Estate Investment Trust (REIT)	46,545,152	-
Alternative Investments	73,532,749	-
Guaranteed Investment Contract	8,874,678	-
Mutual Funds	10,381,085	-
Total Investments	385,641,443	-
Total Assets	441,712,186	3,289,590
<b>LIABILITIES</b>		
Accounts Payable	539,320	-
Payable for Securities Purchased	352,908	-
Due to Coral Gables Retirement Fund	332,948	-
Obligations under Securities Lending	43,894,730	-
Deferred Compensation Payable	-	510,745
Due to Other Governments	-	2,778,845
Total Liabilities	45,119,906	\$ 3,289,590
<b>NET POSITION</b>		
Net Position Restricted for Pension Benefits	\$ 396,592,280	

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, 2017

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
City Contributions	\$ 27,602,039
Share Plan Contributions	145,830
Total Government Contributions	27,747,869
Employees:	
Employee contributions	4,600,399
Total Employee Contributions	4,600,399
Total Contributions	32,348,268
Investment Income:	
Net Appreciation in the Fair Value of Investments	48,223,095
Interest and Dividends	5,141,481
Other Income	14,062
Total Investment Income	53,378,638
Less Investment Expenses	(2,114,597)
Total Investment Income before Securities Lending Activity	51,264,041
Securities Lending Activities:	
Security Lending Income	185,281
Security Lending Fees and Rebates	(55,429)
Net Income from Security Lending Activities	129,852
Total Net Investment Income	51,393,893
<b>Total Additions</b>	<b>83,742,161</b>
<b>Deductions:</b>	
Pension Benefits Paid	49,672,812
Refund of Contributions	533,309
Administrative Expenses	520,408
<b>Total Deductions</b>	<b>50,726,529</b>
Net Increase (Decrease) in Net Position	33,015,632
Net Position Restricted for Pension Benefits:	
Beginning of Year	363,576,648
End of Year	\$ 396,592,280

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 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 to be used to pay liabilities of the current period 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 "Pooled 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 as defined by GASB Statement 72 except for the position in the Local Government Surplus Funds Trust Fund. The investments held by Local Government Surplus Fund Trust Fund are allocated among two funds, LGIP (formerly known as LGIP-A) and Fund B (formerly known as LGIP-B). The value of the City's investments in LGIP funds is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2017, the City's investment in LGIP-A is \$1,020 and there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's daily access to 100 percent of the account value.

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, 2017:

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, 2017, 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 thirteen (13) years.

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, 2017 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 acquisition 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.

**(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, unspent proceeds from the issuance of special obligation bonds for capital improvements, and funds set aside for repayment of customer deposits and debt service payment.

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

The Debt Service Fund reports restricted assets set aside for debt service.

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'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 30<sup>th</sup> of the applicable fiscal year but the amount can be determined at a later date. A resolution or ordinance would also be required to modify or rescind the specific use or amount.

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

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

**(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 based on employee distribution. 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, 2017, the City adopted 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 68*. This Statement 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 adoption of this Statement had no impact on the City's financial statements in fiscal year 2017.

At September 30, 2017, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*. This Statement 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 adoption of this Statement had no impact on the City's financial statements in fiscal year 2017.

At September 30, 2017, the City adopted GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement improves 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. See Note 16 for the related disclosures.

At September 30, 2017, the City adopted GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. See Note 8 for the related disclosures.

***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, 2016, upon which the 2016-2017 levy was based, was approximately \$14.39 billion. A tax levy of 5.5590 mills (\$5.5590 per \$1,000 of taxable value) was required to finance general operations for the fiscal year ended September 30, 2017.

**NOTE 3 - RECEIVABLE**

(a) Accounts receivable and allowance for doubtful accounts are summarized as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
<b><u>General Fund</u></b>		
Franchise Taxes	\$ 1,124,901	\$ -
False Alarms	192,661	-
Utility Taxes	957,998	-
Delinquent Waste Fees	655,616	-
Ambulance Transport Fees	656,559	-
Granada Golf Course	-	-
Leased Properties - Rent Receivable	219,262	-
Donations Receivable - Coral Gables Museum	-	-
University of Miami Development Agreement Fee	10,952,000	-
Other	733,908	-
	<u>15,492,905</u>	<u>-</u>
Less: Allowance	(64,115)	-
Total	<u>15,428,790</u>	<u>-</u>
<b><u>Debt Service Fund</u></b>		
Miscellaneous	11,000	-
Total	<u>11,000</u>	<u>-</u>
<b><u>General Improvement Fund</u></b>		
Due from Cocoplum Community Property Owners	61,076	-
Total	<u>61,076</u>	<u>-</u>
<b><u>Other Governmental Funds</u></b>		
BID Accounts Receivable	168,222	-
Total	<u>168,222</u>	<u>-</u>
<b><u>Parking Fund</u></b>		
Parking Leased Space	-	552,497
Parking – General	-	402,736
		<u>955,233</u>
Less: Allowance	-	(388,219)
Total	<u>-</u>	<u>567,013</u>
<b><u>Sanitary Sewer Fund</u></b>		
Customer Receivable	-	2,592,641
Miscellaneous	-	118,325
		<u>2,710,966</u>
Less Allowance	-	(415)
Total	<u>-</u>	<u>2,710,551</u>
<b><u>Stormwater Fund</u></b>		
Service Use Charges	-	1,199,928
Total	<u>-</u>	<u>1,199,928</u>
Total Governmental Funds	<u>15,669,088</u>	
Total Business-Type Activities/Proprietary Funds		<u>\$ 4,477,492</u>
<b><u>Internal Service Fund</u></b>		
Miscellaneous	89,758	
Total Internal Service Funds	<u>89,758</u>	
Total	<u>\$ 15,758,846</u>	

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

On September 28, 2010, the City and University of Miami (“UM”) entered into a development agreement to establish a new relationship for promoting the health, safety, welfare and cultural advancement of the City and its residents while providing for the coordinated, comprehensive, and orderly development of the UM campus. Terms and conditions of the agreement includes: annual state of the City/UM meeting, Gables Fellow Program, UM’s Coral Gables Lecture and Performances/Concert Series, Ponce De Leon beautification and improvements, “Meet the Doc” Health Care Program, consulting services, Hurricane Athletics Ticket Program, student enrollment/on-campus housing credit, City’s approval of UM’s comprehensive plan and zoning code amendments and increase in seating capacity of Watsco Center (formerly known as 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:

<b>Fiscal Year</b>	<b>Amount</b>
2018	1,025,000
2019	1,025,000
2020	1,025,000
2021	1,025,000
2022	1,025,000
2023-2027	5,125,000
2028-2030	<u>3,075,000</u>
Total payments due to the City	13,325,000
Less: Amount representing imputed interest	<u>(2,373,000)</u>
Present value of total remaining payments due to the City	<u><u>\$ 10,952,000</u></u>

**(c) Deferred Inflows/Unearned Revenue**

The components of deferred inflow of resources (unavailable revenues) and unearned revenues as of September 30, 2017 are as follows:

	<b>Unavailable Revenues</b>	<b>Unearned Revenues</b>
<b><u>General Fund</u></b>		
False Alarms	\$ 192,660	\$ -
Delinquent Waste Fees	326,744	-
Ambulance Transport Fees	398,258	-
Donations to Coral Gables Museum	-	-
University of Miami Development Agreement Fee	10,952,000	-
Liens and Other Receivables	364,800	-
Prepaid Business Tax Receipts	3,110,891	-
Prepaid Waste Fees		6,060,442
Other fees	-	34,606
Grant Receipts Not Yet Earned	-	1,794
<b>Total</b>	<b>15,345,353</b>	<b>6,096,842</b>
<b><u>Debt Service Fund</u></b>		
Miracle Mile/Giralda Streetscape Improvement Assessment	8,010,445	-
Liens and Other Receivables	2,467	-
<b>Total</b>	<b>8,012,912</b>	<b>-</b>
<b><u>General Improvement Fund</u></b>		
Grants and Contributions	324,774	26,800
Liens and Other Receivables	79,838	-
<b>Total</b>	<b>404,612</b>	<b>26,800</b>
<b><u>Other Governmental Funds</u></b>		
Grants and Contributions	410,226	-
<b>Total</b>	<b>410,226</b>	<b>-</b>
<b>Total Governmental Funds</b>	<b>\$ 24,173,103</b>	
<b>Total Governmental Activities/Funds</b>		<b>\$ 6,123,642</b>
<b>Total Governmental Activities:</b>		
Prepaid Business Tax Receipts	<b>\$ 3,110,891</b>	
<b><u>Parking Fund</u></b>		
Prepaid Parking Fees	-	317,066
<b>Total Proprietary Funds</b>		
Business-Type Activities	<b>\$ -</b>	<b>\$ 317,066</b>

#### **(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, 2017, a total of \$907,596 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 \$6.45 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, 2017, 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 \$1.56 million is recognized as an assessment receivable and deferred inflow of resources – unavailable revenue in the governmental fund financial statement.

In February 2015, the City received the Final Judgment validating and confirming the City's authority to enter and execute a 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.

Total project cost of the Miracle Mile and Giralda Streetscape Project is estimated at \$25.9 million which includes the guaranteed construction price of 21.6 million, construction administration services design and other project costs.

See Note 7 for information on the Capital Improvement Revenue Bonds, Series 2016A, Series 2016B, and Series 2016C long-term permanent financing to finance the cost of the Streetscape Projects.

**(e) Service Assessments for Solid Waste and Recyclable Materials**

The City adopted Ordinance No. 2016-02 which established the imposition of service assessments for solid waste and recyclable materials collection and disposal service, facilities and programs against residential property within the city, established the initial and annual implementation steps for special assessments by subsequent resolution, and authorized the collection of the special assessments on the same tax bill as ad valorem taxes. Effective September 29, 2015, the City may utilize the uniform method of collection of special assessments pursuant to Florida Statutes Chapter 197, whereby residential unit owners shall pay for residential solid waste collection services and delinquent amount on the tax bill. The Ordinance also provided for the advance payment of the annual assessment at a discounted rate if paid on or before August 15 of each year.

During fiscal year 2017, the City issued the solid waste assessment bill for the annual assessment for fiscal year 2017-2018 to allow resident owners the option of a discounted rate if paid by August 15, 2017. As of September 30, 2017, the City collected \$6.06 million of advance payments related to the annual assessment for fiscal year 2017-2018 and the amount is reported as part of unearned revenue in the governmental fund financial statements and governmental activities – statement of net position.

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Deposits**

As of September 30, 2017, the City’s cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 45,272,551	\$ 115,065,630	\$ 160,338,181
Business-type activities	4,094,730	9,669,957	13,764,687
Pension Trust Funds	10,673,092	385,641,443	396,314,535
Agency Funds	3,289,590	-	3,289,590
<b>Total Cash, Cash Equivalents and Investments</b>	<b>\$ 63,329,963</b>	<b>\$ 510,377,030</b>	<b>\$ 573,706,993</b>
Deposits			\$ 63,329,963
Investments			510,377,030
<b>Total Deposits and Investments</b>			<b>\$ 573,706,993</b>

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 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 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). The value of the City's investments in LGIP funds 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 market value of the total Plan assets. Convertible securities are not to exceed 10% of the market value of the total Plan assets. 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 Plan assets portfolio shall be "A" or higher. The duration of the total Plan assets 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 market of total Plan asset shall be invested in the securities of any single corporate issuer. Securities rated below "BBB" shall not exceed 15% of the market value of the Plan assets.

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

There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof. Fixed income funds may be managed through the

purchase of open-ended, no-load mutual funds or commingled funds. Fixed income funds purchased by investment advisors are expected to adhere to the guidelines herein. The Board implicitly accepts the policy of a mutual fund or commingled fund when it makes a direct investment.

Investments in real estate shall not exceed 15% at market valuation of the total Plan 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.

The Plan limits investment in the securities of any one issuer, other than the U.S. Government and its agencies, to no more than 5% of net fiduciary position. Investments more than 5% of the net fiduciary position consisted of Vanguard Intermediate-Term Corporate Fund (15%); Vanguard Short Term Bond EFT (9.4%); Vanguard 500 Index Fund (18%) and American Funds Europacific Growth Fund (13.3%).

#### *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 equities	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%

**Fair Value Measurements**

Fair value is defined as 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. Fair value measurements are categorized within the fair value hierarchy as established by generally accepted accounting principles. The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels based on the extent to which input used in measuring fair value are observable in the market.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for an assets or liability, either directly or indirectly, including quoted market prices for similar assets or liabilities in active markets.

Level 3 – Inputs are significant unobservable inputs used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations where there is little, if any, market activity for the asset or liability at the measurement date.

The following table presents the fair value hierarchy for investments at fair value as of September 30, 2017:

	Total	Fair Value Measurement Using		
		Quoted Prices In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments at fair value level:</b>				
<b><u>City of Coral Gables</u></b>				
Debt securities:				
US Treasury Securities	\$ 27,452,588	\$ 27,452,588	\$ -	\$ -
US Agency Fixed Rate Debentures	97,281,979	-	97,281,979	-
Total Investment by fair value level	124,734,567	\$ 27,452,588	\$ 97,281,979	\$ -
Investment measured at amortized cost*	1,020			
Total Investments	\$ 124,735,587			
<b><u>Firefighters' Pension Fund</u></b>				
Mutual Funds	\$ 5,930,519	\$ 5,930,519	\$ -	\$ -
Investment by fair value level	5,930,519	\$ 5,930,519	\$ -	\$ -
Guaranteed Investment Contract	8,874,678			
Total Investments	\$ 14,805,197			
<b><u>Police Officers' Pension Fund</u></b>				
Equity securities:				
Mutual Funds	\$ 2,612,295	\$ 2,612,295	\$ -	\$ -
Total	2,612,295	2,612,295	-	-
Debt securities:				
Fixed income mutual funds	1,838,271	1,838,271	-	-
Total Investment by fair value level	4,450,566	\$ 4,450,566	\$ -	\$ -
Money market funds (exempt)*	689,450			
Total Investments	\$ 5,140,016			
<b><u>City of Coral Gables Retirement Fund</u></b>				
Equity securities:				
Domestic equities	\$ 150,926,108	\$ 118,979,720	\$ 31,946,388	\$ -
International equities	28,412,689	-	28,412,689	-
Total equity securities	179,338,797	118,979,720	60,359,077	-
Debt securities:				
Government and agency	13,434,810	-	13,434,810	-
Fixed income fund	3,684,188		3,684,188	
Corporate bonds	11,180,721	-	11,180,721	-
Total debt securities	28,299,719	-	28,299,719	-
Alternative investments:				
Real estate	46,545,152	-	-	46,545,152
Venture capital	6,035,257	-	-	6,035,257
Total alternative investments	52,580,409	-	-	52,580,409
Total investments by fair value level	260,218,925	\$ 118,979,720	\$ 88,658,796	\$ 52,580,409
Investment measured at the net asset value (NAV)*				
Commingled international equity fund	29,620,061			
Commingled global fixed income fund	9,049,202			
Hedge funds	67,497,492			
Total investment measured at the NAV	106,166,755			
Total investments	\$ 366,385,680			

\* These investments are not measured according to the hierarchy established by GASB Statement No. 72

City of Coral Gables Retirement Fund

The Plan has established a framework to consistently measure the fair value of the Plan's assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policy and procedures that will provide reasonable assurance that assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

The overall valuation process and information sources by major investment classification are as follows:

- **Equity securities:** These include common stock, domestic 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, 2017. 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.
- **Debt Securities:** Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, and securitized residential and commercial mortgages. 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.
- **Alternative investments:** These investments include real estate equity and venture capital investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2017. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

**Net Asset Value Per Share Measurements**

Net asset value per share is defined as the amount of net assets attributable to each share of capital stock (other than senior equity securities; that is, preferred stock) outstanding at the close of the period. It excludes the effects of assuming conversion of outstanding convertible securities, whether or not their conversion would have a diluting effect.

The Plan’s valuation methods for investments measured at the net asset value (NAV) per share (or its equivalent) as of September 30, 2017 are as follows:

	Investments Measured at the NAV		
	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled international equity fund <sup>(1)</sup>	\$ 29,620,061	Daily	Same Day
Commingled global fixed income fund <sup>(2)</sup>	9,049,202	Daily	Same Day
Hedge funds <sup>(3)</sup>	<u>67,497,492</u>	Daily	Quarterly
Total investments measured at the NAV	<u>\$106,166,755</u>		

- (1) Commingled international equity fund consists of two commingled investment vehicles which invests primarily in publicly traded global equity securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (2) Commingled global fixed income fund consists of one commingled investment vehicle which primarily invests in global equity and fixed income securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (3) Hedge fund – this type invests in three funds that are invested in both risk parity strategies and global macro hedge fund strategies. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

City of Coral Gables

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

Firefighters’ Pension Fund

Guaranteed investment contracts are not measured at fair value and therefore are not reported in the fair value hierarchy. It uses liquidation value based on actuarial formula as defined under the terms of the contract.

Police Officers’ Pension Fund

Following is a description of the valuation methodologies used for assets measured at fair value:

Common stock – valued at the closing price reported on the New York Stock Exchange.

Mutual Fund – valued at the daily closing price as reported by the Plan. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These

funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Money market fund – considered short-term investments reported at cost, which approximates fair value.

**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, 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 \$8,874,678 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, 2017 is 3.01%.

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
U.S. Government Agencies	\$ 124,734,567	\$ -	\$ 124,734,567
*State Board of Administration	1,020	1,020	-
	<u>124,735,587</u>	<u>\$ 1,020</u>	<u>\$ 124,734,567</u>
Deposits	<u>52,656,871</u>		
Total Cash, Cash Equivalents and Investments	<u>\$ 177,392,458</u>		

\*Weighted average portfolio maturity limited to 90 days

Information about the sensitivity of the fair values of the Coral Gables Retirement Fund’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan’s investments by maturity at September 30, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Money market fund	\$ 4,580,134	\$ 4,580,134	\$ -	\$ -	\$ -
U.S. government and agency	13,434,810	620,701	3,165,461	3,499,980	6,148,668
Corporate bonds	11,180,721	1,312,945	5,748,769	3,532,038	586,969
Global fixed income	9,049,202	-	-	-	9,049,202
Other fixed income	3,684,188	-	-	-	3,684,188
	<u>\$ 41,929,055</u>	<u>\$ 6,513,780</u>	<u>\$ 8,914,230</u>	<u>\$ 7,032,018</u>	<u>\$ 19,469,027</u>



The Police Officers' Pension Fund's investment policy does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the distribution of the Plan's investments by maturity at September 30, 2017 is provided by the following table:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Fixed income mutual funds	\$ 1,838,271	\$ 71,569	\$ 1,032,729	\$ 591,140	\$ 142,833

**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 Moody's	Fair Value	
		City	Firefighters' Pension Fund
US Treasury Securities	Aaa	\$ 27,452,588	\$ -
US Agency Fixed Rate Debentures	Aaa	97,281,979	-
Mutual Funds	Not Rated	-	5,930,519
		<u>\$ 124,734,567</u>	<u>\$ 5,930,519</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, 2017 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 13,434,810	32.04%
Rating of credit risk debt securities by S&P:		
AAA	25,548	0.06%
AA+	82,146	0.20%
AA	241,367	0.58%
AA-	640,355	1.53%
A+	477,855	1.14%
A	862,126	2.06%
A-	2,765,943	6.60%
BBB+	3,852,768	9.19%
BBB	1,264,410	3.02%
BBB-	440,945	1.05%
Not rated	17,840,782	42.55%
Total credit risk debt securities	28,494,245	67.96%
Total fixed income securities	\$ 41,929,055	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, 2017 as applicable:

	Fair Value	Percentage of Portfolio
Rating of credit risk debt securities by Moody's :		
Aaa	\$ 178,629	9.72%
Aa	23,931	1.30%
A	77,802	4.23%
Aa1	24,375	1.33%
Aa2	34,124	1.86%
Aa3	39,812	2.17%
A1	90,999	4.95%
A2	103,998	5.66%
A3	145,435	7.91%
Baa	110,618	6.02%
Baa1	52,812	2.87%
Baa2	52,812	2.87%
Baa3	71,499	3.89%
Ba1	3,250	0.18%
Ba2	2,437	0.13%
Ba3	5,687	0.31%
B1	1,625	0.09%
Not rated	818,426	44.52%
<b>Total credit risk fixed income investments</b>	<b>\$ 1,838,271</b>	<b>100%</b>

**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. There was no individual investment that represents more than 10% of an investment manager's portfolio. 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, 2016 for the City and pension trust fund portfolios.

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

**Foreign Currency Risk:** Foreign currency risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than US Dollars as well as carrying value of foreign investments. The Police Officers' Pension Fund's exposure to foreign currency risk derives mainly from its investment in international equity funds. The Plan owns participation in international equity funds as well as 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 14.05% of total investments.

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 forty 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-five 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, 2017:

Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested
U.S. government and agency obligations	\$ 5,960,647	\$ 6,086,808
Domestic corporate stocks	34,023,825	34,734,160
Domestic corporate bonds	3,005,528	3,073,762
Total Securities Lent	\$ 42,990,000	\$ 43,894,730

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, 2017:

	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Retirements/ Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Nondepreciable Assets:				
Land	\$ 52,521,947	\$ 70,000	\$ -	\$ 52,591,947
Construction in Progress	17,841,292	21,330,311	(2,314,794)	36,856,809
Total Non-depreciable Assets	<u>70,363,239</u>	<u>21,400,311</u>	<u>(2,314,794)</u>	<u>89,448,756</u>
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	67,914,803	9,840	-	67,924,643
Improvements Other Than Buildings	50,088,049	924,448	-	51,012,497
Machinery and Equipment	59,802,776	6,964,383	(12,149,931)	54,617,228
Total Depreciable Assets	<u>290,873,648</u>	<u>7,898,671</u>	<u>(12,149,931)</u>	<u>286,622,388</u>
Less Accumulated Depreciation for:				
Infrastructure	81,620,367	3,021,254	-	84,641,621
Buildings	24,281,195	1,333,726	-	25,614,921
Improvements Other Than Buildings	15,855,191	1,215,991	-	17,071,182
Machinery and Equipment	40,631,317	4,359,649	(12,149,931)	32,841,035
Total Accumulated Depreciation	<u>162,388,070</u>	<u>9,930,620</u>	<u>(12,149,931)</u>	<u>160,168,759</u>
Total Depreciable Assets, net	<u>128,485,578</u>	<u>(2,031,949)</u>	<u>-</u>	<u>126,453,629</u>
Governmental Activities Capital Assets, net	<u>\$ 198,848,817</u>	<u>\$ 19,368,362</u>	<u>\$ (2,314,794)</u>	<u>\$ 215,902,385</u>
<b>Business-Type Activities:</b>				
Nondepreciable Assets:				
Land	\$ 3,701,838	\$ -	\$ -	\$ 3,701,838
Construction in Progress	4,615,650	300,651	(1,721,581)	3,194,720
Total Non-depreciable Assets	<u>8,317,488</u>	<u>300,651</u>	<u>(1,721,581)</u>	<u>6,896,558</u>
Depreciable Assets:				
Infrastructure	27,322,134	1,546,085	-	28,868,219
Buildings	30,247,473	-	-	30,247,473
Improvements Other Than Buildings	632,256	187,670	-	819,926
Machinery and Equipment	3,850,678	432,987	(576,008)	3,707,657
Total Depreciable Assets	<u>62,052,541</u>	<u>2,166,742</u>	<u>(576,008)</u>	<u>63,643,275</u>
Less Accumulated Depreciation for:				
Infrastructure	11,456,355	441,606	-	11,897,961
Buildings	12,089,349	584,879	-	12,674,228
Improvements Other Than Buildings	430,135	35,193	-	465,328
Machinery and Equipment	2,455,812	301,051	(576,008)	2,180,855
Total Accumulated Depreciation	<u>26,431,651</u>	<u>1,362,729</u>	<u>(576,008)</u>	<u>27,218,372</u>
Total Depreciable Assets, net	<u>35,620,890</u>	<u>804,013</u>	<u>-</u>	<u>36,424,903</u>
Business-Type Activities Capital Assets, net	<u>\$ 43,938,378</u>	<u>\$ 1,104,664</u>	<u>\$ (1,721,581)</u>	<u>\$ 43,321,461</u>

Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2017:

<b>Governmental Activities:</b>	
General Government	\$ 4,519,530
Public Safety	2,143,312
Transportation	1,416,024
Culture and Recreation	1,210,631
Physical Environment	641,123
Total depreciation expense – Governmental Activities	<u>\$ 9,930,620</u>
<b>Business-Type Activities:</b>	
Sanitary Sewer System Fund	\$ 375,195
Parking System Fund	899,160
Stormwater Utility Fund	88,374
Total depreciation expense – Business-Type Activities	<u>\$ 1,362,729</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.

<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	\$ 165,000	\$ -
Nonmajor governmental fund:		
General Obligation Bond	-	165,000
	<u>\$ 165,000</u>	<u>\$ 165,000</u>

Interfund transfers for the fiscal year ended September 30, 2017 are as follows:

	Transfer In					Total
	Major Governmental Funds			Major Proprietary Fund	Nonmajor Proprietary Fund	
	General	Debt Service	General Improvement	Sanitary Sewer	Stormwater	
Transfer out:						
Major governmental fund:						
General	\$ -	\$ 5,489,514	\$ 6,225,706	\$ -	\$ -	\$11,715,220
Major proprietary fund:						
Sanitary Sewer	1,171,976	-	-	-	-	1,171,976
Parking System	6,914,292	-	-	71,419	12,174	6,997,885
Non-major proprietary fund						
Stormwater	422,247	-	-	-	-	422,247
Internal Service fund:						
Insurance Fund	1,529,319	-	314,847	-	-	1,844,166
	<u>\$ 10,037,834</u>	<u>\$ 5,489,514</u>	<u>\$ 6,540,553</u>	<u>\$ 71,419</u>	<u>\$ 12,174</u>	<u>\$22,151,494</u>

Transfer out from the General Fund to General Improvement Funds was primarily to provide additional funding for capital project expenditures. Transfer out from General Fund to the Debt Service Fund is required to provide funds to pay debt service requirements related to the special revenue bonds. Transfers out from 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. Transfer out from the Insurance Fund to General Improvement Funds was primarily to provide additional funding for capital project expenditures.

**NOTE 7 - LONG-TERM DEBT**

(a) Following is a summary of the City’s Special Obligation Bonds at September 30, 2017:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/17	Current Portion
Governmental Activities:							
06-30-2011	10-01-2032	1.51%	\$ 4,365,000	\$ 4,365,000	\$ 800,000	\$ 3,565,000	\$ 175,000
06-05-2012	10-01-2031	2.67%	43,096,290	43,096,290	9,890,071	33,206,219	2,392,842
02-28-2013	10-01-2028	2.40%	7,725,700	7,725,700	1,173,000	6,552,700	478,400
02-28-2013	10-01-2028	3.43%	4,350,000	4,350,000	705,000	3,645,000	255,000
12-19-2014	04-01-2030	2.50%	6,500,000	6,500,000	735,000	5,765,000	380,000
02-26-2016	04-01-2019	2.00%	570,000	570,000	-	570,000	280,000
04-28-2016	04-01-2037	2.92%	16,975,000	16,975,000	40,000	16,935,000	330,000
04-28-2016	04-01-2037	3.045%	4,460,000	4,460,000	-	4,460,000	165,000
			<u>88,041,990</u>	<u>88,041,990</u>	<u>13,343,071</u>	<u>74,698,919</u>	<u>4,456,242</u>
Business-Type Activities:							
06-05-2012	10-01-2031	2.67%	6,253,710	6,253,710	1,434,929	4,818,781	347,158
02-28-2013	10-01-2028	2.40%	9,069,300	9,069,300	1,377,000	7,692,300	561,600
08-12-2014	10-01-2024	2.42%	3,770,000	3,770,000	680,000	3,090,000	355,000
			<u>19,093,010</u>	<u>19,093,010</u>	<u>3,491,929</u>	<u>15,601,081</u>	<u>1,263,758</u>
			<u>\$ 107,135,000</u>	<u>\$ 107,135,000</u>	<u>\$ 16,835,000</u>	<u>\$ 90,300,000</u>	<u>\$ 5,720,000</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 and capital special assessments imposed on local areas within the City. With respect to the governmental special obligation bonds, fiscal year 2017 debt service was \$5,924,002 while total non-ad valorem tax revenue totaled \$74,529,164. For the business-type special obligation bonds, fiscal year 2017, debt service totaled \$1,427,676 while total non-ad valorem revenue totaled \$26,916,806. All revenue pledges remain in effect for the life of the special obligation bonds through final maturity date of April 1, 2037.

The City issued in April 2016 the following special obligation bonds to finance the cost of the Streetscape Projects:

**Series 2016A** - On April 28, 2016, the City issued Capital Improvement Revenue Bonds, Series 2016A with principal amount of \$16,975,000 plus bond premium of \$1,646,707 to finance the cost of the Miracle Mile Streetscape Project. The bonds are secured by the City’s covenant to budget and appropriate from legally available non ad valorem revenues. In addition, the bonds are secured by special assessment in the total amount of \$6.5M imposed on benefited property owners on Miracle Mile .The Series 2016A is tax-exempt and has an all-in-true interest cost of 2.92% payable on April 1 and October 1 of each year and matures on April 1, 2037. Principal amount is paid annually starting April 1, 2018. The Series 2016A Bonds are subject to extraordinary mandatory redemption prior to maturity at par on a pro rata basis from special assessment fully prepaid by property owners. On April 1, 2017, the City fully redeemed bonds with par value of \$40,000 from full prepayments received from property owners. The bond premium of \$1.64 million is amortized over the life of the bond beginning April 1, 2018.

**Series 2016B** - On April 28, 2016, the City issued Capital Improvement Revenue Bonds, Series 2016B with principal amount of \$4,460,000 plus bond premium of \$141,918 to finance the cost of the Giralda Avenue Streetscape Project. The bonds are secured by the City’s covenant to budget and appropriate from legally available non ad valorem revenues. In addition, the bonds are secured by special assessment in the total amount of \$1.67M imposed on benefited property owners on Giralda Avenue. The Series 2016B is tax-exempt and has an all-in-true interest cost of 2.92% payable on April 1 and October 1 of each year

and matures on April 1, 2037. The Series 2016A Bonds are subject to extraordinary mandatory redemption prior to maturity at par on a pro rata basis from special assessment fully prepaid by property owners. There were no bonds redeemed in fiscal year 2017 as part of the mandatory redemption. The bond premium of \$141,918 is amortized over the life of the bond beginning April 1, 2018.

**Series 2016C** - On February 26, 2016, the City issued Capital Improvement Revenue Bonds, Series 2016C with principal amount of \$570,000 to finance the costs of the Miracle Mile and Giralda Avenue Streetscape Projects that were not eligible for tax exempt funding. The bonds are secured by the City's covenant to budget and appropriate from legally available non ad valorem revenues. Series 2016C is taxable and has a fixed interest rate of 2% payable on April 1 and October 1 of each year and matures on April 1, 2019. 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, 2017, are as follows:

BUSINESS-TYPE ACTIVITIES							
Fiscal Year	Special Obligation Bonds			Capital Leases			Business-Type
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
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	1,255,139	276,456	1,531,595	-	-	-	1,531,595
2022	1,283,707	245,170	1,528,877	-	-	-	1,528,877
2023-2027	6,170,830	741,442	6,912,272	-	-	-	6,912,272
2028-2032	3,015,792	141,820	3,157,612	-	-	-	3,157,612
Total	15,601,081	\$ 2,426,232	\$ 18,027,313	40,575	\$ 611	\$ 41,186	\$ 18,068,499
Less: Current portion	(1,263,758)			(32,380)			
Long-term portion	\$ 14,337,323			\$ 8,195			

GOVERNMENTAL ACTIVITIES							
Fiscal Year	Special Obligation Bonds			Capital Leases			Governmental
	Principal	Interest	Total Required	Principal	Interest	Total Required	Total Requirements
2018	\$ 4,456,242	\$ 2,223,256	\$ 6,679,498	\$ 120,088	\$ 6,177	\$ 126,265	\$ 6,805,763
2019	4,554,107	2,099,523	6,653,630	51,518	3,587	55,105	6,708,735
2020	4,669,038	1,972,794	6,641,832	52,557	2,549	55,106	6,696,938
2021	4,114,861	1,848,907	5,963,768	53,616	1,490	55,106	6,018,874
2022	4,226,293	1,730,693	5,956,986	40,920	410	41,330	5,998,316
2023-2027	23,819,170	6,659,526	30,478,696	-	-	-	30,478,696
2028-2032	21,529,208	2,930,582	24,459,790	-	-	-	24,459,790
2033-2037	7,330,000	673,879	8,003,879	-	-	-	8,003,879
Total	74,698,919	\$ 20,139,160	\$ 94,838,079	318,699	\$ 14,213	\$ 332,912	\$ 95,170,991
Less: Current portion	(4,456,242)			(120,088)			
Long-term portion	\$ 70,242,677			\$ 198,611			

The City's General Fund is primarily utilized for the payment of long-term liabilities of the governmental funds. During the year ended September 30, 2017, 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	\$ 9,213,996	\$ 7,227,345	\$ 6,580,931	\$ 9,860,410	\$ 5,393,489
Claims Payable	14,022,000	1,839,866	3,129,866	12,732,000	4,802,000
Special Obligation Debt	78,435,243	-	3,736,324	74,698,919	4,456,242
Premium on Special Obligation Debt	1,788,626	-	-	1,788,626	-
Capital Lease	97,740	261,580	40,621	318,699	120,088
Pollution Remediation Obligation	25,000	-	-	25,000	25,000
Net OPEB Obligation	9,104,346	1,257,704	-	10,362,050	-
Net Pension Liability	222,552,331	-	9,540,480	213,011,851	-
	<u>\$ 335,239,282</u>	<u>\$ 10,586,495</u>	<u>\$ 23,028,222</u>	<u>\$ 322,797,555</u>	<u>\$ 14,796,819</u>

During the year ended September 30, 2017, 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	\$ 305,168	\$ 197,182	\$ 202,434	\$ 299,916	\$ 167,755
Special Obligation Debt	16,704,757	-	1,103,676	15,601,081	1,263,758
Capital Lease	72,315	-	31,740	40,575	32,380
Net OPEB Obligation	215,108	37,249	-	252,357	-
Net Pension Liability	6,599,576	-	79,477	6,520,099	-
	<u>\$ 23,896,924</u>	<u>\$ 234,431</u>	<u>\$ 1,417,327</u>	<u>\$ 22,714,028</u>	<u>\$ 1,463,893</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, 2017, the unamortized amounts of deferred charge on refunding are \$172,001 for governmental activities and \$114,413 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 and \$570,000 loan issued on February 26, 2016, which are 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 \$5,244,581 net of accumulated depreciation of \$3,896,240 for governmental activities; and \$858,406 as the capitalized basis and \$795,843 accumulated depreciation for business-type activities.

Future minimum lease obligations are as follows:

<b>Business-Type Activities</b>	
<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2017	\$ 41,186
Less: Amount representing interest	(611)
Present value of minimum lease payments	<u>\$ 40,575</u>
<b>Governmental Activities</b>	
<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments -2017	\$ 332,912
Less: Amount representing interest	(14,213)
Present value of minimum lease payments	<u>\$ 318,699</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, 2016:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	986
<hr/>	
Current Employees:	
Vested	274
Non-vested	314
<b>Total</b>	<b>588</b>

*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.

Effective February 28, 2017, the monthly normal retirement benefit was changed to provide an enhance benefit for the 25<sup>th</sup> year of credited service equal to the percentage of average final compensation needed to increase the total retirement benefit to 75% of average final compensation. For bargaining unit members who are not eligible for normal retirement as of February 28, 2017 and whose accrued annual benefit as of February 28, 2017 does not exceed \$95,000 per year, the total pension benefit will be capped at \$95,000 per year. This cap will increase to \$96,900 effective September 30, 2019.

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, 2017 was \$33,835,492.

Effective February 28, 2017, the maximum DROP period is 84 months for members in the DROP or entering the DROP on or after February 28, 2017 but prior to September 30, 2019, and 60 months for members entering DROP on or after September 30, 2019. For members who enter the DROP after September 30, 2012, if DROP entry is delayed more than 6 months past the earliest DROP eligibility date, then the maximum DROP period decreases by one month for each month of delayed DROP entry.

*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.

Effective December 8, 2015, it is not mandatory for any new employee other than a police officer or firefighter to participate in the Plan. Such employee shall have the option of participation in the Plan or a defined contribution plan. The employee must exercise the option within thirty days following their date of hire.

*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, international equity securities and alternative investments.

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 and net asset 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 fully disclosed in Note 4.

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.

*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.

#### *Subsequent Events*

Effective October 1, 2017, it is not mandatory for a non-bargaining unit police officer or firefighter hired from outside the City on or after September 26, 2017 to participate in the Plan. Such employee shall have the option of participating in the Plan or in another retirement plan and must exercise that option within 30 days following their date of hire.

#### Class Action Settlement

On June 12, 2013, the plaintiffs filed a putative class action lawsuit against the City of Coral Gables seeking a cost of living adjustment (COLA) to their retirement benefits effective January 1, 2013. On September 18, 2017, the two plaintiffs, on behalf of themselves and all Class Members, and the City of Coral Gables executed a Class Action Settlement Agreement. On February 26, 2018, final judgement in the lawsuit was approved by the court.

The terms of the settlement agreement entitled the Class Members to receive a permanent COLA of 2.975%, retroactive to January 1, 2013 and/or a permanent COLA of 0.25%, retroactive to January 1, 2014, depending on the date on which the Class Member began receiving retirement benefits. Class members who began receiving retirement benefits on or before January 1, 2012 will be entitled to both the 2.975% COLA and the 0.25% COLA. Class Members who begin receiving retirement benefits after January 1, 2012 but on or before January 1, 2013 will only be entitled to the 0.25% COLA.

#### General Employees Ordinance Amendment

The City entered into a collective bargaining agreement with the Teamsters, Local Union 769, for a three-year term (October 1, 2017 through September 30, 2020). The collective bargaining agreement contains certain changes to the Plan provisions for General employees that have been approved in March 2018 as described below.

Effective October 1, 2016, participants in the bargaining unit represented by Teamsters Local Union 769 shall contribute in accordance with the cost-sharing provisions of the City Ordinance, subject to a

maximum cap of 15% of compensation through March 18, 2018; 14.5% of compensation from March 19, 2018, through the last full pay period before October 1, 2018; 14% of compensation from the first pay period after October 1, 2018 through the last full pay period of before October 1, 2019; and 13.5% of compensation from the first pay period after October 1, 2019 through the last full pay period before September 30, 2020. Effective the first pay period after September 30, 2020, participants in the bargaining unit represented by Teamsters Local Unit 769 shall contribute in accordance with the cost-sharing provisions of the City Ordinance, subject to a maximum cap of 15% of compensation.

Furthermore, effective March 13, 2018 for participants in the bargaining unit represented by Teamsters Local Unit 769, the maximum retirement benefit in the normal annuity form shall not exceed the lesser of: \$50,000 annually or 75% of final average compensation for participants with less than 10 years of credited service on March 13, 2018; and \$67,500 annually or 75% of the final average compensation for participants with 10 or more years of credited service on March 13, 2018; provided in no event shall a participant’s benefit be less than the accrued benefit on March 13, 2018.

For General excluded employees, effective October 1, 2014 through March 18, 2018, excluded employees shall contribute in accordance with the cost-sharing provisions of the City Ordinance. Effective March 19, 2018, excluded employees shall contribute at a rate equal to .5% less than the percent of compensation determined in accordance with the cost-sharing provisions of the City Ordinance, but in no event less than 10% of compensation. Effective the first pay period after October 1, 2018, excluded employees shall contribute at a rate equal to 1.0% less than the percent of compensation determined in accordance with the cost-sharing provisions of the City Ordinance, but in no event less than 10% of compensation. Effective the first pay period after October 1, 2019, excluded employees shall contribute at a rate equal to 1.5% less than the percent of compensation determined in accordance with the cost-sharing provisions of the City Ordinance, but in no event less than 10% of compensation. Effective the first pay period after September 30, 2020, excluded employees shall contribute in accordance with the cost-sharing provisions of the City Ordinance.

**Net Pension Liability**

The City’s net pension liability was measured as of September 30, 2016 and rolled-forward to September 30, 2017, 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, 2017 were as follows:

	<b>Amount</b>
Total pension liability	561,721,500
Plan fiduciary net position	(342,189,550)
<b>Total net pension liability</b>	<b>219,531,950</b>
Plan fiduciary net position as a percentage of the total pension liability	60.92%

Actuarial Assumptions

The total pension liability was determined by an actuarial date of September 30, 2016, rolled-forward to September 30, 2017 using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal, Level Percent of Pay
Inflation	2.50%
Salary increases	3.25% - 7.75%, 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 2015 using Scale AA

Mortality rates calculated with the RP-2000 mortality table for males and females with mortality improvement projected to 2015 using scale AA.

The actuarial assumptions used in the September 30, 2016 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, 2016 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return *
	Minimum	Maximum	
Domestic equities	35%	45%	7.5%
International equities	15%	25%	8.5%
Domestic bonds	10%	20%	2.5%
International bonds	0%	10%	3.5%
Real estate	5%	15%	4.5%
Alternative	0%	15%	6.24%

\*Real rate of return adjusted for annual inflation rate of 2.50%.

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)
Beginning Net Pension Liability	\$ 559,057,314	\$ 329,905,407	229,151,907
Changes for the year:			
Service cost	5,758,174	-	5,758,174
Interest on the total pension liability	41,975,628	-	41,975,628
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,319,342	-	1,319,342
Changes of assumptions	-	-	-
Contributions - employer	-	27,778,394	(27,778,394)
Contributions - nonemployer	-	145,830	(145,830)
Contributions - member	-	4,393,660	(4,393,660)
Net investment income	-	26,707,410	(26,707,410)
Benefit payments	(45,697,331)	(45,697,331)	-
Refunds	(691,627)	(691,627)	-
Administrative expense	-	(352,193)	352,193
Net changes	2,664,186	12,284,143	(9,619,957)
Ending Net Pension Liability	<u>\$ 561,721,500</u>	<u>\$ 342,189,550</u>	<u>\$ 219,531,950</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, 2016 and rolled-forward to September 30, 2017:

	City's Net Pension Liability		
	1% Decrease	Current Discount Rate	1% Increase
	(6.75%)	(7.75%)	(8.75%)
September 30, 2017	\$ 270,946,557	\$ 219,531,950	\$ 175,775,315

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

For the year ended September 30, 2017, the City recognized pension expense of \$23,813,717 as follows:

Amounts recognized in pension expense:

Changes for the year:

Service cost	\$ 5,758,174
Interest on the total pension liability	41,975,628
Current period benefit changes	-
Contributions - member	(4,393,660)
Projected earnings on plan investments	(26,085,180)
Administrative expense	352,193
Recognition of outflow (inflow) of resources due to liabilities	3,380,085
Recognition of outflow (inflow) of resources due to assets	2,826,477
Net changes	<u>\$ 23,813,717</u>

As of September 30, 2017, 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	\$ 1,491,555	\$ -
Changes in assumptions	1,590,536	-
Employer contributions made subsequent to the measurement date	26,364,969	-
Net difference between projected and actual earnings on pension plan investments	12,143,560	2,691,647
Total	<u>\$ 41,590,620</u>	<u>\$ 2,691,647</u>

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

Year Ending September 30:	<u>Net Deferred Inflow of Resources</u>
2018	\$ 4,971,505
2019	3,575,060
2020	4,111,885
2021	(124,446)
Thereafter	-
Total	<u>\$ 12,534,004</u>

The deferred outflow of resources of \$26,364,969 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, 2018.

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, 2017, the Plan membership consisted of 254 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 \$551,460 representing 4.2% of total covered payroll of police officers participating in the Plan of \$13,189,527.

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* – See Note 4 for disclosures.

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, 2017, there are 126 active plan members and 1,060 participating shares in the Plan.

The City contributions for the fiscal year were \$829,798 representing 5.7% of total covered payroll of firefighters participating in the plan of \$14,494,499. In addition, on January 11, 2018 the Plan received the supplemental contributions of \$1,642.

#### **(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* – See Note 4 for disclosures.

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, 2017

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 884,483
Due from Other Governments	1,642
Investments:	
Guaranteed Investment Contract	8,874,678
Mutual Funds	<u>5,930,519</u>
Total Assets	<u>15,691,322</u>
 <b>LIABILITIES</b>	
Due to Coral Gables Retirement Fund	<u>52,271</u>
 <b>NET POSITION</b>	
Restricted for Pension Benefits	<u>\$ 15,639,051</u>

CITY OF CORAL GABLES, FLORIDA  
 CERTAIN STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
 FIREFIGHTERS' PENSION FUND  
 For the Fiscal Year Ended September 30, 2017

<b>ADDITIONS</b>	
<b>Contributions:</b>	
Employer	<u>\$ 831,440</u>
 <b>Investment Income:</b>	
Appreciation in the Fair Value of Investments	1,012,429
Investment Earnings	<u>278,578</u>
Total Investment Income	1,291,007
Less Investment Expense	<u>(27,731)</u>
Net Investment Income	<u>1,263,276</u>
Total	2,094,716
 <b>DEDUCTIONS</b>	
Employee Benefits	2,615,138
Administrative expense	<u>73,867</u>
Total	<u>2,689,005</u>
Change in Net Position	(594,289)
Net Position – Beginning	<u>16,233,340</u>
Net Position – Ending	<u>\$ 15,639,051</u>

**(c) Defined Contribution Plans for Appointed Officials, Excluded and General Employees**

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” (“Pension Code”) 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. Elected officials who take office on or after October 1, 2008 shall become members of the Florida Retirement System in accordance with applicable law, and shall not participate in the city retirement system.

In September 2017, the City passed Ordinance No. 2017-38 to further amend the Pension Code Section 50-26 providing that it shall not be mandatory for a non-bargaining unit police officer or firefighter hired from outside the City on or after September 26, 2017 to participate in the System, but such employee shall have the option of participation in the System or in another retirement plan, and must exercise that option within 30 days following their date of hire. In the event such employee elects 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 that plan.

The City has contracted Nationwide Retirement Solutions on behalf of its excluded and general employees for four defined contribution pension plans categorized as executives (for assistant city manager/deputy city attorney), department heads, excluded/teamster employees; 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 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.

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 Excluded/Teamster 401(a) Plan provisions require the City to contribute 7% 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.

For the year ended September 30, 2017, the City’s total contribution to the 401(a) defined contribution plans was \$286,862.

**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 \$1,904,121 for the current fiscal year, toward which the City made an implied contributions which amounted to \$647,471. At September 30, 2017, the City recognized a net OPEB obligation of \$10,362,050 for governmental activities and \$252,357 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 \$244,935 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)	\$ 1,904,121
Interest on Net OPEB Obligation	372,779
Adjustment to ARC	(334,476)
Annual OPEB Cost (Expense)	<u>1,942,424</u>
Employer Contribution	<u>(647,471)</u>
Increase in Net OPEB Obligation	1,294,953
Net OPEB Obligation- beginning of year	<u>9,319,454</u>
Net OPEB Obligation- ending of year	<u><u>\$10,614,407</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:

<b>Fiscal Year Ended September 30,</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2017	\$1,942,424	33.33%	\$10,614,407
2016	\$1,884,959	38.89%	\$9,319,454
2015	\$1,814,397	37.44%	\$8,167,583

Funded Status and Funding Progress - As of September 30, 2016, the OPEB schedule of funding progress was as follows:

<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) -Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percent-age of Covered Payroll</b>
\$0	\$ 24,737,702	\$ 24,737,702	0.0%	\$ 54,887,335	45.1%

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, 2017
Actuarial cost method	Entry Age
Amortization method	Level Percent of Payroll, Open
Amortization period	30 years
Actuarial assumptions:	
Assumed rate of return on investments	4.0%
Assumed rates of salary increase*	3.25% - 7.25%
Assumed payroll growth*	3.75% per year
Initial trend rate	7.00%
Ultimate trend rate	4.30%
*Includes inflation rate	2.5%



**NOTE 10 - POLLUTION REMEDIATION OBLIGATIONS**

As of September 30, 2017, 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 followed by the filing of a Restrictive Covenant and Engineering Control Implementation Report in 2016. DERM response letter dated September 8, 2016 noted that the removal of additional soil is required. DERM also noted that upon of soil removal, the City is required to submit a "Monitoring Only Plan in Support of No Further Action with Condition" along with a complete Engineering Control Implementation Report and Engineering Control Maintenance Plan. 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, 2017.
- 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, 2017, 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, 2017.
- 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 72<sup>nd</sup> 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, 2017, the City is in the process of completing the SARA and assessing the options for cleanup of the site. Accordingly, as of September 30, 2017 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. Accordingly, as of September 30, 2017 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, 2017, 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>2017</u>	<u>2016</u>
Unpaid claim payable, beginning	\$ 14,022,000	\$ 11,928,000
Incurred claims and claim adjustments	1,839,866	5,357,383
Claims payments	<u>(3,129,866)</u>	<u>(3,263,383)</u>
Unpaid claims payable, ending	<u>\$ 12,732,000</u>	<u>\$ 14,022,000</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 BBC GOB Program Fund has a deficit fund balance of \$153,391. 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, 2017 was approximately \$4.7 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>
2018	\$ 5,049,120
2019	4,490,032
2020	4,475,876
2021	4,317,080
2022	3,931,190
2023-2027	18,156,375
2028-2032	12,509,714
2033-2037	7,409,486
2038-2041	935,625
	<u>\$ 61,274,498</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, 2017, the City billed to and received from the Palace \$153,576 and \$8,083 for the Lease and Development Agreement and Parking Garage Lease and Development Agreement, respectively. Also, the City billed to the Palace as of September 30, 2017 and received on October 25, 2017 percentage rent of \$126,670 for the lease term August 1, 2016 to July 31, 2017. 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 \$62,788,700 with a net book value of \$51,153,186. Depreciation expense on leased assets was \$513,989 for the fiscal year ended September 30, 2017.

#### ***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, 2017, the City billed and collected from the management company \$278,226 as rental income.

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

At September 30, 2017, the City billed the base fee amount of \$626,576 and the 3.5% of the annual net revenue of \$996,788 for a total fee amount of \$1,623,364. 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, 2017, the City billed and collected from the management company \$793,664 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, 2017 is \$3.7 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, 2017, the City billed and collected from the management company \$167,014 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, 2017, the City billed and collected \$612,573 from the management company for the Granada Golf Course's gross revenue.

#### ***NOTE 16 – TAX ABATEMENT***

The City provides tax abatement through Ordinance No, 3027 as “Tax Exemptions for Historic Properties”. The ordinance allows tax exemption for 100% of the assessed value of the restoration, renovation, or rehabilitation of historic properties. The exemption applies only to taxes levied by the City and does not apply to taxes levied for the payment of bonds or taxes on personal properties. The tax exemption remains in effect for ten (10) years provided the historic character of the property and improvements which qualified the property for an exemption is maintained over the period for which the exemption was granted. Properties qualify for exemption if (a) individually listed in the National Register of Historic Places pursuant to the National Historic Preservation Act of 1966; (b) a contributing property within a National Register-listed district; (c) individually listed in the Coral Gables Register of Historic Places. Improvements on a historic property must be consistent with the U.S Secretary of the Interior's Standard for Rehabilitation and determined by the City's Historic Preservation Board to meet criteria established in rules adopted by the US Department of State.

The City has eighteen (18) historic properties with tax exemption as of September 30, 2017 and abated taxes in the amount of \$39 thousand in fiscal year 2017. Estimated property tax of \$162 thousand will be abated over the remaining terms of the tax exemption as of fiscal year 2017.

**NOTE 17 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED**

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. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases

are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods after December 15, 2019.

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

***NOTE 18 - LAW ENFORCEMENT***

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

***NOTE 19 - HURRICANE IRMA***

On September 10, 2017, Hurricane Irma struck the South Florida area including the City of Coral Gables. The total financial effect of hurricane related damages, clean-up and restoration costs for the City is still unknown as of September 30, 2017. As of September 30, 2017, the City has incurred approximately \$5 million in expenditures related to emergency and preventive measures, clean-up and restoration costs. This amount is reported as part of the General Fund. In addition, as of September 30, 2017 the City has yet to apply for Public Assistance Awards with the Federal Emergency Management Agency (FEMA) to obtain grant funds to reimburse for eligible expenditures related to Hurricane Irma recovery efforts. Thus, no receivable from FEMA and corresponding revenue to offset expenditures incurred are recognized in the financial statements as of September 30, 2017.

***NOTE 20 – SUBSEQUENT EVENTS***

(a) Change on Interest Rate

Effective January 1, 2018, the interest rates on the tax-exempt special revenue bond Series 2014 and Series 2012 were adjusted from 2.42% to 2.94% and from 2.67% to 3.245%, respectively. The rate adjustment was in compliance with the provision of the loan agreement which allows for rate adjustments to maintain a taxable equivalent effective yield in the event of changes to the maximum corporate tax rate. The United States Congress passed into law on December 27, 2017 the H.R 1 "Tax Cuts and Jobs Act" which among other changes to the Internal Revenue Code of 1986, changed the maximum corporate tax rate from 35% to 21% which causes a reduction in the tax-equivalent yield on Special Revenue Bond Series 2014 and Series 2012.

(b) Special Taxing Districts within the City of Coral Gables

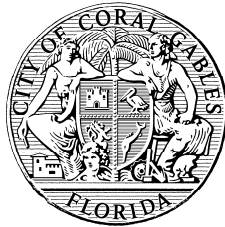
The City will assume the responsibility for the management of nine (9) security guard special taxing districts located wholly within the city as a result of a special election held on January 23, 2018 where qualified electors in each of these districts voted to approve the transfer of control of these security guard districts from Miami-Dade County to the City effective October 1, 2018. The City is responsible to provide services to the special taxing district such as budget development, financial management, security guard service management, contract management, guardhouse and general property and landscape



maintenance around the guardhouse. The City identified a third-party qualified contractor to provide these services to the special taxing districts, on behalf of the City for a fee.

On February 13, 2018, the City passed resolution for each special taxing district which authorize the use of the uniform method of collection of non-ad valorem assessment pursuant to Florida Statutes Chapter 197, whereby residential owners shall pay the non-ad valorem assessment needed for the continued operation of the special taxing districts, on the same tax bill as ad valorem taxes.

The City's management has not determined the effect the above agreement will have on the City's financial statements.



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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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 93,744,729	\$ 93,744,729	\$ 94,438,350	\$ 693,621
Licenses	3,346,000	3,346,000	3,365,902	19,902
Permits	7,370,000	7,385,020	9,019,702	1,634,682
Fines and Forfeitures	1,956,000	1,956,000	2,329,161	373,161
Intergovernmental	5,431,405	5,570,520	5,424,046	(146,474)
Charges for Services	18,390,140	18,390,140	19,176,388	786,248
Recreation Activity Fees	4,023,500	4,063,500	4,520,645	457,145
Rental Income	5,062,261	5,062,261	4,961,998	(100,263)
Investment Earnings	200,000	200,000	748,546	548,546
Contributions and Donations	-	22,750	78,750	56,000
Miscellaneous	163,381	188,456	266,609	78,153
Total Revenues	<u>139,687,416</u>	<u>139,929,376</u>	<u>144,330,097</u>	<u>4,400,721</u>
<b>EXPENDITURES</b>				
Current:				
General Government	24,205,500	22,931,478	21,608,789	1,322,689
Public Safety	79,092,109	81,099,919	82,926,379	(1,826,460)
Physical Environment	21,005,888	21,230,777	19,573,099	1,657,678
Transportation	3,220,118	3,230,236	3,070,215	160,021
Economic Environment	1,180,398	1,393,892	1,207,597	186,295
Culture and Recreation	11,522,217	11,903,216	10,530,588	1,372,628
Debt Service:				
Retirement of Principal	101,474	101,474	40,621	60,853
Interest	2,726	2,726	2,726	-
Capital Outlay	1,268,795	1,268,795	751,658	517,137
Total Expenditures	<u>141,599,225</u>	<u>143,162,513</u>	<u>139,711,672</u>	<u>3,450,841</u>
Excess of Revenues Over Expenditures	<u>(1,911,809)</u>	<u>(3,233,137)</u>	<u>4,618,425</u>	<u>7,851,562</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Capital Lease	-	-	261,580	261,580
Transfers In	8,115,112	8,115,112	10,037,834	1,922,722
Transfers Out	(8,589,514)	(9,715,220)	(11,715,220)	(2,000,000)
Total Other Financing Sources (Uses)	<u>(474,402)</u>	<u>(1,600,108)</u>	<u>(1,415,806)</u>	<u>184,302</u>
Net Change in Fund Balance*	<u>\$ (2,386,211)</u>	<u>\$ (4,833,245)</u>	<u>3,202,619</u>	<u>\$ 8,035,864</u>
Fund Balance - Beginning			<u>57,640,252</u>	
Fund Balance - Ending			<u>\$ 60,842,871</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\***

	(Unaudited)		
	September 30, 2017	September 30, 2016	September 30, 2015
<b>Total pension liability</b>			
Service cost	\$ 5,758,174	\$ 5,665,063	\$ 6,066,834
Interest	41,975,628	41,412,567	40,360,719
Benefit changes	-	-	7,175
Differences between expected and actual experience	1,319,342	50,400	5,822,419
Changes of assumptions	-	4,037,514	-
Benefit payment, including refunds of member contributions	(46,388,958)	(41,597,731)	(34,968,554)
Net change in total pension liability	2,664,186	9,567,813	17,288,593
Total pension liability - beginning	559,057,314	549,489,501	532,200,908
<b>Total pension liability - ending</b>	<b>561,721,500</b>	<b>559,057,314</b>	<b>549,489,501</b>
<b>Total fiduciary net position</b>			
Contributions - City	27,778,394	24,151,856	25,554,746
Contributions - Share Plan	145,830	145,830	145,830
Contributions - Employees	4,393,660	4,704,069	4,095,928
Net investment income	26,707,410	6,282,235	30,421,080
Benefit payments, including refunds of member contributions	(46,388,958)	(41,597,731)	(34,968,554)
Administrative expenses	(352,193)	(431,707)	(334,272)
Net change in plan fiduciary net position	12,284,143	(6,745,448)	24,914,758
Plan fiduciary net position - beginning	329,905,407	336,650,855	311,736,097
<b>Plan fiduciary net position - ending</b>	<b>\$ 342,189,550</b>	<b>\$ 329,905,407</b>	<b>\$ 336,650,855</b>
<b>City's net pension liability</b>	<b>\$ 219,531,950</b>	<b>\$ 229,151,907</b>	<b>\$ 212,838,646</b>
Plan fiduciary net position as a percentage of the total pension liability	60.92%	59.01%	61.27%
Covered Employee Payroll	\$ 37,305,296	\$ 35,930,984	\$ 35,930,984
Net Pension liability as percentage of covered employee payroll	588.47%	637.76%	592.35%

\* 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  
SCHEDULE OF CONTRIBUTIONS  
(Unaudited)**

	<u>2017</u>	<u>Year Ended September 30,</u>		<u>2014</u>
		<u>2016</u>	<u>2015</u>	
Actuarially determined contribution	\$ 23,082,353	\$ 23,838,224	\$ 24,288,466	\$ 25,678,422
Contribution made in relation to the actuarially determined contribution	<u>26,364,969</u>	<u>27,924,224</u>	<u>24,297,686</u>	<u>25,700,576</u>
Contribution deficiency (excess)	<u>\$ (3,282,616)</u>	<u>\$ (4,086,000)</u>	<u>\$ (9,220)</u>	<u>\$ (22,154)</u>
Covered-employee payroll	\$ 43,191,753	\$ 37,305,296	\$ 36,785,806	\$ 35,930,984
Contributions as a percentage of covered-employee payroll	<u>61.04%</u>	<u>74.85%</u>	<u>66.05%</u>	<u>71.53%</u>

**Notes to Schedule:**

**Valuation Date:** October 1, 2015 (For Fiscal Year 2017)

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	21 years (single equivalent period)
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)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as % of Covered Payroll ((b-a)/c)</b>
September 30, 2017	-	\$24,738	\$24,738	0%	\$54,888	45.1%
September 30, 2016	-	\$26,905	\$26,905	0%	\$49,477	54.4%
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 given 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.

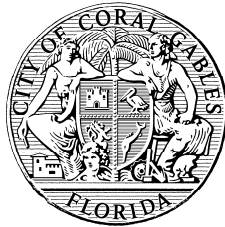
(c) The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2017 that are included in the final amended budget.



## **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.

**Building Better Communities General Obligation Bond Program (BBC GOB Program Fund)** – to account for grant funds from Miam-Dade County BBC GOB Program and expenditures of covered 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.

CITY OF CORAL GABLES, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2017

**Capital Projects**

	<b>Neighborhood Renaissance Program Fund</b>	<b>Roadway Improvement Fund</b>	<b>Transportation Fund</b>	<b>BBC GOB Program Fund</b>	<b>Impact Fees Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>						
Pooled Cash and Cash Equivalents	\$ -	\$ 686,267	\$ 567,999	\$ 16,891	\$ -	\$ 1,271,157
Restricted Pooled Cash and Cash Equivalents	965,330	-	-	-	2,853,922	3,819,252
Pooled Investments	-	1,908,181	554,381	44,769	-	2,507,331
Restricted Pooled Investments	1,029,417	-	-	-	3,836,011	4,865,428
Receivable for Securities Sold	-	398,035	91,746	-	573,265	1,063,046
Accounts Receivable, Net	-	168,222	-	-	-	168,222
Interest Receivable	2,665	4,750	1,373	-	8,803	17,591
Due from Other Governments	-	242,727	624,112	135,891	-	1,002,730
Total Assets	<u>1,997,412</u>	<u>3,408,182</u>	<u>1,839,611</u>	<u>197,551</u>	<u>7,272,001</u>	<u>14,714,757</u>
<b>LIABILITIES</b>						
Accounts Payable	302,579	300,524	304,578	52,001	-	959,682
Accrued Payroll	-	223	5,269	-	-	5,492
Due to Other Funds	-	-	-	165,000	-	165,000
Total Liabilities	<u>302,579</u>	<u>300,747</u>	<u>309,847</u>	<u>217,001</u>	<u>-</u>	<u>1,130,174</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - Municipal Surtax	-	-	138,998	-	-	138,998
Unavailable revenue - Grants and Contributions	-	137,287	-	133,941	-	271,228
Unavailable revenue - Special Assessments	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>137,287</u>	<u>138,998</u>	<u>133,941</u>	<u>-</u>	<u>410,226</u>
<b>FUND BALANCES (DEFICIT)</b>						
<b>Nonspendable</b>	-	-	-	-	-	-
<b>Restricted to:</b>						
Public Safety	-	-	-	-	3,241,743	3,241,743
Entrances/Circles/Fountains	82,895	-	-	-	-	82,895
Parks and Recreation	1,123,134	-	-	-	2,264,479	3,387,613
Other Physical Environment	488,804	-	-	-	1,666,617	2,155,421
Impact Fee Administration	-	-	-	-	99,162	99,162
<b>Assigned to:</b>						
Other Capital Projects	-	2,970,148	1,390,766	-	-	4,360,914
<b>Unassigned</b>	-	-	-	(153,391)	-	(153,391)
Total Fund Balances (Deficit)	<u>1,694,833</u>	<u>2,970,148</u>	<u>1,390,766</u>	<u>(153,391)</u>	<u>7,272,001</u>	<u>13,174,357</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 1,997,412</u>	<u>\$ 3,408,182</u>	<u>\$ 1,839,611</u>	<u>\$ 197,551</u>	<u>\$ 7,272,001</u>	<u>\$ 14,714,757</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, 2017

	<u>Capital Projects</u>					<b>Total Nonmajor Governmental Funds</b>
	<b>Neighborhood Renaissance Program Fund</b>	<b>Roadway Improvement Fund</b>	<b>Transportation Fund</b>	<b>BBC GOB Program Fund</b>	<b>Impact Fees Fund</b>	
<b>REVENUES</b>						
Gasoline Sales Tax	\$ -	\$ 1,214,664	\$ -	\$ -	\$ -	\$ 1,214,664
Municipal Surtax	-	-	1,986,765	-	-	1,986,765
Special Assessments	-	-	-	-	252,130	252,130
Rental Income	-	-	27,421	-	-	27,421
Intergovernmental	-	-	120,929	745,924	-	866,853
Investment Earnings	5,512	18,337	5,693	-	32,965	62,507
Total Revenues	<u>5,512</u>	<u>1,233,001</u>	<u>2,140,808</u>	<u>745,924</u>	<u>285,095</u>	<u>4,410,340</u>
<b>EXPENDITURES</b>						
Current:						
General Government	3,013	-	-	-	13,652	16,665
Transportation	-	908,267	1,753,923	-	-	2,662,190
Culture and Recreation	1,642,384	-	-	71,981	-	1,714,365
Capital Outlay	853,660	458,118	39,563	432,500	13,514	1,797,355
Total Expenditures	<u>2,499,057</u>	<u>1,366,385</u>	<u>1,793,486</u>	<u>504,481</u>	<u>27,166</u>	<u>6,190,575</u>
Net Change in Fund Balances	(2,493,545)	(133,384)	347,322	241,443	257,929	(1,780,235)
Fund Balances (Deficit) - Beginning	<u>4,188,378</u>	<u>3,103,532</u>	<u>1,043,444</u>	<u>(394,834)</u>	<u>7,014,072</u>	<u>14,954,592</u>
Fund Balances (Deficit) - Ending	<u>\$ 1,694,833</u>	<u>\$ 2,970,148</u>	<u>\$ 1,390,766</u>	<u>\$ (153,391)</u>	<u>\$ 7,272,001</u>	<u>\$ 13,174,357</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Special Assessments	\$ -	\$ -	\$ 15,837	\$ 15,837
Investment Earnings	3,000	3,000	8,356	5,356
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>24,193</u>	<u>21,193</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	11,034	(11,034)
Debt Service:				
Retirement of Principal	3,696,324	3,696,324	3,736,324	(40,000)
Interest	2,793,190	2,793,190	2,176,644	616,546
Total Expenditures	<u>6,489,514</u>	<u>6,489,514</u>	<u>5,924,002</u>	<u>565,512</u>
Deficiency of Revenues Under Expenditures	<u>(6,486,514)</u>	<u>(6,486,514)</u>	<u>(5,899,809)</u>	<u>586,705</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,489,514	5,489,514	5,489,514	-
Total Other Financing Sources	<u>5,489,514</u>	<u>5,489,514</u>	<u>5,489,514</u>	<u>-</u>
Net Change in Fund Balances*	<u>\$ (997,000)</u>	<u>\$ (997,000)</u>	<u>(410,295)</u>	<u>\$ 586,705</u>
Fund Balances - Beginning			<u>2,782,052</u>	
Fund Balances - Ending			<u>\$ 2,371,757</u>	

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

## **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, 2017

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Pooled Cash and Cash Equivalents	\$ 3,686,219	\$ 1,915,986	\$ 3,884,175	\$ 9,486,380
Pooled Investments	4,885,767	2,070,698	9,682,064	16,638,529
Receivable for Securities Sold	470,237	236,862	1,554,740	2,261,839
Accounts Receivable, Net	79,491	5,120	5,147	89,758
Interest Receivable	10,695	4,736	22,023	37,454
Inventories	57,730	-	-	57,730
Prepaid and Deposits	2,407	-	1,169,705	1,172,112
Total Current Assets	<u>9,192,546</u>	<u>4,233,402</u>	<u>16,317,854</u>	<u>29,743,802</u>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Construction in Progress	44,184	-	-	44,184
Equipment	28,465,210	210,320	-	28,675,530
Accumulated Depreciation	(19,517,596)	(149,413)	-	(19,667,009)
Total Noncurrent Assets	<u>8,991,798</u>	<u>60,907</u>	<u>-</u>	<u>9,052,705</u>
Total Assets	<u>18,184,344</u>	<u>4,294,309</u>	<u>16,317,854</u>	<u>38,796,507</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	823,494	540,678	-	1,364,172
Total Deferred Outflows of Resources	<u>823,494</u>	<u>540,678</u>	<u>-</u>	<u>1,364,172</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	850,164	990,733	585,854	2,426,751
Accrued Payroll	56,935	41,426	-	98,361
Accrued Compensated Absences	117,595	73,079	-	190,674
Claims Payable	-	-	4,802,000	4,802,000
Total Current Liabilities	<u>1,024,694</u>	<u>1,105,238</u>	<u>5,387,854</u>	<u>7,517,786</u>
<b>Noncurrent Liabilities:</b>				
Accrued Compensated Absences	118,947	33,682	-	152,629
Claims Payable	-	-	7,930,000	7,930,000
Net OPEB Obligation	141,023	103,912	-	244,935
Net Pension Liability	4,346,733	2,853,915	-	7,200,648
Total Noncurrent Liabilities	<u>4,606,703</u>	<u>2,991,509</u>	<u>7,930,000</u>	<u>15,528,212</u>
Total Liabilities	<u>5,631,397</u>	<u>4,096,747</u>	<u>13,317,854</u>	<u>23,045,998</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	53,295	34,991	-	88,286
Total Deferred Inflows of Resources	<u>53,295</u>	<u>34,991</u>	<u>-</u>	<u>88,286</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	8,520,828	60,907	-	8,581,735
Unrestricted	4,802,318	642,342	3,000,000	8,444,660
Total Net Position	<u>\$ 13,323,146</u>	<u>\$ 703,249</u>	<u>\$ 3,000,000</u>	<u>\$ 17,026,395</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, 2017

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for Services:				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 10,982,972	\$ 10,982,972
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	5,545,504	-	-	5,545,504
Equipment Replacement Charges	3,209,452	-	-	3,209,452
Facilities	-	7,457,766	-	7,457,766
Total Operating Revenues	<u>8,754,956</u>	<u>7,457,766</u>	<u>10,982,972</u>	<u>27,195,694</u>
<b>OPERATING EXPENSES</b>				
Administration	2,278,574	1,596,053	-	3,874,627
Cost of Sales and Services	2,547,124	5,287,753	-	7,834,877
Benefit Payments	-	-	1,473,249	1,473,249
Insurance	-	-	7,776,075	7,776,075
Depreciation	2,313,820	23,122	-	2,336,942
Total Operating Expenses	<u>7,139,518</u>	<u>6,906,928</u>	<u>9,249,324</u>	<u>23,295,770</u>
Operating Income	<u>1,615,438</u>	<u>550,838</u>	<u>1,733,648</u>	<u>3,899,924</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earnings	44,722	18,038	83,615	146,375
Interest Expense	-	-	-	-
Miscellaneous	2,790	-	26,903	29,693
Gain from Sale of Capital Assets	166,766	-	-	166,766
Total Nonoperating Revenues (Expenses)	<u>214,278</u>	<u>18,038</u>	<u>110,518</u>	<u>342,834</u>
Income Before Transfers	<u>1,829,716</u>	<u>568,876</u>	<u>1,844,166</u>	<u>4,242,758</u>
Transfers Out	-	-	(1,844,166)	(1,844,166)
Change In Net Position	<u>1,829,716</u>	<u>568,876</u>	<u>-</u>	<u>2,398,592</u>
Net Position - Beginning	11,493,430	134,373	3,000,000	14,627,803
Net Position - Ending	<u>\$ 13,323,146</u>	<u>\$ 703,249</u>	<u>\$ 3,000,000</u>	<u>\$ 17,026,395</u>

CITY OF CORAL GABLES, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended September 30, 2017

	<b>Motor Pool Fund</b>	<b>Public Facilities Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 8,686,416	\$ 7,457,251	\$ 10,981,532	\$ 27,125,199
Payments to Employees	(2,302,159)	(1,652,639)	-	(3,954,798)
Payments to Suppliers	(1,097,512)	(5,309,714)	(10,074,239)	(16,481,465)
Net Cash Provided by (used in) Operating Activities	<u>5,286,745</u>	<u>494,898</u>	<u>907,293</u>	<u>6,688,936</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out to Other Funds	-	-	(1,844,166)	(1,844,166)
Net Cash Provided by (used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(1,844,166)</u>	<u>(1,844,166)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(3,945,584)	(5,500)	-	(3,951,084)
Proceeds from Sale of Capital Assets	166,766	-	-	166,766
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>(3,778,818)</u>	<u>(5,500)</u>	<u>-</u>	<u>(3,784,318)</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>				
Purchase of Investments	(6,269,907)	(2,765,323)	(12,622,291)	(21,657,521)
Proceeds from Sale of Investments	6,067,719	2,518,796	9,572,875	18,159,390
Interest and Dividends Received	45,172	16,527	101,487	163,186
Net Cash Provided by (used in) Investing Activities	<u>(157,016)</u>	<u>(230,000)</u>	<u>(2,947,929)</u>	<u>(3,334,945)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,350,911	259,398	(3,884,802)	(2,274,493)
Cash and Cash Equivalents - Beginning	2,335,308	1,656,588	7,768,977	11,760,873
Cash and Cash Equivalents - Ending	<u>\$ 3,686,219</u>	<u>\$ 1,915,986</u>	<u>\$ 3,884,175</u>	<u>\$ 9,486,380</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating Income (Loss)	\$ 1,615,438	\$ 550,838	\$ 1,733,648	\$ 3,899,924
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Depreciation Expense	2,313,820	23,122	-	2,336,942
Pension Expense	(13,877)	(51,484)	-	(65,361)
Change in Assets and Liabilities:				
Accounts Receivable	(68,540)	(515)	(1,440)	(70,495)
Inventory	-	-	-	-
Prepaid Items	891,527	-	9,148	900,675
Accounts Payable	558,085	(21,961)	455,937	992,061
Accrued Payroll and Other Expenses	(4,240)	(2,527)	-	(6,767)
Accrued Compensated Absences	6,166	(16,281)	-	(10,115)
Claims Payable	-	-	(1,290,000)	(1,290,000)
Net OPEB Obligation	(11,634)	13,706	-	2,072
Total Adjustments	<u>3,671,307</u>	<u>(55,940)</u>	<u>(826,355)</u>	<u>2,789,012</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ 5,286,745</u>	<u>\$ 494,898</u>	<u>\$ 907,293</u>	<u>\$ 6,688,936</u>
<b>Noncash Operating Activities:</b>				
Deferred Outflows Related to Pension	\$ 823,494	\$ 540,678	\$ -	\$ 1,364,172
Deferred Inflows Related to Pension	(53,295)	(34,991)	-	(88,286)
Net Pension Liability	<u>(4,346,733)</u>	<u>(2,853,915)</u>	<u>-</u>	<u>(7,200,648)</u>
<b>Noncash Capital and Related Financing Activities:</b>				
Capital Assets Retirement, net	(6,144,201)	(43,587)	-	(6,187,788)

## **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 Firefighters 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, 2017

	<b>Coral Gables Retirement Fund</b>	<b>Police Officers' Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,099,159	\$ 689,450	\$ 884,483	\$ 10,673,092
Receivables:				
Accrued Interest and Dividends	257,908	-	-	257,908
Buyback Receivable	15,692	-	-	15,692
Share Plan Contributions	332,948	551,460	1,642	886,050
Receivable for securities sold	297,914	-	-	297,914
Other receivables	45,357	-	-	45,357
Total Receivables	949,819	551,460	1,642	1,502,921
Securities Lending Cash Collateral - Invested	43,894,730	-	-	43,894,730
Investments:				
U.S. Government and Agency	13,434,810	-	-	13,434,810
Domestic Fixed Income	3,684,188	-	-	3,684,188
Global fixed Income	9,049,202	-	-	9,049,202
Corporate Bonds	11,180,721	-	-	11,180,721
Common Stocks	150,926,108	-	-	150,926,108
International Equity	58,032,750	-	-	58,032,750
Real Estate Investment Trust (REIT)	46,545,152	-	-	46,545,152
Alternative Investments	73,532,749	-	-	73,532,749
Guaranteed Investment Contract	-	-	8,874,678	8,874,678
Mutual Funds	-	4,450,566	5,930,519	10,381,085
Total Investments	366,385,680	4,450,566	14,805,197	385,641,443
Total Assets	420,329,388	5,691,476	15,691,322	441,712,186
<b>LIABILITIES</b>				
Accounts Payable	539,320	-	-	539,320
Payable for Securities Purchased	352,908	-	-	352,908
Due to Coral Gables Retirement Fund	-	280,677	52,271	332,948
Obligations under Securities Lending	43,894,730	-	-	43,894,730
Total Liabilities	44,786,958	280,677	52,271	45,119,906
<b>NET POSITION</b>				
Net Position Restricted for Pension Benefits	\$ 375,542,430	\$ 5,410,799	\$ 15,639,051	\$ 396,592,280

CITY OF CORAL GABLES, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended September 30, 2017

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
<b>Additions:</b>				
City Contributions	\$ 26,219,139	\$ 551,460	\$ 831,440	\$ 27,602,039
Share Plan Contributions	145,830	-	-	145,830
Total Government Contributions	26,364,969	551,460	831,440	27,747,869
Employees:				
Employee contributions	4,600,399	-	-	4,600,399
Total Employee Contributions	4,600,399	-	-	4,600,399
Total Contributions	30,965,368	551,460	831,440	32,348,268
Investment Income:				
Net Appreciation in the Fair Value of Investments	46,906,243	304,423	1,012,429	48,223,095
Interest and Dividends	4,722,260	140,643	278,578	5,141,481
Other Income	13,988	74	-	14,062
Total Investment Income	51,642,491	445,140	1,291,007	53,378,638
Less Investment Expenses	(2,052,449)	(34,417)	(27,731)	(2,114,597)
Total Investment Income before Securities Lending Activity	49,590,042	410,723	1,263,276	51,264,041
Securities Lending Activities:				
Security Lending Income	185,281	-	-	185,281
Security Lending Fees and Rebates	(55,429)	-	-	(55,429)
Net Income from Security Lending Activities	129,852	-	-	129,852
Total Net Investment Income	49,719,894	410,723	1,263,276	51,393,893
<b>Total Additions</b>	80,685,262	962,183	2,094,716	83,742,161
<b>Deductions:</b>				
Pension Benefits Paid	46,396,280	661,394	2,615,138	49,672,812
Refunds of Contributions	533,309	-	-	533,309
Administrative Expense	402,793	43,748	73,867	520,408
<b>Total Deductions</b>	47,332,382	705,142	2,689,005	50,726,529
Net Increase (Decrease) in Net Position	33,352,880	257,041	(594,289)	33,015,632
Net Position Restricted for Pension Benefits:				
Beginning of Year	342,189,550	5,153,758	16,233,340	363,576,648
End of Year	\$ 375,542,430	\$ 5,410,799	\$ 15,639,051	\$ 396,592,280

**CITY OF CORAL GABLES, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended September 30, 2017

	<b>Employee Benefits Fund</b>	<b>Law Enforcement Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents			
Beginning	\$ 562,400	\$ 1,967,647	\$ 2,530,047
Additions	62,685	2,671,580	2,734,265
Deductions	(108,715)	(1,866,007)	(1,974,722)
Total Assets	<u>516,370</u>	<u>2,773,220</u>	<u>3,289,590</u>
<b>LIABILITIES</b>			
Deferred Compensation Payable			
Beginning	556,775	-	556,775
Additions	62,595	-	62,595
Deductions	(108,625)	-	(108,625)
Ending	<u>510,745</u>	<u>-</u>	<u>510,745</u>
Due to Other Governments			
Beginning	5,625	1,967,647	1,973,272
Additions	-	2,671,580	2,671,580
Deductions	-	(1,866,007)	(1,866,007)
Ending	<u>5,625</u>	<u>2,773,220</u>	<u>2,778,845</u>
Total Liabilities	<u>\$ 516,370</u>	<u>\$ 2,773,220</u>	<u>\$ 3,289,590</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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Asset:										
Restricted	\$ 140,912,940	\$ 142,963,136	\$ 141,074,353	\$ 139,786,744	\$ 134,659,013	\$ 130,953,750	\$ 127,802,756	\$ 133,586,545	\$ 135,571,942	\$ 141,676,954
Unrestricted (Deficit)	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868	21,333,586	21,749,068	23,792,213	24,048,924
Total Governmental Activities Net Position	\$ 140,912,940	\$ 143,339,558	\$ 156,329,273	\$ 190,164,543	\$ 207,216,602	\$ 214,952,666	\$ 238,793,355	\$ 75,296,811	\$ 89,365,342	\$ 95,506,851
<b>Business-type Activities</b>										
Net Investment in Capital Asset:										
Restricted	\$ 19,399,108	\$ 21,533,924	\$ 23,080,309	\$ 25,118,022	\$ 26,049,636	\$ 26,449,997	\$ 26,722,793	\$ 24,929,687	\$ 29,433,426	\$ 29,256,407
Unrestricted	-	-	-	-	-	-	215,627	299,527	354,664	1,376,410
Total Business-type Activities Net Position	\$ 19,399,108	\$ 21,533,924	\$ 23,080,309	\$ 25,118,022	\$ 26,049,636	\$ 26,449,997	\$ 26,722,793	\$ 24,929,687	\$ 29,433,426	\$ 29,256,407
<b>Primary Government</b>										
Net Investment in Capital Asset:										
Restricted	\$ 160,312,048	\$ 164,497,060	\$ 164,154,662	\$ 164,904,766	\$ 160,708,649	\$ 157,403,747	\$ 154,525,549	\$ 156,939,127	\$ 165,005,368	\$ 170,933,361
Unrestricted (Deficit)	-	1,001,238	1,453,694	8,307,036	10,654,748	11,895,868	21,549,213	22,157,012	24,146,877	25,425,334
Total Primary Government Net Position	\$ 160,312,048	\$ 164,497,060	\$ 164,154,662	\$ 164,904,766	\$ 160,708,649	\$ 157,403,747	\$ 154,525,549	\$ 156,939,127	\$ 165,005,368	\$ 170,933,361
<b>Unrestricted (Deficit)</b>										
	\$ 10,320,047	\$ 7,546,098	\$ 8,921,750	\$ 9,734,742	\$ 12,573,556	\$ 13,274,236	\$ 15,563,233	\$ 16,377,673	\$ 11,380,442	\$ 9,217,899
	\$ 29,719,155	\$ 29,080,022	\$ 32,002,059	\$ 34,852,764	\$ 38,623,192	\$ 39,724,233	\$ 42,501,653	\$ 41,606,887	\$ 41,168,532	\$ 39,850,716



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 22,880,968	\$ 23,349,213	\$ 22,476,553	\$ 17,942,595	\$ 16,972,816	\$ 19,363,404	\$ 23,034,595	\$ 22,362,962	\$ 24,813,095	\$ 26,145,355
Public Safety	70,019,943	68,528,429	67,626,456	71,096,529	71,388,299	70,947,494	71,806,825	69,415,601	74,351,854	81,742,619
Physical Environment	19,427,236	19,427,373	13,668,200	12,747,191	16,926,907	16,443,793	17,166,760	16,343,967	18,909,774	19,613,033
Transportation	6,068,973	6,284,102	10,426,083	10,103,982	5,585,520	7,312,561	4,578,226	6,558,044	6,328,566	5,589,737
Economic Environment	691,803	587,993	653,894	547,916	725,712	741,153	849,137	770,611	911,210	1,197,659
Culture and Recreation	10,226,932	8,959,144	8,473,939	9,220,799	9,899,154	10,401,674	9,924,342	10,035,755	12,878,923	16,081,272
Interest on Long-term Debt	1,936,947	1,391,416	1,186,837	1,364,343	2,107,713	1,641,277	1,487,807	1,388,635	1,312,000	1,251,516
Total Governmental Activities	131,252,802	128,527,670	124,511,962	123,023,355	123,606,121	126,851,356	128,847,692	126,875,575	139,505,422	151,621,191
<b>Business-type Activities:</b>										
Sanitary Sewer System	4,230,483	3,854,930	4,303,930	4,304,721	5,004,038	6,073,033	5,889,856	6,680,895	9,242,508	9,909,417
Parking System	4,254,921	4,112,309	3,676,444	4,027,320	3,941,559	3,838,427	5,009,894	5,170,070	7,117,985	7,619,066
Stormwater Utility	1,325,574	1,476,060	1,469,640	3,775,173	2,758,505	1,443,704	2,320,104	2,024,485	2,165,850	2,304,339
Total Business-type Activities	9,810,978	9,443,299	9,450,014	12,107,214	11,704,102	11,355,164	13,219,854	13,875,450	18,526,343	19,832,822
Total Expenses	\$ 141,063,780	\$ 137,970,969	\$ 133,961,976	\$ 135,130,569	\$ 135,310,223	\$ 138,206,520	\$ 142,067,546	\$ 140,751,025	\$ 158,031,765	\$ 171,454,013
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 15,224,883	\$ 14,161,870	\$ 13,914,951	\$ 34,643,739	\$ 18,229,888	\$ 17,559,499	\$ 20,984,076	\$ 23,300,256	\$ 24,430,334	\$ 22,518,156
Public Safety	2,298,024	2,723,731	5,847,438	6,732,024	6,013,738	5,394,421	6,400,967	6,582,738	6,211,081	5,621,211
Physical Environment	7,036,996	7,653,827	8,821,783	9,487,606	9,330,652	9,428,396	9,625,413	8,158,310	8,472,957	9,363,312
Transportation	-	-	-	-	-	-	-	18,906	-	-
Economic Environment	-	-	-	1,962,748	2,600,000	200,000	1,700,000	680,000	670,000	377,000
Culture and Recreation	3,576,441	3,631,334	3,338,009	1,038,967	3,688,909	4,357,075	4,291,802	5,070,153	5,362,407	4,669,719
Operating Grants and Contributions	238,033	108,762	94,832	359,559	415,718	192,080	487,387	87,157	184,308	5,732
Capital Grants and Contributions	1,281,665	3,308,654	4,789,203	4,253,176	2,831,825	1,054,644	9,462,285	1,345,958	937,955	1,135,027
Total Governmental Activities	29,656,042	31,588,178	36,806,216	58,477,819	43,110,730	38,186,115	52,951,930	45,243,478	46,269,042	43,690,157
<b>Business-type Activities:</b>										
Charges for Services:										
Sanitary Sewer System	6,793,767	6,541,910	7,109,919	7,201,475	7,605,600	7,725,590	8,739,881	9,375,348	9,429,516	9,766,468
Parking System	9,088,332	8,311,688	9,227,722	10,154,202	10,330,540	10,830,461	11,625,585	13,025,045	12,982,960	12,927,872
Stormwater Utility	1,546,412	1,857,694	2,340,830	2,417,095	2,524,565	2,399,023	2,930,270	3,198,371	3,212,526	4,222,466
Operating Grants and Contributions	-	-	-	1,606,542	-	-	-	-	-	-
Capital Grants and Contributions	-	392,233	238,597	324,445	920,448	37,222	-	463,764	429,977	8,115
Total Business-type Activity	17,428,511	17,103,525	18,917,068	21,703,759	21,381,153	20,992,296	23,295,736	26,062,528	26,054,979	26,924,921
Total Program Revenue	\$ 47,084,553	\$ 48,691,703	\$ 55,723,284	\$ 80,181,578	\$ 64,491,883	\$ 59,178,411	\$ 76,247,666	\$ 71,306,006	\$ 72,324,021	\$ 70,615,078
<b>Net(Expense) Revenue</b>										
Governmental Activities	\$ (101,596,760)	\$ (96,939,492)	\$ (87,705,746)	\$ (64,545,536)	\$ (80,495,391)	\$ (88,665,241)	\$ (75,895,762)	\$ (81,632,097)	\$ (93,236,380)	\$ (107,931,034)
Business-type Activities	7,617,533	7,660,226	9,467,054	9,596,545	9,677,051	9,637,132	10,075,882	12,187,078	7,528,636	7,092,099
Total Net Expense	\$ (93,979,227)	\$ (89,279,266)	\$ (78,238,692)	\$ (54,948,991)	\$ (70,818,340)	\$ (79,028,109)	\$ (65,819,880)	\$ (69,445,019)	\$ (85,707,744)	\$ (100,838,935)
<b>General Revenues</b>										
<b>Governmental Activities:</b>										
Taxes										
Property Taxes	\$ 66,388,634	\$ 66,397,191	\$ 70,277,262	\$ 67,078,084	\$ 66,377,589	\$ 62,358,935	\$ 65,257,324	\$ 68,107,835	\$ 71,447,141	\$ 76,024,328
Franchise Fees	7,161,421	7,049,737	6,276,301	6,335,532	6,763,530	6,392,689	6,850,950	6,908,438	6,859,844	7,013,442
Utility Service Taxes	10,422,786	11,293,277	11,219,861	10,953,661	10,897,549	11,316,446	11,861,648	11,986,127	11,423,512	11,400,580
Other Taxes	2,569,027	2,378,268	2,399,014	2,552,642	2,702,518	2,784,018	2,908,745	3,077,874	3,103,387	3,201,429
Intergovernmental	4,053,651	3,684,951	3,641,236	3,990,300	4,254,993	4,461,004	4,735,934	5,034,109	5,189,453	5,269,308
Investment Earnings	1,390,848	158,351	75,221	58,769	114,070	5,968	464,999	706,665	804,623	1,088,333
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	3,648,411	-	-
Miscellaneous	453,448	667,778	239,410	603,945	482,745	494,871	284,566	254,373	390,552	1,566,608
Transfers in/out	7,227,011	8,343,575	6,567,156	6,807,873	5,954,456	8,587,374	7,372,285	7,229,879	8,086,399	8,508,515
Total General Revenues, Transfers and Special Items	99,666,826	99,973,128	100,695,461	98,380,806	97,547,450	96,401,305	99,736,451	106,953,711	107,304,911	114,072,543
<b>Business-type Activities:</b>										
Investment Earnings	232,392	23,493	9,129	9,266	16,670	20,595	73,698	94,112	119,408	95,965
Miscellaneous	21,845	20,723	13,010	52,767	31,163	30,688	125	-	-	2,635
Transfers in/out	(7,227,011)	(8,343,575)	(6,567,156)	(6,807,873)	(5,954,456)	(8,587,374)	(7,372,285)	(7,229,879)	(8,086,399)	(8,508,515)
Total Business-type Activities	(6,972,774)	(8,299,359)	(6,545,017)	(6,745,840)	(5,906,623)	(8,536,091)	(7,298,462)	(7,135,767)	(7,966,991)	(8,409,915)
Total Primary Government	\$ 92,694,052	\$ 91,673,769	\$ 94,150,444	\$ 91,634,966	\$ 91,640,827	\$ 87,865,214	\$ 92,437,989	\$ 99,817,944	\$ 99,337,920	\$ 105,662,628
<b>Change in Net Position</b>										
Governmental Activities	\$ (1,929,934)	\$ 3,033,636	\$ 12,989,715	\$ 33,825,270	\$ 17,052,059	\$ 7,736,064	\$ 23,840,689	\$ 25,321,614	\$ 14,068,531	\$ 6,141,509
Business-type Activities	644,759	(639,133)	2,922,037	2,850,705	3,770,428	1,101,041	2,777,420	5,051,311	(438,355)	(1,317,816)
Total Change in Net Position	\$ (1,285,175)	\$ 2,394,503	\$ 15,911,752	\$ 36,675,975	\$ 20,822,487	\$ 8,837,105	\$ 26,618,109	\$ 30,372,925	\$ 13,630,176	\$ 4,823,693

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved for:										
Encumbrance	\$ 504,291	\$ 333,082	\$ 272,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	96,193	84,139	86,505	-	-	-	-	-	-	-
Prepaid Items	27,416	46,366	128,878	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
General Fund	9,195,207	4,501,777	6,535,081	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	126,320	28,654	28,654	36,678	40,866	75,288	184,327
Restricted	-	-	-	3,629,399	4,273,043	4,169,504	4,351,576	3,542,544	4,588,352	5,425,028
Assigned	-	-	-	3,367,565	4,012,316	2,404,046	7,006,883	9,851,297	11,347,655	17,055,786
Unassigned	-	-	-	12,363,979	21,111,908	28,701,814	37,438,411	39,305,216	41,628,957	38,177,730
<b>Total General Fund</b>	<b>\$ 9,823,107</b>	<b>\$ 4,965,364</b>	<b>\$ 7,022,975</b>	<b>\$ 19,487,263</b>	<b>\$ 29,425,921</b>	<b>\$ 35,304,018</b>	<b>\$ 48,833,548</b>	<b>\$ 52,739,923</b>	<b>\$ 57,640,252</b>	<b>\$ 60,842,871</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Func	(13,140)	(13,140)	319	-	-	-	-	-	-	-
Designated Debt Service	2,301,631	197,934	883,606	-	-	-	-	-	-	-
Designated Capital Projects	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	(402,542)	(230,684)	(1,504,763)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	169,982	23,223	-
Restricted	-	-	-	26,367,078	26,925,026	25,399,733	25,236,858	25,206,894	32,775,404	14,887,823
Assigned	-	-	-	8,106,937	16,125,829	25,389,424	29,099,838	42,180,811	42,046,965	42,355,314
Unassigned	-	-	-	(22,812)	(41,104)	(3,635)	(3,635)	(51,511)	(394,834)	(153,391)
<b>Total All Other Governmental Funds</b>	<b>\$ 1,885,949</b>	<b>\$ (45,890)</b>	<b>\$ (620,838)</b>	<b>\$ 34,451,203</b>	<b>\$ 43,009,751</b>	<b>\$ 50,785,522</b>	<b>\$ 54,333,061</b>	<b>\$ 67,506,176</b>	<b>\$ 74,450,758</b>	<b>\$ 57,089,746</b>

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Taxes	\$ 86,541,868	\$ 87,118,473	\$ 90,172,438	\$ 86,919,919	\$ 86,741,186	\$ 82,852,088	\$ 86,878,667	\$ 90,080,274	\$ 92,671,539	\$ 97,639,779
Licenses	2,921,161	3,038,646	3,086,382	3,052,875	3,148,148	3,250,589	3,318,725	3,255,125	3,496,840	3,365,902
Permits	5,687,950	4,007,602	4,193,899	8,568,709	7,935,003	7,696,589	8,160,391	8,783,434	9,007,729	9,019,702
Fines and Forfeitures	2,593,690	2,888,947	3,473,120	3,996,367	3,641,890	2,891,719	2,587,073	2,494,796	2,552,563	2,329,161
Intergovernmental	6,315,384	7,390,708	6,875,288	5,000,978	6,884,559	6,144,249	5,959,327	6,091,507	5,832,010	6,490,899
Charges for Services	8,478,227	8,770,139	12,534,515	15,680,153	15,447,479	15,638,624	19,214,525	20,169,601	19,393,779	19,176,388
Recreation Activity Fees	3,576,441	3,631,334	3,338,009	3,816,728	3,534,934	3,979,867	4,211,548	4,377,394	4,575,172	4,520,645
Rental Income	3,610,721	3,126,219	2,526,671	7,355,922	3,638,760	4,269,160	4,724,871	4,886,803	5,862,857	4,989,419
Investment Earnings	1,390,848	158,351	75,221	58,769	114,070	5,968	464,999	706,665	804,623	1,088,333
Special Assessments	364,965	711,258	499,649	2,222,203	476,556	980,246	191,037	2,817,930	1,665,556	271,292
Contributions and Donations	-	-	-	1,140,000	735,131	466,060	185,045	58,292	70,500	81,250
Miscellaneous	453,448	667,778	239,410	603,945	482,745	494,871	284,566	254,373	390,552	1,566,609
Total Revenues	121,934,703	121,509,455	127,014,602	138,416,568	132,780,461	128,670,030	136,180,774	143,976,194	146,323,720	150,539,379
<b>EXPENDITURES</b>										
Current:										
General Government	18,247,668	20,512,518	18,000,356	14,134,472	13,930,147	16,000,917	17,853,021	19,608,296	21,719,236	22,063,409
Public Safety	70,467,344	71,460,365	69,089,890	70,798,025	72,542,153	72,738,499	70,604,331	72,413,164	75,551,003	82,937,666
Physical Environment	19,509,302	20,063,855	13,890,885	12,315,830	16,810,152	16,548,289	16,542,033	17,096,014	18,974,253	19,743,343
Transportation	6,178,011	6,660,672	10,980,073	10,158,367	5,792,162	7,601,909	4,544,357	6,938,914	6,540,889	5,795,129
Economic Environment	704,232	607,676	681,765	558,174	753,151	773,882	851,438	821,259	947,119	1,248,157
Culture and Recreation	9,613,602	8,919,266	8,322,862	8,497,254	9,306,731	9,729,332	8,848,478	9,554,012	12,220,223	15,529,205
Debt Service:										
Retirement of Principal	2,617,586	2,717,833	2,851,673	2,984,724	43,762,940	3,368,388	3,217,640	3,352,135	3,781,442	3,776,945
Interest and Other Charges	1,935,947	1,391,416	1,186,837	1,364,343	2,107,713	1,641,277	1,487,807	1,516,080	1,803,435	2,179,370
Bond Issuance Cost	-	-	-	-	61,456	88,020	-	-	-	-
Capital outlay	3,197,192	8,047,190	7,797,684	2,922,479	1,285,402	1,551,289	2,810,907	14,984,777	24,633,460	22,038,809
Total Expenditures	132,470,884	140,380,791	132,802,025	123,733,668	166,352,007	130,041,802	126,760,012	146,284,651	166,171,060	175,312,033
Excess (deficiency) of Revenues Over Expenditures	(10,536,181)	(18,871,336)	(5,787,423)	14,682,900	(33,571,546)	(1,371,772)	9,420,762	(2,308,457)	(19,847,340)	(24,772,654)
<b>OTHER FINANCING SOURCES (USES)</b>										
Special Revenue Bond Issued	-	-	-	-	-	-	-	6,500,000	22,005,000	-
Premium on Special Revenue Bonds Issued	-	-	-	-	-	-	-	-	1,788,626	-
Sale of Capital Assets	-	-	-	-	-	-	-	3,900,000	-	-
Proceeds from Capital Leases	-	-	-	-	-	-	284,022	-	-	261,580
Refunding Bond Issued	-	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	11,026,884	14,972,721	13,018,055	45,548,224	15,624,666	24,716,096	15,989,837	33,321,551	24,565,217	22,067,901
Transfers Out	(3,799,873)	(6,415,967)	(6,450,899)	(35,283,005)	(6,652,204)	(9,769,595)	(8,617,552)	(24,333,604)	(16,666,592)	(11,715,220)
Total Other Financing Sources (Uses)	7,227,011	12,081,754	7,270,086	32,853,429	52,068,752	15,025,640	7,656,307	19,387,947	31,692,251	10,614,261
Net Change In Fund Balances	\$ (3,309,170)	\$ (6,789,582)	\$ 1,482,663	\$ 47,536,329	\$ 18,497,206	\$ 13,653,868	\$ 17,077,069	\$ 17,079,490	\$ 11,844,911	\$ (14,158,393)
Debt service as a percentage of noncapital expenditures	3.52%	3.11%	3.23%	3.60%	27.79%	3.90%	3.80%	3.71%	3.95%	3.89%

**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
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%
2016	74,646,549	71,447,141	95.71%	-	71,447,141	95.71%
2017	78,679,726	75,984,395	96.57%	39,933	76,024,328	96.63%

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

FISCAL YEAR ENDED	ASSESSED VALUE (1)			TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY	TOTAL ASSESSED VALUE *	
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
2016	13,395,162,364	297,441,249	13,692,603,613	5.559
2017	14,091,791,819	297,340,793	14,389,132,612	5.559

(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 2012-2016 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 MILLAGE	SCHOOL MILLAGE	STATE MILLAGE	TOTAL
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE				
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
2016	5.559	0.000	5.559	5.900	7.612	0.3896	19.4615
2017	5.559	0.000	5.559	5.3509	7.322	0.3627	18.5946

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 2017			FISCAL YEAR ENDED 2008		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE \$14,389,132,612	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE \$13,080,810,816
Merrick Park LLC	\$ 140,897,500	1	0.98 %	\$ 78,838,620	2	0.60 %
LG Coral Gables LLC	85,647,921	2	0.60	-	-	-
Banyan ST GAP Douglas Ent Own LLC	85,000,000	3	0.59	-	-	-
DGE Alhambra LP	80,969,455	4	0.56	-	-	-
Prisa Ponce de Leon, LLC	73,961,893	5	0.51	56,500,000	5	0.43
PRII 355 Alhambra Circle LLC	67,300,000	6	0.47	54,200,000	6	0.41
Coral Gables Associates	57,129,991	7	0.40	57,193,199	4	0.44
Ponte Gadea Gables LLC	57,110,000	8	0.40	-	-	-
The Collection Properties LLC	55,842,974	9	0.39	60,000,000	3	0.46
396 Alhambra LLC	52,747,493	10	0.37	-	-	-
Douglas Colonnade LLC	-	-	-	105,881,864	1	0.81
Crescent Alhambra, LLC	-	-	-	48,600,000	7	0.37
RREEF American Reit II Corp	-	-	-	46,268,230	8	0.35
220 Alhambra Circle LP	-	-	-	42,876,400	9	0.33
Emanuel Edelstein & George Goldbloom	-	-	-	42,150,000	10	0.32
Totals	<u>\$ 756,607,227</u>		<u>5.26 %</u>	<u>\$ 592,508,313</u>		<u>4.53 %</u>

Property assessed on January 1, 2016 for 2016-2017 present year tax levy.  
Taxable Assessed Value provided by: Miami Dade Property Appraiser

**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)
2008	752	740
2009	889	735
2010	905	831
2011	812	862
2012	843	836
2013	856	830
2014	875	870
2015	909	945
2016	944	918
2017	988	972

(1) Includes prepayments and foreclosures.

**TABLE 10**  
**CITY OF CORAL GABLES, FLORIDA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**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			
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
2016	78,435,243	97,740	16,704,757	72,315	95,310,055	3260%	1,864.55
2017	74,698,919	318,699	15,601,081	40,575	90,659,274	3060%	1,784.10

\* 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
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%
2016	-	-	-	129,219	0%
2017	-	-	-	139,712	0%

**TABLE 12**  
**CITY OF CORAL GABLES, FLORIDA**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**SEPTEMBER 30, 2017**  
(amounts expressed in thousands)

<b>JURISDICTION</b>	<b>NET DEBT OUTSTANDING</b>	<b>PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES (1)</b>	<b>AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES</b>
<b>City of Coral Gables</b>	\$ 74,670	100.0%	\$ 74,670
Total direct debt			<u>\$ 74,670</u>
<b>Miami-Dade County, Florida</b>	\$ 1,682,697	5.69%	\$ 95,745
Total overlapping debt			<u>\$ 95,745</u>
Total direct debt and overlapping debt			<u><u>\$ 170,415</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  
PLEDGED-REVENUE COVERAGE**

	(1)	(2)	(3)	(4)	(5)	(1)-(5)
	Non-Ad Valorem Revenues	Maximum Estimated Sunshine State Loan Annual Loan Payments	Maximum Annual Debt Service on Other Non-Ad Valorem Debt	(2)+(3) Total Projected Debt Service	200% of Total Projected Debt Service	Test Results
2017	\$ 74,515,051	\$ 8,317,026	\$ 859,215	\$ 9,176,241	\$ 18,352,482	\$ 56,162,569
2016	74,876,579	8,317,026	804,109	9,121,135	18,242,270	56,634,309
2015	75,868,359	7,053,794	950,346	8,004,140	16,008,280	59,860,079
2014	70,923,450	6,785,517	1,818,735	8,604,252	17,208,504	53,714,946
2013	66,311,095	5,876,567	920,080	6,796,647	13,593,294	52,717,801
2012	66,402,872	5,876,567	768,439	6,645,006	13,290,012	53,112,860
2011	71,338,484	6,451,479	639,113	7,090,592	14,181,184	57,157,300
2010	56,737,340	6,758,907	-	6,758,907	13,517,814	43,219,526
2009	55,313,535	6,947,810	-	6,947,810	13,895,620	41,417,915
2008	55,546,069	6,186,280	-	6,186,280	12,372,560	43,173,509

Note: Pursuant to loan agreements between Sunshine State Governmental Financing Commission and the City of Coral Gables, the City has covenanted and agreee to budget and appropriate in its annual budget sufficient amounts of Non-Ad Valorem revenues or other legally available funds sufficient to satisfy the loan repayment. In addition, the City shall report annually the average total amount of Non-Ad Valorem revenues was at least 2.00 times of the maximum annual debt service on all outstanding debt of the City payable from or secured by Non-Ad Valorem revenues.

Non-Ad Valorem revenues means all legally available revenues of the City derived for any source, other than ad valorem taxation on real and personal property, which are legally available for payment of debt by the City.



**TABLE 14  
CITY OF CORAL GABLES, FLORIDA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR ENDED</b>	<b>(1) POPULATION</b>	<b>(2) PERSONAL INCOME</b>	<b>(1) PER CAPITA INCOME</b>	<b>(1) MEDIAN AGE</b>	<b>(3) SCHOOL ENROLLMENT</b>	<b>(4) UNEMPLOYMENT RATE</b>
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%
2016	51,117	2,923,637	57,195	41.4	14,198	4.8%
2017	50,815	2,962,972	58,309	40.8	14,563	3.8%

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 14A  
CITY OF CORAL GABLES, FLORIDA  
GENERAL GOVERNMENT TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR ENDED</b>	<b>GENERAL PROPERTY TAXES (1)</b>	<b>FRANCHISE TAXES</b>	<b>UTILITIES SERVICES TAXES</b>	<b>OTHER TAXES</b>	<b>TOTAL TAXES</b>
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
2016	71,447	6,860	11,423	3,103	92,833
2017	76,024	7,013	11,401	3,201	97,639

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

**TABLE 15**  
**CITY OF CORAL GABLES**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND TEN YEARS AGO**

<u>Employers</u>	Fiscal Year Ended September 30,			
	2017		2008	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
University of Miami	15,091 *	38.33%	10,857	64.94%
Baptist Health South Florida/Corporate Office	15,000	38.10%	-	0.00%
Bayview Asset Management	2,000	5.08%	1,400	8.37%
Doctors Hospital -Baptist Hospital South Florida	1,000	2.54%	825	4.93%
City of Coral Gables	829	2.11%	869	5.20%
Coral Gables Hospital	702	1.78%	598	3.58%
The Biltmore Hotel	617	1.57%	620	3.71%
Dade County Public Schools	534	1.36%	620	3.71%
Bacardi USA	300	0.76%	330	1.97%
The Collection	325	0.83%	N/A	N/A
Mercantil Commerce Bank/Commerce Bank	293	0.74%	N/A	N/A
Gibraltar Bank	284	0.72%	N/A	N/A
Gables Engineering, Inc.	274	0.70%	230	1.38%
Bill Ussery Motors Mercedes-Benz	258	0.66%	250	1.50%
HBO Latin America	219	0.56%	N/A	N/A
Cable & Wireless Communication	207	0.53%	N/A	N/A
IBM Corporation	215	0.55%	120	0.72%
Diageo	190	0.48%	N/A	N/A
Quirch Foods	185	0.47%	N/A	N/A
Kindred Hospital	110	0.28%	N/A	N/A
Yard House Restaurant	141	0.36%	N/A	N/A
Hyatt Regency Coral Gables	141	0.36%	N/A	N/A
The Westin Colonnade Hotel	117	0.30%	N/A	N/A
American Airlines	103	0.26%	N/A	N/A
AECOM	80	0.20%	N/A	N/A
Stantec	80	0.20%	N/A	N/A
Richemont L.A. & Caribbean	75	0.19%	N/A	N/A
Total	<u>39,370</u>	<u>100.00%</u>	<u>16,719</u>	<u>100.00%</u>

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

\* Faculty & Full/Partime Employees

**TABLE 16**  
**CITY OF CORAL GABLES**  
**POSITION CONTROL**  
**FULL TIME POSITIONS**  
**TEN YEAR COMPARISONS**

<b>FUNCTION / PROGRAM</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
City Commission	7	7	7	7	7	7	7	6	6	6
City Attorney	4	5	5	5	5	5	5	5	5	6
City Clerk	5	5	5	5	5	5	5	7	9	8
City Manager	12	11	10	10	10	11	11	9	10	14
Human Resources	12	12	10	10	10	10	10	11	12	10
Development Services	70	68	62	63	64	64	64	63	62	62
Historic Resources	5	5	4	4	4	4	4	5	6	6
Public Works	228	221	189	179	84	84	204	204	192	194
Finance	31	31	31	31	33	33	34	32	32	30
Information Technology	16	19	16	15	15	15	15	16	16	16
Police	264	264	257	255	255	256	263	262	267	266
Fire	149	149	147	147	147	147	147	147	147	147
Community/Leisure Services	35	33	28	26	148	146	26	28	31	31
Economic & Cultural Dev.	5	4	5	4	4	5	5	6	5	5
Parking	32	34	32	30	0	0	0	0	29	30
<b>Total</b>	<b>875</b>	<b>868</b>	<b>808</b>	<b>791</b>	<b>791</b>	<b>792</b>	<b>800</b>	<b>801</b>	<b>829</b>	<b>831</b>

Source: City of Coral Gables Budget Book

**TABLE 17**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety:</b>										
Police:										
Physical Arrests	1,000	881	991	860	847	880	935	876	789	776
Traffic Violations	24,915	26,399	20,750	16,897	20,462	19,863	23,785	19,917	22,084	25,497
Parking Violations	105,485	101,644	122,596	151,703	139,929	96,394	100,674	100,808	90,634	74,207
Fire:										
Emergency Response	4,361	6,014	8,000	6,224	7,621	7,022	7,721	7,886	8,044	8,605
Fire Inspections Conducted	3,300	5,016	6,600	10,345	12,068	13,716	10,769	10,549	10,478	9,319
<b>General Government:</b>										
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%

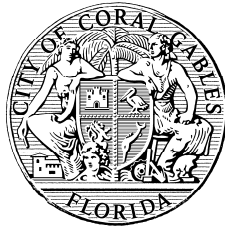
Sources: Various City Departments.

**TABLE 18  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Area										
Land (sq. miles) (1)	12.3	12.3	12.9	13.1	13.1	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	3,439	3,440	3,514	3,506	3,518	3,523	3,533	3,533	3,533	3,515
City owned streetlights	636	636	636	636	636	636	636	636	636	643
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	2	2	2	2	2	2	2
Municipal swimming pool	1	1	1	1	1	1	1	1	1	1
18-hole municipal golf course	1	1	1	1	1	1	1	1	1	1
9-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	2	2
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	64	64	64	64	64	64

(1) Sources: 2016 updated Per 2010 U.S. Census

(2) Sources: Various City Departments



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# **City of Coral Gables, Florida**

Single Audit Reports in  
Accordance With the Uniform Guidance and  
*Rules of the Auditor General* of the State of Florida  
Year Ended September 30, 2017

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**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***

RSM US LLP

**Independent Auditor's Report**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the year ended September 30, 2017, 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 30, 2018. We conducted our audit 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. Our report includes a reference to other auditors who audited the financial statements of the City of Coral Gables Retirement Fund and the 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 financial statements of 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.

*RSM US LLP*

Miami, Florida  
March 30, 2018



**Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the  
Schedule of Expenditures of Federal Awards as Required by the Uniform Guidance**

RSM US LLP

**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 Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on 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, 2017.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 30, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal awards and expenditures of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance 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 schedules of expenditures of federal awards and expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Miami, Florida  
March 30, 2018

**City of Coral Gables, Florida  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2017**

Federal Grantor, Pass-Through Entity Federal Awards	CFDA No.	Contract/ Grant No.	Pass-Through Entity Identifying Number	Total Expenditures
<b>U.S Department of Homeland Security:</b>				
Pass-through Miami-Dade County, Florida:				
2015 Urban Area Security Initiative (UASI) Grant Program	97.067	16-DS-U7-11-23-02-368	072220791	\$ 62,880
<b>Total Department of Homeland Security</b>				<u>62,880</u>
<b>U.S. Department of Justice:</b>				
2017 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-Dade-28-F9-212		<u>6,129</u>
				<u>6,129</u>
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None		96,947
Department of Justice Forfeiture Program (Equitable Sharing Program)				
South Florida Money Laundering Strike Force	16.922	None		<u>40,601</u>
				<u>137,548</u>
<b>Total U.S. Department of Justice</b>				<u>143,677</u>
<b>U.S. Department of Treasury:</b>				
Department of Treasury Forfeiture Program (Equitable Sharing Program)				
South Florida Money Laundering Strike Force	21.000	None		<u>613,982</u>
<b>Total U.S Department of Treasury</b>				<u>613,982</u>
<b>Total expenditures of federal awards</b>				<u>\$ 820,539</u>

See accompanying notes to schedule of expenditures of federal awards

**City of Coral Gables, Florida  
Schedule of Expenditures of State Financial Assistance  
Year Ended September 30, 2017**

<b>State Grantor, Pass-Through Entity State Assistance</b>	<b>CFSA No.</b>	<b>Contract/ Grant No.</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Expenditures</b>
<b>Florida Department of Health:</b>				
Pass-through Miami-Dade County, Florida:				
EMS FY 2015-2016 County Grant	64.005	C4013	004148292	\$ 1,948
<b>Total Florida Department of Health</b>				<u>1,948</u>
<b>Florida Department of Environmental Protection:</b>				
Coral Gables Miracle Mile & Giralda Avenue Drainage	37.039	LP13207		200,000
Waterway Bank Stabilization	37.039	15DA2		8,115
<b>Total Florida Department of Environmental Protection</b>				<u>208,115</u>
<b>Florida Division of Historical Resources:</b>				
The State of FL, Department of State and City of Coral Gables (Historic Preservation Special Category)	45.032	SC620		310,795
Specific Cultural Project Grant	45.062	17.5.180.527		15,206
<b>Total Florida Division of Historical Resources</b>				<u>326,001</u>
<b>Total expenditures of state financial assistance</b>				<u>\$ 536,064</u>

See accompanying notes to schedule of expenditures of state financial assistance

**City of Coral Gables, Florida**

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**

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**Note 1. General and Basis of Presentation**

The accompanying schedules of expenditures of federal awards and expenditures of state financial assistance (the Schedules) present the expenditure activity of all federal awards and state financial assistance of the City of Coral Gables, Florida (the City), for the year ended September 30, 2017. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the accompanying Schedules. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Because the Schedules present only a selected portion of the operations of the City, they are not intended to and do 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 Schedules are presented using the modified accrual basis of accounting for expenditures accounted for in the governmental funds and on the accrual basis of accounting for expenses of the proprietary fund types, which are described in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Recovery**

The City did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

City of Coral Gables, Florida

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2017

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I. Summary of Independent Auditor's Results

**Financial Statements**

- A. Type of auditor's report issued: Unmodified Opinion
- B. Internal Controls over financial reporting:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- C. Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

- D. Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion
- E. Internal control over major federal programs:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- F. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No
- G. Identification of major federal programs:

**CFDA Numbers**

**Name of Federal Program**

21.000	Department of Treasury Forfeiture Program (Equitable Sharing Program) South Florida Money Laundering Strike Force
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- H. Dollar threshold used to distinguish between type A and type B program: \$750,000
- I. Auditee qualified as a low-risk auditee?  Yes  No

(Continued)



**City of Coral Gables, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2017**

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**Section II. Financial Statements Findings**

No matters to report

**Section III. Federal Award Findings and Questioned Costs**

No matters to report



RSM US LLP

**Management Letter in Accordance With  
Chapter 10.550 of the Rules of the  
Florida Auditor General**

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

**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, 2017, and have issued our report thereon dated March 30, 2018. 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.

This management letter does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

**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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other auditors audited the financial statements of the following component units and funds as described in our report on the City's financial statements:

<b>Component Units / Funds</b>	<b>Classification</b>
• City of Coral Gables Retirement Fund	aggregate remaining fund information
• Police Officers' Pension Fund	aggregate remaining fund information

**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 financial statements performed in accordance with *Government Auditing Standards*; independent auditor's report on compliance for each major federal program; report on internal control over compliance in accordance with the Uniform Grant Guidance; Schedule of Findings and Questioned Costs; and independent accountant's report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 30, 2018, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action was taken to address management letter comment 2016-01 and 2016-02 related to user access controls and capital asset management, respectively, noted 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 and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate 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 to identify 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 for the City. 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 review of financial information provided by same.

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

**Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

**Additional Matters**

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 30, 2018

**City of Coral Gables, Florida**

**Appendix A – Status of Prior Years Findings and Recommendations to Improve Financial Management**

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<b>Finding No</b>	<b>Finding Title</b>	<b>Current Year Status</b>
2016-01	User Access Administration	Corrected
2016-02	Capital Asset Management	Corrected

## Independent Accountant's Report

To the 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, 2017. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City complied, in all material respects, with Section 218.415, *Florida Statutes, Local Government Investment Policies* during the period October 1, 2016 to September 30, 2017.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, members of the City Commission, 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 30, 2018