

City of Coral Gables, Florida



COMPREHENSIVE ANNUAL FINANCIAL REPORT *Fiscal Year Ended September 30, 2019*



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

**CORAL
GABLES**
THE CITY BEAUTIFUL

ON THE COVER:

Public Safety Building – The future home of Police, Fire, Emergency Management, 911/Dispatch, Community Intelligence Center, Information Technology, Human Resources and Labor Relations

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF CORAL GABLES, FLORIDA

For the
FISCAL YEAR ENDED
September 30, 2019

"The City Beautiful"

Prepared by
FINANCE DEPARTMENT

CITY OF CORAL GABLES, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

CITY COMMISSION

RAUL VALDES-FAULI, *MAYOR*

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

MICHAEL MENA, *Commissioner*
JORGE L. FORS, JR., *Commissioner*

CITY MANAGER

PETER IGLESIAS

FINANCE DIRECTOR

DIANA M. GOMEZ, C.P.A.

ASSISTANT FINANCE DIRECTOR FOR REPORTING AND OPERATIONS

SALLY OLA OLA, C.P.A.

Introductory Section

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GFOA CERTIFICATE OF ACHIEVEMENT

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LIST OF PRINCIPAL OFFICIALS



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The City of Coral Gables

Finance Department

405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

March 30, 2020

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, 2019, 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 50,999 and encompasses 12.92 square miles southwest of Miami in Miami-Dade County, Florida. Since its incorporation in 1925, it has been considered one of South Florida's premier residential communities. The City 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 17,000 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 being both a recognized ISO Class 1 as well as accredited through the Commission on Fire Accreditation International. 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.

Quality Progress Magazine, the official publication of the American Society for Quality, featured the City's Information Technology Department as one of 10 top-performing teams from around the globe in their story "Feats of Strength". The City's tech team, which successfully participated in the International Team Excellence Award, regularly uses Lean Six Sigma process improvements to look inward and outward and brainstorm cost-effective tech solutions for government services.

For fiscal year 2018-2019, taxable values are the highest in the history of the City at \$16 billion which represents a 5.47% increase over the tax year 2017 taxable values of \$15.17 billion and property tax increase of approximately \$4.5 million. For fiscal year 2019, the property tax rate is 5.559 which is the eight 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."*

In 2019, the City conducted a citywide community engagement survey to thousands of local family homes and condominiums to gauge the level of service it provides and overall resident satisfaction. An outstanding 95% of the City rated quality of life in the city as excellent or good, citing the City's central location, neighborhood, feel, safety and more.

The City has a formal policy to keep in reserve 25% of the City's operating budget plus debt service requirement for fiscal year 2019. The City has met the reserve requirement of \$45.58 million as of September 30, 2019. However, approximately \$14.88 million of reserve has been used to cover Hurricane Irma expenditures and is expected to be reimbursable from Federal Emergency Management Agency (FEMA), the State of Florida, and insurance proceeds. The City's required share of expenditures has already been funded with available resources.

In 2019, the City's Miracle Mile and Giralda Streetscape Project was selected as the Project of the Year (Category III) by the Cuban American Association of Civil Engineers which is one of the City's most exciting current investments of approximately \$28.59 million which transformed the City's main street and one of its central shopping and dining areas to a vibrant pedestrian destination with areas for al fresco dining and a more engaging retail experience. The redesign for both Miracle Mile and Giralda Plaza includes curbless streets, shaded sidewalks, and inviting open spaces that are intimately tied to the history, character and climate of Coral Gables. 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 35 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 \$4.5 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. Also, the City is in the process of replacing the 1,000 city trees lost in Hurricane Irma. Lastly, the City has five arborists on staff who lead in managing the overall health and protection of about 39,000 trees planted on City property and rights-of-way.

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 eleven 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.

Coral Gables was recognized as a city where entrepreneurs can thrive and was ranked the third best city in the nation for small businesses by Verizon's partner company, Go.Verizon.com in its *2019 Best Small Cities to Start a Small Business* report for the National Small Business Week and Economic Development Week. According to Go.Verizon.com, more than 300 small cities were evaluated on their financial climate, demographics, education level of the workforce, in-city commute times, income per capita, broadband access, availability of SBA loans and overall tax friendliness for small businesses.

The City is named among Top 100 Best Places to Live by Livability.com, an online resource that defines the best places to live in America. It released its 2018 Top 100 Best Places to Live and the City of Coral Gables has rightfully earned a spot in this year's ranking. More than 2,100 cities with populations between 20,000 and 350,000 were evaluated in this landmark study. The site uses the best data and research available to determine what makes a Best Place to Live and identify the cities that embody these qualities. In addition to being one of the Best Places to Live, Coral Gables is also among the Top 10 Cities for Book Lovers. 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).

The City was selected as a 2020 Smart 50 Award recipient by Smart Cities Connect, US Ignite, and the Smart Cities Connect Foundation. Coral Gables is among a selected list of global cities with municipal-scale Smart City projects that "exemplify innovation and concrete influence" in the community. The City was selected for its urban infrastructure project of establishing Coral Gables Smart Districts that include pedestrian and vehicle count sensors, waterway sensors, 3D mapping of City buildings and monuments, a Community Intelligence Center, among other smart and connected urban infrastructure and public platform initiatives.

MAJOR INITIATIVES

The City Commission adopted an annual budget for fiscal year 2018-2019 which provides for additional funds towards the capital improvement program totaling \$24.8 million. Highlights include replacement of capital equipment of \$2.1 million, facility repairs and improvements of \$1.3 million, historic facility repairs and restorations of \$1.5 million, motor pool equipment replacement of \$3.6 million, parking system repairs and

maintenance of \$.6 million, parks and recreation amenity improvements of \$2.4 million, public safety improvements of \$5.7 million, transportation and roadway improvements of \$3.1 million and utility repairs and improvements of \$4.5 million.

During fiscal year 2019 the construction phase of the new Public Safety Building with attached parking garage (PSB Project) is progressing. The new PSB Project will house the City's Police and Fire administration and headquarters, 911 Call Center and First Responders Dispatch Center, Emergency Operation Center, Fire Station and administrative office. The project cost is estimated at \$64.03 million. The project is located on an assemblage of two city owned sites and newly owned site acquired through a land swap agreement. As of fiscal year 2019, approximately \$25.2 million has been spent on this project.

Another important City projects underway are the renovation and new addition to Fire Station 2 and adjacent two-story new Trolley Maintenance Facility to service the city's entire trolley fleet. The project involves the complete overhauling of all interior spaces including the upgrading of the electrical, mechanical and life safety systems are approximately 85% completed. A new two-story addition and a four-story training tower are part of the additions to this facility. The projected substantial completion date for the renovation and new addition to Fire Station 2 is by end of April 2020. For the trolley maintenance facility, the structural shell is about 95% completed and underground utilities are currently being installed. This project is expected to be finished by end of May of this year. For these projects, approximately \$4 million has been spent as of fiscal year 2019.

In fiscal year 2019, 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. On-going project has cumulative cost of \$1.1 million.

To preserve the architectural history and heritage of the City, during 2019 the City completed the Biltmore Golf Course Bridge Repair of \$2.1 million, and \$ 1.5 million was provided to the management company of the Biltmore Hotel for the cost of various historic renovations on the property.

The renovation and improvements of the Youth Center War Memorial is nearing completion in fiscal year 2019 which involves roof repair, resodding and irrigation, fence replacement, and structural improvements. The project cost was approximately \$2 million as of fiscal year 2019.

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, school zones, and major roadways. The Phase 1 of the citywide installation of CCTV cameras at strategic was completed in fiscal year 2017 which improves security and public safety through enhance information gathering and threat assessment to residents and businesses. The Phase II and III of this project is underway in fiscal year 2019 and projects cost is approximately \$664,000.

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 \$2.47 million to the Coral Gables Retirement System in October 2018 which was applied towards the unfunded liability. The City has contributed a total of \$13.12 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 maintain 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, the City was able to fund approximately \$18 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 2019-2020 and a new 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 2019-2020 budget provides for additional funds towards the capital improvement program totaling \$48.5 million. Highlights include replacement of capital equipment of \$2.2 million, facility repairs and maintenance of \$1.6 million, historic facility repairs and restorations of \$2.5 million, motor pool equipment replacement of \$3.7 million, parking system repairs and maintenance of \$12.7 million, parks and recreation amenity improvements of \$4.8 million, public safety improvements of \$8 million, transportation and roadway improvements of \$9.65 million and utility repairs and improvements of \$6.5 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 2018, approximately \$21.7 million has been spent on NRP projects.

The 2020-2022 Strategic Plan was implemented at the start of fiscal year 2020. 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, ongoing community satisfaction survey to further guide improvements and validate successes, well-trained employees, financial sustainability, 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. In addition, in May of 2017, the City became the first municipality in Florida to prohibit single-use carry out plastic bags. All retail establishments in the city, including supermarkets, grocery stores, convenience stores, shops, service stations, restaurants and any other sales outlets must replace single-use plastic bags with reusable, recyclable or compostable alternatives.

The City is proud to have the largest municipal fleet of electric vehicles (EV) in the State of Florida. The City currently has 51 electric vehicles with a goal of adding 20 more by 2021. At the recent Climate Mayors Summit in Honolulu, Hawaii, Coral Gables was one of 127 cities and 15 counties from across 38 states joining the Climate Mayors Electric Vehicle Purchasing Collaborative, and committed to purchasing more than 2,100 electric vehicles by the end of 2020.

The City has been selected to receive the South Florida Hispanic Chamber of Commerce’s Good 2 Green Award in recognition of our commitment toward environmental conservation and the preservation of the city’s natural resources.

The City has received a Bronze designation from the national SolSmart program for making it faster, easier, and more affordable for homes and businesses to go solar. This designation recognizes the City for taking bold steps to encourage solar energy growth and remove obstacles to solar development. For companies looking to expand, a SolSmart Bronze designation is a signal that the City is “open for solar business.”

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. In addition, the City implemented a Sea Level Rise Funding Program where the goal is to accumulate \$100 million by the year 2040 to support future sea level mitigation/infrastructure improvements. As a funding strategy to provide and accumulate funds for capital infrastructure improvements, the City increased the user rates and set aside this fund for this purpose.

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

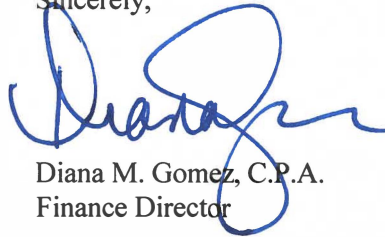
Independent Audit. The City Charter and State Statutes require an annual audit. The accounting firm of RSM US LLP was appointed by the City Commission. The Audit engagement requires the independent auditor to report on the fair presentation of the financial statements and on the City’s internal controls 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, 2018. This was the thirty fifth consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,



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



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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, 2018

Christopher P. Morill

Executive Director/CEO

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

**RESIDENTS &
CUSTOMERS**

**CITY BOARDS &
COMMITTEES**

CITY COMMISSION

Raul Valdes-Fauli - Mayor
Vince C. Lago - Vice Mayor
Patricia Keon - Commissioner
Michael Mena - Commissioner
Jorge L. Fors, Jr. - Commissioner

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& PROCESS
IMPROVEMENT**

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& CULTURAL ARTS**

Kara Kautz
Director (Interim)
dspain@coralgables.com

CITY OF CORAL GABLES LIST OF PRINCIPAL OFFICIALS



RAUL VALDES-FAULI
MAYOR



VINCE C. LAGO
VICE MAYOR



PATRICIA KEON
COMMISSIONER



MICHAEL MENA
COMMISSIONER



JORGE L. FORS, JR.
COMMISSIONER



BILLY Y. URQUIA
CITY CLERK



PETER J. IGLESIAS
CITY MANAGER



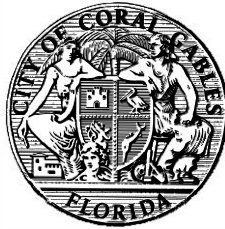
MIRIAM SOLER RAMOS
CITY ATTORNEY

EDUARDO SANTAMARIA
ASSISTANT CITY MANAGER

DEPARTMENT DIRECTORS

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

Fred Couceyro
Suramy Cabrera
Julian Perez
Diana M. Gomez
Marcos De La Rosa
Kara Kautz (Interim)
Karla Green
Raimundo Rodulfo
Raquel Elejabarrieta
Kevin J. Kinney
Edward Hudak
Maria Rosa Higgins-Fallon
Hermes Diaz



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Financial Section

REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

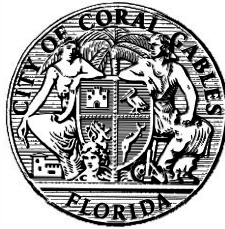
BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION



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RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the year ended September 30, 2019, 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 82% of the total assets/deferred outflows of resources and 52% of the total revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose 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, as of September 30, 2019, 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, budgetary comparison schedule for the general fund, and other post-employment benefits and 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, 2020 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, 2020



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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, 2019. 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 \$171.21 million (net position). Of this amount, unrestricted net position is a deficit of \$55.20 million which decreased by \$18.70 million when compared to prior year mainly due to the positive change in net position of \$32.24 million.
- As of the close of the current fiscal year, the City’s governmental funds reported combined fund balances of \$163.34 million, a decrease of \$5.71million in comparison with the prior year. Of this amount, \$30.7 million or approximately 18.80% is unassigned fund balance in the General Fund. The City’s formal policy of reserve fund balance set the amount at 25% of the City’s operating budget plus debt service requirement of fiscal year 2020 which is approximately \$45.58 million. The City met the reserve fund balance policy, however, \$14.88 million was used to fund Hurricane Irma recovery efforts to date.
- At the end of the current year, the total of the committed, assigned, and unassigned components of fund balances for the general fund was \$60.08 million or 40.38% of the total general fund expenditures and is available for future spending.
- The City has no general obligation debt outstanding.
- The 2018-2019 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.
- During fiscal year 2019, the construction of the new Public Safety (PSB Project) was underway. The new PSB Project will house the City’s Police and Fire administration and headquarters, 911 Call Center and First Responders Dispatch Center, Emergency Operation Center, Fire Station and administrative offices. The project cost is estimated at \$64.03 million. The project is located on an assemblage of two city owned sites and newly owned site acquired through a purchase and sale agreement.
- To finance the cost of the PSB Project, the City issued Capital Improvement Revenue Bonds Series 2018A with total principal and premium amount of \$50.4 million. The 2018A Bonds are secured by a covenant to budget and appropriate from legally available non ad valorem revenue.

- As of September 30, 2019, FEMA and State of Florida approved and obligated project worksheets amounted to approximately \$11.7 million of the City’s eligible expenditures related to Hurricane Irma recovery efforts. Of this amount, approximately \$10.2 million has been incurred by the City as of September 30, 2019 and \$1.15 million was received by the City from FEMA and State of Florida. In addition, during fiscal year 2019 the City received \$750 thousand from insurance company as advance funding for damages incurred on city property covered by insurance. The City funded the hurricane related expenditures from the unassigned fund balance of the General Fund.
- Beginning October 1, 2018, the City assumed from Miami-Dade County the responsibility for the management of nine (9) special taxing districts located wholly within the City as a result of a special election held on January 23, 2018. As part of the transition, the County transferred to the City the fund balance of the Special Taxing District of \$183,234 which is presented in the financial statement as a special item. 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 Special Taxing District is reported as special revenue fund and does not issue separate stand-alone financial statements.

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 nine 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 total OPEB liability. 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 98 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 106 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, 2019, the City's total net position increased by \$32.24 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			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 253.21	\$ 246.00	\$ 31.09	\$ 27.19	\$ 284.30	\$ 273.19
Capital assets	259.21	233.17	42.14	42.84	301.35	276.01
Total Assets	512.42	479.17	73.23	70.03	585.65	549.20
Total Deferred Outflows of Resource	39.58	44.20	1.20	1.48	40.78	45.68
Current liabilities	33.31	28.30	3.33	2.89	36.64	31.19
Noncurrent liabilities	373.07	376.65	19.49	21.36	392.56	398.01
Total Liabilities	406.38	404.95	22.82	24.25	429.20	429.20
Total Deferred Inflows of Resource	25.39	26.00	0.63	0.71	26.02	26.71
Net Position:						
Net Investment in capital assets	159.00	148.62	29.75	29.79	188.75	178.41
Restricted	32.42	31.27	5.24	3.18	37.66	34.45
Unrestricted (Deficit)	(71.19)	(87.47)	15.99	13.58	(55.20)	(73.89)
Total Net Position	\$ 120.23	\$ 92.42	\$ 50.98	\$ 46.55	\$ 171.21	\$ 138.97

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 \$37.66 million, or 22% 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 \$55.20 million.

For the governmental activities, capital assets represent 50.59% of total assets, while noncurrent liabilities represent 91.80% of the total liabilities. For the business-type activities, these capital assets represent 58% of total assets, while noncurrent liabilities represent 85% of the total liabilities.

Current and other assets increased \$7.21 million for governmental activities mainly due to (a) receivable from FEMA/State of \$9.65 million related to approve and obligated project worksheets related to Hurricane Irma recovery efforts; (b) proceed from sale of capital assets of \$10.4 million; (c) significant increase in investment earnings of \$3.16 million; and (d) ongoing use of the proceeds of Series 2018A of \$16.2 million on the construction of the new PSB project. Current and other assets increased \$3.9 million for business-type activities mainly due to positive results of operations of \$4.43 million as shown in the statements of activities on page 21 of this report. More detailed analysis of this change is included in the analysis of the Proprietary Funds that follows.

Current liabilities increased by \$5 million for governmental activities primarily due to increase in contractor invoices of \$4 million related to various on-going capital projects such the new public safety building, trolley depot/fire station, and improvement of passive parks. Current liabilities increased \$440,000 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 stormwater infrastructure continuing maintenance and upgrade.

Total Non-current liabilities had a net decrease of \$5.4 million due to (a) increase in net pension liability of \$1.24 million; (b) payment of scheduled annual principal payments of \$6.21 million and amortization of bond premium of \$1.06 million; (c) repayment of capital lease payable of \$250,000 and new capital lease financing of \$123,000; (d) increase in total OPEB liability of \$200,000; (e) decrease in claims payable of \$474,000; (f) increase in accrued compensated absences of \$247,000; and (g) advances from insurance company of \$750,000 related to damages incurred on City property covered by insurance.

The deferred outflows of resources consist of deferred outflows related to pension and OPEB, and deferred charge on bond refunding. Deferred outflows related to pension and OPEB of \$40.59 million consists of difference between expected and actual experience and pension and OPEB contributions to be expensed in the subsequent period. Deferred charge on refunding of \$196,000 resulted from issuance of a refunding bond with reacquisition price exceeding the net carrying value of the refunded debt.

The deferred inflows of resources consist of business tax receipts of \$2.9 million received in advance for fiscal year 2020, and deferred inflows related to pension of \$20.63 million representing the net difference between projected and actual earnings on pension plan investments, the deferred inflows related to OPEB of \$2.5 million represents the difference between actual and expected experience and changes in assumptions.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Revenues:						
Taxes	\$ 107.35	\$ 102.79	\$ -	\$ -	\$ 107.35	\$ 102.79
Intergovernmental	5.57	5.46	-	-	5.57	5.46
Investment Earnings	5.66	2.50	0.53	0.09	6.19	2.59
Gain on Sale of Capital Assets	10.40	-	-	-	10.40	-
Special Items	0.18	-	-	-	0.18	-
Miscellaneous	0.43	0.35	-	0.04	0.43	0.39
Program Revenues:						
Charges for Services	47.12	52.46	30.31	30.42	77.43	82.88
Operating	10.67	0.37	-	-	10.67	0.37
Capital	1.98	3.67	-	-	1.98	3.67
Total Revenues	189.36	167.60	30.84	30.55	220.20	198.15
Expenses:						
General Government	28.53	29.05	-	-	28.53	29.05
Public Safety	92.00	91.05	-	-	92.00	91.05
Physical Environment	22.72	21.03	-	-	22.72	21.03
Transportation	7.44	5.57	-	-	7.44	5.57
Economic Environment	1.57	1.32	-	-	1.57	1.32
Culture and Recreation	14.01	12.84	-	-	14.01	12.84
Interest Expense	4.33	2.99	-	-	4.33	2.99
Sanitary Sewer System	-	-	8.40	5.71	8.40	5.71
Parking System	-	-	6.34	6.81	6.34	6.81
Stormwater Utility	-	-	2.62	2.14	2.62	2.14
Total Expenses	170.60	163.85	17.36	14.66	187.96	178.51
Increase (decrease) in net position before transfers	18.76	3.75	13.48	15.89	32.24	19.64
Transfers	9.05	8.77	(9.05)	(8.77)	-	-
Change in Net Position	27.81	12.52	4.43	7.12	32.24	19.64
Net Position - Beg. (2018-Restated)	92.42	79.90	46.55	39.43	138.97	119.33
Net Position - Ending	\$ 120.23	\$ 92.42	\$ 50.98	\$ 46.55	\$ 171.21	\$ 138.97

*The City implemented GASB Statement No. 75 as of October 1, 2017.

Governmental Activities:

The most significant increase of revenue in governmental activities for the fiscal year 2018-2019 was gain on sale of capital assets of \$10.4 million from the sale of a property previously leased to a not-for-profit entity.

Taxes increase by \$4.56 million or 4% mainly due to an increase of \$4.4 million in ad valorem taxes collected during the year attributable to the increase in property values in 2018.

Charges for services decreased by \$5.34 million mainly due to decrease in permit revenue of \$3.25 million and decrease in impact fee special assessment of \$2.03 million which is direct effect of timing and size of new construction projects within the City.

Operating grants and contributions increase by \$10.3 million due to \$9.65 million of grants receivable from FEMA/State of Florida for eligible expenditures related to approved and obligated project worksheets for Hurricane Irma recovery efforts.

Investment earnings increased by \$3.16 million due to the investment of the unused proceeds of the Series 2018A for the new public safety building and improvement in the financial market.

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 major funds.

Business-Type Activities:

The City's business-type activities showed an increase of approximately \$4.43 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 \$157.26 million of revenue during the fiscal year, offset by \$148.80 million of expenditures. Taxes represent the largest portion of revenues and public safety represents the largest portion of expenditures. In fiscal year 2019, general government function increased \$375,000, culture and recreation increased \$657,000 and physical environment function increased \$873,000. These increases are mainly due to increase in personnel costs and repairs and maintenance-type work on various city facilities. Public safety function decreased \$7.47 million mainly due to expenditures incurred by the City in fiscal year 2018 related to Hurricane Irma for emergency and preventive measures, clean-up and restoration costs of approximately \$12 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 2019.

Debt Service Fund – In fiscal year 2019, the City paid \$4.92 million in scheduled principal payments including full redemption of bonds with par value of \$15,000 from Series 2016A. The full redemption is funded from full prepayments of special assessments received from property owners as part of the Streetscape Improvement Assessment Program.

Capital Project General Improvement Fund - This fund recognized \$2.6 million in revenues and offset by \$30.97 million in capital expenditures. Significant capital project expenditures include the construction of the new of Public Safety building, trolley depot/fire station 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 decreased by approximately \$494,000 and operating expenses increased by approximately \$2.7 million from the prior year. The decrease in the operating revenue is due to \$414,000 credit issued to a major customer resulting from reclassifying the type of wastewater service and rates applied to the customer. The increase in the operating expenses is attributable to increase in sewer infrastructure repair of \$1.2 million and increase in waste disposal fee of \$1.8 million. In fiscal year 2018, the City received credits of \$1.2 million from Miami-Dade County as refund for overbilling in fiscal year 2017 due to out of range wastewater flow. During the current year, the Sanitary Sewer Fund transferred approximately \$910,000 to the General Fund to subsidize the cost of operations of the fund.

Parking System - Operating revenues decreased by approximately \$166,000 from the prior year. The operating expense showed decrease of \$493,000 mainly related to various repairs and maintenance to garage facilities. Additionally, during the current year the Parking Fund transferred approximately \$8.2 million to the General Fund to subsidize the cost of operations of the fund; and received \$97,000 from Capital Project General Improvement Fund to provide additional funding for acquisition of new parking pay stations.

Stormwater Utility Fund - Operating revenues increased by approximately \$508,000 from the prior year. In fiscal year 2019, the City increased the system user rates by approximately 10.75% 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. For fiscal year 2019, \$2.0 million of operating revenue related to this rate increase was recognized as addition to restricted net position and presented as Net Position - Restricted for Capital Improvements in Statement of Net Position. In addition, during fiscal year 2019 the Stormwater Utility Fund transferred approximately \$17,000 to the General Fund to subsidize the cost of operations of the fund.

General Fund Budgetary Highlights

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

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

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

The City's budgeted revenues increased from \$149.72 million to \$150.43 million from the original to the final budget. The City's budgeted expenditures increased from \$151.83 million to \$154.28 million from the original to the final budget. For the fiscal year, the

budget amendments related to revenue pertains to increase in intergovernmental revenues for additional grant funding from federal agency of \$387,000 and miscellaneous revenue increase of \$310,000 related to art acquisition and funding. The budget amendments related to expenditures mainly pertains to decrease in contingency expenditures in the general government, increase in public safety grants related activities, and promotional and other expenses related to art exhibition for culture and recreation.

The City budgeted \$150.43 million in revenue and recognized \$157.26 million. The City budgeted \$154.28 million in expenditures, but incurred \$148.80 million.

The budget to actual variances in revenue were due to increases in the receipts of delinquent and homestead property taxes, utility franchise taxes, increase in recreation activity fees, board of architect review and planning and zoning fees, passport processing fees, increase in receipt of equitable sharing revenues from federal agencies as part of the City's participation in public safety operations/programs, and increase in investment earnings.

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

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business type activities as of September 30, 2019 amounted to \$301.34 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 \$25.33 million from the prior year.

During the current fiscal year, significant additions in governmental activities included \$23.6 million for the construction of the new public safety building, \$3.3 million for the construction of the trolley depot/fire station and \$4.3 million of various construction projects in progress, and \$4.3 million in machinery and equipment. Significant additions for business-type activities included \$582,000 in construction in progress relating to improvements parking facilities and various pump stations and \$262,000 in machinery and equipment.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 64.09	\$ 64.09	\$ 3.70	\$ 3.70	\$ 67.79	\$ 67.79
Construction in Progress	37.30	10.57	0.94	0.35	38.24	10.92
Infrastructure	113.07	113.07	31.89	31.88	144.96	144.95
Building	67.91	67.93	30.22	30.25	98.13	98.18
Improvements Other Than Buildings	92.75	86.95	0.82	0.82	93.57	87.77
Machinery and Equipment	62.62	59.39	4.50	4.50	67.12	63.89
Total Capital Assets	437.74	402.00	72.07	71.50	509.81	473.50
Accumulated Depreciation	178.54	168.83	29.93	28.66	208.47	197.49
Net Capital Assets	\$ 259.20	\$ 233.17	\$ 42.14	\$ 42.84	\$ 301.34	\$ 276.01

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

Debt Administration

The City has maintained its “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, 2019.

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, 2019 was \$129.92 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 obligation on purchase and sale of land, compensated absences payable, pollution remediation obligation, total OPEB liability, estimated claims liabilities related to the City’s self-insurance programs, advances from insurance company, 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 \$6.19 million. This decrease is due primarily to the net effect of the following: to (a) increase in net pension liability of \$1.24 million; (b) payment of scheduled annual principal payments and amortization of bond premium of \$7.27 million; (c) repayment of capital lease payable of \$250,000 and new capital lease financing of \$123,000; (d) increase in total OPEB liability of \$200,000; (e) decrease in claims payable of \$474,000; (f) increase in accrued compensated absences of \$247,000; and (g) advances from insurance company of \$750,000 related to damages incurred on City property covered by insurance.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Special Obligation Debt	\$ 116.91	\$ 122.83	\$ 13.01	\$ 14.36	\$ 129.92	\$ 137.19
Estimated Insurance Claims	12.80	13.28	-	-	12.80	13.28
Accrued Compensated Absences	11.00	10.76	0.33	0.32	11.33	11.08
Capital Lease	0.33	0.45	-	0.01	0.33	0.46
Obligation on Purchase and Sale of Land	11.50	11.50	-	-	11.50	11.50
Pollution Remediation Obligation	0.16	0.16	-	-	0.16	0.16
Advances from Insurance Company	0.75	-	-	-	0.75	-
Total OPEB Liability	26.03	25.83	0.63	0.63	26.66	26.46
Net Pension Liability	193.59	191.83	5.52	6.04	199.11	197.87
Total	\$ 373.07	\$ 376.64	\$ 19.49	\$ 21.36	\$ 391.81	\$ 398.00

Additional information on the City’s long-term debt can be found in Note 7 of this report; net pension liability and OPEB liability 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 6.4%.

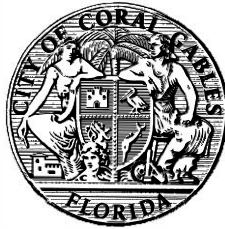
The City is considered one of the premium office markets in South Florida, with approximately 10 million square feet of existing prime office space. This submarket is desirable due to its proximity to Miami International Airport and downtown Miami area, while also being convenient to executive housing, 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 2019-2020 and it is the 11th lowest combined tax rate out of 35 taxing entities in Miami-Dade County, Florida. The median just (“market”) home value, estimated at \$592,638, has increased by nearly 98% since 1970 and has increased by nearly 86% 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, 2019

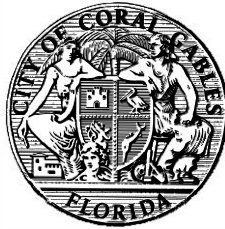
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	40,675,439	\$ 6,091,123	\$ 46,766,562
Restricted Cash and Cash Equivalents	8,595,101	1,027,590	9,622,691
Investments	110,647,124	13,970,897	124,618,021
Restricted Investments	58,338,705	3,534,672	61,873,377
Accounts Receivable, Net	14,206,680	4,115,565	18,322,245
Interest Receivable	614,855	62,672	677,527
Assessment Liens Receivable	7,792,897	69,696	7,862,593
Internal Balances	(2,191,539)	2,191,539	-
Due from Other Governments	12,229,561	21,363	12,250,924
Inventory	36,217	-	36,217
Prepaid and Deposits	2,265,257	-	2,265,257
Capital Assets Not Being Depreciated:			
Land	64,091,947	3,701,838	67,793,785
Construction in Progress	37,303,845	935,357	38,239,202
Capital Assets, Net of Accumulated Depreciation:			
Infrastructure	22,383,891	18,970,729	41,354,620
Buildings	39,641,904	16,391,968	56,033,872
Improvements Other Than Buildings	72,363,459	280,571	72,644,030
Machinery and Equipment	23,424,123	1,863,582	25,287,705
Total Assets	<u>512,419,466</u>	<u>73,229,162</u>	<u>585,648,628</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	117,151	79,212	196,363
Deferred Outflows Related to Pension	38,701,969	1,102,586	39,804,555
Deferred Outflows Related to OPEB	765,956	18,673	784,629
Total Deferred Outflows of Resources	<u>39,585,076</u>	<u>1,200,471</u>	<u>40,785,547</u>
LIABILITIES			
Accounts Payable	15,923,557	2,509,835	18,433,392
Accrued Payroll	3,380,420	166,437	3,546,857
Unearned Revenue	7,059,204	340,944	7,400,148
Due to Other Governments	192,800	-	192,800
Deposits Payable	6,756,199	312,594	7,068,793
Noncurrent Liabilities:			
Due Within One Year	16,076,131	1,468,784	17,544,915
Due In More Than One Year	356,997,122	18,020,463	375,017,585
Total Liabilities	<u>406,385,433</u>	<u>22,819,057</u>	<u>429,204,490</u>
DEFERRED INFLOWS OF RESOURCES			
Revenues Received in Advance	2,878,098	-	2,878,098
Deferred Inflows Related to Pension	20,063,102	571,581	20,634,683
Deferred Inflows Related to OPEB	2,450,668	59,748	2,510,416
Total Deferred Inflows of Resources	<u>25,391,868</u>	<u>631,329</u>	<u>26,023,197</u>
NET POSITION			
Net Investment in Capital Assets	158,995,281	29,753,595	188,748,876
Restricted for:			
Debt Service	48,758	-	48,758
Public Safety	3,211,586	-	3,211,586
Streetscape Assessment Projects	7,733,079	-	7,733,079
Mobility Improvements	3,237,462	-	3,237,462
Capital Improvements	10,201,831	5,241,426	15,443,257
Law Enforcement	2,618,629	-	2,618,629
Public and Historic Art	3,841,071	-	3,841,071
Records Management	1,529,515	-	1,529,515
Unrestricted (Deficit)	(71,189,971)	15,984,226	(55,205,745)
Total Net Position	<u>120,227,241</u>	<u>\$ 50,979,247</u>	<u>\$ 171,206,488</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, 2019

FUNCTION/PROGRAM	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 28,533,480	\$ 24,807,885	\$ -	\$ -	\$ (3,725,595)	\$ -	\$ (3,725,595)
Public Safety	92,003,748	6,283,122	9,981,522	1,469,405	(74,269,699)	-	(74,269,699)
Physical Environment	22,721,905	10,119,136	690,479	323,226	(11,589,064)	-	(11,589,064)
Transportation	7,436,869	79,558	-	164,866	(7,192,445)	-	(7,192,445)
Economic Environment	1,569,109	477,000	-	-	(1,092,109)	-	(1,092,109)
Culture and Recreation	14,005,394	5,357,013	-	20,269	(8,628,112)	-	(8,628,112)
Interest on Long-term Debt	4,334,138	-	-	-	(4,334,138)	-	(4,334,138)
Total Governmental Activities	170,604,643	47,123,714	10,672,001	1,977,766	(110,831,162)	-	(110,831,162)
Business-type Activities:							
Sanitary Sewer System	8,400,959	9,979,697	-	-	-	1,578,738	1,578,738
Parking System	6,341,553	14,949,334	-	-	-	8,607,781	8,607,781
Stormwater Utility	2,621,146	5,380,272	-	-	-	2,759,126	2,759,126
Total Business-type Activities	17,363,658	30,309,303	-	-	-	12,945,645	12,945,645
Total	\$ 187,968,301	\$ 77,433,017	\$ 10,672,001	\$ 1,977,766	(110,831,162)	12,945,645	(97,885,517)
General Revenues:							
Taxes:							
Property Taxes					85,466,164	-	85,466,164
Franchise Fees					7,199,722	-	7,199,722
Utilities Service Taxes					11,343,198	-	11,343,198
Other Taxes					3,335,445	-	3,335,445
Intergovernmental, not restricted for specific programs					5,574,931	-	5,574,931
Investment Earnings					5,662,887	525,189	6,188,076
Miscellaneous					426,396	478	426,874
Gain on Sale of Capital Assets					10,400,000	-	10,400,000
Special Items (Note 20)					183,234	-	183,234
Transfers					9,045,559	(9,045,559)	-
Total General Revenues and Transfers					138,637,536	(8,519,892)	130,117,644
Change in Net Position					27,806,374	4,425,753	32,232,127
Net Position - Beginning					92,420,867	46,553,494	138,974,361
Net Position - Ending					\$ 120,227,241	\$ 50,979,247	\$ 171,206,488

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, 2019

	Major Funds			Nonmajor Funds	
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled Cash and Cash Equivalents	10,595,824	\$ -	\$ 18,684,970	\$ 2,757,030	\$ 32,037,824
Restricted Pooled Cash and Cash Equivalents	-	777,027	2,336,592	5,481,482	8,595,101
Pooled Investments	62,639,706	-	27,243,208	2,859,170	92,742,084
Restricted Pooled Investments	14,879,889	1,438,557	2,548,320	8,166,105	27,032,871
Restricted NonPooled Investments	-	-	31,305,834	-	31,305,834
Accounts Receivable, Net	13,851,515	11,000	61,923	134,193	14,058,631
Interest Receivable	268,447	6,928	241,030	36,885	553,290
Streetscape Projects Assessment Liens Receivable	-	7,733,079	-	-	7,733,079
Other Liens Receivable	57,633	2,185	-	-	59,818
Due from Other Funds	215,000	-	-	-	215,000
Due from Other Governments	11,080,702	136	115,220	1,033,503	12,229,561
Prepaid and Deposits	188,512	-	71,402	2,000	261,914
Total Assets	113,777,228	9,968,912	82,608,499	20,470,368	226,825,007
LIABILITIES					
Accounts Payable	4,454,307	2,184,890	6,328,842	1,217,888	14,185,927
Accrued Payroll	3,260,591	-	-	5,644	3,266,235
Due to Other Funds	-	-	-	215,000	215,000
Unearned Revenue	7,032,404	-	26,800	-	7,059,204
Refundable Deposits	6,756,199	-	-	-	6,756,199
Due to Other Governments	192,800	-	-	-	192,800
Total Liabilities	21,696,301	2,184,890	6,355,642	1,438,532	31,675,365
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	20,814,394	7,735,264	177,110	208,320	28,935,088
Revenues Received in Advance	2,878,098	-	-	-	2,878,098
Total Deferred Inflow of Resources	23,692,492	7,735,264	177,110	208,320	31,813,186
FUND BALANCES					
Nonspendable:					
Prepaid Items	188,512	-	71,402	2,000	261,914
Restricted to:					
Law Enforcement	2,618,629	-	-	-	2,618,629
Public and Historic Art	3,841,071	-	796,638	-	4,637,709
Records Management	1,529,515	-	-	-	1,529,515
Public Safety Communication System	-	-	187,731	-	187,731
Debt Service Reserve	-	48,758	-	-	48,758
Police and Fire System Improvements	-	-	-	3,520,839	3,520,839
Parks System Improvements	-	-	200,000	4,138,475	4,338,475
Miracle Mile/Giralda Streetscape Project	-	-	-	-	-
New Public Safety Complex	-	-	33,443,051	-	33,443,051
Mobility Improvement Projects	-	-	-	1,602,972	1,602,972
Fire Station/Trolley Garage	-	-	1,281,243	-	1,281,243
Other Physical Environment	134,475	-	282,083	3,744,832	4,161,390
Impact Fee Administration	-	-	-	161,726	161,726
Assigned to:					
Administration Buildings and Equipment	-	-	6,722,417	-	6,722,417
Pension Stabilization	2,000,000	-	-	-	2,000,000
Historical Preservation	66,600	-	-	-	66,600
Roads and Streets	-	-	2,957,162	-	2,957,162
Fire Station/Trolley Garage	-	-	6,710,579	-	6,710,579
Land Acquisition	-	-	2,831,662	-	2,831,662
Other Public Safety Projects	76,523	-	2,210,222	-	2,286,745
Other Parks and Recreation Projects	-	-	5,245,348	-	5,245,348
Other Physical Environment	-	-	1,224,249	-	1,224,249
Other Capital Projects	-	-	11,911,960	5,834,434	17,746,394
Other Purposes	27,241,951	-	-	-	27,241,951
Unassigned	30,691,159	-	-	(181,762)	30,509,397
Total Fund Balances	68,388,435	48,758	76,075,747	18,823,516	163,336,456
Total Liabilities, Deferred Inflows of Resources and Fund Balances	113,777,228	\$ 9,968,912	\$ 82,608,499	\$ 20,470,368	\$ 226,825,007

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, 2019

Total Fund Balances - Governmental Funds \$ 163,336,456

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 247,977,261

Other long-term assets are not available to pay current period expenditures and, therefore are reported as unavailable revenue in the governmental funds. 28,935,088

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. 17,468,160

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. (2,191,539)

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

Compensated Absences	\$	(10,597,015)	
Special Obligations Debt Payable		(110,996,925)	
Premium on Special Obligation Debt Issued		(5,914,935)	
Deferred Charge on Bond Refunding		117,151	
Obligation on Purchase and Sale of Land		(11,500,000)	
Capital Lease Payable		(268,141)	
Pollution Remediation Obligation		(160,000)	
Total OPEB Liability		(25,413,286)	
Net Pension Liability		<u>(186,916,864)</u>	(351,650,015)

Deferred inflows/outflows of resources in the Statement of Net Position will be recognized in future periods.

Deferred Outflows of Resources Related to Pension		37,368,517	
Deferred Inflows of Resources Related to Pension		(19,371,840)	
Deferred Outflows of Resources Related to OPEB		747,830	
Deferred Inflows of Resources Related to OPEB		<u>(2,392,677)</u>	<u>16,351,830</u>

Total Net Position - Governmental Activities \$ 120,227,241

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, 2019

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General Fund	Debt Service Fund	Capital Project General Improvement Fund	Other Governmental Funds	
REVENUES					
Taxes	\$ 104,009,084	\$ -	\$ -	\$ 3,335,445	\$ 107,344,529
Licenses	3,347,817	-	-	-	3,347,817
Permits	8,493,360	-	-	-	8,493,360
Fines and Forfeitures	2,497,086	-	-	-	2,497,086
Intergovernmental	6,441,622	-	79,766	2,411,038	8,932,426
Charges for Services	20,025,158	-	-	-	20,025,158
Recreation Activity Fees	4,672,551	-	-	-	4,672,551
Rental Income	4,494,626	-	-	17,680	4,512,306
Investment Earnings	2,900,427	45,444	2,339,053	377,961	5,662,885
Special Assessments	-	503,497	6,431	3,736,468	4,246,396
Contributions and Donations	89,268	-	153,247	-	242,515
Miscellaneous	291,313	-	19,831	4,050	315,194
Total Revenues	157,262,312	548,941	2,598,328	9,882,642	170,292,223
EXPENDITURES					
Current:					
General Government	23,748,778	18,220	706,112	117,343	24,590,453
Public Safety	86,121,243	-	163,831	2,115,190	88,400,264
Physical Environment	20,983,454	-	28,668	56,859	21,068,981
Transportation	3,918,995	-	325,301	2,996,586	7,240,882
Economic Environment	1,469,055	-	74,250	-	1,543,305
Culture and Recreation	11,851,844	-	307,683	159,541	12,319,068
Debt Service:					
Retirement of Principal	80,934	4,918,405	-	-	4,999,339
Interest	8,366	4,325,772	-	-	4,334,138
Debt Issuance Costs	-	-	-	-	-
Capital Outlay	613,717	-	29,361,573	3,898,304	33,873,594
Total Expenditures	148,796,386	9,262,397	30,967,418	9,343,823	198,370,024
Excess (deficiency) of Revenues Over (Under) Expenditures before Other Financing Sources (Uses)	8,465,926	(8,713,456)	(28,369,090)	538,819	(28,077,801)
OTHER FINANCING SOURCES (Uses)					
Proceeds from Sale of Capital Assets	10,425,950	-	-	-	10,425,950
Transfers In	12,042,638	8,135,158	10,234,400	592,153	31,004,349
Transfers Out	(18,961,711)	-	(96,810)	-	(19,058,521)
Total Other Financing Sources (Uses)	3,506,877	8,135,158	10,137,590	592,153	22,371,778
Special Items (Note 20)	-	-	-	183,234	183,234
Net Change in Fund Balances	11,972,803	(578,298)	(18,231,500)	1,314,206	(5,522,789)
Fund Balances - Beginning	56,415,632	627,056	94,307,247	17,509,310	168,859,245
Fund Balances - Ending	\$ 68,388,435	\$ 48,758	\$ 76,075,747	\$ 18,823,516	\$ 163,336,456

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (5,522,789)

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	\$ (8,680,947)	
Capital Outlay	33,873,594	
Disposal of Assets	<u>(45,565)</u>	25,147,082

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

Change in unavailable revenues	<u>8,464,051</u>	8,464,051
--------------------------------	------------------	-----------

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 and Lease Repayments	<u>4,999,339</u>	4,999,339
---------------------------	------------------	-----------

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.

126,150

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.

(239,798)

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	(217,723)	
Amortization of Premium on Special Obligations		
Debt Issued	997,783	
Amortization of Deferred Charge on Refunding	<u>(26,474)</u>	753,586

Other postemployment benefits (OPEB) and pension expenses were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources.

Therefore, the increase or decrease in OPEB and net pension liabilities were not reported as an expenditure or (credit) in the governmental funds.

Other postemployment benefit expenses	(836,844)	
Pension expense	<u>(5,084,403)</u>	<u>(5,921,247)</u>

Change in Net Position of Governmental Activities \$ 27,806,374

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, 2019

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				
	MAJOR FUNDS			NONMAJOR FUND	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS	
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 2,417,974	\$ 602,752	\$ 3,070,397	\$ 6,091,123	\$ 8,637,615
Restricted Pooled Cash and Cash Equivalents	714,996	312,594	-	1,027,590	-
Pooled Investments	6,525,602	3,880,068	3,565,227	13,970,897	17,905,040
Restricted Pooled Investments	1,409,838	-	2,124,834	3,534,672	-
Accounts Receivable, Net	2,075,305	563,891	1,476,369	4,115,565	148,049
Interest Receivable	29,157	13,700	19,815	62,672	61,565
Inventories	-	-	-	-	36,217
Assessment Liens Receivable	69,696	-	-	69,696	-
Due from Other Governments	-	-	21,363	21,363	-
Prepaid and Deposits	-	-	-	-	2,003,343
Total Current Assets	13,242,568	5,373,005	10,278,005	28,893,578	28,791,829
Noncurrent Assets:					
Capital Assets:					
Land	97,980	3,603,858	-	3,701,838	-
Buildings	-	30,223,473	-	30,223,473	-
Construction in Progress	524,593	410,764	-	935,357	164,858
Infrastructure	26,801,035	-	5,093,007	31,894,042	-
Improvements Other Than Buildings	-	819,926	-	819,926	-
Machinery and Equipment	171,567	4,299,703	25,072	4,496,342	32,551,974
Accumulated Depreciation	(11,523,543)	(16,915,890)	(1,487,500)	(29,926,933)	(21,484,924)
Total Noncurrent Assets	16,071,632	22,441,834	3,630,579	42,144,045	11,231,908
Total Assets	29,314,200	27,814,839	13,908,584	71,037,623	40,023,737
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	-	79,212	-	79,212	-
Deferred Outflows Related to Pensions	394,065	445,811	262,710	1,102,586	1,333,452
Deferred Outflows Related to OPEB	6,042	8,237	4,394	18,673	18,126
Total Deferred Outflows of Resources	400,107	533,260	267,104	1,200,471	1,351,578
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,551,487	580,003	378,345	2,509,835	1,737,630
Accrued Payroll and Other Expenses	73,532	38,043	54,862	166,437	114,185
Deposits Payable	-	312,594	-	312,594	-
Unearned Revenue	-	340,944	-	340,944	-
Accrued Compensated Absences	66,585	81,740	47,009	195,334	230,035
Estimated Liability for Claims Payable	-	-	-	-	4,471,000
Special Obligations Debt Payable	370,000	792,370	111,080	1,273,450	-
Capital Lease Payable	-	-	-	-	63,168
Total Current Liabilities	2,061,604	2,145,694	591,296	4,798,594	6,616,018
Noncurrent Liabilities:					
Accrued Compensated Absences	33,052	60,435	44,803	138,290	172,037
Estimated Liability for Claims Payable	-	-	-	-	8,334,000
Advances from Insurance Company	-	-	-	-	750,000
Special Obligations Debt Payable	2,000,000	8,211,564	1,218,061	11,429,625	-
Premium on Special Obligations Debt Payable	-	195,979	106,845	302,824	-
Total OPEB Liability	205,313	279,970	149,318	634,601	615,933
Net Pension Liability	1,971,109	2,229,941	1,314,073	5,515,123	6,669,914
Total Noncurrent Liabilities	4,209,474	10,977,889	2,833,100	18,020,463	16,541,884
Total Liabilities	6,271,078	13,123,583	3,424,396	22,819,057	23,157,902
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	204,283	231,108	136,190	571,581	691,262
Deferred Inflows Related to OPEB	19,330	26,360	14,058	59,748	57,991
Total Deferred Inflows of Resources	223,613	257,468	150,248	631,329	749,253
NET POSITION					
Net Investment in Capital Assets	14,478,583	13,263,209	2,011,803	29,753,595	11,123,825
Restricted for Capital Improvements	714,996	-	4,526,430	5,241,426	-
Unrestricted	8,026,037	1,703,839	4,062,811	13,792,687	6,344,335
Total Net Position	\$ 23,219,616	\$ 14,967,048	\$ 10,601,044	48,787,708	\$ 17,468,160
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				2,191,539	
Net position of business-type activities				\$ 50,979,247	

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, 2019

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	MAJOR FUNDS		NONMAJOR FUND		
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND		
OPERATING REVENUES					
Charges for Services:					
Sewer Use Charges	\$ 9,979,697	\$ -	\$ -	\$ 9,979,697	\$ -
Service Use Charges	-	-	5,380,272	5,380,272	-
Billings to Departments for Insurance Protection	-	-	-	-	11,357,766
Parking Fees:					
On Street Meters	-	8,536,236	-	8,536,236	-
Meter and Permit Lots	-	1,984,365	-	1,984,365	-
Parking Garages	-	3,812,868	-	3,812,868	-
Parking Leases	-	615,865	-	615,865	-
Rental of Equipment and Facilities to Various Funds	-	-	-	-	16,154,559
Total Operating Revenues	<u>9,979,697</u>	<u>14,949,334</u>	<u>5,380,272</u>	<u>30,309,303</u>	<u>27,512,325</u>
OPERATING EXPENSES					
Administration	1,285,176	979,957	868,973	3,134,106	4,199,985
Cost of Sales and Services	6,684,988	4,239,007	1,638,539	12,562,534	8,373,983
Benefit Payments	-	-	-	-	2,084,886
Insurance	-	-	-	-	8,310,854
Depreciation	461,803	967,675	110,455	1,539,933	2,234,963
Total Operating Expenses	<u>8,431,967</u>	<u>6,186,639</u>	<u>2,617,967</u>	<u>17,236,573</u>	<u>25,204,671</u>
Operating Income	<u>1,547,730</u>	<u>8,762,695</u>	<u>2,762,305</u>	<u>13,072,730</u>	<u>2,307,654</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	243,987	121,314	159,888	525,189	590,241
Interest Expense	(69,707)	(246,027)	(39,149)	(354,883)	-
Miscellaneous	-	478	-	478	26,933
Gain (Loss) on Disposal of Capital Assets	-	(12,000)	-	(12,000)	101,591
Total Nonoperating Revenues (Expenses)	<u>174,280</u>	<u>(136,235)</u>	<u>120,739</u>	<u>158,784</u>	<u>718,765</u>
Income Before Transfers	<u>1,722,010</u>	<u>8,626,460</u>	<u>2,883,044</u>	<u>13,231,514</u>	<u>3,026,419</u>
Transfers In	-	96,810	-	96,810	-
Transfers Out	(909,991)	(8,215,151)	(17,227)	(9,142,369)	(2,900,269)
Change In Net Position	<u>812,019</u>	<u>508,119</u>	<u>2,865,817</u>	<u>4,185,955</u>	<u>126,150</u>
Net Position - Beginning	<u>22,407,597</u>	<u>14,458,929</u>	<u>7,735,227</u>		<u>17,342,010</u>
Net Position - Ending	<u>\$ 23,219,616</u>	<u>\$ 14,967,048</u>	<u>\$ 10,601,044</u>		<u>\$ 17,468,160</u>
Adjustment to reflect the allocation of internal service fund activities related to enterprise funds.				239,798	
Change in net position of business-type activities				<u>\$ 4,425,753</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, 2019

	BUSINESS -TYPE ACTIVITIES-ENTERPRISE FUNDS				
	MAJOR FUNDS			NONMAJOR FUND	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SANITARY SEWER SYSTEM FUND	PARKING SYSTEM FUND	STORMWATER UTILITY FUND	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 10,627,148	\$ 14,964,721	\$ 5,233,458	\$ 30,825,327	\$ 27,402,043
Payments to Employees	(1,302,975)	(1,368,871)	(780,423)	(3,452,269)	(3,909,056)
Payments to Suppliers	(6,524,860)	(4,250,164)	(1,353,993)	(12,129,017)	(20,221,654)
Net Cash Provided by Operating Activities	2,799,313	9,345,686	3,099,042	15,244,041	3,271,333
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from Insurance Company	-	-	-	-	750,000
Transfers in from Other Funds	-	96,810	-	96,810	-
Transfers out to Other Funds	(909,991)	(8,215,151)	(17,227)	(9,142,369)	(2,900,269)
Net Cash Used in Noncapital Financing Activities	(909,991)	(8,118,341)	(17,227)	(9,045,559)	(2,150,269)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(454,603)	(399,675)	-	(854,278)	(3,006,298)
Proceeds from Sale of Capital Assets	-	-	-	-	102,830
Principal Paid on Debt	(365,000)	(851,276)	(147,526)	(1,363,802)	(162,928)
Interest Paid on Debt	(69,707)	(229,162)	(39,149)	(338,018)	-
Net Cash Used in Capital and Related Financing Activities	(889,310)	(1,480,113)	(186,675)	(2,556,098)	(3,066,396)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments	(19,958,825)	(9,946,717)	(14,423,130)	(44,328,672)	(48,175,131)
Proceeds from Sale of Investments	19,822,348	10,402,589	13,239,084	43,464,021	50,964,358
Interest and Dividends Received	225,782	114,122	146,320	486,224	590,237
Net Cash Provided by (Used in) Investing Activities	89,305	569,994	(1,037,726)	(378,427)	3,379,464
Net Increase in Cash and Cash Equivalents	1,089,317	317,226	1,857,414	3,263,957	1,434,132
Cash and Cash Equivalents - Beginning	2,043,653	598,120	1,212,983	3,854,756	7,203,483
Cash and Cash Equivalents - Ending	\$ 3,132,970	\$ 915,346	\$ 3,070,397	\$ 7,118,713	\$ 8,637,615
Reconciliation to the statement of net position					
Cash and Cash Equivalents	\$ 2,417,974	\$ 602,752	\$ 3,070,397	\$ 6,091,123	\$ 8,637,615
Restricted Cash and Cash Equivalents	714,996	312,594	-	1,027,590	-
Total	\$ 3,132,970	\$ 915,346	\$ 3,070,397	\$ 7,118,713	\$ 8,637,615
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating Income (Loss)	\$ 1,547,730	\$ 8,762,695	\$ 2,762,305	\$ 13,072,730	\$ 2,307,654
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	461,803	967,675	110,455	1,539,933	2,234,963
Pension Expense	(20,797)	(399,257)	67,786	(352,268)	236,437
OPEB Expense	6,761	9,220	4,917	20,898	20,282
Change in Assets and Liabilities:					
Accounts Receivable	647,451	11,858	(146,814)	512,495	(110,282)
Inventory	-	-	-	-	27,789
Prepaid and Deposits	-	-	-	-	(750,482)
Accounts Payable	160,128	(11,157)	284,546	433,517	(255,238)
Deposits Payable	-	8,405	-	8,405	-
Accrued Payroll and Other Expenses	(7,333)	(3,447)	13,227	2,447	14,976
Accrued Compensated Absences	3,570	4,570	2,620	10,760	19,234
Unearned Revenues	-	(4,876)	-	(4,876)	-
Claims Payable	-	-	-	-	(474,000)
Total Adjustments	1,251,583	582,991	336,737	2,171,311	963,679
Net Cash Provided by (Used in) Operating Activities	\$ 2,799,313	\$ 9,345,686	\$ 3,099,042	\$ 15,244,041	\$ 3,271,333
Noncash Operating Activities:					
Deferred Outflows Related to Pension	\$ 394,065	\$ 445,811	\$ 262,710	\$ 1,102,586	\$ 1,333,452
Deferred Inflows Related to Pension	(204,283)	(231,108)	(136,190)	(571,581)	(691,262)
Net Pension Liability	(1,971,109)	(2,229,941)	(1,314,073)	(5,515,123)	(6,669,914)
Deferred Outflows Related to OPEB	6,042	8,237	4,394	18,673	18,126
Deferred Inflows Related to OPEB	(19,330)	(26,360)	(14,058)	(59,748)	(57,991)
Total OPEB Liability	(205,313)	(279,970)	(149,318)	(634,601)	(615,933)
Noncash Capital and Related Financing Activities:					
Capital Assets Retirement, net	-	(24,000)	-	(24,000)	(1,409,597)
Capital Assets Acquired through Capital Lease	-	-	-	-	(123,776)

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, 2019

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 10,921,301	\$ 2,221,406
Receivables:		
Accrued Interest and Dividends	311,875	-
Buyback Receivable	64,390	-
Share Plan Contributions	239,389	-
Receivable for Securities Sold	124,784	-
Other Receivables	18,821	-
Total Receivables	<u>759,259</u>	<u>-</u>
Securities Lending Cash Collateral - Invested	<u>31,858,750</u>	<u>-</u>
Investments:		
U.S. Government and Agency	19,766,188	-
Domestic Fixed Income Fund	1,985,756	-
Global fixed income	4,416,161	-
Corporate Bonds	18,976,324	-
Common Stocks	160,160,790	-
International Equity	51,514,565	-
Real Estate Investment Trust (REIT)	52,835,187	-
Alternative Investments	72,038,730	-
Guaranteed Investment Contract	8,471,191	-
Mutual Funds	10,293,039	-
Total Investments	<u>400,457,931</u>	<u>-</u>
Total Assets	<u>443,997,241</u>	<u>2,221,406</u>
LIABILITIES		
Accounts Payable	187,179	-
Payable for Securities Purchased	310,287	-
Due to Coral Gables Retirement Fund	239,389	-
Obligations under Securities Lending	31,858,750	-
Deferred Compensation Payable	-	530,891
Due to Other Governments	-	1,690,515
Total Liabilities	<u>32,595,605</u>	<u>\$ 2,221,406</u>
NET POSITION		
Net Position Restricted for Pension Benefits	<u>\$ 411,401,636</u>	

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

CITY OF CORAL GABLES, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2019

	Pension Trust Funds
Additions:	
City Contributions	\$ 29,001,550
Share Plan Contributions	145,830
Total Government Contributions	29,147,380
Employees:	
Employee contributions	4,970,732
Total Employee Contributions	4,970,732
Total Contributions	34,118,112
Investment Income:	
Net Appreciation in the Fair Value of Investments	11,300,656
Interest and Dividends	6,024,232
Other Income	58,538
Total Investment Income	17,383,426
Less Investment Expenses	(2,175,771)
Total Investment Income before Securities Lending Activity	15,207,655
Securities Lending Activities:	
Security Lending Income	127,099
Security Lending Fees and Rebates	(38,070)
Net Income from Security Lending Activities	89,029
Total Net Investment Income	15,296,684
Total Additions	49,414,796
Deductions:	
Pension Benefits Paid	58,605,023
Refund of Contributions	581,573
Administrative Expenses	553,366
Total Deductions	59,739,962
Decrease in Net Position	(10,325,166)
Net Position Restricted for Pension Benefits:	
Beginning of Year	421,726,802
End of Year	\$ 411,401,636

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 government and its component unit entity for which the government is financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended component unit - Special Taxing Districts created in designated areas within the City to provide special services that are funded through the levy of non-ad valorem assessment. Beginning October 1, 2018, the City assumed from Miami-Dade County, Florida the responsibility for the management of nine (9) special taxing districts located wholly within the City as a result of a special election held on January 23, 2018. As part of the transition, the County transferred to the City the fund balance of the Special Taxing District of \$183,234 which is presented in the financial statements as a special item. 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 Special Taxing District is reported as special revenue fund of the City and does not issue separate stand-alone financial statements.

(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/deferred outflow of resources and liabilities/deferred inflow of resources, 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 – This 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 – This fund is used to account for and report the financial resources that are restricted, committed, or assigned for the acquisition or construction of various major capital improvements except those financed by enterprise funds. This fund is reported as a major fund for public interest and consistency purposes.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Fund – This fund is used to account for and report the financial resources that are restricted, committed, or assigned for specific services such as multipurpose maintenance, security services, street lighting which are provided within the designated areas.

Capital Projects Funds – This fund 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.

Additionally, the City also reports the following fund types:

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

Pension Trust Funds - Pension Trust Funds are used to account for the accumulation of resources to be used for retirement benefits of all employees at appropriate amounts and times in the future and for supplemental retirement benefits for police officers and firefighters, 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) Fair Value Investments

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.

(f) 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, 2019, the City’s investment in LGIP-A is \$1,066 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.

(g) 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, 2019:

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, 2019, 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 eleven (11) years.

Special assessments primarily consist 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.

(h) Due From Other Governments

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

(i) 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.

(j) Capital Assets

Capital asset acquisitions are recorded as expenditures in the governmental fund financial statements and include property, plant, equipment and infrastructure assets (i.e., streets, alleys, sidewalks, drainage and lighting systems). Capital assets are recorded at historical cost in the government-wide and proprietary fund financial statements. In the case of gifts or contributions, such assets are recorded at 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. 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.

(k) 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.

(l) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, 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.

(m) 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.

(n) 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 and other postemployment benefits 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 items 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 Statement of Net Position and Statement of Net Position of the proprietary funds report deferred inflows of resources related to pension and other postemployment benefits 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.

(o) 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.

(p) 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.

(q) Restricted Assets

Restricted assets of the government-wide and proprietary funds represent 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 General Improvement Fund and Neighborhood Renaissance Program Fund report restricted assets representing unspent proceeds from the issuance of special obligation bonds for capital improvements. The Capital Project Impact Fees Fund reports restricted assets representing fees imposed on new developments within the City with certain constraints on their use.

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.

(r) 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 30th of the applicable fiscal year but the amount can be determined at a later date. A resolution or ordinance would also be required to modify or rescind the specific use or amount.

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

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

2) Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. The first category represents net position related to property, plant, equipment and infrastructure reduced by depreciation and outstanding debt, 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) Pension Plans

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.

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

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the Plan. The Plan is being funded under a "Pay-As-You-Go" basis.

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss.

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 the total 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.

(y) 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.

(z) 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.

(aa) New Accounting Pronouncements Adopted

The City adopted 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 adoption of this Statement had no impact on the City's financial statements in fiscal year 2019.

The City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. See Note 7 – Long-term Debt for related disclosures.

The City adopted GASB Statement No. 89, *Accounting for Certain Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. With the adoption of this Statement, interest incurred during the construction phase of capital assets for business-type activities and proprietary funds are no longer included as part of the capitalized value of the assets constructed.

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, 2018, upon which the 2018-2019 levy was based, was approximately \$16.0 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, 2019.

NOTE 3 - RECEIVABLE

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

	Governmental Activities	Business-Type Activities
<u>General Fund</u>		
Franchise Taxes	\$ 901,058	\$ -
False Alarms	285,492	-
Utility Taxes	869,484	-
Delinquent Waste Fees	637,613	-
Ambulance Transport Fees	633,556	-
Billable Off-Duty Salaries	348,374	-
Leased Properties - Rent Receivable	124,554	-
Donations Receivable - Coral Gables Museum	-	-
University of Miami Development Agreement Fee	9,495,000	-
Other	620,498	-
	<u>13,915,629</u>	-
Less: Allowance	(64,114)	-
Total	<u>13,851,515</u>	-
<u>Debt Service Fund</u>		
Miscellaneous	11,000	-
Total	<u>11,000</u>	-
<u>General Improvement Fund</u>		
Due from Cocoplum Community Property Owners	61,923	-
Total	<u>61,923</u>	-
<u>Other Governmental Funds</u>		
BID Accounts Receivable	134,193	-
Total	<u>134,193</u>	-
<u>Parking Fund</u>		
Parking Leased Space	-	549,374
Parking – General	-	402,736
		<u>952,110</u>
Less: Allowance	-	(388,219)
Total	-	<u>563,891</u>
<u>Sanitary Sewer Fund</u>		
Customer Receivable	-	1,940,276
Miscellaneous	-	135,444
		<u>2,075,720</u>
Less Allowance	-	(415)
Total	-	<u>2,075,305</u>
<u>Stormwater Fund</u>		
Service Use Charges	-	1,476,369
Total	-	<u>1,476,369</u>
Total Governmental Funds	<u>14,058,631</u>	
Total Business-Type Activities/Proprietary Funds		<u>\$ 4,115,565</u>
<u>Internal Service Fund</u>		
Miscellaneous	148,049	
Total Internal Service Funds	<u>148,049</u>	
Total	<u>\$ 14,206,680</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:

Fiscal Year	Amount
2020	\$ 1,025,000
2021	1,025,000
2022	1,025,000
2023	1,025,000
2024	1,025,000
2025-2029	5,125,000
2030	1,025,000
Total payments due to the City	11,275,000
Less: Amount representing imputed interest	(1,780,000)
Present value of total remaining payments due to the City	<u>\$ 9,495,000</u>

(c) Deferred Inflows/Unearned Revenue

The components of deferred inflow of resources (unavailable revenues and revenues received in advance) and unearned revenues as of September 30, 2019 are as follows:

	Deferred Inflows Revenues	Unearned Revenues
<u>General Fund</u>		
False Alarms	\$ 284,722	\$ -
Delinquent Waste Fees	394,642	-
Ambulance Transport Fees	633,556	-
Donations to Coral Gables Museum	-	-
University of Miami Development Agreement Fee	9,495,000	-
Liens and Other Receivables	239,389	-
Prepaid Business Tax Receipts	2,878,098	-
Prepaid Waste Fees	-	6,153,614
Other fees	-	174,923
Grants and Contributions	9,767,085	703,867
Total	23,692,492	7,032,404
<u>Debt Service Fund</u>		
Miracle Mile/Giralda Streetscape Improvement Assessment	7,733,079	-
Liens and Other Receivables	2,185	-
Total	7,735,264	-
<u>Capital Project - General Improvement Fund</u>		
Grants and Contributions	129,196	26,800
Liens and Other Receivables	47,914	-
Total	177,110	26,800
<u>Other Governmental Funds</u>		
Grants and Contributions	208,320	-
Total	208,320	-
Total Governmental Funds	\$ 31,813,186	
Total Governmental Activities/Funds		\$ 7,059,204
Total Governmental Activities:		
Prepaid Business Tax Receipts	\$ 2,878,098	
<u>Parking Fund</u>		
Prepaid Parking Fees	-	340,944
Total Proprietary Funds		
Business-Type Activities	\$ -	\$ 340,944

(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, 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 adopted several resolutions 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 properties located in the assessment area that specially benefit from the improvement project were allocated with total special assessment of \$7.46 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 commenced with the ad valorem tax bill in November 2017. The total maximum assessment to all property tax parcels is approximately \$11.61 million over the twenty-year period. Additionally, property owners may pay-off their assessment at any time during the 20-year repayment period. Prior to the November 2017 ad valorem tax bill, a total of \$907,596 was received from property owners who prepaid their assessment.

Total annual assessment of \$450,183, of which \$312,290 represents interest cost and other annual cost, was included in the November 2018 tax bill as non-ad valorem special assessment. As of September 30, 2019, a total amount of \$438,061 was collected from the November 2018 tax bill. In addition, \$9,518 was received from property owner as prepayment.

The estimated annual assessment including interest and other costs and the present value of the remaining assessments are as follows:

Fiscal Year	Amount
2020	\$ 569,770
2021	569,770
2022	569,770
2023	569,770
2024	569,770
2025-2029	2,848,850
2030-2034	2,848,850
2035-2037	<u>1,709,310</u>
Total assessments due to the City	10,255,860
Less: Amount representing interest and other costs	<u>(4,012,978)</u>
Present value of total remaining assessments due to the City	<u><u>\$ 6,242,882</u></u>

The total remaining special assessment of \$6.24 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 properties located in the assessment area that specially benefit from the improvement project were allocated with total special assessment of \$1.61 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 commenced with the ad valorem tax bill in November 2017. The total maximum assessment to all property tax parcels is approximately \$2.58 million over the twenty-year period. Additionally, property owners may pay-off their assessment at any time during the 20-year repayment period. Prior to the November 2017 ad valorem tax bill, a total of \$5,853 was received from property owners who prepaid their assessment.

Total annual assessment of \$130,029, of which \$60,091 represents interest cost and other annual cost, was included in November 2018 tax bill as non-ad valorem special assessment. As of September 30, 2019, a total amount of \$124,003 was collected from the November 2017 tax bill.

The estimated annual assessment including interest and other costs and the present value of the remaining assessments are as follows:

Fiscal Year	Amount
2020	\$ 125,160
2021	125,160
2022	125,160
2023	125,160
2024	125,160
2025-2029	625,800
2030-2034	625,800
2035-2037	<u>375,480</u>
Total payments due to the City	2,252,880
Less: Amount representing interest and other costs	<u>(762,683)</u>
Present value of total remaining assessments due to the City	<u>\$ 1,490,197</u>

The total remaining special assessment of \$1.49 million is recognized as an assessment receivable and deferred inflow of resources – unavailable revenue in the governmental fund financial statement.

(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 2019, the City issued the solid waste assessment bill for the annual assessment for fiscal year 2019-2020 to allow resident owners the option of a discounted rate if paid by August 15, 2019. As of September 30, 2019, the City collected \$6.15 million of advance payments related to the annual assessment for fiscal year 2019-2020 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, 2019, the City’s cash, cash equivalents and investments were as follows:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 49,270,540	\$ 168,985,829	\$ 218,256,369
Business-type activities	7,118,713	17,505,569	24,624,282
Pension Trust Funds	10,921,301	400,457,931	411,379,232
Agency Funds	2,221,406	-	2,221,406
Total Cash, Cash Equivalents and Investments	\$ 69,531,960	\$ 586,949,329	\$ 656,481,289
Deposits			\$ 69,531,960
Investments			586,949,329
Total Deposits and Investments			\$ 656,481,289

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 market value of the total fund assets. No more than 10% (at market value) 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 market value of the portfolio in limited partnerships and/or private equity structures in order to diversify the Plan’s portfolio and/or to enhance the Plan’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 investments; 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 (12.5%); Vanguard Short Term Bond ETF (8.79%); Vanguard 500 Index Fund (20.38%) and American Funds Europacific Growth Fund (12.64%).

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. In accordance with the provisions of Florida Senate Bill 1462, no more than 25% of the Plan’s total assets can be invested in foreign securities. In accordance with the Protecting Florida's Investment Act (Fla. Stat. 215.473), the Board is prohibited from directly investing in any companies, identified by the State Board of Administration (SBA) on its website each quarter, as a scrutinized company.

The current target asset allocation range of these investments at market is as follows:

Authorized Investments	Minimum	Maximum
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:

Authorized Investments	Target % of Portfolio
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:

Authorized Investments	Target % of Portfolio
Domestic equity	30%
Foreign equity	10%
Fixed income securities	60%

Fair Value Measurements

The following table presents the fair value hierarchy for investments at fair value as of September 30, 2019:

	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)
Total			
Investments at fair value level:			
<u>City of Coral Gables</u>			
Debt securities:			
US Treasury Securities	\$ 123,381,402	\$ 123,381,402	\$ -
US Agency Fixed Rate Debentures	63,108,930	-	63,108,930
Total Investment by fair value level	186,490,332	\$ 123,381,402	\$ 63,108,930
Investment measured at amortized cost*	1,066		
Total Investments	\$ 186,491,398		
<u>Firefighters' Pension Fund</u>			
Mutual Funds	\$ 5,514,706	\$ 5,514,706	\$ -
Investment by fair value level	5,514,706	\$ 5,514,706	\$ -
Guaranteed Investment Contract	8,471,191		
Total Investments	\$ 13,985,897		
<u>Police Officers' Pension Fund</u>			
Equity securities:			
Mutual Funds	\$ 2,987,303	\$ 2,987,303	\$ -
Total	2,987,303	2,987,303	-
Debt securities:			
Fixed income mutual funds	1,791,030	1,791,030	-
Total Investment by fair value level	4,778,333	\$ 4,778,333	\$ -
Money market funds (exempt)*	1,272,007		
Total Investments	\$ 6,050,340		
<u>City of Coral Gables Retirement Fund</u>			
Equity securities:			
Domestic equities	\$ 160,160,790	\$ 133,648,456	\$ 26,512,334
International equities	15,909,210	15,909,210	-
Total equity securities	176,070,000	149,557,666	26,512,334
Debt securities:			
Government and agency	19,766,188	-	19,766,188
Fixed income fund	1,985,756	-	1,985,756
Corporate bonds	18,976,324	-	18,976,324
Total debt securities	40,728,268	-	38,742,512
Alternative investments:			
Real estate	52,835,187	-	52,835,187
Venture capital	3,678,125	-	3,678,125
Total alternative investments	56,513,312	-	56,513,312
Total investments by fair value level	273,311,580	\$ 149,557,666	\$ 38,742,512
Investment measured at the net asset value (NAV)			
Commingled international equity fund	35,605,355		
Commingled global fixed income fund	4,416,161		
Hedge funds	68,360,605		
Total investment measured at the NAV	108,382,121		
Total investments	\$ 381,693,701		

* 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 processes 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, 2019. 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, 2019. 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, 2019 are as follows:

	Investments Measured at the NAV		
	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled international equity fund ⁽¹⁾	\$ 35,605,355	Daily	Same Day
Commingled global fixed income fund ⁽²⁾	4,416,161	Daily	Same Day
Hedge funds ⁽³⁾	68,360,605	Daily	Quarterly
Total investments measured at the NAV	<u>\$ 108,382,121</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 – 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 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. 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:

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 – valued at the floating net asset value of shares held by the Plan at year end.

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 \$8,471,191 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, 2019 is 3.00%.

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	\$ 186,490,332	\$ -	\$ 186,490,332
*State Board of Administration	1,066	1,066	-
	<u>186,491,398</u>	<u>\$ 1,066</u>	<u>\$ 186,490,332</u>
Deposits	58,610,659		
Total Cash, Cash Equivalents and Investments	<u>\$ 245,102,057</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, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Money market fund	\$ 6,091,706	\$ 6,091,706	\$ -	\$ -	\$ -
U.S. government and agency	19,766,188	994,360	6,721,388	3,241,100	8,809,340
Corporate bonds	18,976,324	1,257,106	15,203,603	2,149,680	365,935
Global fixed income	4,416,161	-	-	-	4,416,161
Other fixed income	1,985,756	-	-	-	1,985,756
	<u>\$ 51,236,135</u>	<u>\$ 8,343,172</u>	<u>\$ 21,924,991</u>	<u>\$ 5,390,780</u>	<u>\$ 15,577,192</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, 2019 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	\$ 1,791,030	\$ 67,425	\$ 998,584	\$ 680,860	\$ 44,161

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	*	\$ 123,381,402	\$ -
US Agency Fixed Rate Debentures	*	63,108,930	-
Mutual Funds	Not Rated	-	5,514,706
		\$ 186,490,332	\$ 5,514,706

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, 2019 as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 16,679,854	32.55%
Rating of credit risk debt securities by S&P:		
AAA	4,219	0.01%
AA+	3,082,113	6.01%
AA	103,604	0.20%
AA-	370,696	0.72%
A+	1,170,921	2.29%
A	2,407,812	4.70%
A-	7,096,046	13.85%
BBB+	5,967,210	11.65%
BBB	1,494,099	2.92%
BBB-	-	0.00%
Not rated	12,859,557	25.10%
Total credit risk debt securities	34,556,277	67.45%
Total fixed income securities	\$ 51,236,131	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, 2019 as applicable:

	Fair Value	Percentage of Portfolio
Rating of credit risk debt securities by Moody's :		
Aaa	\$ 174,352	9.73%
Aa	19,584	1.09%
A	63,272	3.53%
Aa1	21,269	1.19%
Aa2	24,307	1.36%
Aa3	41,524	2.32%
A1	127,612	7.13%
A2	151,919	8.48%
A3	143,816	8.03%
Baa	107,780	6.02%
Baa1	60,767	3.39%
Baa2	80,011	4.47%
Baa3	43,550	2.43%
Ba1	3,038	0.17%
Ba2	3,038	0.17%
Ba3	3,038	0.17%
B1	2,026	0.11%
Not rated	720,127	40.21%
Total credit risk fixed income investments	\$ 1,791,030	100%

Concentration of Credit Risk: The Coral Gables Retirement Fund policy limits investments in equities and fixed income securities to no more than 10% and 10% of an investment manager's portfolio, respectively, in any one issue. There were no individual investments that represent more than 10% of an investment manager's portfolio as of September 30, 2019. 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, 2019 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 investments 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 and the 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 12.25% 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 Plan is authorized by state statutes and the Board's 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 September 30, 2019, the pool had weighted average terms 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, 2019:

Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested
U.S. government and agency obligations	\$ 5,220,942	\$ 5,321,388
Domestic corporate stocks	21,359,381	21,811,063
Domestic corporate bonds	4,614,476	4,726,299
Total Securities Lent	\$ 31,194,799	\$ 31,858,750

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

(a) The following summarizes capital asset activity for the fiscal year ended September 30, 2019:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental Activities:				
Nondepreciable Assets:				
Land	\$ 64,091,947	\$ -	\$ -	\$ 64,091,947
Construction in Progress	10,567,371	30,344,899	(3,608,425)	37,303,845
Total Non-depreciable Assets	<u>74,659,318</u>	<u>30,344,899</u>	<u>(3,608,425)</u>	<u>101,395,792</u>
Depreciable Assets:				
Infrastructure	113,068,020	-	-	113,068,020
Buildings	67,924,643	-	(12,896)	67,911,747
Improvements Other Than Buildings	86,952,993	5,799,340	-	92,752,333
Machinery and Equipment	59,393,301	4,467,854	(1,239,106)	62,622,049
Total Depreciable Assets	<u>327,338,957</u>	<u>10,267,194</u>	<u>(1,252,002)</u>	<u>336,354,149</u>
Less Accumulated Depreciation for:				
Infrastructure	87,662,875	3,021,254	-	90,684,129
Buildings	26,948,843	1,333,896	(12,896)	28,269,843
Improvements Other Than Buildings	18,326,851	2,062,023	-	20,388,874
Machinery and Equipment	35,891,491	4,498,737	(1,192,302)	39,197,926
Total Accumulated Depreciation	<u>168,830,060</u>	<u>10,915,910</u>	<u>(1,205,198)</u>	<u>178,540,772</u>
Total Depreciable Assets, net	<u>158,508,897</u>	<u>(648,716)</u>	<u>(46,804)</u>	<u>157,813,377</u>
Governmental Activities Capital Assets, net	<u>\$ 233,168,215</u>	<u>\$ 29,696,183</u>	<u>\$ (3,655,229)</u>	<u>\$ 259,209,169</u>
Business-Type Activities:				
Nondepreciable Assets:				
Land	\$ 3,701,838	\$ -	\$ -	\$ 3,701,838
Construction in Progress	353,218	582,139	-	935,357
Total Non-depreciable Assets	<u>4,055,056</u>	<u>582,139</u>	<u>-</u>	<u>4,637,195</u>
Depreciable Assets:				
Infrastructure	31,883,289	10,753	-	31,894,042
Buildings	30,247,473	-	(24,000)	30,223,473
Improvements Other Than Buildings	819,926	-	-	819,926
Machinery and Equipment	4,501,021	261,386	(266,065)	4,496,342
Total Depreciable Assets	<u>67,451,709</u>	<u>272,139</u>	<u>(290,065)</u>	<u>67,433,783</u>
Less Accumulated Depreciation for:				
Infrastructure	12,373,922	549,391	-	12,923,313
Buildings	13,259,107	584,398	(12,000)	13,831,505
Improvements Other Than Buildings	506,135	33,220	-	539,355
Machinery and Equipment	2,525,901	372,924	(266,065)	2,632,760
Total Accumulated Depreciation	<u>28,665,065</u>	<u>1,539,933</u>	<u>(278,065)</u>	<u>29,926,933</u>
Total Depreciable Assets, net	<u>38,786,644</u>	<u>(1,267,794)</u>	<u>(12,000)</u>	<u>37,506,850</u>
Business-Type Activities Capital Assets, net	<u>\$ 42,841,700</u>	<u>\$ (685,655)</u>	<u>\$ (12,000)</u>	<u>\$ 42,144,045</u>

Depreciation expense was charged to functions/programs of the City as follows for the fiscal year ended September 30, 2019:

Governmental Activities:	
General Government	\$ 4,982,815
Public Safety	2,518,522
Transportation	505,231
Culture and Recreation	1,491,220
Physical Environment	1,418,122
Total depreciation expense – Governmental Activities	<u>\$ 10,915,910</u>
Business-Type Activities:	
Sanitary Sewer System Fund	\$ 461,803
Parking System Fund	967,675
Stormwater Utility Fund	110,455
Total depreciation expense – Business-Type Activities	<u>\$ 1,539,933</u>

(b) Sale of City Property

On October 9, 2018, the City Commission approved Ordinance No. 2018-45 authorizing a purchase and sale agreement for the sale of the city-owned parcel of land for a purchase price of \$10.4 million. The sale of the property was closed on December 13, 2018.

NOTE 6 - INTERFUND TRANSACTIONS

The interfund balance between General Fund and General Obligation Bond represents short-term loans 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>
Major governmental fund:		
General Fund	\$ 215,000	\$ -
Nonmajor governmental fund:		
General Obligation Bond	-	215,000
	<u>\$ 215,000</u>	<u>\$ 215,000</u>

Interfund transfers for the fiscal year ended September 30, 2019 are as follows:

	Transfer In					Total
	Major Governmental Funds			Non-Major Governmental Fund	Major Proprietary Fund	
	General	Debt Service	General Improvement	Roadway Improvement	Parking	
Transfer out:						
Major governmental fund:						
General	\$ -	\$ 8,135,158	\$ 10,234,400	\$ 592,153	\$ -	\$ 18,961,711
General Improvement					96,810	96,810
Major proprietary fund:						
Sanitary Sewer	909,991	-	-	-	-	909,991
Parking System	8,215,151	-	-	-	-	8,215,151
Non-major proprietary fund						-
Stormwater	17,227	-	-	-	-	17,227
Internal Service fund:						
Motor Pool	346,709	-	-	-	-	346,709
Public Facilities	1,232,837	-	-	-	-	1,232,837
Insurance Fund	1,320,723	-	-	-	-	1,320,723
	<u>\$ 12,042,638</u>	<u>\$ 8,135,158</u>	<u>\$ 10,234,400</u>	<u>\$ 592,153</u>	<u>\$ 96,810</u>	<u>\$ 31,101,159</u>

Transfer out from the General Fund to General Improvement Fund and Roadway Improvement Fund was primarily to provide additional funding for capital project expenditures. Transfer out from General Fund to the Debt Service Fund is required to provide funds to pay debt service requirements related to the special revenue bonds. Transfers out from Parking Systems Fund, Sanitary Sewer Fund, Stormwater Fund, Motor Pool Fund, Public Facilities 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. Transfer out from General Improvement Fund to Parking Fund was primarily for the acquisition and installation of new parking pay stations.

NOTE 7 - LONG-TERM DEBT

(a) Following is a summary of the City’s Special Obligation Bonds at September 30, 2019:

Issue Date	Maturity Date	Interest Rate	Amount Authorized	Amount Issued	Amount Retired	Balance Outstanding 09/30/19	Current Portion
Governmental Activities:							
06-30-2011	10-01-2032	1.51%	\$ 4,365,000	\$ 4,365,000	\$ 1,155,000	\$ 3,210,000	185,000
06-05-2012	10-01-2031	2.67%	43,096,290	43,096,290	43,096,290	-	-
02-28-2013	10-01-2028	2.40%	7,725,700	7,725,700	2,139,000	5,586,700	501,400
02-28-2013	10-01-2028	3.43%	4,350,000	4,350,000	1,220,000	3,130,000	265,000
12-19-2014	04-01-2030	2.50%	6,500,000	6,500,000	1,505,000	4,995,000	400,000
02-26-2016	04-01-2019	2.00%	570,000	570,000	570,000	-	-
04-28-2016	04-01-2037	2.92%	16,975,000	16,975,000	750,000	16,225,000	645,000
04-28-2016	04-01-2037	3.045%	4,460,000	4,460,000	335,000	4,125,000	175,000
05-31-2018	04-01-2048	3.640%	48,015,000	48,015,000	300,000	47,715,000	300,000
05-31-2018	10-01-2031	2.840%	28,486,030	28,486,030	2,475,805	26,010,225	2,170,151
			164,543,020	164,543,020	53,546,095	110,996,925	4,641,551
Business-Type Activities:							
06-05-2012	10-01-2031	2.67%	6,253,710	6,253,710	6,253,710	-	-
02-28-2013	10-01-2028	2.40%	9,069,300	9,069,300	2,511,000	6,558,300	588,600
08-12-2014	10-01-2024	2.42%	3,770,000	3,770,000	1,400,000	2,370,000	370,000
05-31-2018	10-01-2031	2.840%	4,133,970	4,133,970	359,195	3,774,775	314,850
			23,226,980	23,226,980	10,523,905	12,703,075	1,273,450
			\$ 187,770,000	\$ 187,770,000	\$ 64,070,000	\$ 123,700,000	5,915,001

The City’s special obligation bonds consist of direct borrowings from the Sunshine State Governmental Financing Commission (SSGFC) to provide funds for the acquisition, construction and improvements of capital facilities, and are secured by a covenant to budget and appropriate from available non-ad valorem revenues of the City, with the exception of the Series 2016A and Series 2016B which are also secured by special assessments imposed on local areas within the City. With respect to the governmental special obligation bonds, fiscal year 2019 debt service was \$9,244,177 while total non-ad valorem tax revenue totaled \$84,826,059. For the business-type special obligation bonds, fiscal year 2019, debt service totaled \$1,651,478 while total non-ad valorem revenue totaled \$30,309,303. All revenue pledges remain in effect for the life of the special obligation bonds through final maturity date of April 1, 2048. Direct borrowings from SSGFC contain a provision that in an event of default by the City the SSGFC have the rights to act and exercise remedies as provided in the agreement to collect amounts due and thereafter to become due.

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, 2019, 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, 2019, are as follows:

BUSINESS-TYPE ACTIVITIES							
Fiscal Year	Direct Borrowings Special Obligation Debt			Capital Leases			Business-Type Activities Total Requirements
	Principal	Interest	Total Required	Principal	Interest	Total Required	
2020	\$ 1,273,450	\$ 376,655	\$ 1,650,105	\$ -	\$ -	\$ -	\$ 1,650,105
2021	1,211,427	337,731	1,549,158	-	-	-	1,549,158
2022	1,242,530	300,139	1,542,669	-	-	-	1,542,669
2023	1,303,572	260,835	1,564,407	-	-	-	1,564,407
2024	1,338,475	219,725	1,558,200	-	-	-	1,558,200
2025-2029	5,394,396	545,656	5,940,052	-	-	-	5,940,052
2030-2033	939,225	42,601	981,826	-	-	-	981,826
Total	12,703,075	\$ 2,083,342	\$ 14,786,417	-	\$ -	\$ -	\$ 14,786,417
Less: Current portion	(1,273,450)			-			
Long-term portion	\$ 11,429,625			\$ -			

GOVERNMENTAL ACTIVITIES							
Fiscal Year	Direct Borrowings Special Obligation Debt			Capital Leases			Governmental Activities Total Requirements
	Principal	Interest	Total Required	Principal	Interest	Total Required	
2020	\$ 4,641,551	\$ 4,274,482	\$ 8,916,033	\$ 146,179	\$ 6,278	\$ 152,457	\$ 9,068,490
2021	4,313,573	4,100,293	8,413,866	85,147	4,142	89,289	8,503,155
2022	4,637,470	3,927,450	8,564,920	99,983	745	100,728	8,665,648
2023	5,141,429	3,735,183	8,876,612	-	-	-	8,876,612
2024	5,426,526	3,523,224	8,949,750	-	-	-	8,949,750
2025-2029	29,880,605	13,922,951	43,803,556	-	-	-	43,803,556
2030-2033	22,100,771	8,330,238	30,431,009	-	-	-	30,431,009
2034-2038	13,475,000	5,433,256	18,908,256	-	-	-	18,908,256
2039-2043	10,960,000	3,283,950	14,243,950	-	-	-	14,243,950
2044-2048	10,420,000	970,938	11,390,938	-	-	-	11,390,938
Total	110,996,925	\$ 51,501,965	\$ 162,498,890	331,309	\$ 11,165	\$ 342,474	\$ 162,841,364
Less: Current portion	(4,641,551)			(146,179)			
Long-term portion	\$ 106,355,374			\$ 185,130			

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, 2019, 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	\$ 10,762,130	\$ 6,235,912	\$ 5,998,955	\$ 10,999,087	\$ 6,067,401
Claims Payable	13,279,000	2,621,657	3,095,657	12,805,000	4,471,000
Special Obligation Debt from direct borrowings	115,915,330	-	4,918,405	110,996,925	4,641,551
Premium on Special Obligation Debt from direct borrowings	6,912,718	-	997,783	5,914,935	-
Capital Lease	451,395	123,776	243,862	331,309	146,179
Obligation on Purchase and Sale of Land	11,500,000	-	-	11,500,000	-
Pollution Remediation Obligation	160,000	-	-	160,000	-
Advances from Insurance Company	-	750,000	-	750,000	750,000
Total OPEB Liability	25,830,729	198,490	-	26,029,219	-
Net Pension Liability	191,825,843	1,760,935	-	193,586,778	-
	\$ 376,637,145	\$ 11,690,770	\$ 15,254,662	\$ 373,073,253	\$ 16,076,131

During the year ended September 30, 2019, the following changes occurred in long-term liabilities of business type activities:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
	361,836	-	59,012	302,824	-
	\$ 21,357,075	\$ 192,215	\$ 2,060,043	\$ 19,489,247	\$ 1,468,784

(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, 2019, the unamortized amounts of deferred charge on refunding are \$117,151 for governmental activities and \$79,212 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; \$4,350,000 issued on February 28, 2013; and \$570,000 loan issued on February 26, 2016, which are taxable.

(c) Obligation on Purchase and Sale of Land

In 2017, the City entered into a Purchase and Sale Agreement ("PSA") with a private developer (the "Developer") related to a land exchange. As provided in the terms of the PSA, including its first and second amendments, the City agreed to sell and the Developer agreed to purchase the City's existing public safety building and land ("Salzedo Parcel"). Also, the Developer agreed to sell and the City agreed to purchase the Developer's vacant land ("Minorca Parcel"). The first closing that occurred was the Minorca Parcel closing which took place on December 23, 2017. In consideration for the conveyance of the Minorca Parcel to the City, the Developer shall receive from the City the conveyance of the Salzedo Parcel and impact fee credit of \$2 million. The City took possession of the Minorca Parcel where the new public safety building and parking garage are being built. The City has three (3) years to complete the construction project and to convey the Salzedo Parcel to the Developer no later December 23, 2020 which is the proposed Salzedo Closing date. In the event that the Developer exercises its right to terminate the Agreement after the City took possession of the Minorca Parcel, the City has two years after the delivery of termination notice by the Developer, to pay the Developer \$11.5 million for the Minorca Parcel and the Developer forfeits its right to the impact fee credit. On the proposed Salzedo Parcel Closing date, the Developer shall pay the City the purchase price of \$5.2 million for the Salzedo Parcel. In the event that the Salzedo Parcel closing did not occur on or before December 23, 2020, the purchase price of \$5.2 million will be decreased by certain amounts based on the purchase price reduction schedule provided in the Agreement.

In September 2019, the City adopted Ordinance 2019-29 approving the third amendment to the PSA to provide for additional land exchange terms in the event the Developer elects, in the exercise of its sole discretion to acquire certain parcel of real property ("Valencia/Almeria Parcels") and conveys the Salzedo Parcel to the owner of Valencia/Almeria Parcels ("Mercedes). The Developer shall provide written notice to the City, at least thirty (30) day prior to the Salzedo Parcel Closing Date, of its intent to acquire the Valencia/Almeria Parcels or the Salzedo Parcel. In the event that the Salzedo Parcel is conveyed to Mercedes by Developer, (a) the City's right of first offer for a period of one year would only apply to any conveyance of the Valencia/Almeria Parcel by Developer to any unaffiliated entity and not to the Salzedo Parcel; (b) the use restriction set forth in the PSA shall be applicable to the Valencia/Almeria Parcels and not to the Salzedo Parcel; (c) the impact fee credit set forth in the PSA shall not be applicable to the Salzedo Parcel and instead the Developer may use the impact fee credit with the development of the Valencia/Almeria Parcels; (d) should the Developer acquire the Valencia/Almeria Parcels prior to the Salzedo Closing Date, then upon thirty (30) days prior written notice by Developer, the City shall convey the Salzedo Parcel to Mercedes directly on the Salzedo Closing Date, and Developer would pay the purchase price (subject to adjustments, as provided in the PSA) to the City; and (e) the Proposed Salzedo Closing Date was extended by two (2) months from December 23, 2020 to February 23, 2021.

As of September 30, 2019, the City has recognized a long-term obligation to the Developer in the amount of \$11.5 million for the Minorca Parcel where the new public safety building and parking garage are being built. The final settlement of this obligation by the City is dependent on the Developer’s exercise of its right to close on the Salzedo Parcel or terminate the Agreement on or before February 23, 2021.

(d) 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 \$5,780,879 net of accumulated depreciation of \$4,893,811 for governmental activities; and \$858,406 as the capitalized basis and \$858,406 accumulated depreciation for business-type activities.

Future minimum lease obligations are as follows:

Governmental Activities	
<u>Year ending September 30:</u>	<u>Amount</u>
Total minimum lease payments	\$ 342,474
Less: Amount representing interest	(11,165)
Present value of minimum lease payments	<u>\$ 331,309</u>

NOTE 8 - EMPLOYEE PENSION PLANS

The City’s employee retirement plans include one single-employer defined benefit plan and six defined contribution plans.

(a) Defined Benefit Plan

Coral Gables Retirement Plan

(1) Plan Description

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 Plan's governing board consists of 13 members, as follows:

- One is elected by the participating police officers
- One is elected by the participating firefighters
- One is elected by the participating employees, other than police officers and firefighters
- One is elected by all current fulltime participating employees
- Five are legal residents of the City who are not participants and are appointed by the City Commission
- The City Finance Director
- The City Labor Relations and Risk Management Director
- Two are recommended by the City Manager and approved by the City Commission

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

Plan Membership - Plan membership consisted of the following as of October 1, 2018:

Retirees and beneficiaries currently receiving benefits, including DROP, and terminated employees entitled to benefits, but not yet receiving them	979
<hr/>	
Current Employees:	
Vested	294
Non-vested	308
Total	602

Pension Benefits

Normal Retirement Date

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 earliest of (a) age 52 and 10 years of credited service, (b) age 65 or (c) when the participant’s 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 earliest of (a) age 62 and 10 years of credited service, (b) age 65 and 6 years of service or (c) when the participant's age plus years of credited service equals or exceeds 80 (Rule of 80).

Police officers with more than 10 years of credited service at September 30, 2012 may retire and receive normal retirement benefits upon reaching the earliest of (a) age 52 and 10 years of credited service, (b) age 65 or (c) when the participant’s age plus years of credited service equals or exceeds 70 (Rule of 70). Police officers with less than 10 years of credited service at September 30, 2012, may retire and receive normal retirement benefits upon reaching the earliest of (a) age 55 and 10 years of credited service or (b) 25 years of credited service, regardless of age.

Firefighters with more than 10 years of credited service at September 30, 2013 may retire and receive normal retirement benefits upon reaching the earliest of (a) age 52 and 10 years of credited service, (b) age 65 or (c) when the participant’s age plus years of credited service equals or exceeds 70 (Rule of 70). Effective October 1, 2019, firefighters with less than 10 years of credited service at September 30, 2013, may retire and receive normal retirement benefits upon reaching the earliest (a) age 51 and 25 years of credited service or (b) when your age plus full years of credited service equal 76 (Rule of 76).

Benefit Payment

For credited service through and including September 30, 2013 and 2012, the monthly amount of normal retirement income payable to firefighters and police officers, respectively, shall equal 3% of the average final compensation multiplied by the total years of credited service as of such date, not to exceed 75% of the average financial compensation. For credited service after September 30, 2013 and 2012, the monthly amount of normal retirement income payable to firefighters and police officers, respectively, shall equal 3% of the 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.

Effective September 30, 2013, the term “average financial compensation” for firefighters means:

- For participants who retire between October 1, 2012 and September 30, 2013, the greater of (a) the highest three-year average total earnings as of the date of retirement or (b) the highest four-year average total earnings;

- For participants who retire between October 1, 2013 and September 30, 2014, the greater of (a) the highest four-year average total earnings as of the date of retirement or (b) the highest five-year average total earnings;
- For participants who retire on or after October 1, 2014, the highest five-year average earnings;

Effective September 30, 2012, the term “average financial compensation” for police officers means:

- For participants who retire before October 1, 2012, the highest three-year average total earnings.
- For participants who retire between October 1, 2012 and September 30, 2013, the greater of (a) the highest three-year average total earnings as of the date of retirement or (b) the highest four-year average total earnings;
- For participants who retire between October 1, 2013 and September 30, 2014, the greater of (a) the highest four-year average total earnings as of the date of retirement or (b) the highest five-year average total earnings;
- For participants who retire on or after October 1, 2014, the highest five-year average earnings;

Effective September 30, 2013 and 2012, retirement benefits for firefighters and police officers, respectively, shall be based on pensionable earnings and not total earnings. For both firefighters and police officers, pensionable earnings exclude certain compensation, such as unused annual leave, unused sick leave, special assignment pay, all overtime payments, and tuition reimbursement, amongst others.

Effective February 28, 2017, the monthly normal retirement benefit was changed to provide police officers an enhanced benefit for the 25th year of credited service. 10%, as opposed to 2.5% of average financial compensation, may be applied to the 25th year of credited service, such that the total normal retirement income does not exceed 75% of average final compensation.

Effective September 30, 2010, the monthly amount of normal retirement income payable for general and excluded employees who retire after that date shall equal the greater of the participant’s five-year or three-year average earnings as of the date of retirement (or separation from employment) as of September 29, 2010, multiplied by total years of credited service and by a percentage, as applicable below:

General:

- (a) elected: 3% multiplier
- (b) other general: 2.25% multiplier

Excludable:

- (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
- (d) appointed officials: 3% multiplier

Effective March 13, 2018, the maximum retirement benefit in the normal annuity form for general and excluded employees with less than 10 years of credited service on March 13, 2018 shall not exceed the lesser of \$50,000 annually or 75% of final average compensation. For participants with 10 or more years of service on March 13, 2018, the maximum retirement benefit in the normal annuity form shall not exceed \$67,500 annually or 75% of final average compensation. In no event, shall a participant’s benefit be less than the accrued benefit on March 13, 2018.

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.

As to 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 or more of service on or after December 31, 1993, the benefit will be calculated using 80% of the highest two-year average annual earnings.

For bargaining unit members who are not eligible for normal retirement as of February 28, 2017 and whose accrued annual pension benefit as of February 28, 2017 does not exceed \$95,000 per year, the total pension benefit will be the lesser of 75% of average financial compensation or \$95,000. Effective September 30, 2019, the cap changes to the lesser of 75% of average financial compensation or \$96,900.

Effective March 13, 2018, for participants in the bargaining unit represented by Teamsters Local Union 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.

Early retirement, disability, death and other benefits are also provided. For police officers and firefighters not eligible for normal retirement at September 30, 2012 and September 30, 2013, respectively, early retirement is eliminated.

Deferred Retirement Option Plan

Members who continue employment with the City and meet the earliest Deferred Retirement Option Plan (the "DROP") eligibility date may freeze their accrued benefit and enter the DROP. Maximum participation in the DROP shall be 5 years for general and police members and 8 years for firefighter members for members entering the drop prior to February 28, 2017. Effective February 28, 2017, the maximum participation in the DROP shall be 7 years for police members entering the DROP on or after February 28, 2017. Effective September 30, 2019, the maximum participation in the DROP shall be 5 years for police members entering the DROP on or after September 30, 2019.

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 assumption rate of return per year, compounded annually.

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 at September 30, 2019 was \$27,707,831.

A participant, other than a firefighter or police officer, who enters the DROP on or after October 1, 2010, must submit a written election to participate in the DROP at least 30 days prior the DROP entry date. Such participant may delay entry into the DROP for up to 3 years past the earliest DROP eligibility date. If entry is delayed beyond 3 years, the participant must reduce the maximum DROP period by one month for each month of delayed DROP entry.

For firefighter and police officer participants, the election to enter the DROP must be made no later than six months after the later occurrence of events which constitute a DROP eligibility date. Police officers, however, can defer entry into the DROP for any length of time beyond their initial DROP eligibility date.

A summary of the changes in the DROP balance as of September 30, 2019 is as follows:

Beginning balance	\$ 37,317,243
Additions	7,222,970
Distributions	(18,227,172)
Interest earned	1,394,790
Ending balance	<u>\$ 27,707,831</u>

Cost of Living Adjustment (“COLA”)

Effective January 1 of each year, participants who were receiving benefits for the full preceding year will receive a cost of living increase based on a formula as defined in the ordinance, if the market value rate of return is greater than or equal to 10%. 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.

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.

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

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.

Prior to September 30, 2013, police officer and firefighter 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.

Effective September 30, 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, 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.

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, Union 769 employees are required to contribute 15.00% of total earnings and excluded employees shall contribute in accordance with the cost-sharing provisions with the City.

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 0.5% 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.

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 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.

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 to the employees. The City's contribution is reduced by the following:

- (a) For police officers and firefighters:
 - Pursuant to Florida Statutes, Chapters 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) contribution 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):
- Employee 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 employees' contribution increases.
 - The City's October 1, 2009 contribution requirements, as adjusted for the September 27, 2010 Actuarial Impact Statement, will be further adjusted for the impacts of any changes in Actuarial Assumptions and/or methods subsequent to October 1, 2009.

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.

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, real estate 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 Administrative Manager, 147 Alhambra Circle, Suite 215, Coral Gables, Florida 33134.

(2) Basis of Accounting for Coral Gables Retirement System

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 and the City has made a commitment to pay. 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 three months or less when purchased to be cash equivalents.

Investments - See Note 4 for disclosures

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Purchases and sales of securities 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 employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Net Pension Liability

The City’s net pension liability was measured as of September 30, 2018 and rolled-forward to September 30, 2019, 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, 2019 were as follows:

	Amount
Total pension liability	599,056,362
Plan fiduciary net position	(399,954,461)
Total net pension liability	199,101,901
Plan fiduciary net position as a percentage of the total pension liability	66.76%

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal, Level Percent of Pay
Inflation	2.50%
Salary increases	3.25% - 7.25%, depending on age, including inflation.
Investment rate of return	7.65%
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 active members and RP-2000 Healthy Annuitant Mortality Table for nondisabled inactive members, with mortality improvements projected to all future years using Scale BB.

RP-2000 Combined Healthy Participant Mortality Table for active members and RP-2000 Healthy Annuitant Mortality Table for nondisabled inactive members, with mortality improvements projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% white color adjustment / 50% blue collar adjustment for General Employees and a 10% white collar adjustment / 90% blue collar adjustment for

Police Officers and Firefighters. These are the same mortality rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System (FRS), as required under Florida Statutes Chapter 112.63.

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of an actuarial experience study for the six-year period ending September 30, 2015.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected 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 7.65%. This single discount rate was based on the expected rate of return on pension plan investment of 7.65%. 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 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	\$ 573,403,021	\$ 375,542,430	197,860,591
Changes for the year:			
Service cost	6,203,806	-	6,203,806
Interest on the total pension liability	43,073,290	-	43,073,290
Changes of benefit terms	15,359,754	-	15,359,754
Difference between expected and actual experience	3,580,739	-	3,580,739
Changes of assumptions	5,080,632	-	5,080,632
Contributions - employer	-	26,437,994	(26,437,994)
Contributions - nonemployer	-	145,830	(145,830)
Contributions - member	-	5,000,505	(5,000,505)
Net investment income	-	40,945,125	(40,945,125)
Benefit payments	(47,007,332)	(47,007,332)	-
Refunds	(637,548)	(637,548)	-
Administrative expense	-	(472,543)	472,543
Net changes	25,653,341	24,412,031	1,241,310
Ending Net Pension Liability	<u>\$ 599,056,362</u>	<u>\$ 399,954,461</u>	<u>\$ 199,101,901</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 7.65%, 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 (6.65 percent) or 1-percentage-point higher (8.65 higher) than the current rate as of September 30, 2018 and rolled-forward to September 30, 2019:

	City's Net Pension Liability		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
September 30, 2019	\$ 256,942,563	\$ 199,101,901	\$ 150,307,026

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

For the year ended September 30, 2019, the City recognized pension expense of \$32,680,305 as follows:

Amounts recognized in pension expense:

Changes for the year:

Service cost	\$ 6,203,806
Interest on the total pension liability	43,073,290
Current period benefit changes	15,359,754
Contributions - member	(5,000,505)
Projected earnings on plan investments	(29,107,858)
Administrative expense	472,543
Recognition of outflow (inflow) of resources due to liabilities	5,783,939
Recognition of outflow (inflow) of resources due to assets	(4,104,664)
Net changes	<u>\$ 32,680,305</u>

As of September 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,801,451	\$ 1,272,769
Changes in assumptions	9,291,368	-
Employer contributions made subsequent to the measurement date	27,711,736	-
Net difference between projected and actual earnings on pension plan investments	-	19,361,914
Total	<u>\$ 39,804,555</u>	<u>\$ 20,634,683</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>
2020	\$ 2,216,100
2021	(3,098,008)
2022	(5,292,501)
2023	(2,367,455)
2024	-
Total	<u>\$ (8,541,864)</u>

The deferred outflow of resources of \$27,711,736 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, 2020.

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, 2019, the Plan membership consisted of 269 active members.

Employees are fully vested after 10 years of credited service in the Plan; no partial vesting is provided. Amounts forfeited by employees for any reason are redistributed to the remaining participants based on the relative amounts of shares held.

The City contributions for the fiscal year were \$581,065 representing 3.78% of total covered payroll of police officers participating in the Plan of \$15,387,925.

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, 2019, there are 122 active and 34 inactive plan members with combined participating shares of 1,074 in the Plan.

The City contributions for the fiscal year were \$854,226 representing 5.8% of total covered payroll of firefighters participating in the plan of \$14,529,617.

(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
STATEMENT OF FIDUCIARY NET POSITION
FIREFIGHTERS' PENSION FUND
September 30, 2019

ASSETS	
Cash and Cash Equivalents	\$ 110,410
Investments:	
Guaranteed Investment Contract	8,471,191
Mutual Funds	5,514,706
Total Assets	<u>14,096,307</u>
LIABILITIES	
Due to Coral Gables Retirement Fund	<u>52,271</u>
NET POSITION	
Restricted for Pension Benefits	<u><u>\$ 14,044,036</u></u>

CITY OF CORAL GABLES, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIREFIGHTERS' PENSION FUND
For the Fiscal Year Ended September 30, 2019

ADDITIONS	
Contributions:	
Employer	<u>\$ 854,226</u>
Investment Income:	
Depreciation in the Fair Value of Investments	(69,589)
Investment Earnings	253,059
Total Investment Income	<u>183,470</u>
Less Investment Expense	<u>(25,941)</u>
Net Investment Income	<u>157,529</u>
Total Additions	1,011,755
DEDUCTIONS	
Employee Benefits	2,910,788
Administrative expense	<u>23,333</u>
Total Deductions	<u>2,934,121</u>
Change in Net Position	(1,922,366)
Net Position Restricted for Pension Benefits – Beginning	<u>15,966,402</u>
Net Position Restricted for Pension Benefits – Ending	<u><u>\$ 14,044,036</u></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, 2019, the City’s total contribution to the 401(a) defined contribution plans was \$425,227.

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).

Employees Covered by Benefit Terms – At September 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	158
Active employees	767
Total	925

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 liability, as it does for its retiree pension plans.

Total OPEB Liability

The City’s total OPEB liability was measured as of September 30, 2018 and was determined by an actuarial valuation as of September 30, 2017.

Actuarial Assumptions

The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Discount rate*	3.83%
Projected salary increases	3.25% - 7.25%
Healthcare cost trend rates	Based on the Getzen Model starting at 7.0% gradually decreasing to an ultimate rate of 4.3% in 2040
Retirees' share of benefit-related costs	100% of blended health insurance premium rates except by law of 0% for certain conditions for Police Officers and Firefighters death and disability benefits.

*Discount rate is based on the Fidelity 20-Year Municipal GO AA Index.

Mortality rates – healthy members based on various RP-2000 mortality tables with varying Collar adjustments and generational mortality improvements with Scale BB. Disabled employees based on RP-2000 disabled mortality tables setback 4 years for males and set forward 2 years for females and no projected improvements.

The actuarial assumptions used in the September 30, 2017 actuarial valuation are based on results on experience studies conducted by the Florida Retirement System as of 2014 and the City as of 2014.

Discount Rate

A discount rate of 3.83% was used to measure the September 30, 2018 total OPEB Liability. The rate is based on the Fidelity 20-Year Municipal GO AA Index – daily rate closest or equal to but not later than the respective measurement date.

Changes in Total OPEB Liability

Beginning Total OPEB Liability	\$ 26,460,491
Changes for the year:	
Service cost	1,190,160
Interest	955,093
Difference between actual and expected experience	-
Changes of assumptions	(1,211,078)
Benefit payments	(730,846)
Net changes	203,329
Ending Total OPEB Liability	\$ 26,663,820

Sensitivity of the Total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the City calculated using the discount rate of 3.83%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.83 percent) or 1-percentage-point higher (4.83 percent) than the current rate:

City's Total OPEB Liability		
1% Decrease (2.83%)	Current Discount Rate (3.83%)	1% Increase (4.83%)
\$ 30,613,551	\$ 26,663,820	\$ 23,456,316

Sensitivity of the Total OPEB Liability to the Trend Rate Assumption

The following presents the total OPEB liability of the City calculated using a healthcare cost trend rate that is 1% point higher and 1% point lower than the assumed healthcare cost trend rate:

<u>Sensitivity of the Total OPEB Liability to the Trend Rate Assumption</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Trend Rates	6.0% to 3.3%	7.0% to 4.3%	8.0% to 5.3%
Total OPEB Liability	\$ 23,105,269	\$ 26,663,820	\$ 31,136,947

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$1,662,253 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ -	\$ 553,281
Changes in assumptions	-	1,957,135
Employer contributions made subsequent to the measurement date	784,629	-
Total	<u>\$ 784,629</u>	<u>\$ 2,510,416</u>

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

Year Ending September 30:	<u>Net Deferred Inflow of Resources</u>
2020	\$ 496,158
2021	496,158
2022	496,158
2023	496,158
2024	296,660
Thereafter	229,124
Total	<u>\$ 2,510,416</u>

The deferred outflow of resources of \$784,629 resulting from City contributions to OPEB Plan subsequent to the measurement date will be recognized as a reduction of the total OPEB liability/expense for the fiscal year ending September 30, 2020.

The Schedule of Changes in the Total OPEB 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 total OPEB liability and contributions for the City’s OPEB plan

NOTE 10 - POLLUTION REMEDIATION OBLIGATIONS

As of September 30, 2019, 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 completion 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 \$75,000 and requested extension of time to complete the remediation and reporting requirements by December 30, 2021. This has been recorded as a long-term liability in the City's financial statements for the year ended September 30, 2019.
- 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, 2018, 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, 2019.
- c) Former Coral Gables Incinerator Site Assessment - In December 2005, the City demolished the incinerator building, combustion chambers and the incinerator stack at the Public Works Facility located at 2800 SW 72nd Avenue. After the demolition activities were completed, the City's consultants conducted a limited site assessment of the existing soil and groundwater conditions in August and September 2007. Based upon the soil and groundwater analytical results, the levels of contamination detected are essentially equivalent and or above the cleanup target levels for residential and commercial/industrial use levels. Based on these results, the Miami-Dade RER required the City to submit a Site Assessment Report Addendum (SARA) to address the outstanding environmental assessment and remediation requirements of the former incinerator. As of September 30, 2019, the City is in the process of completing the SARA and assessing the options for cleanup of the site. Accordingly, as of September 30, 2019 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. In November 2019, the City began with the source removal, engineering control plan and covenant package and will be preparing all the require paperwork for submission to DERM by March 2020. The City estimates the costs for this entire obligating event to be \$85,000. This has been recorded as a long-term liability in the City’s financial statements for the year ended September 30, 2019

As of September 30, 2019, the City’s total liability related to the pollution remediation obligating events is \$160,000.

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 health programs for employee except for Police Officers and Firefighters. For Police Officers and Firefighters the City participate in health trust fund and pay only the union negotiated premium amount.

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

	2019	2018
Unpaid claim payable, beginning	\$ 13,279,000	\$ 12,732,000
Incurred claims and claim adjustments	2,621,657	3,210,107
Claims payments	(3,095,657)	(2,663,107)
Unpaid claims payable, ending	<u>\$ 12,805,000</u>	<u>\$ 13,279,000</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 \$181,762. 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, 2019 was approximately \$41.59 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>
2020	\$ 4,989,581
2021	4,519,633
2022	4,129,620
2023	4,143,404
2024	4,099,337
2025-2029	17,422,124
2029-2034	10,322,373
2035-2039	4,341,171
2040-2043	436,625
	<u>\$ 54,403,868</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.

For the year ended September 30, 2019, the City billed to and received from the Palace \$172,583 and \$9,083 for the Lease and Development Agreement and Parking Garage Lease and Development Agreement, respectively. Also, the City billed and received from the Palace as of September 30, 2019 percentage rent of \$154,544 for the lease term August 1, 2017 to July 31, 2018. 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 \$50,125,208. Depreciation expense on leased assets was \$513,989 for the fiscal year ended September 30, 2019.

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, 2019, the City billed and collected from the management company \$312,448 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, 2019, the City billed the base fee amount of \$650,865 and the 3.5% of the annual net revenue of \$766,319 for a total fee amount of \$1,417,184. 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, 2019, the City billed and collected from the management company \$308,572 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, 2019 is \$3.34 million.

Biltmore National Historic Monument Renovation Agreement - In September 2018, the City and Biltmore Management Company entered into a National Historic Monument Renovation Agreement (“Renovation Agreement”) where the City agrees to redirect to Biltmore fifty (50%) of the annual base and percentage rent paid by the Biltmore to the City not to exceed the total of \$5.25 million over seven years through September 2025, for the sole and exclusive purpose of renovating this historic monument. The City’s contribution shall be used for the payment of those qualifying renovation expenditures incurred by the management company based on agreed-upon procedures report from certified public accountant.

The first and second annual payments of the contribution were made in fiscal year 2019 in the amount of \$765,941 and \$702,544 based on 50% of total annual and percentage rent received from Biltmore for calendar year 2017 and 2018 and covered the qualifying expenditures from period from January 1, 2015 to December 31, 2018. The third annual payment of contribution in fiscal year 2020 will be based on 50% of total annual and percentage rent received from Biltmore for calendar year 2019 and covered the qualifying expenditures from period from January 1, 2019 to December 31, 2019. Subsequent annual payments beginning in fiscal year 2021 shall cover qualifying expenditures incurred by Biltmore during the immediately prior calendar year.

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, 2018, the City billed and collected from the management company \$170,826 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. For the year ended September 30, 2019, the City billed and collected \$857,990 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 twenty-two (22) historic properties with tax exemption as of September 30, 2019 and abated taxes in the amount of \$37 thousand in fiscal year 2019. Estimated property tax of \$143 thousand will be abated over the remaining terms of the tax exemption as of fiscal year 2019.

NOTE 17 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

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 beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interest – an amendment of GASB No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligation by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

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 Financial Crime 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

As of September 30, 2019, FEMA and State of Florida approved and obligated project worksheets amounted to approximately \$11.7 million of the City's eligible expenditures related to Hurricane Irma recovery efforts. Of this amount, approximately \$10.2 million has been incurred by the City as of September 30, 2019 and \$1.15 million was received by the City from FEMA and State of Florida. In addition, during fiscal year 2019 the City received \$750 thousand from its insurance company as advance funding for damages incurred on City property covered by insurance. In the General Fund financial statement as of September 30, 2019, \$9.65 million is recognized as due from government agency and deferred inflow of resources for grants, \$703 thousand is recognized as unearned grant revenue for funds received in advance for obligated project worksheets where the City has not incurred the eligible expenditures, and \$473 thousand is recognized as grant revenue. In the Insurance Fund financial statement as of September 30, 2019, \$750 thousand is recognized as advances from insurance company.

NOTE 20 – SPECIAL ITEM

As part of the transition of the responsibility for the management of the special taxing districts from Miami-Dade County, Florida to the City, the County transferred to the City the fund balance of the Special Taxing District of \$183,234 which is presented in the financial statements as a special item.

NOTE 21 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the City's operations, suppliers or other vendors, and customer base. Any quarantines, labor shortages or other disruptions to the City's operations, or those of their customers and residents, may adversely impact the City's revenues, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the City operates, resulting in an economic downturn that could affect demand for goods and services. The extent to which the coronavirus will impact the City's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Required Supplementary Information

(Unaudited)

Supplementary Information

Notes to Required Supplementary Information

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 102,865,256	\$ 102,865,256	\$ 104,009,084	\$ 1,143,828
Licenses	3,524,000	3,524,000	3,347,817	(176,183)
Permits	7,649,000	7,666,000	8,493,360	827,360
Fines and Forfeitures	1,962,000	1,962,000	2,497,086	535,086
Intergovernmental	5,787,925	6,177,395	6,441,622	264,227
Charges for Services	18,101,500	18,101,500	20,025,158	1,923,658
Recreation Activity Fees	4,269,000	4,269,000	4,672,551	403,551
Rental Income	4,753,084	4,753,084	4,494,626	(258,458)
Investment Earnings	610,000	610,000	2,900,427	2,290,427
Contributions and Donations	-	-	89,268	89,268
Miscellaneous	197,127	507,234	291,313	(215,921)
Total Revenues	<u>149,718,892</u>	<u>150,435,469</u>	<u>157,262,312</u>	<u>6,826,843</u>
EXPENDITURES				
Current:				
General Government	24,978,071	23,733,240	23,748,778	(15,538)
Public Safety	84,081,073	87,002,515	86,121,243	881,272
Physical Environment	22,829,120	22,915,734	20,983,454	1,932,280
Transportation	4,082,540	4,082,540	3,918,995	163,545
Economic Environment	1,666,700	1,805,116	1,469,055	336,061
Culture and Recreation	12,444,307	12,919,418	11,851,844	1,067,574
Debt Service:				
Retirement of Principal	107,505	107,505	80,934	26,571
Interest	8,366	8,366	8,366	-
Capital Outlay	1,627,883	1,701,058	613,717	1,087,341
Total Expenditures	<u>151,825,565</u>	<u>154,275,492</u>	<u>148,796,386</u>	<u>5,479,106</u>
Excess (deficiency) of Revenues Over (Under)Expenditures	<u>(2,106,673)</u>	<u>(3,840,023)</u>	<u>8,465,926</u>	<u>12,305,949</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	10,425,950	10,425,950
Transfers In	9,580,281	9,600,802	12,042,638	2,441,836
Transfers Out	(14,248,035)	(15,228,726)	(18,961,711)	(3,732,985)
Total Other Financing Sources (Uses)	<u>(4,667,754)</u>	<u>(5,627,924)</u>	<u>3,506,877</u>	<u>9,134,801</u>
Net Change in Fund Balance*	<u>\$ (6,774,427)</u>	<u>\$ (9,467,947)</u>	<u>11,972,803</u>	<u>\$ 21,440,750</u>
Fund Balance - Beginning			<u>56,415,632</u>	
Fund Balance - Ending			<u>\$ 68,388,435</u>	

* The net change in fund balance 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)

Last Five Years

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 6,203,806	\$ 5,733,127	\$ 5,758,174	\$ 5,665,063	\$ 6,066,834
Interest	43,073,290	42,159,212	41,975,628	41,412,567	40,360,719
Benefit changes	15,359,754	1,018,772	-	-	7,175
Differences between expected and actual experience	3,580,739	(2,863,731)	1,319,342	50,400	5,822,419
Changes of assumptions	5,080,632	12,563,730	-	4,037,514	-
Benefit payment, including refunds of member contributions	(47,644,880)	(46,929,589)	(46,388,958)	(41,597,731)	(34,968,554)
Net change in total pension liability	25,653,341	11,681,521	2,664,186	9,567,813	17,288,593
Total pension liability - beginning	573,403,021	561,721,500	559,057,314	549,489,501	532,200,908
Total pension liability - ending	599,056,362	573,403,021	561,721,500	559,057,314	549,489,501
Total fiduciary net position					
Contributions - City	26,437,994	26,219,139	27,778,394	24,151,856	25,554,746
Contributions - Share Plan	145,830	145,830	145,830	145,830	145,830
Contributions - Employees	5,000,505	4,600,399	4,393,660	4,704,069	4,095,928
Net investment income	40,945,125	49,719,894	26,707,410	6,282,235	30,421,080
Benefit payments, including refunds of member contributions	(47,644,880)	(46,929,589)	(46,388,958)	(41,597,731)	(34,968,554)
Administrative expenses	(472,543)	(402,793)	(352,193)	(431,707)	(334,272)
Net change in plan fiduciary net position	24,412,031	33,352,880	12,284,143	(6,745,448)	24,914,758
Plan fiduciary net position - beginning	375,542,430	342,189,550	329,905,407	336,650,855	311,736,097
Plan fiduciary net position - ending	\$399,954,461	\$375,542,430	\$342,189,550	\$ 329,905,407	\$ 336,650,855
City's net pension liability	\$199,101,901	\$ 197,860,591	\$ 219,531,950	\$ 229,151,907	\$ 212,838,646
Plan fiduciary net position as a percentage of the total pension liability	66.76%	65.49%	60.92%	59.01%	61.27%
Covered Payroll	\$ 43,147,050	\$ 43,191,753	\$ 37,305,296	\$ 35,930,984	\$ 35,930,984
Net Pension liability as percentage of covered payroll	461.45%	458.10%	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)

Last Six Years

	Year Ended September 30,					
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 25,240,192	\$ 23,290,490	\$ 23,082,353	\$ 23,838,224	\$ 24,288,466	\$ 25,678,422
Contribution made in relation to the actuarially determined contribution	<u>27,712,089</u>	<u>26,583,824</u>	<u>26,364,969</u>	<u>27,924,224</u>	<u>24,297,686</u>	<u>25,700,576</u>
Contribution deficiency (excess)	<u>\$ (2,471,897)</u>	<u>\$ (3,293,334)</u>	<u>\$ (3,282,616)</u>	<u>\$ (4,086,000)</u>	<u>\$ (9,220)</u>	<u>\$ (22,154)</u>
Covered payroll	\$ 4,341,140	\$ 43,147,050	\$ 43,191,753	\$ 37,305,296	\$ 36,785,806	\$ 35,930,984
Contributions as a percentage of covered payroll	<u>638.36%</u>	<u>61.61%</u>	<u>61.04%</u>	<u>74.85%</u>	<u>66.05%</u>	<u>71.53%</u>

Notes to Schedule:**Valuation Date:** October 1, 2017 (For Fiscal Year 2019)

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	25 years (single equivalent period)
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.50% 3
Salary increases	3.25% to 7.25% depending on age, including inflation
Investment rate of return	7.65%
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 active members and RP-2000 Healthy Annuitant Mortality Table for nondisabled inactive members, with mortality improvements projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% white collar adjustment / 50% blue collar adjustment for General Employees and a 10% white collar adjustment / 90% blue collar adjustment for Police Officers and Firefighters. These are the same mortality rates used in the July 1, 2017 actuarial valuation of the Florida Retirement System (FRS), as required under Florida Statutes Chapter 112.63.

* 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 CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS***

(Unaudited)
Last Two Years

	2019	2018
Total pension liability		
Service cost	\$ 1,190,160	\$ 1,075,954
Interest	955,093	872,196
Differences between actual and expected experience	-	(804,773)
Changes of assumptions	(1,211,078)	(1,323,222)
Benefit payment, including refunds of member contributions	(730,846)	(831,764)
Net change in total OPEB liability	203,329	(1,011,609)
Total OPEB liability - beginning	26,460,491	27,472,100
Total OPEB liability - ending	26,663,820	26,460,491
Covered Employee Payroll	\$ 55,770,201	\$ 54,887,335
Total OPEB liability as percentage of covered employee payroll	47.81%	48.21%

* Note to Schedule: This Schedule is presented to illustrate the requirement of GASB 75 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 INVESTMENT RETURNS**

(Unaudited)

Last Six Years

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	4.16%	10.55%	14.82%	8.57%	1.84%	9.16%

* 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.

CITY OF CORAL GABLES, FLORIDA

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

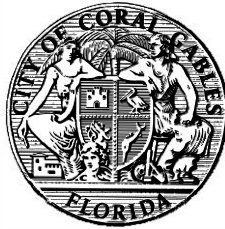
Note 1 – Budgets and Legal Compliance

(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.

(d) The amounts shown in the financial statements reflect the original budgeted amounts and all amendments and supplements approved through September 30, 2019 that are included in the final amended budget.

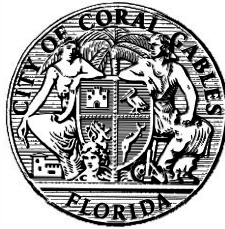


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Combining Individual Fund Statements and Schedules

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

Special Revenue Fund - to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Special Taxing Districts - to account for receipts of non-ad valorem assessment revenue levied by the City on designated areas within the city, and expenditures for special services for which the assessment was imposed and only within the designated areas where the assessment was collected.

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, 2019

	Special Revenue	Capital Projects					Total Nonmajor Governmental Funds
	Special Taxing District	Neighborhood Renaissance Program Fund	Roadway Improvement Fund	Transportation Fund	BBC GOB Program Fund	Impact Fees Fund	
ASSETS							
Pooled Cash and Cash Equivalents	\$ -	\$ -	\$ 2,117,568	\$ 592,582	\$ 46,880	\$ -	\$ 2,757,030
Restricted Pooled Cash and Cash Equivalents	387,269	302,668	-	-	-	4,791,545	5,481,482
Pooled Investments	-	-	1,955,055	877,886	26,229	-	2,859,170
Restricted Pooled Investments	-	400,157	-	-	-	7,765,948	8,166,105
Accounts Receivable, Net	-	-	134,193	-	-	-	134,193
Interest Receivable	-	1,967	6,915	1,881	-	26,122	36,885
Prepaid and Deposits	2,000	-	-	-	-	-	2,000
Due from Other Governments	35	-	138,294	717,861	177,313	-	1,033,503
Total Assets	<u>389,304</u>	<u>704,792</u>	<u>4,352,025</u>	<u>2,190,210</u>	<u>250,422</u>	<u>12,583,615</u>	<u>20,470,368</u>
LIABILITIES							
Accounts Payable	78,051	231,158	550,649	120,500	39,872	197,658	1,217,888
Accrued Payroll	-	-	37	5,607	-	-	5,644
Due to Other Funds	-	-	-	-	215,000	-	215,000
Total Liabilities	<u>78,051</u>	<u>231,158</u>	<u>550,686</u>	<u>126,107</u>	<u>254,872</u>	<u>197,658</u>	<u>1,438,532</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Municipal Surtax	-	-	-	-	-	-	-
Unavailable revenue - Grants and Contributions	-	-	31,008	-	177,312	-	208,320
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>31,008</u>	<u>-</u>	<u>177,312</u>	<u>-</u>	<u>208,320</u>
FUND BALANCES (DEFICIT)							
Nonspendable							
Prepaid Items	2,000	-	-	-	-	-	2,000
Restricted to:							
Public Safety	309,253	-	-	-	-	3,211,586	3,520,839
Parks and Recreation	-	214,836	-	-	-	3,923,639	4,138,475
Other Physical Environment	-	258,798	-	-	-	3,486,034	3,744,832
Mobility Improvement Projects	-	-	-	-	-	1,602,972	1,602,972
Impact Fee Administration	-	-	-	-	-	161,726	161,726
Assigned to:							
Other Capital Projects	-	-	3,770,331	2,064,103	-	-	5,834,434
Unassigned							
Total Fund Balances (Deficit)	<u>311,253</u>	<u>473,634</u>	<u>3,770,331</u>	<u>2,064,103</u>	<u>(181,762)</u>	<u>12,385,957</u>	<u>18,823,516</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 389,304</u>	<u>\$ 704,792</u>	<u>\$ 4,352,025</u>	<u>\$ 2,190,210</u>	<u>\$ 250,422</u>	<u>\$ 12,583,615</u>	<u>\$ 20,470,368</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, 2019

	Special Revenue	Capital Projects					Total Nonmajor Governmental Funds
	Special Taxing District	Neighborhood Renaissance Program Fund	Roadway Improvement Fund	Transportation Fund	BBC GOB Program Fund	Impact Fees Fund	
REVENUES							
Gasoline Sales Tax	\$ -	\$ -	\$ 1,203,129	\$ -	\$ -	\$ -	\$ 1,203,129
Municipal Surtax	-	-	-	2,132,316	-	-	2,132,316
Special Assessments	2,420,115	-	-	-	-	1,316,353	3,736,468
Rental Income	-	-	-	17,680	-	-	17,680
Intergovernmental	-	-	-	164,866	2,246,172	-	2,411,038
Investment Earnings	-	23,680	68,993	28,691	-	256,597	377,961
Miscellaneous	4,050	-	-	-	-	-	4,050
Total Revenues	<u>2,424,165</u>	<u>23,680</u>	<u>1,272,122</u>	<u>2,343,553</u>	<u>2,246,172</u>	<u>1,572,950</u>	<u>9,882,642</u>
EXPENDITURES							
Current:							
General Government	106,496	1,193	-	-	-	9,654	117,343
Transportation	-	-	792,815	2,203,771	-	-	2,996,586
Public Safety	2,115,190	-	-	-	-	-	2,115,190
Culture and Recreation	-	-	-	-	159,541	-	159,541
Physical Environment	56,859	-	-	-	-	-	56,859
Capital Outlay	17,601	821,168	282,465	18,670	1,495,558	1,262,842	3,898,304
Total Expenditures	<u>2,296,146</u>	<u>822,361</u>	<u>1,075,280</u>	<u>2,222,441</u>	<u>1,655,099</u>	<u>1,272,496</u>	<u>9,343,823</u>
Excess (Deficiency) of Revenues Over(Under)							
Expenditures before Other Financing Sources (Uses)	128,019	(798,681)	196,842	121,112	591,073	300,454	538,819
OTHER FINANCING SOURCES							
Transfers In	-	-	592,153	-	-	-	592,153
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>592,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>592,153</u>
Special Items (Note 21)	183,234	-	-	-	-	-	183,234
Net Change in Fund Balances	311,253	(798,681)	788,995	121,112	591,073	300,454	1,314,206
Fund Balances (Deficit) - Beginning	-	1,272,315	2,981,336	1,942,991	(772,835)	12,085,503	17,509,310
Fund Balances (Deficit) - Ending	<u>\$ 311,253</u>	<u>\$ 473,634</u>	<u>\$ 3,770,331</u>	<u>\$ 2,064,103</u>	<u>\$ (181,762)</u>	<u>\$ 12,385,957</u>	<u>\$ 18,823,516</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 551,511	\$ 551,511	\$ 503,497	\$ (48,014)
Investment Earnings	6,500	6,500	45,444	38,944
Total Revenues	558,011	558,011	548,941	(9,070)
EXPENDITURES				
Current:				
General Government	-	-	18,220	(18,220)
Debt Service:				
Retirement of Principal	4,893,406	4,893,406	4,918,405	(24,999)
Interest	3,941,752	3,941,752	4,325,772	(384,020)
Total Expenditures	8,835,158	8,835,158	9,262,397	(427,239)
Deficiency of Revenues Under Expenditures	(8,277,147)	(8,277,147)	(8,713,456)	(436,309)
OTHER FINANCING SOURCES				
Transfers In	8,135,158	8,135,158	8,135,158	-
Total Other Financing Sources	8,135,158	8,135,158	8,135,158	-
Net Change in Fund Balances*	\$ (141,989)	\$ (141,989)	(578,298)	\$ (436,309)
Fund Balances - Beginning			627,056	
Fund Balances - Ending			\$ 48,758	

* 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, 2019

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 2,414,138	\$ 347,393	\$ 5,876,084	\$ 8,637,615
Pooled Investments	4,694,292	3,365,864	9,844,884	17,905,040
Accounts Receivable, Net	26,403	3,352	118,294	148,049
Interest Receivable	15,183	11,363	35,019	61,565
Inventories	36,217	-	-	36,217
Prepaid and Deposits	713,839	5,964	1,283,540	2,003,343
Total Current Assets	<u>7,900,072</u>	<u>3,733,936</u>	<u>17,157,821</u>	<u>28,791,829</u>
Noncurrent Assets:				
Capital Assets:				
Construction in Progress	164,858	-	-	164,858
Equipment	32,284,761	267,213	-	32,551,974
Accumulated Depreciation	(21,292,665)	(192,259)	-	(21,484,924)
Total Noncurrent Assets	<u>11,156,954</u>	<u>74,954</u>	<u>-</u>	<u>11,231,908</u>
Total Assets	<u>19,057,026</u>	<u>3,808,890</u>	<u>17,157,821</u>	<u>40,023,737</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	796,091	537,361	-	1,333,452
Deferred Outflows Related to OPEB	10,436	7,690	-	18,126
Total Deferred Outflows of Resources	<u>806,527</u>	<u>545,051</u>	<u>-</u>	<u>1,351,578</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	312,156	822,653	602,821	1,737,630
Accrued Payroll	68,092	46,093	-	114,185
Accrued Compensated Absences	136,546	93,489	-	230,035
Capital Lease Payable	63,168	-	-	63,168
Claims Payable	-	-	4,471,000	4,471,000
Total Current Liabilities	<u>579,962</u>	<u>962,235</u>	<u>5,073,821</u>	<u>6,616,018</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	113,821	58,216	-	172,037
Claims Payable	-	-	8,334,000	8,334,000
Advances from Insurance Company	-	-	750,000	750,000
Total OPEB Liability	354,628	261,305	-	615,933
Net Pension Liability	3,982,038	2,687,876	-	6,669,914
Total Noncurrent Liabilities	<u>4,450,487</u>	<u>3,007,397</u>	<u>9,084,000</u>	<u>16,541,884</u>
Total Liabilities	<u>5,030,449</u>	<u>3,969,632</u>	<u>14,157,821</u>	<u>23,157,902</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	412,694	278,568	-	691,262
Deferred Inflows Related to OPEB	33,389	24,602	-	57,991
Total Deferred Inflows of Resources	<u>446,083</u>	<u>303,170</u>	<u>-</u>	<u>749,253</u>
NET POSITION				
Net Investment in Capital Assets	11,058,810	65,015	-	11,123,825
Unrestricted	3,328,211	16,124	3,000,000	6,344,335
Total Net Position	<u>\$ 14,387,021</u>	<u>\$ 81,139</u>	<u>\$ 3,000,000</u>	<u>\$ 17,468,160</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, 2019

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services:				
Billings to Departments for Insurance Protection	\$ -	\$ -	\$ 11,357,766	\$ 11,357,766
Rental of Equipment and Facilities to Various Funds:				
Equipment Operation and Maintenance	5,461,502	-	-	5,461,502
Equipment Replacement Charges	2,761,765	-	-	2,761,765
Facilities	-	7,931,292	-	7,931,292
Total Operating Revenues	<u>8,223,267</u>	<u>7,931,292</u>	<u>11,357,766</u>	<u>27,512,325</u>
OPERATING EXPENSES				
Administration	2,475,901	1,724,084	-	4,199,985
Cost of Sales and Services	2,852,568	5,521,415	-	8,373,983
Benefit Payments	-	-	2,084,886	2,084,886
Insurance	-	-	8,310,854	8,310,854
Depreciation	2,216,046	18,917	-	2,234,963
Total Operating Expenses	<u>7,544,515</u>	<u>7,264,416</u>	<u>10,395,740</u>	<u>25,204,671</u>
Operating Income	<u>678,752</u>	<u>666,876</u>	<u>962,026</u>	<u>2,307,654</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Earnings	157,433	101,014	331,794	590,241
Miscellaneous	30	-	26,903	26,933
Gain (Loss) from Disposal of Capital Assets	101,591	-	-	101,591
Total Nonoperating Revenues (Expenses)	<u>259,054</u>	<u>101,014</u>	<u>358,697</u>	<u>718,765</u>
Income Before Transfers	937,806	767,890	1,320,723	3,026,419
Transfers Out	<u>(346,709)</u>	<u>(1,232,837)</u>	<u>(1,320,723)</u>	<u>(2,900,269)</u>
Change In Net Position	591,097	(464,947)	-	126,150
Net Position - Beginning	13,795,924	546,086	3,000,000	17,342,010
Net Position - Ending	<u>\$ 14,387,021</u>	<u>\$ 81,139</u>	<u>\$ 3,000,000</u>	<u>\$ 17,468,160</u>

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2019

	Motor Pool Fund	Public Facilities Fund	Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 8,219,789	\$ 7,931,903	\$ 11,250,351	\$ 27,402,043
Payments to Employees	(2,280,686)	(1,628,370)	-	(3,909,056)
Payments to Suppliers	(3,563,761)	(5,814,858)	(10,843,035)	(20,221,654)
Net Cash Provided by Operating Activities	<u>2,375,342</u>	<u>488,675</u>	<u>407,316</u>	<u>3,271,333</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from Insurance Company	-	-	750,000	750,000
Transfers out to Other Funds	(346,709)	(1,232,837)	(1,320,723)	(2,900,269)
Net Cash Used in Noncapital Financing Activities	<u>(346,709)</u>	<u>(1,232,837)</u>	<u>(570,723)</u>	<u>(2,150,269)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(2,949,405)	(56,893)	-	(3,006,298)
Proceeds from Sale of Capital Assets	102,830	-	-	102,830
Principal Paid on Debt	(162,928)	-	-	(162,928)
Net Cash Used in Capital and Related Financing Activities	<u>(3,009,503)</u>	<u>(56,893)</u>	<u>-</u>	<u>(3,066,396)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Purchase of Investments	(12,230,946)	(7,645,147)	(28,299,038)	(48,175,131)
Proceeds from Sale of Investments	13,573,650	7,657,180	29,733,528	50,964,358
Interest and Dividends Received	152,088	94,783	343,366	590,237
Net Cash Provided by Investing Activities	<u>1,494,792</u>	<u>106,816</u>	<u>1,777,856</u>	<u>3,379,464</u>
Net Increase (Decrease) in Cash and Cash Equivalents	513,922	(694,239)	1,614,449	1,434,132
Cash and Cash Equivalents - Beginning	1,900,216	1,041,632	4,261,635	7,203,483
Cash and Cash Equivalents - Ending	<u>\$ 2,414,138</u>	<u>\$ 347,393</u>	<u>\$ 5,876,084</u>	<u>\$ 8,637,615</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating Income	\$ 678,752	\$ 666,876	\$ 962,026	\$ 2,307,654
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Depreciation Expense	2,216,046	18,917	-	2,234,963
Pension Expense	169,357	67,080	-	236,437
OPEB Expense	11,678	8,604	-	20,282
Change in Assets and Liabilities:				
Accounts Receivable	(3,478)	611	(107,415)	(110,282)
Inventory	27,789	-	-	27,789
Prepaid Items	(713,839)	(5,964)	(30,679)	(750,482)
Accounts Payable	(25,143)	(287,479)	57,384	(255,238)
Accrued Payroll and Other Expenses	7,818	7,158	-	14,976
Accrued Compensated Absences	6,362	12,872	-	19,234
Claims Payable	-	-	(474,000)	(474,000)
Total Adjustments	<u>1,696,590</u>	<u>(178,201)</u>	<u>(554,710)</u>	<u>963,679</u>
Net Cash Provided by Operating Activities	<u>\$ 2,375,342</u>	<u>\$ 488,675</u>	<u>\$ 407,316</u>	<u>\$ 3,271,333</u>
Noncash Operating Activities:				
Deferred Outflows Related to Pension	\$ 796,091	\$ 537,361	\$ -	\$ 1,333,452
Deferred Inflows Related to Pension	(412,694)	(278,568)	-	(691,262)
Net Pension Liability	(3,982,038)	(2,687,876)	-	(6,669,914)
Deferred Outflows Related to OPEB	10,436	7,690	-	18,126
Deferred Inflows Related to OPEB	(33,389)	(24,602)	-	(57,991)
Total OPEB Liability	<u>(354,628)</u>	<u>(261,305)</u>	<u>-</u>	<u>(615,933)</u>
Noncash Capital and Related Financing Activities:				
Capital Assets Retirement, net	(1,409,597)	-	-	(1,409,597)
Capital Assets Acquired through Capital Lease	(123,776)	-	-	(123,776)

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 and employee 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, 2019

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 9,538,884	\$ 1,272,007	\$ 110,410	\$ 10,921,301
Receivables:				
Accrued Interest and Dividends	311,875	-	-	311,875
Buyback Receivable	64,390	-	-	64,390
Share Plan Contributions	239,389	-	-	239,389
Receivable for securities sold	124,784	-	-	124,784
Other receivables	18,821	-	-	18,821
Total Receivables	759,259	-	-	759,259
Securities Lending Cash Collateral - Invested	31,858,750	-	-	31,858,750
Investments:				
U.S. Government and Agency	19,766,188	-	-	19,766,188
Domestic Fixed Income	1,985,756	-	-	1,985,756
Global fixed Income	4,416,161	-	-	4,416,161
Corporate Bonds	18,976,324	-	-	18,976,324
Common Stocks	160,160,790	-	-	160,160,790
International Equity	51,514,565	-	-	51,514,565
Real Estate Investment Trust (REIT)	52,835,187	-	-	52,835,187
Alternative Investments	72,038,730	-	-	72,038,730
Guaranteed Investment Contract	-	-	8,471,191	8,471,191
Mutual Funds	-	4,778,333	5,514,706	10,293,039
Total Investments	381,693,701	4,778,333	13,985,897	400,457,931
Total Assets	423,850,594	6,050,340	14,096,307	443,997,241
LIABILITIES				
Accounts Payable	187,179	-	-	187,179
Payable for Securities Purchased	310,287	-	-	310,287
Due to Coral Gables Retirement Fund	-	187,118	52,271	239,389
Obligations under Securities Lending	31,858,750	-	-	31,858,750
Total Liabilities	32,356,216	187,118	52,271	32,595,605
NET POSITION				
Net Position Restricted for Pension Benefits	\$ 391,494,378	\$ 5,863,222	\$ 14,044,036	\$ 411,401,636

CITY OF CORAL GABLES, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2019

	Coral Gables Retirement Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Pension Trust Funds
Additions:				
City Contributions	\$ 27,566,259	\$ 581,065	\$ 854,226	\$ 29,001,550
Share Plan Contributions	145,830	-	-	145,830
Total Government Contributions	<u>27,712,089</u>	<u>581,065</u>	<u>854,226</u>	<u>29,147,380</u>
Employees:				
Employee contributions	4,970,732	-	-	4,970,732
Total Employee Contributions	<u>4,970,732</u>	<u>-</u>	<u>-</u>	<u>4,970,732</u>
Total Contributions	<u>32,682,821</u>	<u>581,065</u>	<u>854,226</u>	<u>34,118,112</u>
Investment Income:				
Net Appreciation in the Fair Value of Investments	11,233,308	136,937	(69,589)	11,300,656
Interest and Dividends	5,621,005	150,168	253,059	6,024,232
Other Income	58,538	-	-	58,538
Total Investment Income	<u>16,912,851</u>	<u>287,105</u>	<u>183,470</u>	<u>17,383,426</u>
Less Investment Expenses	<u>(2,132,280)</u>	<u>(17,550)</u>	<u>(25,941)</u>	<u>(2,175,771)</u>
Total Investment Income before Securities Lending Activity	14,780,571	269,555	157,529	15,207,655
Securities Lending Activities:				
Security Lending Income	127,099	-	-	127,099
Security Lending Fees and Rebates	<u>(38,070)</u>	<u>-</u>	<u>-</u>	<u>(38,070)</u>
Net Income from Security Lending Activities	<u>89,029</u>	<u>-</u>	<u>-</u>	<u>89,029</u>
Total Net Investment Income	<u>14,869,600</u>	<u>269,555</u>	<u>157,529</u>	<u>15,296,684</u>
Total Additions	<u>47,552,421</u>	<u>850,620</u>	<u>1,011,755</u>	<u>49,414,796</u>
Deductions:				
Pension Benefits Paid	54,941,086	753,149	2,910,788	58,605,023
Refunds of Contributions	581,573	-	-	581,573
Administrative Expense	489,845	40,188	23,333	553,366
Total Deductions	<u>56,012,504</u>	<u>793,337</u>	<u>2,934,121</u>	<u>59,739,962</u>
Net Increase (Decrease) in Net Position	(8,460,083)	57,283	(1,922,366)	(10,325,166)
Net Position Restricted for Pension Benefits:				
Beginning of Year	399,954,461	5,805,939	15,966,402	421,726,802
End of Year	<u>\$ 391,494,378</u>	<u>\$ 5,863,222</u>	<u>\$ 14,044,036</u>	<u>\$ 411,401,636</u>

CITY OF CORAL GABLES, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended September 30, 2019

	Employee Benefits Fund	Law Enforcement Fund	Total Agency Funds
ASSETS			
Cash and Cash Equivalents			
Beginning	\$ 551,693	\$ 2,170,555	\$ 2,722,248
Additions	90,832	1,518,673	1,609,505
Deductions	(106,009)	(2,004,338)	(2,110,347)
Total Assets	<u>536,516</u>	<u>1,684,890</u>	<u>2,221,406</u>
LIABILITIES			
Deferred Compensation Payable			
Beginning	546,068	-	546,068
Additions	93,350	-	93,350
Deductions	(108,527)	-	(108,527)
Ending	<u>530,891</u>	<u>-</u>	<u>530,891</u>
Due to Other Governments			
Beginning	5,625	2,170,555	2,176,180
Additions	-	1,518,673	1,518,673
Deductions	-	(2,004,338)	(2,004,338)
Ending	<u>5,625</u>	<u>1,684,890</u>	<u>1,690,515</u>
Total Liabilities	<u>\$ 536,516</u>	<u>\$ 1,684,890</u>	<u>\$ 2,221,406</u>

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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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$141,074,353	\$139,786,744	\$134,659,013	\$130,953,750	\$127,802,756	\$133,586,545	\$135,571,942	\$141,676,954	\$ 148,623,292	\$ 158,995,281
Restricted	1,453,694	8,307,036	10,654,748	11,895,868	21,333,586	21,749,068	23,792,213	24,048,924	31,270,845	32,421,931
Unrestricted (Deficit)	13,801,226	42,070,763	61,902,841	72,103,048	89,657,013	(80,038,802)	(69,998,813)	(70,219,027)	(87,473,270)	(71,189,971)
Total Governmental Activities Net Position	\$156,329,273	\$190,164,543	\$207,216,602	\$214,952,666	\$238,793,355	\$ 75,296,811	\$ 89,365,342	\$ 95,506,851	\$ 92,420,867	\$ 120,227,241
Business-type Activities										
Net Investment in Capital Assets	\$ 23,080,309	\$ 25,118,022	\$ 26,049,636	\$ 26,449,997	\$ 26,722,793	\$ 24,929,687	\$ 29,433,426	\$ 29,256,407	\$ 29,787,242	\$ 29,753,595
Restricted	-	-	-	-	215,627	299,527	354,664	1,376,410	3,178,131	5,241,426
Unrestricted	8,921,750	9,734,742	12,573,556	13,274,236	15,563,233	16,377,673	11,380,442	9,217,899	13,588,121	15,984,226
Total Business-type Activities Net Position	\$ 32,002,059	\$ 34,852,764	\$ 38,623,192	\$ 39,724,233	\$ 42,501,653	\$ 41,606,887	\$ 41,168,532	\$ 39,850,716	\$ 46,553,494	\$ 50,979,247
Primary Government										
Net Investment in Capital Assets	\$164,154,662	\$164,904,766	\$160,708,649	\$157,403,747	\$154,525,549	\$156,939,127	\$165,005,368	\$170,933,361	\$ 178,410,534	\$ 188,748,876
Restricted	1,453,694	8,307,036	10,654,748	11,895,868	21,549,213	22,157,012	24,146,877	25,425,334	34,448,976	37,663,357
Unrestricted (Deficit)	22,722,976	51,805,505	74,476,397	85,377,284	105,220,246	(62,192,441)	(58,618,371)	(61,001,128)	(73,885,149)	(55,205,745)
Total Primary Government Net Position	\$188,331,332	\$225,017,307	\$245,839,794	\$254,676,899	\$281,295,008	\$116,903,698	\$130,533,874	\$135,357,567	\$ 138,974,361	\$ 171,206,488

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses									
Governmental Activities:									
General Government	\$ 17,942,595	\$ 16,972,816	\$ 19,363,404	\$ 23,034,595	\$ 22,362,962	\$ 24,813,095	\$ 26,145,355	\$ 29,054,080	\$ 28,533,480
Public Safety	71,096,529	71,388,299	70,947,494	71,806,825	69,415,601	74,351,854	81,742,619	91,048,810	92,003,748
Physical Environment	12,747,191	16,926,907	16,443,793	17,166,760	16,343,967	18,909,774	19,613,033	21,027,085	22,721,905
Transportation	10,103,982	5,585,520	7,312,561	4,578,226	6,558,044	6,328,566	5,589,737	5,569,666	7,436,869
Economic Environment	547,916	725,712	741,153	849,137	770,611	911,210	1,197,659	1,320,427	1,569,109
Culture and Recreation	9,220,799	9,899,154	10,401,674	9,924,342	10,035,755	12,878,923	16,081,272	12,843,307	14,005,394
Interest on Long-term Debt	1,364,343	2,107,713	1,641,277	1,487,807	1,388,635	1,312,000	1,251,516	2,986,907	4,334,138
Total Governmental Activities	123,023,355	123,606,121	126,851,356	128,847,692	126,875,575	139,505,422	151,621,191	163,850,282	170,604,643
Business-type Activities:									
Sanitary Sewer System	4,304,721	5,004,038	6,073,033	5,889,856	6,680,895	9,242,508	9,909,417	5,705,103	8,400,959
Parking System	4,027,320	3,941,559	3,838,427	5,009,894	5,170,070	7,117,985	7,619,066	6,808,995	6,341,553
Stormwater Utility	3,775,173	2,758,505	1,443,704	2,320,104	2,024,485	2,165,850	2,304,339	2,143,341	2,621,146
Total Business-type Activities	12,107,214	11,704,102	11,355,164	13,219,854	13,875,450	18,526,343	19,832,822	14,657,439	17,363,658
Total Expenses	\$ 135,130,569	\$ 135,310,223	\$ 138,206,520	\$ 142,067,546	\$ 140,751,025	\$ 158,031,765	\$ 171,454,013	\$ 178,507,721	\$ 187,968,301
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	\$ 34,643,739	\$ 18,229,888	\$ 17,559,499	\$ 20,984,076	\$ 23,300,256	\$ 24,430,334	\$ 22,518,156	\$ 27,583,112	\$ 24,807,885
Public Safety	6,732,024	6,013,738	5,394,421	6,400,967	6,582,738	6,211,081	5,621,211	7,253,135	6,283,122
Physical Environment	9,487,606	9,330,652	9,428,396	9,625,413	8,158,310	8,472,957	9,363,312	10,097,196	10,119,136
Transportation	-	-	-	-	18,906	-	-	1,523,414	79,558
Economic Environment	1,962,748	2,600,000	200,000	1,700,000	680,000	670,000	377,000	116,000	477,000
Culture and Recreation	1,038,967	3,688,909	4,357,075	4,291,802	5,070,153	5,362,407	4,669,719	5,884,954	5,357,013
Operating Grants and Contributions	359,559	415,718	192,080	487,387	87,157	184,308	5,732	370,478	10,672,001
Capital Grants and Contributions	4,253,176	2,831,825	1,054,644	9,462,285	1,345,958	937,955	1,135,027	3,672,004	1,977,766
Total Governmental Activities	58,477,819	43,110,730	38,186,115	52,951,930	45,243,478	46,269,042	43,690,157	56,500,293	59,773,481
Business-type Activities:									
Charges for Services:									
Sanitary Sewer System	7,201,475	7,605,600	7,725,590	8,739,881	9,375,348	9,429,516	9,766,468	10,473,689	9,979,697
Parking System	10,154,202	10,330,540	10,830,461	11,625,585	13,025,045	12,982,960	12,927,872	15,115,800	14,949,334
Stormwater Utility	2,417,095	2,524,565	2,399,023	2,930,270	3,198,371	3,212,526	4,222,466	4,827,247	5,380,272
Operating Grants and Contributions	1,606,542	-	-	-	-	-	-	-	-
Capital Grants and Contributions	324,445	920,448	37,222	-	463,764	429,977	8,115	4,508	-
Total Business-type Activity	21,703,759	21,381,153	20,992,296	23,295,736	26,062,528	26,054,979	26,924,921	30,421,244	30,309,303
Total Program Revenue	\$ 80,181,578	\$ 64,491,883	\$ 59,178,411	\$ 76,247,666	\$ 71,306,006	\$ 72,324,021	\$ 70,615,078	\$ 86,921,537	\$ 90,082,784
Net(Expense) Revenue									
Governmental Activities	\$ (64,545,536)	\$ (80,495,391)	\$ (88,665,241)	\$ (75,895,762)	\$ (81,632,097)	\$ (93,236,380)	\$ (107,931,034)	\$ (107,349,989)	\$ (110,831,162)
Business-type Activities	9,596,545	9,677,051	9,637,132	10,075,882	12,187,078	7,528,636	7,092,099	15,763,805	12,945,645
Total Net Expense	\$ (54,948,991)	\$ (70,818,340)	\$ (79,028,109)	\$ (65,819,880)	\$ (69,445,019)	\$ (85,707,744)	\$ (100,838,935)	\$ (91,586,184)	\$ (97,885,517)
General Revenues									
Governmental Activities:									
Taxes									
Property Taxes	\$ 67,078,084	\$ 66,377,589	\$ 62,358,935	\$ 65,257,324	\$ 68,107,835	\$ 71,447,141	\$ 76,024,328	\$ 80,762,149	\$ 85,466,164
Franchise Fees	6,335,532	6,763,530	6,392,689	6,850,950	6,908,438	6,859,844	7,013,442	6,875,265	7,199,722
Utility Service Taxes	10,953,661	10,897,549	11,316,446	11,861,648	11,986,127	11,423,512	11,400,580	11,831,188	11,343,198
Other Taxes	2,552,642	2,702,518	2,784,018	2,908,745	3,077,874	3,103,387	3,201,429	3,316,309	3,335,445
Intergovernmental	3,990,300	4,254,993	4,461,004	4,735,934	5,034,109	5,189,453	5,269,308	5,456,974	5,574,931
Investment Earnings	58,769	114,070	5,968	464,999	706,665	804,623	1,088,333	2,502,023	5,662,887
Gain on Sale of Capital Assets	-	-	-	-	3,648,411	-	-	-	10,400,000
Miscellaneous	603,945	482,745	494,871	284,566	254,373	390,552	1,566,608	352,216	426,396
Transfers in/out	6,807,873	5,954,456	8,587,374	7,372,285	7,229,879	8,086,399	8,508,515	8,774,568	9,045,559
Special Items (Note 21)	-	-	-	-	-	-	-	-	183,234
Total General Revenues, Transfers and Special Items	98,380,806	97,547,450	96,401,305	99,736,451	106,953,711	107,304,911	114,072,543	119,870,692	138,637,536
Business-type Activities:									
Investment Earnings	9,266	16,670	20,595	73,698	94,112	119,408	95,965	86,091	525,189
Miscellaneous	52,767	31,163	30,688	125	-	-	2,635	46,692	478
Transfers in/out	(6,807,873)	(5,954,456)	(8,587,374)	(7,372,285)	(7,229,879)	(8,086,399)	(8,508,515)	(8,774,568)	(9,045,559)
Total Business-type Activities	(6,745,840)	(5,906,623)	(8,536,091)	(7,298,462)	(7,135,767)	(7,966,991)	(8,409,915)	(8,641,785)	(8,519,892)
Total Primary Government	\$ 91,634,966	\$ 91,640,827	\$ 87,865,214	\$ 92,437,989	\$ 99,817,944	\$ 99,337,920	\$ 105,662,628	\$ 111,228,907	\$ 130,117,644
Change in Net Position									
Governmental Activities	\$ 33,825,270	\$ 17,052,059	\$ 7,736,064	\$ 23,840,689	\$ 25,321,614	\$ 14,068,531	\$ 6,141,509	\$ 12,520,703	\$ 27,806,374
Business-type Activities	2,850,705	3,770,428	1,101,041	2,777,420	5,051,311	(438,355)	(1,317,816)	7,122,020	4,425,753
Total Change in Net Position	\$ 36,675,975	\$ 20,822,487	\$ 8,837,105	\$ 26,618,109	\$ 30,372,925	\$ 13,630,176	\$ 4,823,693	\$ 19,642,723	\$ 32,232,127

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved for:										
Encumbrance	\$ 272,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	86,505	-	-	-	-	-	-	-	-	-
Prepaid Items	128,878	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
General Fund	6,535,081	-	-	-	-	-	-	-	-	-
Nonspendable	-	126,320	28,654	28,654	36,678	40,866	75,288	184,327	64,344	188,512
Restricted	-	3,629,399	4,273,043	4,169,504	4,351,576	3,542,544	4,588,352	5,425,028	6,516,083	8,123,690
Assigned	-	3,367,565	4,012,316	2,404,046	7,006,883	9,851,297	11,347,655	17,055,786	18,624,053	29,385,074
Unassigned	-	12,363,979	21,111,908	28,701,814	37,438,411	39,305,216	41,628,957	38,177,730	31,211,152	30,691,159
Total General Fund	\$ 7,022,975	\$ 19,487,263	\$ 29,425,921	\$ 35,304,018	\$ 48,833,548	\$ 52,739,923	\$ 57,640,252	\$ 60,842,871	\$ 56,415,632	\$ 68,388,435
All Other Governmental Funds										
Reserved for:										
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Fund	319	-	-	-	-	-	-	-	-	-
Designated Debt Service	883,606	-	-	-	-	-	-	-	-	-
Designated Capital Projects	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	(1,504,763)	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	169,982	23,223	-	-	73,402
Restricted	-	26,367,078	26,925,026	25,399,733	25,236,858	25,206,894	32,775,404	14,887,823	68,030,886	49,408,348
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	8,106,937	16,125,829	25,389,424	29,099,838	42,180,811	42,046,965	42,355,314	45,185,562	45,648,033
Unassigned	-	(22,812)	(41,104)	(3,635)	(3,635)	(51,511)	(394,834)	(153,391)	(772,835)	(181,762)
Total All Other Governmental Funds	\$ (620,838)	\$ 34,451,203	\$ 43,009,751	\$ 50,785,522	\$ 54,333,061	\$ 67,506,176	\$ 74,450,758	\$ 57,089,746	\$ 112,443,613	\$ 94,948,021

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes	\$ 90,172,438	\$ 86,919,919	\$ 86,741,186	\$ 82,852,088	\$ 86,878,667	\$ 90,080,274	\$ 92,671,539	\$ 97,639,779	\$ 102,923,909	\$ 107,344,529
Licenses	3,086,382	3,052,875	3,148,148	3,250,589	3,318,725	3,255,125	3,496,840	3,365,902	3,608,199	3,347,817
Permits	4,193,899	8,568,709	7,935,003	7,696,589	8,160,391	8,783,434	9,007,729	9,019,702	11,747,692	8,493,360
Fines and Forfeitures	3,473,120	3,996,367	3,641,890	2,891,719	2,587,073	2,494,796	2,552,563	2,329,161	2,747,967	2,497,086
Intergovernmental	6,875,288	5,000,978	6,884,559	6,144,249	5,959,327	6,091,507	5,832,010	6,490,899	6,224,032	8,932,426
Charges for Services	12,534,515	15,680,153	15,447,479	15,638,624	19,214,525	20,169,601	19,393,779	19,176,388	19,919,339	20,025,158
Recreation Activity Fees	3,338,009	3,816,728	3,534,934	3,979,867	4,211,548	4,377,394	4,575,172	4,520,645	4,643,202	4,672,551
Rental Income	2,526,671	7,355,922	3,638,760	4,269,160	4,724,871	4,886,803	5,862,857	4,989,419	4,426,311	4,512,306
Investment Earnings	75,221	58,769	114,070	5,968	464,999	706,665	804,623	1,088,333	2,502,023	5,662,885
Special Assessments	499,649	2,222,203	476,556	980,246	191,037	2,817,930	1,665,556	271,292	6,133,702	4,246,396
Contributions and Donations	-	1,140,000	735,131	466,060	185,045	58,292	70,500	81,250	2,959,000	242,515
Miscellaneous	239,410	603,945	482,745	494,871	284,566	254,373	390,552	1,566,609	352,216	315,194
Total Revenues	127,014,602	138,416,568	132,780,461	128,670,030	136,180,774	143,976,194	146,323,720	150,539,379	168,187,592	170,292,223
EXPENDITURES										
Current:										
General Government	18,000,356	14,134,472	13,930,147	16,000,917	17,853,021	19,608,296	21,719,236	22,063,409	24,214,402	24,590,453
Public Safety	69,089,890	70,798,025	72,542,153	72,738,499	70,604,331	72,413,164	75,551,003	82,937,666	94,077,878	88,400,264
Physical Environment	13,890,885	12,315,830	16,810,152	16,548,289	16,542,033	17,096,014	18,974,253	19,743,343	21,380,327	21,068,981
Transportation	10,980,073	10,158,367	5,792,162	7,601,909	4,544,357	6,938,914	6,540,889	5,795,129	5,839,305	7,240,882
Economic Environment	681,765	558,174	753,151	773,882	851,438	821,259	947,119	1,248,157	1,395,448	1,543,305
Culture and Recreation	8,322,862	8,497,254	9,306,731	9,729,332	8,848,478	9,554,012	12,220,223	15,529,205	12,142,574	12,319,068
Debt Service:										
Retirement of Principal	2,851,673	2,984,724	43,762,940	3,368,388	3,217,640	3,352,135	3,781,442	3,776,945	35,431,299	4,999,339
Interest and Other Charges	1,186,837	1,364,343	2,107,713	1,641,277	1,487,807	1,516,080	1,803,435	2,179,370	2,986,907	4,334,138
Bond Issuance Cost	-	-	61,456	88,020	-	-	-	-	1,164,882	-
Capital outlay	7,797,684	2,922,479	1,285,402	1,551,289	2,810,907	14,984,777	24,633,460	22,038,809	12,178,232	33,873,594
Total Expenditures	132,802,025	123,733,668	166,352,007	130,041,802	126,760,012	146,284,651	166,171,060	175,312,033	210,811,254	198,370,024
Excess (deficiency) of Revenues Over Expenditures	(5,787,423)	14,682,900	(33,571,546)	(1,371,772)	9,420,762	(2,308,457)	(19,847,340)	(24,772,654)	(42,623,662)	(28,077,801)
OTHER FINANCING SOURCES (USES)										
Special Revenue Bond Issued	-	-	-	-	-	6,500,000	22,005,000	-	48,015,000	-
Premium on Special Revenue Bonds Issued	-	-	-	-	-	-	1,788,626	-	2,362,809	-
Sale of Capital Assets	-	-	-	-	-	3,900,000	-	-	-	10,425,950
Proceeds from Capital Leases	-	-	-	-	284,022	-	-	261,580	177,056	-
Refunding Bond Issued	702,930	47,100,483	43,096,290	12,075,700	-	-	-	-	28,486,030	-
Premium on Refunding Bond Issued	-	-	-	-	-	-	-	-	2,781,073	-
Payment to Bond Escrow Agent	-	-	-	(11,996,561)	-	-	-	-	-	-
Principal Repymt.-Current Bond Refunding	-	(24,512,273)	-	-	-	-	-	-	-	-
Transfers In	13,018,055	45,548,224	15,624,666	24,716,096	15,989,837	33,321,551	24,565,217	22,067,901	30,559,692	31,004,349
Transfers Out	(6,450,899)	(35,283,005)	(6,652,204)	(9,769,595)	(8,617,552)	(24,333,604)	(16,666,592)	(11,715,220)	(18,831,370)	(19,058,521)
Total Other Financing Sources (Uses)	7,270,086	32,853,429	52,068,752	15,025,640	7,656,307	19,387,947	31,692,251	10,614,261	93,550,290	22,371,778
Special Items (Note 21)	-	-	-	-	-	-	-	-	-	183,234
Net Change In Fund Balances	\$ 1,482,663	\$ 47,536,329	\$ 18,497,206	\$ 13,653,868	\$ 17,077,069	\$ 17,079,490	\$ 11,844,911	\$ (14,158,393)	\$ 50,926,628	\$ (5,522,789)
Debt service as a percentage of noncapital expenditures	3.23%	3.60%	27.79%	3.90%	3.80%	3.71%	3.95%	3.89%	19.34%	5.67%

**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
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%
2018	83,422,054	80,562,008	96.57%	200,142	80,762,149	96.81%
2019	88,083,806	85,219,153	96.75%	247,011	85,466,164	97.03%

**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 *	
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
2018	14,821,738,983	306,261,017	15,128,000,000	5.559
2019	15,669,652,415	353,724,881	16,023,377,296	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 2012-2018 which are based on Certification of Taxable Value Form DR-420 for respective years.

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

FISCAL YEAR ENDED	CITY TAX RATES			COUNTY	SCHOOL	STATE	TOTAL
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE	MILLAGE	MILLAGE	MILLAGE	
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
2018	5.559	0.000	5.559	5.8182	6.994	0.3420	18.7132
2019	5.559	0.000	5.559	5.8568	0.000	0.3256	18.4744

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 2019			FISCAL YEAR ENDED 2010		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE \$16,023,377,296	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE VALUE 11,366,713,375
Merrick Park LLC	\$ 159,205,329	1	0.99 %	\$ 53,093,679	8	0.47 %
City of Coral Gables	137,563,884	2	0.86	105,308,927	1	0.93
Banyan ST GAP Douglas Ent Own LLC	89,304,231	3	0.56	-	-	-
LG Coral Gables LLC	87,489,793	4	0.55	-	-	-
Prisa Ponce de Leon, LLC	83,866,532	5	0.52	66,094,172	4	0.58
Coral Gables Associates	69,127,289	6	0.43	-	-	-
PRII 355 Alhambra Circle LLC	68,000,000	7	0.42	-	-	-
Ponte Gadea Gables LLC	66,000,000	8	0.41	-	-	-
396 Alhambra LLC	65,044,399	9	0.41	-	-	-
Miguel B Fernandez TRS	60,458,136	10	0.38	-	-	-
Wilmington Trust Co Trustee Fo	-	-	-	84,438,000	2	0.74
CPT 355 Alhambra Circle LLC	-	-	-	68,008,946	3	0.60
South Florida Equities REIT IN	-	-	-	58,500,000	5	0.51
The Collection Properties LLC	-	-	-	57,678,603	6	0.51
DEKA USA Colonnade LP	-	-	-	55,113,487	7	0.48
CM LeJeune LLLP	-	-	-	43,683,395	9	0.38
121 Alhambra Tower LLC	-	-	-	42,571,565	10	0.37
Totals	<u>\$ 886,059,593</u>		<u>5.53 %</u>	<u>\$ 634,490,774</u>		<u>5.58 %</u>

Property assessed on January 1, 2018 for 2018-2019 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)
2010	905	831
2011	812	862
2012	843	836
2013	856	830
2014	875	870
2015	909	945
2016	944	918
2017	988	972
2018	988	930
2019	1015	1148

(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	OTHER OBLIGATIONS/CAPITAL LEASES	SPECIAL OBLIGATION BONDS	OTHER OBLIGATIONS/CAPITAL LEASES			
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
2018	122,828,048	11,951,395	14,361,506	8,195	149,149,144	4780%	2,919.06
2019	117,909,643	331,309	13,005,899	-	118,240,952	3760%	2,318.50

* 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
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%
2018	-	-	-	154,139	0%
2019	-	-	-	148,796	0%

TABLE 12
CITY OF CORAL GABLES, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2019
(amounts expressed in thousands)

<u>JURISDICTION</u>	<u>NET DEBT OUTSTANDING</u>	<u>PERCENT OF DEBT APPLIED TO CITY OF CORAL GABLES (1)</u>	<u>AMOUNT OF DEBT APPLIED TO CITY OF CORAL GABLES</u>
City of Coral Gables	\$ 118,241	100.0%	\$ 118,241
Total direct debt			<u>\$ 118,241</u>
Miami-Dade County, Florida	\$ 2,055,280	5.52%	\$ 113,451
Total overlapping debt			<u>\$ 113,451</u>
Total direct debt and overlapping debt			<u><u>\$ 231,692</u></u>

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

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
2019	\$ 84,826,059	\$ 10,566,138	\$ 852,457	\$ 11,418,595	\$ 22,837,189	\$ 61,988,870
2018	87,425,443	10,567,086	899,845	11,466,931	22,933,862	64,491,581
2017	74,515,051	8,494,761	859,215	9,353,976	18,707,952	55,807,099
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

Note: Pursuant to loan agreements between Sunshine State Governmental Financing Commission and the City of Coral Gables, the City has covenanted and agreed 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

FISCAL YEAR ENDED	(1) POPULATION	(2) PERSONAL INCOME	(1) PER CAPITA INCOME	(1) MEDIAN AGE	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
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%
2018	51,095	3,120,014	61,063	40.0	14,930	3.4%
2019	50,999	3,145,006	61,668	40.0	14,395	2.9%

DATA SOURCES

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

(2) Amounts expressed in thousands

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

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

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

FISCAL YEAR ENDED	GENERAL PROPERTY TAXES (1)	FRANCHISE TAXES	UTILITIES SERVICES TAXES	OTHER TAXES	TOTAL TAXES
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
2018	80,762	6,875	11,831	3,316	102,785
2019	85,466	7,200	11,343	3,335	107,344

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

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

<u>Employers</u>	Fiscal Year Ended September 30,					
	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
University of Miami *	16,035	1	35.28%	13,464	1	70.23%
Doctors Hospital -Baptist Hospital South Florida	23,095	2	50.81%	1,088	2	5.68%
Baptist Health South Florida/Corporate Office	1,105	3	2.43%	500	7	2.61%
Amerant	918	4	2.02%	-	-	0.00%
City of Coral Gables	832	5	1.83%	760	5	3.96%
Bayview Asset Management	684	6	1.50%	900	3	4.69%
Coral Gables Hospital	659	7	1.45%	487	8	2.54%
Dade County Public Schools	602	8	1.32%	534	6	2.79%
Quirch Foods	600	9	1.32%	-	-	-
The Biltmore Hotel	570	10	1.25%	795	4	-
The Collection	351		0.77%	-		-
Bacardi USA	-	-	-	330	9	-
Del Monte Fresh Produce	-	-	-	313	10	-
Total	45,451		100.00%	19,171		92.50%

Sources: Coral Gables Economic Development Department
 Coral Gables Chamber of Commerce

* Faculty & Full/Partime Employees

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

FUNCTION / PROGRAM	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Commission	7	7	7	7	7	6	6	6	6	6
City Attorney	5	5	5	5	5	5	6	6	6	6
City Clerk	5	5	5	5	5	7	8	8	8	8
City Manager	10	10	10	11	11	9	10	10	11	11
Human Resources	10	10	10	10	10	11	10	10	10	10
Labor Relations & Risk Mgmt.	0	0	0	0	0	0	4	4	4	4
Development Services	62	63	64	64	64	63	62	62	62	62
Historic Resources	4	4	4	4	4	5	6	6	6	6
Public Works	189	179	84	84	204	204	193	194	195	195
Automotive	26	23	0	0	0	0	0	0	0	0
Finance	31	31	33	33	34	32	30	30	27	28
Information Technology	16	15	15	15	15	16	16	16	17	19
Police	257	255	255	256	263	262	266	266	272	272
Fire	147	147	147	147	147	147	147	147	147	147
Community Services	28	26	148	146	26	28	31	31	32	32
Economic & Cultural Dev.	5	4	4	5	5	6	5	5	5	5
Nondepartmental	0	0	0	0	0	0	0	0	1	1
Parking	32	30	0	0	0	0	29	30	28	28
Total	834	814	791	792	800	801	829	831	837	840

Source: City of Coral Gables Budget Book

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Police:										
Physical Arrests	991	860	847	880	935	876	789	776	770	778
Traffic Violations	20,750	16,897	20,462	19,863	23,785	19,917	22,084	25,497	31,951	37,754
Parking Violations	122,596	151,703	139,929	96,394	100,674	100,808	90,634	74,207	79,185	98,149
Fire:										
Emergency Response	8,000	6,224	7,621	7,022	7,721	7,886	8,044	8,605	8,063	8,372
Fire Inspections Conducted	6,600	10,345	12,068	13,716	10,769	10,549	10,478	9,319	10,649	11,302
General Government:										
Tax Rates										
Utility Services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Water	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication Service	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%
Gas	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Gas	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Cable Television	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

Sources: Various City Departments.

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Area										
Land (sq. miles) (1)	12.9	13.1	13.1	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	3,514	3,506	3,518	3,523	3,533	3,533	3,533	3,515	3,513	3,513
City owned streetlights	636	636	636	636	636	636	636	643	643	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	2	2	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	2	2	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	64	64	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
Fiscal Year Ended September 30, 2019

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RSM US LLP

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the year ended September 30, 2019, 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, 2020. 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 opinion 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, 2020



RSM US LLP

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

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 the City's major federal program for the year ended September 30, 2019. 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 the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the 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 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, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, 2019, 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, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the City of Coral Gables Retirement Fund and Police Officers' Pension Fund. 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* of the State of Florida, 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, 2020

City of Coral Gables, Florida
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2019

Federal Grantor, Pass-Through Entity Federal Awards	CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Total Expenditures
U.S Department of Homeland Security:				
Pass-through Miami-Dade County, Florida:				
2017 Urban Area Security Initiative (UASI) Grant Program	97.067	18-DS-X3-11-23-02-376	072220791	\$ 59,806
Pass-through Florida Division of Emergency Management:				
Public Assistance Grant – Hurricane Irma	97.036	None	072238686	<u>10,120,977</u>
Total U.S. Department of Homeland Security				<u>10,180,783</u>
Office of National Drug Control Policy:				
High Intensity Drug Trafficking Areas (HIDTA)	95.001	G17MI0001A, G18MI000IA	not applicable	334,515
U.S. Department of Justice:				
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None	not applicable	513,926
U.S. Department of Treasury:				
Department of Treasury Forfeiture Program (Equitable Sharing Program)				
South Florida Money Laundering Strike Force	21.016	None	not applicable	<u>211,725</u>
Total expenditures of federal awards				<u><u>\$ 11,240,949</u></u>

See accompanying notes to schedule of expenditures of federal awards

City of Coral Gables, Florida
Schedule of Expenditures of State Financial Assistance
Fiscal Year Ended September 30, 2019

State Grantor, Pass-Through Entity State Assistance	CFSA Number	Contract Number	Total Expenditures
Florida Department of Transportation:			
Public Transit Service Development Program	55.012	G1299	\$ 164,866
Total expenditures of state financial assistance			\$ 164,866

See accompanying notes to schedule of expenditures of state financial assistance

City of Coral Gables, Florida

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

(1) Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the Schedules) presents the activity of all federal awards and state financial assistance of the City of Gables, Florida (the City) for the year ended September 30, 2019. The information in the Schedules are 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* of the State of Florida. 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 net positions, or cash flows of the City. The City's reporting entity is defined in Note 1 to the City's basic financial statements.

(2) Summary of Significant Accounting Policies

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/expenses are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, wherein certain types of expenditures/expenses are not allowable or are limited as to reimbursement.

(3) Subrecipient Awards

Of the federal awards and state financial assistance presented in the Schedules, the City did not provide any amounts to subrecipients.

(4) 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
Fiscal Year Ended September 30, 2019**

I - Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

 Yes X No

Identification of major program:

CFDA Number

97.036

Name of Federal Program or Cluster

Public Assistance Grant - Hurricane Irma

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

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

(Continued)

City of Coral Gables, Florida

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2019

Section II. Financial Statements Findings

No matters to report.

Section III. Federal Award Findings and Questioned Costs

No matters to report.

Section IV. Summary of Prior Audit Findings

The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary Schedule of Prior Audit Findings*.

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

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the year ended September 30, 2019, and have issued our report thereon dated March 30, 2020. Our report was modified to include a reference to other 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 funds as described in our report on the City's financial statements:

Funds	Classification
• City of Coral Gables Retirement Fund	aggregate remaining fund information
• Police Officers' Pension Fund	aggregate remaining fund information

Other Reporting Requirements

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; 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, 2020, 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 financial audit report. There were no recommendations made in the preceding 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.b. 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.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 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, 2020



RSM US LLP

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 period October 1, 2018 to September 30, 2019. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the period October 1, 2018 to September 30, 2019.

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

RSM US LLP

Miami, Florida
March 30, 2020