



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FISCAL YEAR ENDED SEPTEMBER 30, 2017

CITY OF HIALEAH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Prepared by:
Finance Department

CITY OF HIALEAH, FLORIDA

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CITY OF HIALEAH, FLORIDA

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INTRODUCTORY SECTION

Carlos Hernandez
Mayor

Vivian Casáls-Muñoz
Council President

Jose F. Caragol
Council Vice President



Council Members
Katharine E. Cue-Fuente
Paul B. Hernandez
Lourdes Lozano
Isis Garcia-Martinez
Carl Zogby

City of Hialeah

June 26, 2018

To the Members of the City Council and Residents of the City of Hialeah:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Hialeah, Florida, for the fiscal year ending September 30, 2017. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The City of Hialeah's financial statements have been audited by Caballero Fierman Llerena + Garcia, LLP Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hialeah's financial statements for the fiscal year ended September 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This report consists of management's representation concerning the finances of the City of Hialeah. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Hialeah has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Hialeah's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Hialeah's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. 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 of Hialeah's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Hialeah was incorporated in 1925 by the laws of the State of Florida contained in Chapter 11516 Special Acts of 1925. The City of Hialeah occupies a land area of 23 square miles and serves a population of approximately 237,000 residents.

The City of Hialeah has operated under a strong mayor form of government since its inception. Policy making and legislative authority are vested in a governing council consisting of a seven member council. The council is responsible for, among other things, passing ordinances and adopting the budget.

The Mayor is responsible for carrying out the policies and ordinances of the council, overseeing the day-to-day operations of the government, and appointing the heads of various departments.

The City of Hialeah offers a wide range of services, including, public safety (police and fire), public works, streets, water and wastewater, sanitation, social services, cultural activities, public improvements, planning and zoning, building, libraries and educational services, and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

Each fiscal year provides the City an opportunity to identify, address and resolve issues facing our community and our citizens. The City's major challenges are to provide the infrastructure and services needed to maintain the quality of life, which has attracted considerable growth to our economy. The City continues to emphasize the support of systems such as transit, public safety (police and fire), storm water management, potable (drinking) water, waste treatment and solid waste collection which must be balanced carefully with the quality of life amenities which include parks and recreation, entertainment and cultural opportunities to maintain the beauty and attractiveness of our community.

In the past year, taxable values in the City of Hialeah have increased approximately 8.6% based on the Miami Dade County Property Appraiser's Office assessments. The City continues to honor our commitment to the residents and has not increased the millage rate above the levels that have been set by the Administration for the last five (5) years. The following discussion is intended to demonstrate the growth and vitality of the City and to address the challenges and concerns of the near future.

Annexation Area - In 2005 the City of Hialeah annexed from Miami Dade County an area located along the northwest corner of the City of Hialeah between Highway I-75 and the Florida Turnpike lying directly to the west of City. The Annexation Area consists of 1,890 acres of land, of which, a third has been designated for residential use, two-thirds have been designated for commercial and industrial use, and it will include a 30 acre passive park. As part of the inter-local agreement between the City and Miami-Dade County, the City will provide the necessary regional pre-development infrastructure, including: water and sewer services, road improvements, and regional recreational facilities. The Annexation Area will provide continued strong economic growth to the City of Hialeah by expanding its revenue base and maximizing the land use within its borders. At the time of this report, approximately 2,000 new homes have been constructed in the annexation area.

LONG TERM FINANCIAL PLAN

In fiscal year 2013, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires that the unassigned fund balance at fiscal year end be equal to 10% of the current fiscal year General Fund operating expenditures. This targeted reserve shall be in addition to all other reserves or designations of fund balance.

The total unassigned fund balance in the General Fund at the end of fiscal year 2017 is approximately \$32 million, which is 22% of the General Fund budget.

The City is pursuing grant and other funding opportunities to provide needed infrastructure improvements to the City, including roadway projects, and rehabilitation / energy efficiency upgrades to our affordable housing buildings.

MAJOR INITIATIVES AND PROGRAMS

The City's emphasis has been to restore, maintain and expand urban and residential infrastructure through a program of major renovations and new improvements to City parks, streets, sidewalks and development of affordable housing projects and improving the operational efficiencies.

The City of Hialeah has completed the design and construction of several projects related to water, sewer and roadway infrastructure; this work continues to date. The City continues to repair and modernize sewer pump stations (City-wide) in accordance with the Miami Dade County Consent Order. These stations are upgraded with the latest state-of-the-art pumps and control systems enhancing an already efficient water and sewer operation. The City's Department of Public Works is also working on re-lining the City's sewer lines to avoid infiltration of ground water, which increases the volume of waste water. Completion of these projects will reduce expenses in the long-run by reducing the amount paid by the City to Miami Dade County for sewage transmission, and treatment and disposal fees.

Through successful leveraging of State, Federal and County grants, the City in conjunction with Hialeah Housing Authority is finalizing the design of 80 new senior housing units. The City is also building a new addition to the top-performing City of Hialeah Educational Academy. The addition will include new classrooms, a walkway to the existing building, male/female locker rooms, training center, weight room, court room, lecture room, conference rooms, counselor and staff offices and other various items.

RELEVANT FINANCIAL POLICIES

Budgetary Controls – The annual budget serves as a foundation for the City of Hialeah financial planning and control. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States. Annually the City adopts appropriated budgets for the General fund, special revenue funds (except for CDBG, SHIP, the Law Enforcement Trust funds, and the Emergency Disaster fund), debt service funds and the capital projects funds. The City follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements. Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. At any time, the Mayor may transfer any unencumbered appropriation balance or portion thereof between classifications of expenditures within a department. At the request of the Mayor and only after the first six months of the budget year have passed, the City Council, in the form of a resolution, may transfer any part of the unencumbered balance of an appropriation between departments.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and shall be subject to future appropriations. The legal level of control is at the department level. The City Council approves supplemental appropriations. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted.

Risk Management – The City administers a self-insurance program for workers' compensation, general liability, and group health insurance programs, subject to certain stop-loss provisions. The health insurance program is administered by an independent administrator. The workers' compensation and liability programs are administered by a separate administrator. For group health insurance, the City funds the program on a pay as you go basis. Insurance coverage is maintained with independent carriers for property damage to City facilities. The City maintains stop-loss coverage with an independent carrier for the City's self-funded group health plan.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hialeah for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2016. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the tenth consecutive year that the City of Hialeah has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our 2017 Comprehensive Annual Financial Report continues to meet the high standards of the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration of the award certificate.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, the Office of Management and Budget and the City's audit firm, Caballero Fierman Llerena + Garcia, LLP. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Hialeah's finances.

Respectfully submitted,



Carlos Hernandez
Mayor



Christopher Chiocca, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Hialeah
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF HIALEAH, FLORIDA

List of Elected City Officials

September 30, 2017

Strong Mayor Form of Government

CITY COUNCIL

Carlos Hernandez, Mayor

Vivian Casals-Muñoz, Council President

Jose F. Caragol, Council Vice President

Katharine Cue-Fuente

Paul B. Hernandez

Lourdes Lozano

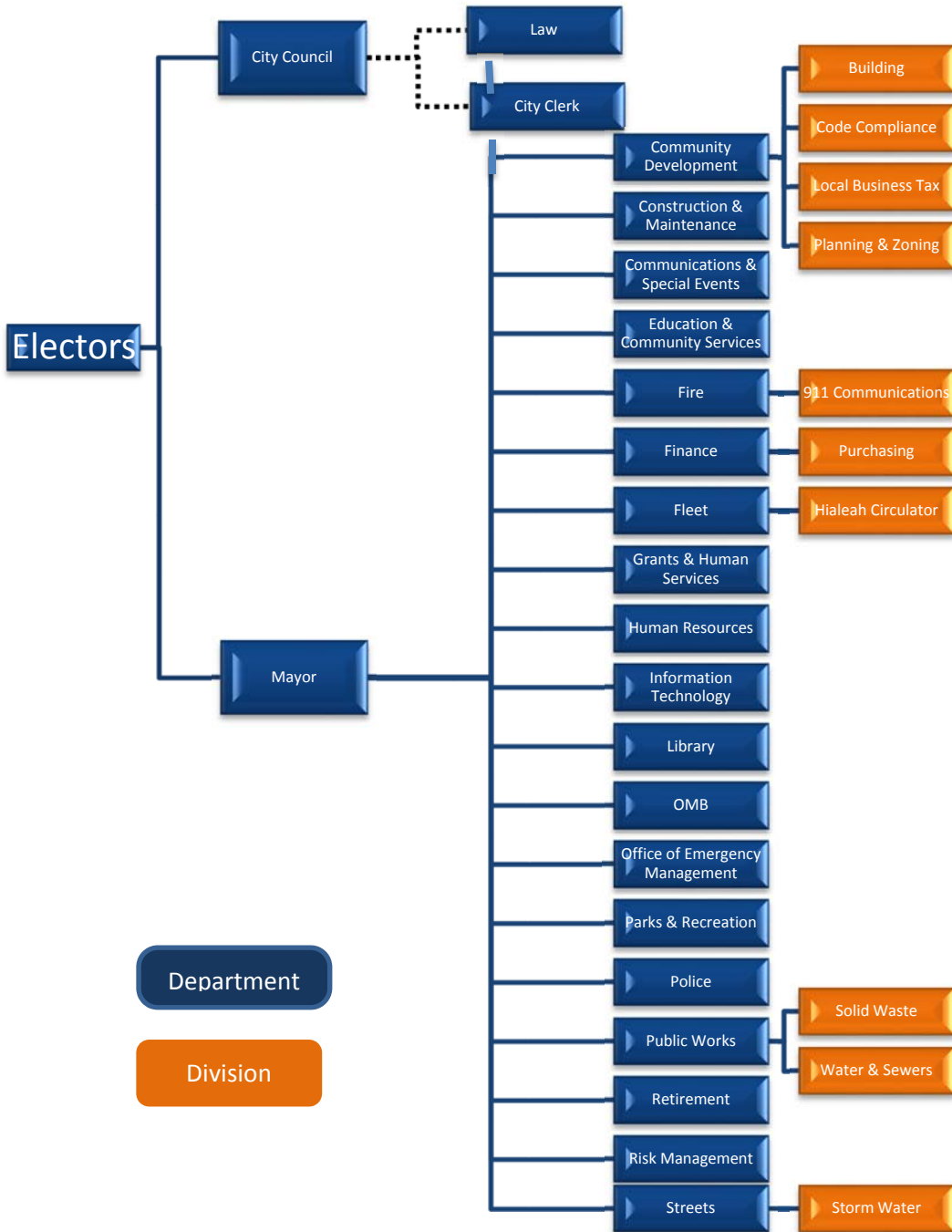
Isis Garcia-Martinez

Carl Zogby

Prepared by:

Finance Department and Administration

CITY OF HIALEAH, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 30, 2017



FINANCIAL SECTION

INDEPENDENT
AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Hialeah, 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 Hialeah, Florida (the "City") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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, 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, 2017, and the respective changes in financial position and, where applicable, cash flows for the fiscal 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 on pages 3 through 18 and the Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios – Employees' Retirement System, Schedule of Contributions – Employees' Retirement System, Schedule of Investment Returns – Employees' Retirement System, Schedule of Changes in Net Pension Liability and Related Ratios – Elected Officials' Retirement System, Schedule of Contributions – Elected Officials' Retirement System, Schedule of Investment Returns – Elected Officials' Retirement System and the Schedule of Funding Progress – Other Post-Employment Benefits on pages 82 through 90, 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 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.

Supplementary and 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 introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical section and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of expenditures of federal awards and state financial assistance 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 June 26, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

As management of the City of Hialeah, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the City of Hialeah's Governmental and Business-type activities exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28.1 million.
- Net position of the City's governmental activities decreased by 24% (\$20.3 million) from \$63.8 million deficit for last fiscal year, compared to \$84.1 million deficit in the current fiscal year. The net change in fund balance in the amount of \$5.8 million to the change in net position of (\$20.3 million) was primarily due to the increase in OPEB liability of \$7.5 million, an increase in net pension liability of \$26 million, and an increase in compensated absences of \$5 million, and a decrease in capital assets net of depreciation of \$9.5 million.
- Net position of the City's business-type activities decreased by 5% (\$6.4 million) from \$118.5 million as restated compared to \$112.2 million in the current fiscal year.
- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$63.4 million, an increase of approximately \$5.7 million.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$32 million, or 81% of the total General Fund Balance. The non-spendable fund balance was \$5.3 million which represents long term receivables, inventory and prepaid expenses which are amounts that are not spendable in nature. The committed amount of \$2.1 million is for future expenditures determined by a formal action of the City Council. The \$32 million of unassigned fund balance is considered undesignated at the closing of the year and are funds available for spending at the government's discretion. It is important for readers to understand that these funds available for spending are essential for long-term commitments and unanticipated contingencies and should not be considered superfluous.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to these basic financial statements, this report contains other supplementary information.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. 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.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

- The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial 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*).

The governmental activities of the City include police, fire, streets, grants, bus circulator and human services, state housing initiative, library, code compliance, licenses, fleet maintenance, construction and maintenance, recreation and community services, building, planning and development, and general and administrative services.

The business type activities of the City include solid waste, water and sewer and storm-water operations. The government-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be the major fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Overview of the Financial Statements (Continued)

Governmental funds (Continued)

The City adopts an annual appropriated budget for its General Fund and other governmental funds. Budgetary comparison statements have been provided for the General Fund and governmental funds with legally adopted budgets to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 21-23 of this report.

Proprietary funds

The City maintains one type of proprietary fund. *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 its solid waste, water and sewer and storm-water operations.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, water and sewer and storm-water operations, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 24-28 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29-30 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 basic financial statements can be found on pages 31-81 of this report.

Other information

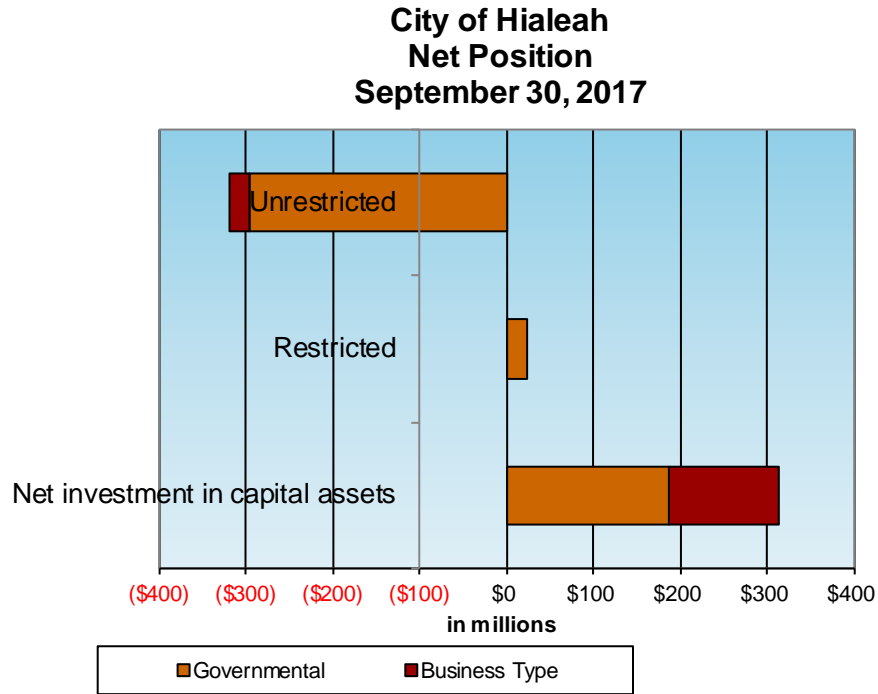
In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including, but not limited to, the budgetary comparison schedule of the General Fund and information concerning the City's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 82-90 of this report. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 91-119 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Hialeah, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28.1 million at the close of the most recent fiscal year. This is a 54% decrease compared to last year's net position of \$54.7 million as restated. This was primarily due to a decrease of \$20.3 million in governmental activities and a decrease of \$6.4 million in business type activities.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Government-wide Financial Analysis (Continued)



CITY OF HIALEAH - NET POSITION

	Governmental Activities	Business-type Activities	Total 2017	Governmental Activities	Business-type Activities	Total 2016
Current and other assets	\$ 85,917,776	\$ 67,323,795	\$ 153,241,571	\$ 73,600,795	\$ 76,168,307	\$ 149,769,102
Restricted assets	1,802,576	16,478,639	18,281,215	2,360,448	16,250,918	18,611,366
Capital assets, net	253,641,636	192,793,527	446,435,163	262,999,785	188,202,331	451,202,116
Total assets	341,361,988	276,595,961	617,957,949	338,961,028	280,621,556	619,582,584
Deferred outflows of resources	63,809,921	15,868,334	79,678,255	49,929,645	11,957,829	61,887,474
Long-term liabilities	452,100,852	129,643,560	581,744,412	418,411,142	127,680,696	546,091,838
Other liabilities	32,773,938	49,705,954	82,479,892	30,117,659	52,897,646	83,015,305
Total liabilities	484,874,790	179,349,514	664,224,304	448,528,801	180,578,342	629,107,143
Deferred inflows of resources	4,380,005	938,394	5,318,399	4,171,818	-	4,171,818
Net position						
Net investment in capital assets	186,457,794	133,579,865	320,037,659	190,609,888	126,879,211	317,489,099
Restricted	23,084,772	-	23,084,772	19,353,008	-	19,353,008
Unrestricted	(293,625,452)	(21,403,478)	(315,028,930)	(273,772,842)	(14,878,168)	(288,651,010)
Total net assets	\$ (84,082,886)	\$ 112,176,387	\$ 28,093,501	\$ (63,809,946)	\$ 112,001,043	\$ 48,191,097

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Government-wide Financial Analysis (Continued)

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, they are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is considered unrestricted net position and that amount is a negative \$319.8 million. This figure illustrates that if all liabilities became due at this point in time, total assets would be insufficient to cover all of our obligations. Capital assets of the City would need to be sold in order to meet contingencies.

Net position of the City's governmental activities decreased by 24% (\$20.3 million) from \$63.8 million deficit for last fiscal year, compared to \$84.1 million deficit in the current fiscal year. See detailed explanation under Financial Highlights.

Net position of the City's business-type activities decreased 5% (\$6.4 million) from \$118.5 million as restated for last fiscal year, compared to \$112.2 million in the current fiscal year. The restatement of \$6.8 million to beginning net position was to properly reflect capital assets, net of accumulated depreciation.

CITY OF HIALEAH - CHANGES IN NET POSITION

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>2017</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 32,394,063	\$ 87,674,670	\$ 120,068,733	\$ 33,623,410	\$ 86,819,463	\$ 120,442,873
Operating grants & contributions	26,795,367	-	26,795,367	21,206,276	-	21,206,276
Capital grants & contributions	9,475,840	591,188	10,067,028	12,214,891	429,279	12,644,170
General Revenues:						
Property taxes	51,435,680	-	51,435,680	47,012,819	-	47,012,819
Utility taxes	22,345,725	-	22,345,725	22,087,571	-	22,087,571
Franchise fees on gross receipts	16,180,210	-	16,180,210	15,723,781	-	15,723,781
Intergovernmental revenue	28,200,503	-	28,200,503	27,687,192	-	27,687,192
Unrealized gain (loss) on investments	-	(121,594)	(121,594)	-	185,370	185,370
Gain on disposal of capital assets	77,140	-	77,140	69,910	-	69,910
Unrestricted interest	129,600	543,642	673,242	133,027	2,392,231	2,525,258
Transfers	(1,296,159)	1,296,159	-	-	-	-
Total revenues	<u>185,737,969</u>	<u>89,984,065</u>	<u>275,722,034</u>	<u>179,758,877</u>	<u>89,826,343</u>	<u>269,585,220</u>
Expenses:						
General government	59,957,218	-	59,957,218	56,968,287	-	56,968,287
Police	58,240,949	-	58,240,949	54,508,455	-	54,508,455
Fire	54,381,049	-	54,381,049	49,035,406	-	49,035,406
Streets	15,961,337	-	15,961,337	14,054,634	-	14,054,634
Recreation & community service	13,703,389	-	13,703,389	12,336,667	-	12,336,667
Interest on long-term debt	3,766,967	-	3,766,967	3,549,955	-	3,549,955
Water & sewer	-	71,567,962	71,567,962	-	70,446,653	70,446,653
Solid waste	-	19,795,688	19,795,688	-	21,314,937	21,314,937
Stormwater	-	4,987,399	4,987,399	-	2,311,830	2,311,830
Total expenses	<u>206,010,909</u>	<u>96,351,049</u>	<u>302,361,958</u>	<u>190,453,404</u>	<u>94,073,420</u>	<u>284,526,824</u>
Change in net position	(20,272,940)	(6,366,984)	(26,639,924)	(10,694,527)	(4,247,077)	(14,941,604)
Net position-beginning (as restated, see Note 19)	(63,809,946)	118,543,371	54,733,425	(53,115,419)	116,248,120	63,132,701
Net position-ending	<u>\$(84,082,886)</u>	<u>\$ 112,176,387</u>	<u>\$ 28,093,501</u>	<u>\$(63,809,946)</u>	<u>\$ 112,001,043</u>	<u>\$ 48,191,097</u>

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Government-wide Financial Analysis (Continued)

Governmental activities

Governmental activities decreased the City's net position by \$20.3 million. The net change in fund balance amount of \$5.7 million to the change in net position of (\$20.3 million) was primarily due to the increase in OPEB liability of \$7.5 million, an increase in an increase in net pension liability of \$26 million, and an increase in compensated absences of \$5 million, and a decrease in capital assets net of depreciation of \$9.5 million.

These changes reported in the statement of activities do not require the use of current financial resources.

Revenues in ad valorem taxes increased by approximately \$4.4 million in the current fiscal year; this was due to an increase in the assessed property values within the City by the Miami-Dade County Property Appraisers' Office. Although ad valorem taxes increased it continues to be a challenge for the City to maintain the high level of services while the City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase at a greater rate. Yet despite these issues, the City of Hialeah remains determine to maintain its promise not to raise taxes and in fact it maintained the City's millage rate of 6.3018 from the prior year will remain the same for the coming fiscal year.

Business-type activities

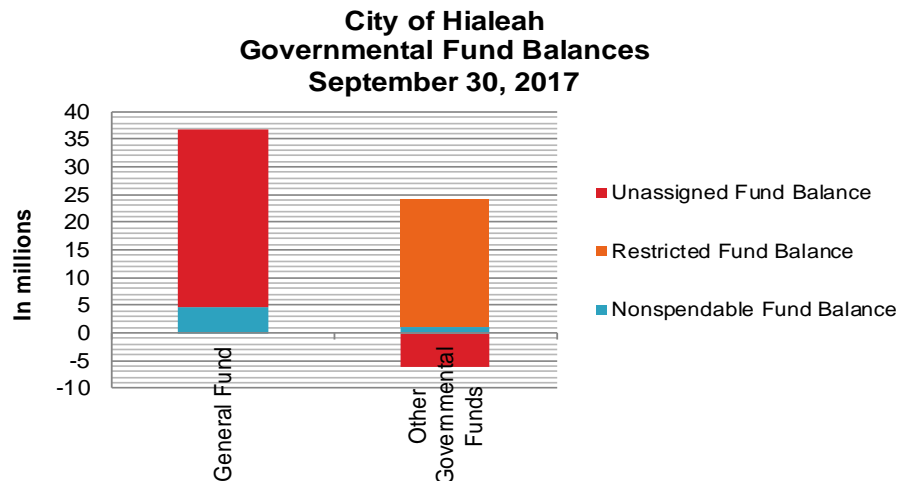
Net position of the City's business-type activities decreased by \$6.4 million in the current fiscal year. The current year decrease in net position in the Water and Sewer Utility fund was \$4.1 million and for the Solid Waste fund of \$2.5 million. See detailed explanation in Note 1(E), item 20.

Financial Analysis of the City's Funds

As noted earlier, the City of Hialeah uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.



CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)

As of the end of the current fiscal year, the City's *other governmental funds* reported combined ending fund balances (restricted, committed and nonspendable) of \$23.9 million, an increase of approximately \$3.7 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 92-99 of this report.

Unassigned fund balance in the amount of \$32 million in the General Fund constitutes amount which is available for spending as explained earlier under Financial Highlights. The remainder of fund balance is *non-spendable* to indicate it is not available for spending because they are in non-spendable form (i.e. inventory and prepaid expenses) and committed is for future expenditures determined by a formal action of the City Council.

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund.

The amount of General Fund revenue from various sources, the percentage of the total and the amount of change compared to last fiscal year are shown in the following schedule:

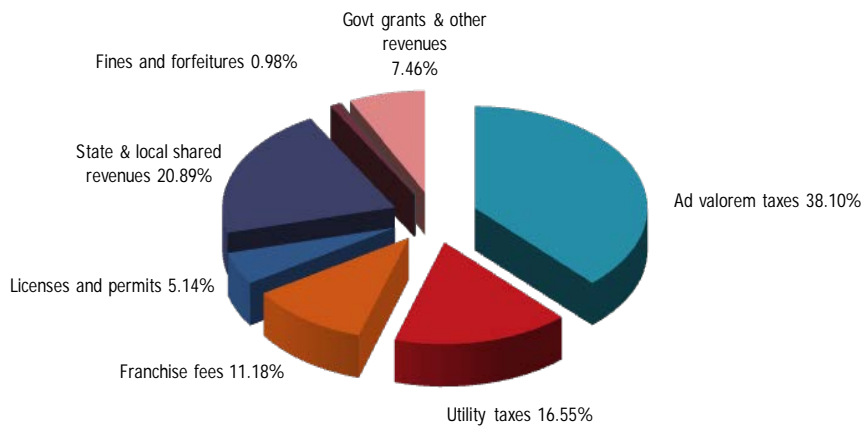
Revenue Sources	2017		2016		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	2017 Amount	Percent of Total	2016 Amount	Percent of Total		
Ad valorem taxes	\$ 51,435,680	38.10%	\$ 47,012,819	36.22%	\$ 4,422,861	9.41%
Utility taxes	22,345,725	16.55%	22,087,571	17.02%	258,154	1.17%
Franchise fees	15,091,649	11.18%	15,182,525	11.70%	(90,876)	-0.60%
Licenses and permits	6,943,824	5.14%	6,620,830	5.10%	322,994	4.88%
State & local shared revenues	28,200,503	20.89%	27,687,192	21.33%	513,311	1.85%
Fines and forfeitures	1,327,759	0.98%	1,529,267	1.18%	(201,508)	-13.18%
Interest	-	0.00%	9,489	0.01%	(9,489)	-100.00%
Gov. grants & other revenues	9,639,360	7.14%	9,664,947	7.45%	(25,587)	-0.26%
Total	<u>\$ 134,984,500</u>	<u>100%</u>	<u>\$ 129,794,640</u>	<u>100%</u>	<u>\$ 5,189,860</u>	4.00%

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)

2017 General Fund Revenues



Total General Fund revenues increased by \$5.2 million or 4% in fiscal year 2017. There were increases of \$4.4 million in ad valorem taxes, \$513 thousand in state and local shared revenues, \$323 thousand in licenses and permits, and 258 thousand in utility taxes. There was a decrease of \$202 thousand in fines and forfeitures.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)

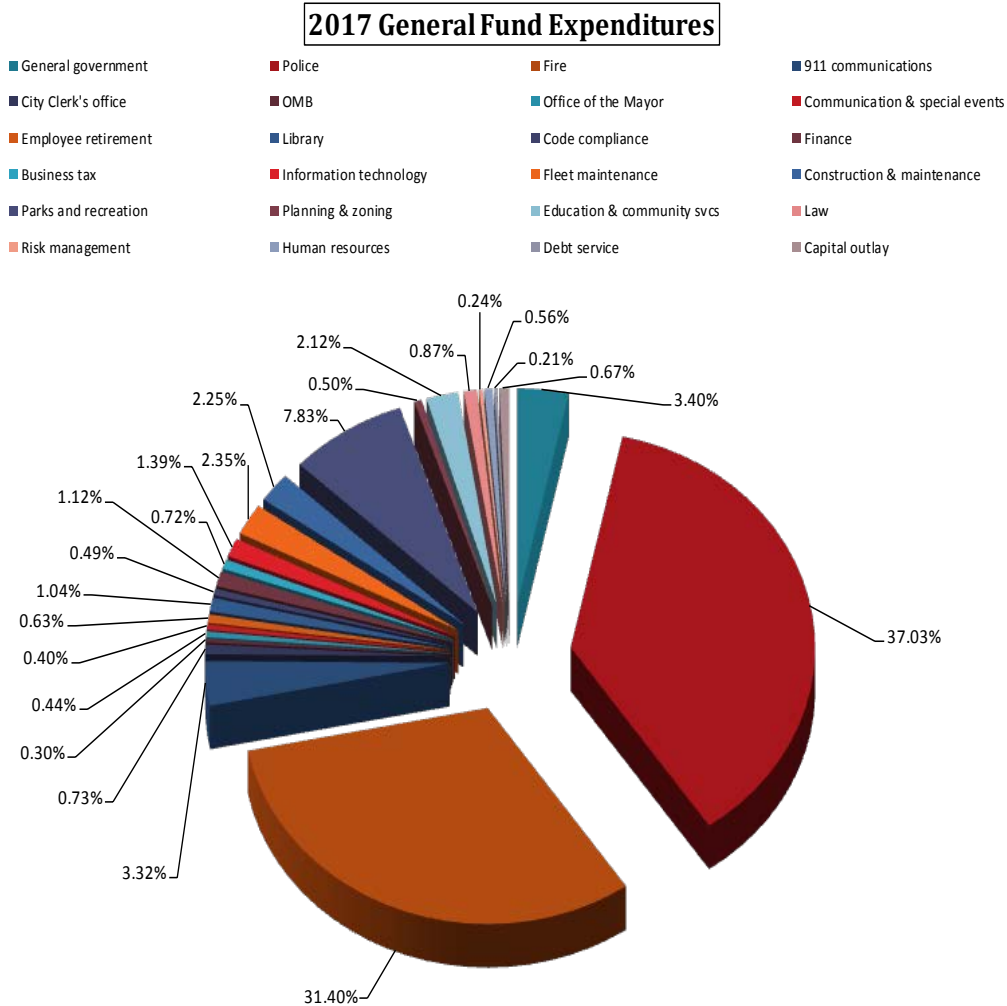
The amount of General Fund expenditures by department, the percentage of the total and the amount of change compared to last fiscal year are shown in the following schedule:

<u>Expenditures</u>	2017		2016		Amount Incr (Decr) from Prior Year	Percent Incr-Decr from Prior Year
	<u>2017</u>	Percent of <u>Total</u>	<u>2016</u>	Percent of <u>Total</u>		
General government	\$ 4,504,305	3.40%	\$ 4,648,426	3.09%	\$ (144,121)	-3.10%
Police	49,037,521	37.03%	49,833,506	33.18%	(795,985)	-1.60%
Fire	41,585,861	31.40%	39,847,423	26.53%	1,738,438	4.36%
911 communications	4,391,285	3.32%	3,894,582	2.59%	496,703	12.75%
City Clerk's office	962,794	0.73%	1,233,250	0.82%	(270,456)	-21.93%
OMB	402,949	0.30%	388,095	0.26%	14,854	3.83%
Office of the Mayor	588,766	0.44%	646,944	0.43%	(58,178)	-8.99%
Communication & special events	523,637	0.40%	387,083	0.26%	136,554	35.28%
Employee retirement	834,417	0.63%	596,528	0.40%	237,889	39.88%
Library	1,379,576	1.04%	1,560,224	1.04%	(180,648)	-11.58%
Code compliance	642,804	0.49%	644,566	0.43%	(1,762)	-0.27%
Finance	1,486,450	1.12%	1,417,428	0.94%	69,022	4.87%
Business tax	951,992	0.72%	807,971	0.54%	144,021	17.83%
Information technology	1,845,314	1.39%	1,871,939	1.25%	(26,625)	-1.42%
Fleet maintenance	3,117,172	2.35%	3,060,804	2.04%	56,368	1.84%
Construction & maintenance	2,981,198	2.25%	3,053,215	2.03%	(72,017)	-2.36%
Parks and recreation	10,368,912	7.83%	10,015,340	6.67%	353,572	3.53%
Planning & zoning	657,440	0.50%	716,244	0.48%	(58,804)	-8.21%
Education & community svcs	2,802,476	2.12%	2,851,902	1.90%	(49,426)	-1.73%
Law	1,150,714	0.87%	1,311,626	0.87%	(160,912)	-12.27%
Risk management	318,996	0.24%	322,813	0.21%	(3,817)	-1.18%
Human resources	735,666	0.56%	763,201	0.51%	(27,535)	-3.61%
Debt service	281,400	0.21%	19,526,295	13.00%	(19,244,895)	-98.56%
Capital outlay	886,608	0.67%	803,412	0.53%	83,196	10.36%
Total	\$ 132,438,253	100.00%	\$ 150,202,817	100.00%	\$ (17,764,564)	-11.83%

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)



In fiscal year 2017, total General Fund expenditures decreased by approximately \$17.8 million or 12% as compared to the prior year. There was a decrease in debt service of approximately \$19 million due to a prior year bond refunding, increase in fire of approximately \$1.7 million and a decrease in police of approximately \$796 thousand.

Proprietary funds

The City maintains three proprietary funds. *Enterprise funds* are used to provide the same type of information found in the government-wide financial statements, but in more detail. The City uses proprietary funds to account for its water and sewer, storm-water and solid waste operations.

Unrestricted net position of all the enterprise funds at the end of the year amounted to a \$21 million deficit. Unrestricted net position at the end of the fiscal year for the Water and Sewer Fund, Stormwater Utility Fund, and the Solid Waste Fund totaled to \$31.4 million, \$1.5 million and a deficit of \$54.1 million, respectively.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

General Fund Budgetary Highlights

The differences in the *actual* revenues and expenditures as *compared* to the *budget* are summarized as follows:

- Licenses and permits were greater than budgeted primarily due to an increase in business tax renewals by approximately \$1.4 million.
- Franchise fees were less than budgeted due to an underperforming estimate by approximately \$764 thousand.
- Government grants and other revenues were lower than budgeted figures by \$1.1 million or 10%.
- The police department expenditures were less than budgeted primarily due to vacant positions and less operating expenditures.
- The fire department expenditures were greater than budgeted primarily due to increased overtime, pension contributions, health insurance and workers compensation.

Differences between the *original budget* and the *final amended budget* for expenditure accounts increased by approximately \$65 thousand.

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2017 totals \$446 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 2.0%.

CITY OF HIALEAH - CAPITAL ASSETS (NET OF DEPRECIATION)

	September 30, 2017			September 30, 2016		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Land	\$ 29,694,984	\$ 4,202,141	\$ 33,897,125	\$ 29,694,984	\$ 4,202,141	\$ 33,897,125
Construction in progress	6,164,784	-	6,164,784	4,624,265	554,205	5,178,470
Buildings and utility plants	89,156,686	60,931,184	150,087,870	92,017,915	61,935,480	153,953,395
Improvements other than buildings	5,359,259	-	5,359,259	5,884,537	-	5,884,537
Furniture, fixtures, machinery and equipment	10,148,884	723,481	10,872,365	11,698,851	1,043,341	12,742,192
Furniture, fixtures, machinery and equipment - Charter School	552,572	-	552,572	448,753	-	448,753
Infrastructure	<u>112,563,867</u>	<u>126,936,721</u>	<u>239,500,588</u>	<u>118,630,480</u>	<u>120,467,164</u>	<u>239,097,644</u>
Total capital assets	<u>\$ 253,641,036</u>	<u>\$ 192,793,527</u>	<u>\$ 446,434,563</u>	<u>\$ 262,999,785</u>	<u>\$ 188,202,331</u>	<u>\$ 451,202,116</u>

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Capital Assets and Debt Administration (Continued)

Capital assets (Continued)

Additions and transfers to capital assets before depreciation for governmental activities equaled \$6 million. The following additions and transfers include the following items:

- Continued construction and engineering services, in the asset category construction in progress, of several City street projects totaling approximately \$2.3 million not yet completed at the end of FY 2017.
- Additions in the asset category of furniture, fixtures, machinery equipment were due primarily to the purchase of various equipment and vehicles for City departments, in the amount of approximately \$2.7 million for the current fiscal year.
- In addition to the above additions, a transfer of assets from construction in progress to infrastructure in the amount of approximately \$3 million due to completion and placement in service of several City street projects.

Additions and transfers to capital assets before depreciation for business type activities equaled \$6.2 million. The following additions and transfers include the following items:

- Continued additions to infrastructure to stormwater drainage installations and construction and resurfacing of several City roadways throughout the City totaling approximately \$1.9 million.
- Continued additions to the reverse osmosis treatment plant totaling approximately \$686 thousand.
- In addition to the above additions, a transfer of an asset from construction in progress was made to infrastructure in the amount of approximately \$554 thousand.

Additional information on the City's capital assets can be found in Note 11 starting on page 55-56 of this report.

Long-term debt

The City's net outstanding debt increased by approximately \$35 million during the current fiscal year. The change was primarily the result of due to the increase in OPEB liability, an increase in net pension liability, and an increase in compensated absences. Additional information on the City's long-term debt can be found in the notes to the financial statements. More in-depth detail can be found on pages 56-63, Note 12.

Economic Factors and Next Year's Budgets and Rates

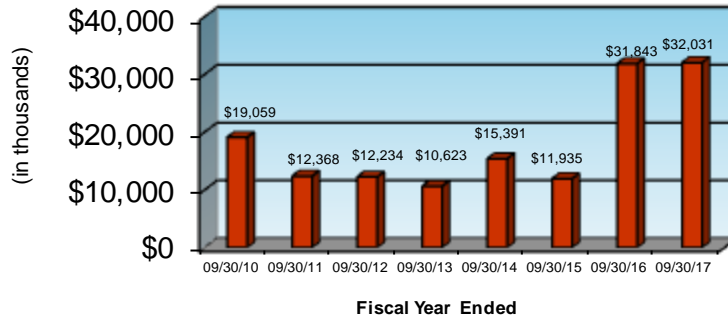
The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 95%.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$32 million. The unassigned fund balance of \$32 million is approximately equal to a little over two and a half months of the General Fund budgeted expenditures for fiscal year 2017-2018.

The following graph shows the City's fund balance for the last eight years:

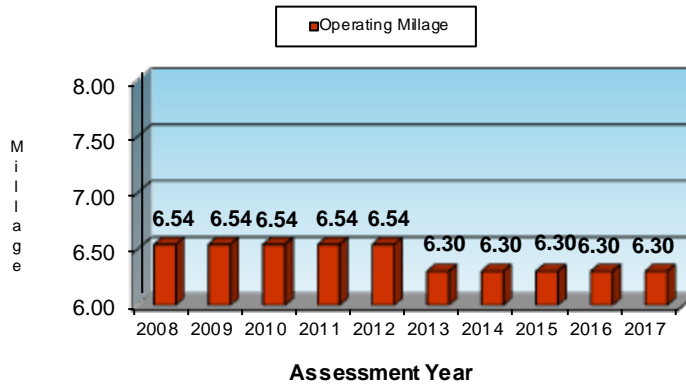
CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

**General Fund
 Unassigned Fund Balance**



In 1995, the State of Florida limited all local governments' ability to raise homestead assessed property value in any given year by 3% or cost of living, whichever is lower. As the following graph indicates, the City's property tax rates were reduced by almost 1/4 of a mill in 2013. The City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase while our revenue resources have not increased at the same rate and are more limited. During fiscal year 2016-2017, the City maintained the millage rate at 6.3018 mills, as it was in the previous fiscal year. The City has reduced the cost of government, while maintaining a full complement of municipal services (police, fire, parks, recreation, libraries, education, community services and affordable housing) at optimum levels without the need for additional voter approved debt.

Property Tax Rates



CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

2017 Fiscal Year Accomplishments

During the 2016-2017 fiscal year, the City of Hialeah, has invested its revenues from all sources in a manner that reflects a vision towards the future. This investment will be enjoyed by the current residents of the City as well as future generations. The following list illustrates a sampling of our major accomplishments this year.

- The City has annexed 1,890 acres of land located in the Northwest section of the City and construction of the infrastructure system is underway. The proposed future land use for this area is as follows:
 - 4,395 Residential units
 - 1,651,680 Square Feet Retail/Commercial/Office
 - 7,623,000 Square Feet Industrial
 - 30 Acre Passive Park
- In October 2016 the City created two Transit Oriented Districts (Hialeah Market Station TOD and Hialeah Transfer Station TOD) in the SE area of the City. This area was envisioned as a strategic location for redevelopment due to its proximity to the Miami International Airport, Midtown, Downtown Miami and the Brickell area. The Hialeah Transfer Station currently links the existing Tri-rail and Metrorail services and in the near future will be the node that will link the new coastal link (Downtown Miami-Biscayne Boulevard Corridor-Orlando) to the existing service. The intent of this district is to promote and encourage mobility and connectivity within the district as well as to and from transit stations for pedestrians, bicycles and automobiles. The TOD district is envisioned as a mixed use urban setting where cars will not be the only transportation option to go to work, school, shop, or amuse and recreation, entertainment and retail will be available to residents within walking distance of their homes. There are five projects processing building permits, four are for multifamily developments and one is for a new commercial development.
- The City created an Arts District, now named the Leah Arts District. Artists gathering in the area are furiously reinventing and enlivening this old warehouse district with colorful murals and special events that showcase Hialeah's artistic creations. The oldest remaining Deli restaurant in Miami is within the district and is currently under significant renovations by the new owner who is a recognized entrepreneur in the food industry. An existing brewery is in the permitting process to expand their operations by adding a testing and food area to their manufacturing operations. A proposal for a new multifamily development in the area has been recently approved by the City.
- The City in conjunction with Hialeah Housing Authority is finalizing the design of 80 affordable housing units in Seminola.
- Construction and Maintenance:
 - Completed the renovation of the John F. Kennedy Library in March 2017.
- Street Department:
 - Completion of road construction, resurfacing projects, and median beautification/maintenance around the City.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

2017 Fiscal Year Accomplishments (Continued)

- Department of Public Works:
 - Fully implemented the 2016-2017 retail water and sewer rates as approved by the City Council.
 - Continued with the proper training of departmental staff.
 - Completed the 2016 Water Quality Report as required by Federal law and distributed the report both in English and Spanish to all customers by July 1, 2014.
 - Continued improvements to the City's sewer system in accordance with the MDDERM Consent Order.
 - Continued with sewer main lining program. These repairs and construction were completed using "trench-less" construction which is an extremely efficient and effective method of reconstructing sewer mains by not trenching or "digging" the streets of the city. By relining we decrease the amount of I/I that enters our system decreasing the amount of sewage that must be transported, treated and disposed and decreasing the demands on the Miami-Dade County regional system and treatment sewage plants.
 - Continued with the full operation of the R.O. Water Treatment Plant to serve the annexation areas as well as other areas in the northwest quadrant of the county.
 - Started construction of an additional 4 production wells for the R.O. Water Treatment Plant, buildings and appurtenances to be completed in FY 2018-19.
 - Completed design and construction plans for NW 154th Street and NW 102nd Avenue in the annexation area.
 - Privatized garbage and bulky waste collection and disposal. Started process for privatization of recycling collection.

Future Outlook

- Construction and Maintenance:
 - Design and construction of the Don Quijote Plaza.
 - Begin rehabilitation / energy efficiency upgrades to our affordable housing buildings.
- Recreation Department
 - Continue construction and completion of renovations and improvements at various City parks and recreational facilities.
- Streets Department
 - Continue with road construction and resurfacing projects around the City.
 - Continue median beautification/maintenance program.
- Department of Public Works:
 - Complete rehabilitation of a major regional sewage pump station, including a new force main, rehabilitation of all local pump stations to comply with MDDERM consent order.
 - Continue with sewer main lining program. These repairs and construction are to be completed using "trench-less" construction which an extremely efficient and effective method of reconstructing sewer mains by not trenching or "digging" the streets of the city. By relining we decrease the amount of I/I that enters our system decreasing the amount of sewage that must be transported, treated and disposed and decreasing the demands on the Miami-Dade County regional system and treatment sewage plants.
 - Continue with the full production operations of the R.O. Water Treatment Plant and expand the operation.
 - Complete construction of an additional 4 production wells for the R.O. Water Treatment Plant.
 - Implement the privatization of recycling collections.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Requests for Information

This financial report is designed to provide a general overview of the City of Hialeah'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 financial information should be addressed to Christopher Chiocca, Finance Director, Finance Department, City of Hialeah, 501 Palm Avenue, Hialeah, Florida 33010. In addition, the City's Comprehensive Annual Financial Report may be obtained through the City's website at <http://www.hialeahfl.gov>.

BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 42,062,739	\$ 22,647,310	\$ 64,710,049
Investments	-	22,278,692	22,278,692
Receivables, net	26,944,824	25,583,082	52,527,906
Notes receivable	2,721,587	-	2,721,587
Net pension asset	2,036,982	-	2,036,982
Internal balances	8,327,404	(8,327,404)	-
Inventories	1,865,371	920,546	2,785,917
Prepays and other assets	1,958,869	4,221,569	6,180,438
Restricted assets:			
Cash, cash equivalents and investments	1,802,576	15,768,562	17,571,138
Other assets	-	710,077	710,077
Capital assets:			
Non-depreciable	35,859,768	4,202,141	40,061,909
Depreciable, net of depreciation	<u>217,781,868</u>	<u>188,591,386</u>	<u>406,373,254</u>
Total assets	<u>341,361,988</u>	<u>276,595,961</u>	<u>617,957,949</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amount on refunding	380,722	95,180	475,902
Pension	<u>63,429,199</u>	<u>15,773,154</u>	<u>79,202,353</u>
	<u>63,809,921</u>	<u>15,868,334</u>	<u>79,678,255</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	9,517,575	29,328,044	38,845,619
Due to other governments	2,667,968	-	2,667,968
Accrued interest	452,908	-	452,908
Unearned revenue	2,382,408	35,000	2,417,408
Liabilities payable from restricted assets	-	15,974,201	15,974,201
Other liabilities	122,808	-	122,808
Non-current liabilities:			
Due within one year	17,630,271	4,368,709	21,998,980
Due in more than one year	<u>452,100,852</u>	<u>129,643,560</u>	<u>581,744,412</u>
Total liabilities	<u>484,874,790</u>	<u>179,349,514</u>	<u>664,224,304</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	4,220,804	-	4,220,804
Pension	<u>159,201</u>	<u>938,394</u>	<u>1,097,595</u>
	<u>4,380,005</u>	<u>938,394</u>	<u>5,318,399</u>
<u>NET POSITION</u>			
Net investment in capital assets	186,457,794	133,409,065	319,866,859
Restricted:			
Public safety	671,942	-	671,942
Human services	22,412,830	-	22,412,830
Unrestricted	<u>(293,625,452)</u>	<u>(21,232,678)</u>	<u>(314,858,130)</u>
Total net position	<u>\$(84,082,886)</u>	<u>\$ 112,176,387</u>	<u>\$ 28,093,501</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 59,957,218	\$ 24,217,921	\$ 16,436,813	\$ -	\$ (19,302,484)	\$ -	\$ (19,302,484)
Police	58,240,949	745,403	1,320,611	-	(56,174,935)	-	(56,174,935)
Fire	54,381,049	4,696,059	838,493	899,479	(47,947,018)	-	(47,947,018)
Streets	15,961,337	766,087	6,714,683	6,492,985	(1,987,582)	-	(1,987,582)
Recreation and community services	13,703,389	1,968,593	1,484,767	2,083,376	(8,166,653)	-	(8,166,653)
Interest on long term debt	3,766,967	-	-	-	(3,766,967)	-	(3,766,967)
Total governmental activities	<u>206,010,909</u>	<u>32,394,063</u>	<u>26,795,367</u>	<u>9,475,840</u>	<u>(137,345,639)</u>	<u>-</u>	<u>(137,345,639)</u>
Business-type activities:							
Water and sewer	71,567,962	66,468,227	-	591,188	-	(4,508,547)	(4,508,547)
Solid waste	19,795,688	17,356,664	-	-	-	(2,439,024)	(2,439,024)
Stormwater	4,987,399	3,849,779	-	-	-	(1,137,620)	(1,137,620)
Total business-type activities	<u>96,351,049</u>	<u>87,674,670</u>	<u>-</u>	<u>591,188</u>	<u>-</u>	<u>(8,085,191)</u>	<u>(8,085,191)</u>
	<u>\$ 302,361,958</u>	<u>\$ 120,068,733</u>	<u>\$ 26,795,367</u>	<u>\$ 10,067,028</u>	<u>(137,345,639)</u>	<u>(8,085,191)</u>	<u>(145,430,830)</u>
General revenues:							
Property taxes					51,435,680	-	51,435,680
Utility taxes					22,345,725	-	22,345,725
Franchise fees on gross receipts					16,180,210	-	16,180,210
Intergovernmental revenues not restricted to specific program					28,200,503	-	28,200,503
Unrealized loss on investments					-	(121,594)	(121,594)
Gain on disposal of capital assets					77,140	-	77,140
Unrestricted interest					129,600	543,642	673,242
Transfers					(1,296,159)	1,296,159	-
Total general revenues					<u>117,072,699</u>	<u>1,718,207</u>	<u>118,790,906</u>
Change in net position					(20,272,940)	(6,366,984)	(26,639,924)
Net position - beginning (as restated, see Note 19)					<u>(63,809,946)</u>	<u>118,543,371</u>	<u>54,733,425</u>
Net position - ending					<u>\$ (84,082,886)</u>	<u>\$ 112,176,387</u>	<u>\$ 28,093,501</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA+A1:D61
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$39,773,704	\$ 2,289,035	\$ 42,062,739
Receivables, net	16,545,041	10,399,783	26,944,824
Due from other funds	22,278,707	27,064,272	49,342,979
Inventories	1,865,370	-	1,865,370
Prepays	718,000	1,240,869	1,958,869
Notes receivable	2,721,587	-	2,721,587
Restricted cash, cash equivalents, and investments	-	1,802,576	1,802,576
Total assets	<u>\$83,902,409</u>	<u>\$42,796,535</u>	<u>\$ 126,698,944</u>
<u>LIABILITIES</u>			
Vouchers payable and accrued liabilities	\$ 5,237,058	\$ 4,280,516	\$ 9,517,574
Compensated absences payable	1,423,644	-	1,423,644
Self-insurance claims payable	414,776	-	414,776
Due to other funds	30,930,980	10,084,595	41,015,575
Unearned revenue	2,728,051	2,375,944	5,103,995
Other liabilities	122,808	-	122,808
Total liabilities	<u>40,857,317</u>	<u>16,741,055</u>	<u>57,598,372</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	3,593,301	627,503	4,220,804
Unavailable revenues	-	1,502,302	1,502,302
Total deferred inflows of resources	<u>3,593,301</u>	<u>2,129,805</u>	<u>5,723,106</u>
<u>FUND BALANCES</u>			
Nonspendable	5,304,957	1,240,869	6,545,826
Restricted	-	23,108,042	23,108,042
Committed	2,116,128	6,073,476	8,189,604
Unassigned	32,030,706	(6,496,712)	25,533,994
Total fund balances	<u>39,451,791</u>	<u>23,925,675</u>	<u>63,377,466</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$83,902,409</u>	<u>\$42,796,535</u>	
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 funds			253,641,636
Long-term liabilities, including bonds payable, are not due and payable in the current period			(92,183,842)
Compensated absences			(22,569,318)
Due to other governments			(2,667,968)
Claims payable			(45,497,382)
Accrued interest			(452,908)
Net pension asset			2,036,982
Net pension liability			(215,286,656)
Deferred outflows - pensions			63,429,199
Deferred amount on refunding			380,722
Deferred inflows - pensions			(159,201)
Deferred inflows of resources in governmental funds are used to offset accounts receivable not expected to be received within 60 days of year end. These receivables are a component of net position in the statement of net position			1,502,302
Notes receivable-long term			2,721,587
OPEB liability			(92,355,505)
Net position of governmental activities			<u>\$ (84,082,886)</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>General</u>	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 51,435,680	\$ -	\$ 51,435,680
Utility taxes	22,345,725	-	22,345,725
Franchise fees	15,091,649	1,088,561	16,180,210
Licenses and permits	6,943,824	9,217,996	16,161,820
State and local shared revenues	28,200,503	17,406,286	45,606,789
Fines and forfeitures	1,327,759	409,967	1,737,726
Impact Fees	-	2,189,892	2,189,892
Government grants and other revenues	<u>9,639,360</u>	<u>20,027,884</u>	<u>29,667,244</u>
Total revenues	<u>134,984,500</u>	<u>50,340,586</u>	<u>185,325,086</u>
Expenditures:			
Current:			
General government	4,504,305	9,144,697	13,649,002
Police	49,037,521	1,013,123	50,050,644
Fire	41,585,861	4,525,498	46,111,359
911 communications	4,391,285	56,932	4,448,217
Streets	-	5,680,107	5,680,107
Grants and human services	-	9,889,816	9,889,816
State housing initiative program	-	402,050	402,050
City Clerk's office	962,794	-	962,794
Office of Management and Budget	402,949	-	402,949
Office of the Mayor	588,766	-	588,766
Communications and special events	523,637	-	523,637
Employee retirement	834,417	-	834,417
Library	1,379,576	-	1,379,576
Code compliance	642,804	-	642,804
Finance	1,486,450	-	1,486,450
Business tax division	951,992	-	951,992
Information technology	1,845,314	-	1,845,314
Fleet maintenance	3,117,172	-	3,117,172
Construction and maintenance	2,981,198	-	2,981,198
Parks and recreation	10,368,912	159,807	10,528,719
Public works	-	253,306	253,306
Planning and zoning	657,440	-	657,440
Education and community services	2,802,476	-	2,802,476
Law	1,150,714	-	1,150,714
Risk management	318,996	-	318,996
Human resources	735,666	-	735,666
Debt service:			
Principal	281,400	4,602,976	4,884,376
Interest	-	3,866,525	3,866,525
Capital outlay	<u>886,608</u>	<u>7,624,933</u>	<u>8,511,541</u>
Total expenditures	<u>132,438,253</u>	<u>47,219,770</u>	<u>179,658,023</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>2,546,247</u>	<u>3,120,816</u>	<u>5,667,063</u>
Other financing sources (uses):			
Proceeds from disposal of capital assets	77,140	-	77,140
Transfers in	-	611,165	611,165
Transfers out	<u>(611,165)</u>	<u>-</u>	<u>(611,165)</u>
Total other financing sources (uses)	<u>(534,025)</u>	<u>611,165</u>	<u>77,140</u>
Net change in fund balances	2,012,222	3,731,981	5,744,203
Fund balances - beginning	<u>37,439,569</u>	<u>20,193,694</u>	<u>57,633,263</u>
Fund balances - ending	<u>\$ 39,451,791</u>	<u>\$ 23,925,675</u>	<u>\$ 63,377,466</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Amounts reported for governmental activities in the statement of activities (Page 20) are different because:

Net change in fund balances - total governmental funds (Page 22) \$ 5,744,203

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 8,511,541	
Depreciation expense	<u>(17,283,003)</u>	
Net adjustment		(8,771,462)

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.

Capital outlay which did not meet the threshold for capitalization	(586,686)	
Other adjustments	<u>461,788</u>	
Net adjustment		(124,898)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

The details of the difference are as follows:

Increase in long-term mortgage receivable	129,600	
Change in unavailable revenue - CITT funds	<u>1,502,302</u>	
		1,631,902

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments:		
Notes payable	4,304,353	
Capital leases	<u>580,064</u>	
	4,884,417	
Net adjustment		4,884,417

Cash pension contributions reported in the funds were less than calculated pension expense on the statement of activities (11,649,671)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The details of the difference are as follows:

Increase in OPEB liability	(7,487,968)	
Decrease in accrued interest	40,474	
Decrease in claims payable	849,233	
Amortization of bond discount/premium	(321,638)	
Increase in compensated absences	<u>(5,067,532)</u>	
Net adjustment		<u>(11,987,431)</u>

Change in net position of governmental activities (Page 20) \$ (20,272,940)

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 19,185,610	\$ 3,461,700	\$ -	\$ 22,647,310
Investments	22,278,692	-	-	22,278,692
Customers accounts receivable, net	20,627,880	-	-	20,627,880
Interfund interest receivable	2,001,029	-	-	2,001,029
Other receivables	3,924,192	832,328	198,682	4,955,202
Due from other funds	1,636,343	3,273,721	3,300,844	8,210,908
Inventories	920,546	-	-	920,546
Prepays	3,977,079	-	244,490	4,221,569
Restricted assets:				
Cash, cash equivalents and investments	15,768,562	-	-	15,768,562
Other assets	<u>710,077</u>	<u>-</u>	<u>-</u>	<u>710,077</u>
Total current assets	<u>91,030,010</u>	<u>7,567,749</u>	<u>3,744,016</u>	<u>102,341,775</u>
Non-current assets:				
Interfund loan receivable	19,000,000	-	-	19,000,000
Capital assets, not being depreciated	3,758,072	444,069	-	4,202,141
Capital assets, net of accumulated depreciation	<u>158,362,737</u>	<u>4,105,067</u>	<u>26,123,582</u>	<u>188,591,386</u>
Total capital assets, net	<u>181,120,809</u>	<u>4,549,136</u>	<u>26,123,582</u>	<u>211,793,527</u>
Total assets	<u>272,150,819</u>	<u>12,116,885</u>	<u>29,867,598</u>	<u>314,135,302</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	7,887,473	7,414,129	471,552	15,773,154
Deferred amount on refunding	<u>-</u>	<u>-</u>	<u>95,180</u>	<u>95,180</u>
Total deferred outflows of resources	<u>7,887,473</u>	<u>7,414,129</u>	<u>566,732</u>	<u>15,868,334</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
SEPTEMBER 30, 2017

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 25,900,089	\$ 3,342,673	\$ 85,282	\$ 29,328,044
Current portion of self-insurance claims payable	420,534	1,486,165	25,445	1,932,144
Current portion of loans payable	1,107,685	-	990,537	2,098,222
Current portion of compensated absences	239,526	80,446	18,371	338,343
Interfund Interest payable	-	2,001,029	-	2,001,029
Due to other funds	3,682,552	7,654,766	31,701	11,369,019
	<u>31,350,386</u>	<u>14,565,079</u>	<u>1,151,336</u>	<u>47,066,801</u>
Current liabilities payable from restricted assets:				
DERM payable	5,994,848	-	-	5,994,848
Due to other funds	5,169,293	-	-	5,169,293
Customer deposits	9,979,353	-	-	9,979,353
Total current liabilities payable from restricted assets	<u>21,143,494</u>	<u>-</u>	<u>-</u>	<u>21,143,494</u>
Total current liabilities	<u>52,493,880</u>	<u>14,565,079</u>	<u>1,151,336</u>	<u>68,210,295</u>
Non-current liabilities:				
Revolving loan	1,284,901	-	-	1,284,901
Loan payable	43,796,427	-	12,154,712	55,951,139
Interfund Loan payable	-	19,000,000	-	19,000,000
Unearned revenues	-	35,000	-	35,000
Net pension liability	23,371,677	25,124,552	1,804,349	50,300,578
Self-insurance claims payable	2,436,242	4,326,519	154,893	6,917,654
OPEB liability	7,049,435	5,718,727	525,141	13,293,303
Compensated absences payable	1,342,242	450,797	102,946	1,895,985
Total non-current liabilities	<u>79,280,924</u>	<u>54,655,595</u>	<u>14,742,041</u>	<u>148,678,560</u>
Total liabilities	<u>131,774,804</u>	<u>69,220,674</u>	<u>15,893,377</u>	<u>216,888,855</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension	868,782	-	69,612	938,394
<u>NET POSITION</u>				
Net investment in capital assets	115,931,796	4,498,936	12,978,333	133,409,065
Unrestricted	31,462,910	(54,188,596)	1,493,008	(21,232,678)
Total net position	<u>\$ 147,394,706</u>	<u>\$ (49,689,660)</u>	<u>\$ 14,471,341</u>	<u>\$ 112,176,387</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
Operating revenues:				
Metered water sales	\$ 20,861,409	\$ -	\$ -	\$ 20,861,409
Sanitary sewer service	40,959,153	-	-	40,959,153
Sanitation fees	-	16,330,015	-	16,330,015
Stormwater fees	-	-	3,849,779	3,849,779
Other	4,647,665	1,026,649	-	5,674,314
Total operating revenues	<u>66,468,227</u>	<u>17,356,664</u>	<u>3,849,779</u>	<u>87,674,670</u>
Operating expenses:				
Operating, administrative and maintenance	64,211,402	18,975,430	1,998,000	85,184,832
Depreciation	4,945,137	280,151	2,436,171	7,661,459
Total operating expenses	<u>69,156,539</u>	<u>19,255,581</u>	<u>4,434,171</u>	<u>92,846,291</u>
Operating Loss	<u>(2,688,312)</u>	<u>(1,898,917)</u>	<u>(584,392)</u>	<u>(5,171,621)</u>
Non-operating revenues (expenses):				
Unrealized loss on investments	(121,594)	-	-	(121,594)
Interest income	543,642	-	-	543,642
Interest expense	(2,411,423)	(540,107)	(553,228)	(3,504,758)
Net non-operating revenues (expenses)	<u>(1,989,375)</u>	<u>(540,107)</u>	<u>(553,228)</u>	<u>(3,082,710)</u>
Loss before contributions	(4,677,687)	(2,439,024)	(1,137,620)	(8,254,331)
Capital contributions	591,188	-	1,296,159	1,887,347
Change in net position	(4,086,499)	(2,439,024)	158,539	(6,366,984)
Net position, beginning	144,768,077	(47,079,836)	14,312,802	112,001,043
Prior period adjustment	6,713,128	(170,800)	-	6,542,328
Beginning of year - as restated (see Note 19)	<u>151,481,205</u>	<u>(47,250,636)</u>	<u>14,312,802</u>	<u>118,543,371</u>
Net position, ending	<u>\$ 147,394,706</u>	<u>\$ (49,689,660)</u>	<u>\$ 14,471,341</u>	<u>\$ 112,176,387</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 60,340,190	\$ 15,497,687	\$ 3,651,097	\$ 79,488,974
Cash received from others	4,647,665	1,026,649	-	5,674,314
Cash paid for interfund services used	(963,102)	(500,000)	(247,930)	(1,711,032)
Cash payments to suppliers	(59,305,827)	(10,866,898)	(580,097)	(70,752,822)
Cash payments to employees	(8,741,609)	(2,129,644)	(1,192,758)	(12,064,011)
Net cash provided by (used in) operating activities	<u>(4,022,683)</u>	<u>3,027,794</u>	<u>1,630,312</u>	<u>635,423</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(4,250,803)	(50,200)	(113,165)	(4,414,168)
Interest paid	(1,815,817)	-	(553,228)	(2,369,045)
Capital contributions	591,188	-	-	591,188
Payments on long-term debt	(1,073,951)	-	(963,919)	(2,037,870)
Net cash used in capital and related financing activities	<u>(6,549,383)</u>	<u>(50,200)</u>	<u>(1,630,312)</u>	<u>(8,229,895)</u>
Cash flows from investing activities:				
Purchase of investment securities	(93,301)	-	-	(93,301)
Interest received on investments	3,535	-	-	3,535
Net cash used in investing activities	<u>(89,766)</u>	<u>-</u>	<u>-</u>	<u>(89,766)</u>
Net increase (decrease) in cash and cash equivalents	(10,661,832)	2,977,594	-	(7,684,238)
Cash and cash equivalents, beginning	<u>45,616,004</u>	<u>484,106</u>	<u>-</u>	<u>46,100,110</u>
Cash and cash equivalents, ending	<u>\$ 34,954,172</u>	<u>\$ 3,461,700</u>	<u>\$ -</u>	<u>\$ 38,415,872</u>
Cash and cash equivalents per statement of net position:				
Unrestricted	\$ 19,185,610	\$ 3,461,700	\$ -	\$ 22,647,310
Restricted - current	<u>15,768,562</u>	<u>-</u>	<u>-</u>	<u>15,768,562</u>
	<u>\$ 34,954,172</u>	<u>\$ 3,461,700</u>	<u>\$ -</u>	<u>\$ 38,415,872</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Stormwater Utility System</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating income (loss)	\$ (2,688,312)	\$ (1,898,917)	\$ (584,392)	\$ (5,171,621)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	4,945,137	280,151	2,436,171	7,661,459
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(3,161,188)	-	-	(3,161,188)
Other receivables	2,175,301	(832,328)	(198,682)	1,144,291
Due from other funds	(390,358)	372,101	103,187	84,930
Other assets	(55,791)	-	-	(55,791)
Inventories	(205,873)	-	-	(205,873)
Deferred outflows	(2,190,569)	(1,556,913)	(163,023)	(3,910,505)
Increase (decrease) in:				
Vouchers payable and accrued liabilities	(3,895,251)	245,978	19,431	(3,629,842)
Interest payable	-	-	-	-
Self insurance claims payable	(1,240,771)	1,332,225	(95,222)	(3,768)
Compensated absences payable	269,236	(229,834)	(40,642)	(1,240)
OPEB liability	810,971	871,794	40,549	1,723,314
Deferred inflows	868,782	-	69,612	938,394
Net pension liability	817,598	1,363,506	185,089	2,366,193
Due to other funds	(435,980)	3,080,031	(141,766)	2,502,285
Customer deposits	<u>354,385</u>	-	-	<u>354,385</u>
Total adjustments	<u>(1,334,371)</u>	<u>4,926,711</u>	<u>2,214,704</u>	<u>5,807,044</u>
Net cash provided by (used in) operating activities	<u>\$ (4,022,683)</u>	<u>\$ 3,027,794</u>	<u>\$ 1,630,312</u>	<u>\$ 635,423</u>
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets from developers	\$ -	\$ -	\$ 1,296,159	\$ 1,296,159
Decrease in fair value of investments	<u>\$ 28,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,293</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

<u>ASSETS</u>	<u>Pension Trust</u>
Cash and cash equivalents	\$ <u>27,938,739</u>
Securities lending cash collateral	<u>20,263,583</u>
Receivables:	
Other receivables	206,695
Employer and employee contributions	730,428
Accrued interest and dividends	1,589,220
Investments sold	<u>1,241,571</u>
Total receivables	<u>3,767,914</u>
Investments, at fair value:	
U.S. Treasury bonds and notes	56,627,379
Asset backed securities	8,493,121
Mortgage backed securities	80,087,652
Real estate investment trusts	15,688,631
Corporate bonds and notes	98,939,860
Municipal bonds	1,007,125
Limited partnerships	24,514,980
Mutual funds	18,252,378
Common stocks	<u>350,674,325</u>
Total investments	<u>654,285,451</u>
Loans to members	<u>9,442,631</u>
Total assets	<u>715,698,318</u>
<u>LIABILITIES AND NET POSITION</u>	
Obligations under securities lending	20,263,583
Investments purchased	3,008,366
Accounts payable and accrued liabilities	<u>788,763</u>
Total liabilities	<u>24,060,712</u>
Net position restricted for pensions	<u>\$ 691,637,606</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Pension Trust</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 29,352,789
Employee	8,338,844
State	<u>461,877</u>
Total contributions	<u>38,153,510</u>
Investment income:	
Net appreciation in fair value of investments	57,540,315
Investment earnings	<u>14,766,040</u>
Total investment income	72,306,355
Less investment expenses	<u>1,106,153</u>
Net investment income	<u>71,200,202</u>
Total additions	<u>109,353,712</u>
<u>DEDUCTIONS</u>	
Pension benefits	56,989,124
Refunds of contributions	8,629,123
DROP benefits	2,156,091
Administrative expenses	<u>40,612</u>
Total deductions	<u>67,814,950</u>
Net increase	41,538,762
Net position restricted for pensions:	
Beginning of year	601,850,373
Prior period adjustment	<u>48,248,471</u>
Beginning of year - as restated (Note 19)	<u>650,098,844</u>
End of year	<u>\$ 691,637,606</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hialeah, Florida (the "City") was incorporated in 1925. The City operates under a strong mayor form of government with the legislative function being vested in a seven-member council. The City provides the following services as authorized by its charter: public safety (police and fire), streets, water and wastewater, sanitation, social services, culture-recreation, public improvements, planning and zoning and general administrative services. The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the City. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the City of Hialeah Educational Academy, Inc. (the "HEA") met the definition for inclusion as a blended component unit. There were no discretely presented component units.

Blended Component Unit - HEA is a charter school operating as a charter-school-municipality through a school charter agreement between the School Board of Miami Dade County, Florida and the City. HEA is governed by an Oversight Committee which was established by City Ordinance 08-48 and is composed of the City's Mayor and council members. The members of the oversight committee also serve as the HEA Board of Directors. HEA is included as a blended component unit because the City, through the oversight committee, approves the budget and oversees the HEA operations. Further, there is a direct financial benefit to the City. HEA has a fiscal year ending on June 30, 2017. The June 30, 2017 financial statements are reported as a special revenue fund and issues separate financial statements.

Related Organization - The City Council is also responsible for appointing the members of the Board of the Hialeah Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. In fiscal year 2017, the City provided an operating grant of approximately \$182,000 to this organization.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related 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.

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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, insurance claims, pensions and other post-employment benefits are recorded only when payment is due or when the City has made a decision to fund these obligations with current available resources.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund

This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Water and Sewers Utility System Fund

This fund accounts for the activities of the Water and Sewers Department. The Department operates the sewage treatment plan, sewage pumping stations and collection systems, and the water distribution system.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Solid Waste Utility System Fund

This fund accounts for providing solid waste services to customers of the City.

Stormwater Utility System Fund

This fund accounts for providing stormwater services to customers of the City.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government wide and proprietary fund 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

1. Deposits and Investments - The City's cash and cash equivalents, for the purpose of the statement of cash flows, are considered to be cash on hand, demand deposits, certificates of deposit and short term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Government, certificates of deposit, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

The City's Retirement Plans are authorized by its governing board to invest in obligations of the U.S. Government, common stocks, corporate bonds and other investment types allowed by Florida Statutes.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Net appreciation/depreciation in fair value includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Dividends and interest are recognized as earned. Purchases and sales of investments are recorded on a trade-date basis.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Investments in the City's Retirement Plans are governed by each of the Plans' investment policies.

2. Interfund Activity - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due 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".

3. Inventories and Prepaid Items - Inventories of the general fund are valued at cost determined on the first-in/first-out (FIFO) method, and consist of gasoline and expendable supplies available for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of the water and sewers fund are valued at lower of cost (determined using the weighted average) or market and consist of pipe, valves, fittings and meters.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded – in both, the government-wide and fund financial statements – as prepaid items by recording an asset for the prepaid amount and recognizing the expenditure in the year such item is consumed (consumption method). Amounts reported in the governmental funds are offset by an equal amount of nonspendable fund balance in the fund financial statements.

4. Capital Assets - Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, bike paths and similar items) are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

4. Capital Assets (Continued)

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Buildings	10-50	40-50
Improvements other than buildings	10-25	10-25
Furniture, fixtures, machinery and equipment	5-20	5-15
Public domain and system infrastructure	15-50	15-50

5. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net 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 pension amounts and deferred amounts on refunding that qualify for reporting in this category in the amount of \$79,202,353 and \$475,902, respectively.

In addition to liabilities, the statement of net 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 inflows of resources (revenue) until that time. The City has pension amounts and business tax receipts that qualify for reporting in this category in the amount of \$1,097,595 and \$4,220,804.

Unavailable revenues consists of local business taxes and fire prevention fees collected in advance, as well as CITT Surtax funds received after the period of availability.

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflow of resources and (b) liabilities plus deferred inflows of resources.

6. Unearned Revenues - Unearned revenues at the government-wide level, governmental funds and proprietary funds are reported when the City receives resources that do not meet the criteria for revenue recognition.
7. Compensated Absences - City employees are granted vacation and sick leave in varying amounts based on length of service and the department which the employee services. The City's vacation and sick leave policy is to permit employees to accumulate earned but unused sick pay benefits. Such leave is accrued and reported as a fund liability when it is probable that the City will compensate the employee with expendable available financial resources. Vacation and sick leave is accrued when incurred in proprietary funds and reported as a fund liability. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. 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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

8. Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as expenses in the period incurred.

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

9. Net Position - Total equity as of September 30, 2017, is classified into three components of net position:

- Net investment in capital assets
This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- Restricted net position
This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- Unrestricted net position
This category includes all of the remaining net position that does not meet the definition of the other two categories.

10. Net Position Flow Assumption - Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. The City considers restricted net position to have been depleted before unrestricted net position is applied.

11. Fund Balance - As of September 30, 2017, fund balances of the governmental funds are classified as follows:

- Non-spendable
Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

11. Fund Balance (Continued)

- Restricted
Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed
Amounts that can be used only for specific purposes determined by a formal action of the City Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. Ordinances and resolutions are equally binding and are the highest level of decision making authority.
- Assigned
Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the City Council who has the authority to assign, modify or rescind amounts to be used for specific purposes. This is delineated in the policy approved by the Council. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type, Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.
- Unassigned
This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

11. Fund Balance (Continued)

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Fund Balances:			
Nonspendable:			
Prepays	\$ 718,000	\$ 1,240,869	\$ 1,958,869
Notes receivable	2,721,587	-	2,721,587
Inventories	1,865,370	-	1,865,370
Restricted:			
Capital projects	-	-	-
Public safety	-	671,942	671,942
Human services	-	22,412,830	22,412,830
Committed:			
Fleet maintenance	1,377,443	-	1,377,443
General government	582,608	203,308	785,916
Human services	61,498	1,447,691	1,509,189
Hurricane debris	-	2,423,851	2,423,851
Parks and recreation	48,817	280,922	329,739
Public safety	45,762	669,095	714,857
Road improvements	-	1,071,879	1,071,879
Unassigned:	<u>32,030,706</u>	<u>(6,496,712)</u>	<u>25,533,994</u>
Total Fund Balances	<u>\$ 39,451,791</u>	<u>\$ 23,925,675</u>	<u>\$ 63,377,466</u>
Fund Balances:			
Nonspendable	\$ 5,304,957	\$ 1,240,869	\$ 6,545,826
Restricted	-	23,108,042	23,108,042
Committed	2,116,128	6,073,476	8,189,604
Unassigned	<u>32,030,706</u>	<u>(6,496,712)</u>	<u>25,533,994</u>
Total Fund Balances	<u>\$ 39,451,791</u>	<u>\$ 23,925,675</u>	<u>\$ 63,377,466</u>

12. Capital Contributions - Capital contributions in proprietary fund financial statements arise from grants or outside contributions of resources restricted to capital acquisition and construction.

13. Utility Billings - Utility customers are billed monthly on a cycle basis. Unbilled revenue is recognized in the accompanying financial statements based upon estimates of revenues for services rendered between billing cycle dates and fiscal year end.

14. Rebatable Arbitrage - The City has elected the option of treating rebatable arbitrage as a reduction of investment income. However, for the fiscal year ended September 30, 2017, there was no rebatable arbitrage required to be recorded.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

15. Employee Benefit Plans - The City provides two separate defined benefit pension plans for its employees and elected officials at September 30, 2017. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the Employees' Retirement System and the Elected Officials' Retirement System are presented in the government-wide statement of net position. The net pension liability is a function of the annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employer's contributions made to the Plans. Please refer to Note 15 for further information.
16. Post-Employment Benefits Other Than Pensions (OPEB) - Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees are required to pay 100% of the premium rates where premiums are determined based upon a blended rates used for active employees and retirees. These premium rates were adjusted to reflect differing utilization rates by age and gender and the impact of the Medicare program on claim costs. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The City currently provides these benefits in accordance with the vesting and retirement requirement of the City of Hialeah Employees' Retirement System and Elected Officials Retirement Plan covering substantially all elected officials, regular full time general, police, and fire department employees of the City.

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

17. Risk Management - The City is self-insured for automobile liability, general liability, and property damage claims pursuant to Florida Statute Section 768.28 (*Waiver of Statute of Limitations; Exclusions: Indemnifications; Risk Management Programs*). Per Florida Statute section 768.28, the City is self-insured up to \$100,000 per person/\$200,000 per occurrence for claims occurring between October 1, 1981 and October 1, 2011. After October 1, 2011 the statutory limit will increase to \$200,000 per person/\$300,000 per occurrence. These limits do not apply, though, to action brought in federal courts or to claim relief bills approved by the Florida legislature. The City is also self-insured for worker's compensation claims. The City is self-insured for health claims and uses a commercial carrier as the administrator. 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 by not yet reported.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

18. Use of Estimates - The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures/expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, pension and postretirement obligations and useful lives and impairment of tangible assets, the determination of the actuarially accrued liability for unpaid claims, which is prepared based upon certain assumptions pertaining to interest rates, inflation rates, etc., among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.
19. Fund Deficits - The following fund had a deficit in the amount indicated as of September 30, 2017:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$ 49,689,660

The fiscal year 2016-2017 (FY16-17) Operating Loss for Solid Waste was \$1.619 million, net of depreciation. This amount is reflective of GASB Statement No. 68 and accounts for Other Post-Employment Benefits (OPEB) of \$0.9M. Therefore, net operating losses (net of depreciation and OPEB) due to operational activities in FY 16-17, which include retirement contribution and cost allocation, was \$719 thousand as of September 30, 2017.

The transition from municipal services to private services became effective November 15, 2015. Prior to this date the City opted not to renew the 20-year disposal agreement with Miami Dade County while competitively bidding disposal services in the open market place. During the bidding process and subsequent to opting out of the County disposal contract, the City paid Miami Dade retail disposal rates on approximately 54,000 tons of house-hold material at \$87.38/ton (increasing from \$66.34/ton wholesale) from October 1st, 2015 to July 15th, 2016, increasing disposal costs by approximately \$1.15M. Additional increases in operational expenses of the fund were also experienced because the City retained the full (garbage and bulk collection and disposal) staff during the transition period. The reduction of staff for these services started in November 2015 and was completed in April 2017.

The City entered into a disposal contract with a private provider in the last quarter of FY 15-16 at a rate of \$54.27/ton (adjusted annually by CPI). Securing an 8-year disposal agreement with a private provider will save the City approximately \$7.6M in disposal cost alone over the term of the contract depending on tonnage amounts disposed.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

19. Fund Deficits (Continued)

The City continues to provide recycling collection services. However, in FY 2017 the City entered into negotiation to privatize the collection of the recycling program completing the transition to the private sector of this program. Given the current monthly retail rate for solid waste services of \$27.99/House-Hold/month it is projected that program revenues when properly adjusted should cover operating expenses. The City anticipates annual CPI adjustments to the residential monthly fees starting in FY 2018. Financial estimates, as adjusted by CPI, show the fund achieving net operating surpluses of \$1.7 M during the period of FY 17-18 to FY 21-22, after accounting for debt service payments to the Water and Sewers Fund starting in FY 20-21 as approved by the City Council in December 13, 2016.

20. Excess of Expenditures over Appropriations - For fiscal year ended September 30, 2017, expenditures exceeded appropriations in the following departments of the General Fund:

	Final <u>Budget</u>	<u>Actual</u>	Amount in Excess <u>of Final Budget</u>
Fire	\$ 39,466,546	\$ 41,585,856	\$ 2,119,310
Communications and special events	393,202	530,152	136,950
Employee retirement	620,337	834,417	214,080
Division of licenses	841,487	951,992	110,505

These excess of expenditures in those departments were funded with surpluses in other departments and excess revenues received in the current year.

21. Excess of Expenditures over Appropriations - For fiscal year ended September 30, 2017, expenditures exceeded appropriations in the following non-major governmental funds:

	Final <u>Budget</u>	<u>Actual</u>	Amount in Excess <u>of Final Budget</u>
Streets Fund	\$ 2,872,619	\$ 3,062,821	\$ 190,202
Rescue Transportation Fund	4,001,057	4,264,077	263,020
E-911 Wireless Fund	522,000	620,087	98,087
Law Enforcement Trust - Federal Fund	13,000	74,466	61,466
Law Enforcement Trust - State Fund	264,310	440,479	176,169
Affordable Housing Fund	2,440,610	2,473,996	33,386
Children's Trust Fund	905,998	945,474	39,476
Streets 3 Cents Optional Gas Tax Fund	1,526,875	1,664,280	137,405
Emergency Disaster Fund	-	1,627,698	1,627,698
Police Grant Fund	189,511	190,781	1,270
Children's Trust Step Ahead Fund	298,799	324,865	26,066
CITT Surtax Transportation Fund	907,000	2,541,779	1,634,779
Revenue Bond Series 2015A	-	1,088,561	1,088,561
W. 24 Ave & 76 St. Drainage - MDC (JPA)	-	228,306	228,306
W. 16 Ave. 68 to 78 St. FDOT Fund	-	1,711	1,711
GOB Parks Project Fund	-	95,843	95,843
NW 97 Ave. Road Improvement (JPA)	195,000	263,750	68,750

These excess expenditures were funded with excess revenues received in the current fiscal year or available fund balance.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 - PROPERTY TAXES

Property taxes (ad valorem taxes) are assessed on January 1 and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until a tax sale certificate is sold at auction. Assessed values are established by the Miami-Dade County Property Appraiser at approximately fair market value. The County bills and collects all property taxes for the City.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector.

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2017 was 6.3018 mills per \$1,000 of assessed valuation.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Deposit Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the entity or its agent in the entity's name.

Investments

As required by Florida Statutes, the City has adopted a written investment policy, which may, from time to time, be amended by the City. City administration is authorized to invest in those instruments authorized by the Florida statutes and the City's By Laws. Investments consist of the Florida Municipal Investment Trust administered by the Florida League of Cities, Inc., and investments held by the City's retirement funds. The investments held in the Retirement Plans may be invested in obligations of the U.S. Government or its agencies, first mortgages or first mortgage bonds, corporate bonds, and common and preferred stock. Investments are carried at fair value as determined by quoted market prices.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - City

Interest Rate Risk - Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. In accordance with its investment policy, the City places no limit on the amount that may be invested in securities of the U.S. Government or its agencies.

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
Money Market	\$ -	\$ -	\$ -	\$ -	\$ -
Vanguard-Bond	5,611,765	-	-	5,611,765	-
FMIT-Bond	22,278,692	-	22,278,692	-	-
Total	<u>\$27,890,457</u>	<u>\$ -</u>	<u>\$ 22,278,692</u>	<u>\$ 5,611,765</u>	<u>\$ -</u>

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City has an investment policy that limits investments to the highest ratings by nationally recognized statistical rating organizations (NRSPO) – (Standard and Poor's, Moody's Investors Services and Fitch Ratings). Excess funds are also invested daily with the Florida Municipal Investment Trust (FMIT).

As of September 30, 2017, the City's investments consisted of the following:

		Fitch Rating
0-2 Year High Quality Bond	\$ 2,066,764	AAA/V1
1-3 Year High Quality Bond	2,100,726	AAA/V2
Intermediate High Quality Bond	9,049,242	AAA/V3
Broad Market High Quality Fund	9,061,960	AA/V4
Total	<u>\$ 22,278,692</u>	

		Fitch Rating
Inter-Term Bond Index Adm	\$ 3,667,604	A
Short-Term Corp Bnd Ix Ad	1,062,912	A
Inter-Term Corp Bond	876,383	BBB
Prime Money Mkt Fund	4,866	A
Total	<u>\$ 5,611,765</u>	

Concentration Credit Risk - Disclosure of investments in any one issuer that represents 5% or more of the total of the City's investments is required. Conversely, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from the concentration of credit risk disclosure requirement.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans

The Board of Trustees has developed certain investment policies and has retained investment managers. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation within the Board's policies. The investment managers are compensated based on a percentage of their portfolio's market value.

The Plans' investment policies are determined by the Board who is responsible for directing the investment of the assets of the Plans to ensure that there will be adequate monies for future benefits. The policies have been identified by the Board to conduct the operations of the Plans in a manner so that the assets will provide the pension and other benefits provided under applicable laws, including City ordinances, preserving principal while maximizing the rate of return.

Employee Retirement System (PERS) - Investment in all equity securities shall be limited to those listed on a major U.S stock exchange or traded over-the-counter. The equity position in any one company shall not exceed 5% of the total cost of equity investments. Investments in stocks of foreign companies shall be limited to 10% of the manager's portfolio. Fixed income securities must be rated "BBB" or higher by a major rating agency. The average quality rating of the fixed income portfolio shall be "A" or better by a major rating agency.

Elected Officials' Retirement System (EORS) - Investment in all equity securities shall be limited to those listed on a major U.S stock exchange or traded over-the-counter. The equity position in any one company shall not exceed 5% of the total cost of equity investments. Fixed income securities must be rated "BBB" or higher by a major rating agency. The average quality rating of the fixed income portfolio shall be "A" or better by a major rating agency.

Types of Investments - Florida statutes and Plan investment policy authorize the Board to invest funds in various investments. The current target allocation of these investments at fair value is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>Employees'</u>	<u>Elected Officials'</u>
	<u>Retirement</u>	<u>Retirement</u>
<u>System</u>	<u>System</u>	<u>System</u>
Domestic Equity	50%	45%
International Equity	5%	10%
Domestic Bonds	40%	30%
Alternatives - Other	5%	15%
	100%	100%

Rate of Return - For the year ended September 30, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.22% and 10.65% for the PERS and EORS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculations are determined on a monthly basis.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

As of September 30, 2017, the Plans had the following investments:

<u>City of Hialeah Employees' Retirement System</u>		<u>Investment Maturities (In Years)</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Treasuries Bonds and Notes	\$ 56,627,379	\$ 32,188,914	\$ 18,258,555	\$ 6,179,910	\$ -
Corporate Bonds and Notes	98,939,860	5,452,576	35,270,133	58,217,151	-
Municipal Bonds	1,007,125	-	500,205	506,920	-
Mortgage Backed Securities	80,087,652	10,599	812,130	3,994,301	75,270,622
Asset Backed Securities	8,493,121	-	6,535,748	1,957,373	-
Sub-total	<u>245,155,137</u>	<u>\$ 37,652,089</u>	<u>\$ 61,376,771</u>	<u>\$ 70,855,655</u>	<u>\$ 75,270,622</u>

Real estate investment trusts	15,141,941
Limited Partnership	24,514,980
Mutual Funds	7,257,456
Common stocks	350,674,325
Total Fair Value	<u>\$ 642,743,839</u>

<u>Elected Officials Retirement Plan</u>		<u>Investment Maturities (In Years)</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Vanguard-bond mutual funds	\$ 4,811,688	\$ -	\$ 4,811,688	\$ -	\$ -
Sub-total	<u>4,811,688</u>	<u>\$ -</u>	<u>\$ 4,811,688</u>	<u>\$ -</u>	<u>\$ -</u>

Vanguard-equity funds	6,183,234
Real Estate Investment Trusts	546,690
Total Fair Value	<u>\$ 11,541,612</u>

Interest Rate Risk - Interest rate risk exists when there is possibility that changes in interest rates could adversely affect an investment's fair value. In accordance with its investment policy, the Plan places no limit on the amount that may be invested in securities of the U.S. Government or its agencies. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool.

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. The Plan's investment policy limits investments to the highest ratings by nationally recognized statistical rating organizations (NRSPO) – (Standard and Poor's, Moody's Investors Services and Fitch Ratings). Fixed income investments must be direct issues of the United States Treasury, United States Government Agencies, or Instrumentalities including Mortgage Backed Securities and their derivative products. Mortgage and Asset backed securities not issued by an agency of the Federal Government must be rated "A" or better by a NRSPO. Other than securities of the U.S. Government or its agencies the fixed income portfolio shall not exceed 5% of any one issuer. Any idle cash not invested by the investment manager shall be invested daily through an automatic, interest bearing, sweep vehicle managed by the custodian.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

Credit Risk (Continued) - As of September 30, 2017, the Plans' fixed income investments with credit ratings consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
U.S. Treasury bonds and notes	\$ 56,627,379	N/A
Asset backed securities	2,301,548	Aaa
Asset backed securities	1,592,139	Aa2
Asset backed securities	1,409,087	Aa3
Asset backed securities	3,190,347	NR
Mortgage backed securities	4,202,344	Aaa
Mortgage backed securities	1,462,769	Aa3
Mortgage backed securities	74,422,539	NR
Municipals	506,920	A1
Municipals	500,205	Aa2
Corporate bonds and notes	12,617,294	A1
Corporate bonds and notes	17,295,450	A2
Corporate bonds and notes	14,222,831	A3
Corporate bonds and notes	1,628,001	Aa1
Corporate bonds and notes	3,353,974	Aa2
Corporate bonds and notes	1,945,550	Aa3
Corporate bonds and notes	3,915,070	Aaa
Corporate bonds and notes	1,369,025	Ba1
Corporate bonds and notes	672,916	Ba2
Corporate bonds and notes	11,796,685	Baa1
Corporate bonds and notes	13,865,589	Baa2
Corporate bonds and notes	15,370,891	Baa3
Corporate bonds and notes	886,584	NR
Total	<u>\$245,155,137</u>	

Concentration Credit Risk - Disclosure of investments in any one issuer that represents 5% or more of the total of the City's investments is required. Conversely, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from the concentration of credit risk disclosure requirement. As of September 30, 2017, no investments in any one issuer represented 5% or more of the total of the City's investments.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the City of Hialeah Employees' Retirement System's (the "Plan") investment policy, the investments are held by the Plan's custodial bank and registered in the Plan's name.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The investment policy of the Plan limits the foreign investments to no more than 5% of the Plan's investment balance. The City of Hialeah Employees' Retirement System has exposure to foreign currency fluctuations as follows:

<u>Currency</u>	<u>International Equities</u>
Canadian Dollar	\$ 766,697
Danish Krone	233,166
Euro Currency	11,178,873
Hong Kong Dollar	2,969,380
Japanese Yen	5,526,317
Norwegian Krone	1,157,401
Pound Sterling	5,722,547
Singapore Dollar	1,180,479
Swedish Krona	175,772
Swiss Franc	1,455,580
	<u>\$ 30,366,212</u>

NOTE 4 - SECURITIES LENDING TRANSACTIONS

State statutes do not prohibit the Plan from participating in securities lending transactions. The City of Hialeah Employees' Retirement System (the "Plan"), pursuant to a Securities Lending Authorization Agreement, has authorized State Street Bank and Trust Company ("State Street") to act as the Plan's agent in lending the Plan's securities to approved borrowers. State Street, as agent enters into Securities Loan Agreements with borrowers. Cash collateral received in respect to the Plan's securities lent to approved borrowers was invested at the direction of the Plan, in the Quality D Duration and Quality Investment Fund D (the "Fund") which are comprised of liquidity pools and duration pools. Please note the following:

- a. Method for Determining Fair Value. The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service.
- b. Policy for Utilizing Amortized Cost Method. As the Fund is not a mutual fund and does not otherwise meet the requirements of the Investment Company Act of 1940 pursuant to which amortized cost accounting may be permissible, State Street has valued the Fund's investments at fair value for reporting purposes.
- c. Regulatory Oversight. The Fund is not registered with the Securities and Exchange Commission. State Street and the investment vehicles it sponsors (including the Fund) are subject to oversight by the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Plan's position in the Fund is equal to the value of the Fund shares.
- d. Involuntary Participation. There was no involuntary participation in an external investment pool by the Plan for the Fiscal Year.
- e. Necessary Information. Not Applicable.
- f. Income Assignment. No income from one fund was assigned to another fund by State Street during the fiscal year.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4 - SECURITIES LENDING TRANSACTIONS (Continued)

During the fiscal year, State Street lent, on behalf of the Plan, certain securities of the Plan held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100% of the market value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the Plan in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration and notice of Default of the Borrower.

During the fiscal year, the Plan and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2017, such investment pool had an average duration of 3 days and an average weighted final maturity of 3 days for USD collateral. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral.

GASB Statement No. 28, Accounting and Financial Reporting for Securities Lending Transactions, establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their balance sheets unless the entity did not have the ability to pledge or sell collateral securities absent a borrower default as the case with the Plan. Cash received as collateral and investments made with that cash must also be reported as assets. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them. On September 30, 2017, the Plan had no credit risk exposure to borrowers. The market values of collateral held and the market value (USD) of securities on loan for the Plan as of September 30, 2017, was \$20,263,583. The \$20,263,583 was cash and securities collateral and has been reported in the statement of fiduciary net position as an asset of the Plan along with the liability of \$20,263,583 for obligations under security lending.

NOTE 5 - FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are categorized as Level 3.

As of September 30, 2017, the City had the following investments within the fair value hierarchy:

<u>Investments by fair value level</u>	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>
Bond Mutual Funds	\$ 22,278,692	\$ -	\$ 22,278,692
Total Investments by fair value level	<u>\$ 22,278,692</u>	<u>\$ -</u>	<u>\$ 22,278,692</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

These funds invest mainly in US government and agency securities, asset-backed securities and corporate bonds and notes. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market- corroborated inputs, the net asset value of the portfolio is not publicly quoted. The City is reporting these shares as level 2, since the value is based on market-corroborated data.

As of September 30, 2017, the Elected Officials Retirement System had the following investments within the fair value hierarchy:

<u>Investments by fair value level</u>	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>
Equity Mutual Funds	\$ 6,183,234	\$ 6,183,234	\$ -
Bond Mutual Funds	4,811,688	4,811,688	-
Real Estate Investment Trusts	546,690	-	546,690
Total Investments by fair value level	<u>\$ 11,541,612</u>	<u>\$ 10,994,922</u>	<u>\$ 546,690</u>

The fair value of investments are based on quoted market prices (Level 1). Real Estate values are based upon independent appraisals performed for assets held by the open-end fund annually, with restricted-scope appraisals conducted on a quarterly basis for those assets not receiving a full appraisal. The fair value of real estate is determined as the price that the Fund would expect to receive if the asset was sold to a market participant assuming the highest and best use of each asset at the date of the Consolidated Statement of Net Position.

As of September 30, 2017, the Employees' Retirement System had the following investments within the fair value hierarchy:

<u>Investments by fair value level</u>	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>
Common Stocks	\$ 350,674,325	\$ 350,674,325	\$ -
U.S Treasuries	56,627,379	-	56,627,379
Corporate Bonds	98,939,860	-	98,939,860
Municipal Bonds	1,007,125	-	1,007,125
Mortgage Backed Securities	80,087,652	-	80,087,652
Asset Backed Securities	8,493,121	-	8,493,121
Mutual Funds	7,257,456	309,869	6,947,587
Real Estate Investment Trusts	15,141,941	15,141,941	-
Sub total investments by fair value level	<u>618,228,859</u>	<u>366,126,135</u>	<u>252,102,724</u>
 <u>Investments measured at the net asset value (NAV)*</u>			
Limited Partnerships	24,514,980		
Money market funds (exempt)	22,858,150		
Total investments by fair value level	<u>\$ 665,601,989</u>		

*As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the fair value techniques for the Plan's investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian:

Short-term investments, which consist of money market funds, are reported at cost which is fair value.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This included common stock, mutual funds, and REITs.

Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes U.S. Treasuries, mortgage backed and collateralized securities, municipal bonds and corporate obligations.

The Plan has investments in limited partnerships that are considered an alternative asset class which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow model and similar techniques.

The fair value amounts presented in the table below are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

Investments measured at the NAV

	Fair <u>Value</u>	Unfunded <u>Commitments</u>	Redemption Frequency (if <u>Currently Eligible</u>)	Redemption Notice <u>Period</u>
Limited Partnerships (1)	\$ 6,446,688	-	Monthly	5 Days
Limited Partnerships (2)	10,124,259	-	Quarterly up to 50% of the NAV	90 Days
Limited Partnerships (3)	<u>7,944,033</u>	1,021,972	Quarterly up to 50% of the NAV	95 Days
Total investments measured at NAV	<u>\$ 24,514,980</u>			

- (1) *Limited Partnerships*. Aims to provide long-term total return by investing in (a) a portfolio of commodity-linked futures contracts traded on U.S. and foreign exchanges and (b) a fixed-income portfolio containing U.S. Government securities, money market instruments, and other high-quality short-term debt securities
- (2) *Limited Partnerships*. Aims to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts with investment management professionals specializing in various alternative investment strategies.
- (3) *Limited Partnerships*. Aims to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts with investment management professionals specializing in various alternative investment strategies.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 - RECEIVABLES

Receivables as of September 30, 2017 for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water & Sewer</u>	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:						
Billed	\$ -	\$ 16,035,940	\$ -	\$ -	\$ 1,731,830	\$17,767,770
Unbilled	-	7,686,082	-	-	-	7,686,082
Franchise and utility	6,438,980	-	-	-	-	6,438,980
State and local shared	1,671,077	3,924,192	-	-	4,164,935	9,760,204
Grants	202,264	-	-	-	5,385,644	5,587,908
Other	5,603,402	2,148,276	832,328	198,682	36,384	8,819,072
Sales taxes	<u>2,629,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,629,318</u>
Gross receivables	16,545,041	29,794,490	832,328	198,682	11,318,793	58,689,334
Less: allowance for uncollectibles	<u>-</u>	<u>2,531,312</u>	<u>-</u>	<u>-</u>	<u>919,010</u>	<u>3,450,322</u>
Net total receivables	<u>\$16,545,041</u>	<u>\$27,263,178</u>	<u>\$832,328</u>	<u>\$198,682</u>	<u>\$10,399,783</u>	<u>\$55,239,012</u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned.

Revenues of the Rescue Transportation fund are reported gross of uncollectible amounts. The amount charged to the provision related to revenues of the current period was \$5,543,755.

At the end of the current fiscal year, *unearned revenue* reported in the governmental funds was as follows:

Grants and other unearned revenues	\$ 480,944
State Housing Initiative Program (SHIP)	1,901,464
Notes receivable (see note 7)	<u>2,721,587</u>
	<u>\$ 5,103,995</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 - NOTE RECEIVABLE

The Hialeah Housing Authority (the "Authority") assumed a Housing Development Grant ("HODAG Loan") awarded on July 12, 1989 to a developer through the City in the amount of \$2,843,097 through the purchase of the Palm Centre Project (the "Project"). The HODAG Loan bears interest at 10.125% and is payable in full, including interest, on May 1, 2025 unless the Project is sold or transferred, or due to a violation of the grant covenants with HUD. Interest does not accrue unless the Project's revenues exceed the sum of the Project's net operating income (after payment of debt service in the Palm Centre Bonds) plus a cumulative return to the Authority of twelve percent (12%) per annum on the Authority's equity contribution. The HODAG loan is secured by a Second Mortgage issued to the City and is subordinated to Hialeah Housing Authority Bonds.

The Project was constructed on land leased from the City of Hialeah for a period of 49 years (starting December 26, 1985) with an option to renew for an additional 50 years. The Authority as part of the acquisition of the Project assumed the lease with the City. The lease agreement requires for lease payments to the City based on annual rent revenues generated by the property. In 2006, the City and the Authority amended the land lease agreement and the City accepted a payment of \$500,000 as payment in full of all past due rents due from the Authority.

The amended land lease agreement provides for the following terms:

- a. Provides free tenant selection services to the City for City owned housing units,
- b. Provides the City each year a minimum of six thousand five hundred (6,500) square feet of commercial space in the Palm Centre, free of charge, and
- c. Provides forty-two (42) affordable lower-income housing units to be rented at below market rents for the term of the HODAG loan.

The future minimum receivable and net present value of these minimum payments as of September 30, 2017 were:

Long-term receivable	\$ 3,531,153
Less present value	<u>(809,566)</u>
Present value of future receivable payments	<u>\$ 2,721,587</u>

In connection with the construction of the Hialeah Housing Project mentioned above, the United States Department of Housing and Urban Development ("HUD") has challenged the manner in which certain of the proceeds of the HODAG Loan were used. HUD has claimed that \$989,039 of the HODAG Loan was expended for nonqualified purposes (the "Claim"). The City has challenged the Claim.

The Authority has agreed that the City will not be responsible for payment of any such challenged cost in the event it is required to fully indemnify the City for any payments to HUD regarding the claim. In a subordination agreement, the Authority and the City have agreed that, in the event that litigation is instituted by HUD regarding payment of the Claim, the City will fully cooperate with the Authority to resolve the litigation, and that the City will not foreclose on the Second Mortgage in the event the Claim is not paid on demand.

The City has recorded the note receivable in its governmental-wide financial statements as of September 30, 2017. No allowance against the note receivable is deemed necessary at September 30, 2017. The note receivable was also recorded in the City's general fund and offset by unearned revenues since the proceeds of the receivables are not considered to be available to liquidate liabilities of the current period.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 8 - INTERFUND ACTIVITY

The amounts due to/from other funds at September 30, 2017 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 22,278,707	\$ 30,930,980
Non-Major Governmental Funds	27,064,272	10,084,595
Major Proprietary Type Funds		
Water and Sewer	1,636,343	8,851,845
Solid Waste	3,273,721	7,654,766
Stormwater	<u>3,300,844</u>	<u>31,701</u>
Total Major Proprietary Type Funds	<u>8,210,908</u>	<u>16,538,312</u>
	<u>\$ 57,553,887</u>	<u>\$ 57,553,887</u>

- Amounts due from the Non-Major Governmental Funds to the general fund are for advances made to those funds to cover expenditures until the receivables on those funds are collected.
- Amounts due to the Non-Major Governmental Funds from the general fund are for amounts due to those funds for amounts collected on their behalf.
- Amounts due to the Solid Waste are for receivables collected by the Water & Sewer fund before year end which are owed to those funds.
- Amounts due from the water and sewer fund to the solid waste fund, stormwater fund and general fund are for waste fees collected and utility taxes collected at year end.

As of September 30, 2017, major fund and non-major fund activity was as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 611,165
Non-Major Governmental Funds	<u>611,165</u>	<u>-</u>
	<u>\$ 611,165</u>	<u>\$ 611,165</u>

The general fund transfers to the non-major governmental funds were made to provide additional resources for current operations.

NOTE 9 - INTERFUND LOAN

On December 10, 2013 the Council approved the internal transfer of assets comprised of 35.438 acres improved with buildings located at 900 East 56 Street, Hialeah, Florida in the amount of \$19,000,000 from the City of Hialeah to its Department of Public Works. The City determined the fair market value of the assets, which includes the land and the CBS buildings, as the average of two asset appraisals by state-certified appraisers: (1) \$18,500,000 from Appraisal First Real Estate Appraisers, LLC; and (2) \$19,500,000 from Gallaher & Birch, Inc. The Department of Public Works utilized this asset transfer as part of the privatization of trash collection within the Solid Waste Fund, to lease a portion of the land and solid waste building to the private hauler for use of its contracted service, and to relocate and consolidate its fleet with the city fleet and to lease vacant land to a third party for a recycling/trash transfer station.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9 - INTERFUND LOAN (Continued)

On June 9, 2015 the Council approved an amended resolution approving the terms of the unsecured promissory note to memorialize the interfund loan from the Water & Sewer Fund of the Public Works Department (the "Lender") to the Solid Waste Fund of the Public Works Department (the "Borrower"), in the amount of \$19,000,000, for the purpose of financing the internal transfer of assets from the City's General Fund (the "Transferor") to the Solid Waste Fund (the "Transferee") of the Public Works Department. Whereas, the Water & Sewer Fund of the Public Works Department loaned the sum of \$19,000,000 to the Solid Waste Fund of the Public Works Department to pay the fair market value of the assets to the City's General Fund. The note calls for interest to accrue from January 1, 2014 to March 1, 2021 at an annual rate of 2.5%. The interest accrual for September 30, 2017 was \$540,107. The agreement calls for quarterly payments of principal and interest of \$521,876 commencing on March 1, 2021 and concluding on September 1, 2033.

Annual payments to maturity for the above interfund loan are as follows:

Fiscal Year End	Principal	Interest	Total
2021	\$617,995	\$839,986	\$1,457,981
2022	1,330,687	525,027	1,855,714
2023	1,364,267	485,597	1,849,865
2024	1,398,695	445,172	1,843,868
2025	1,433,992	403,728	1,837,719
2026-2030	7,731,381	1,359,421	9,090,802
2031-2033	5,122,982	247,165	5,370,147
	<u>\$19,000,000</u>	<u>\$4,306,096</u>	<u>\$23,306,096</u>

NOTE 10 - RESTRICTED ASSETS

Restricted assets consist of the cash restricted for debt service, capital projects, advances, public safety and customer deposits at September 30, 2017:

Water and Sewers Fund	
Customers' deposit - cash and investments	\$ 10,576,461
Derm Fees	4,669,979
Other restricted assets	<u>522,122</u>
Total restricted cash water and sewers fund	<u>15,768,562</u>
Governmental Funds	
Special Revenue Funds	
Rescue Transportation	936,871
Fire Prevention	432,959
State Law Enforcement Trust	88,982
Federal Law Enforcement Trust	2,855
CITT -Surtax Hialeah Circulator	340,909
Total Governmental Funds	<u>1,802,576</u>
Total restricted assets	<u>\$ 17,571,138</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 11 - CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2017 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 29,694,984	\$ -	\$ -	\$ -	\$ 29,694,984
Construction in Progress	<u>4,624,265</u>	<u>4,604,972</u>	<u>(1,296,159)</u>	<u>(1,768,292)</u>	<u>6,164,786</u>
Total capital assets not being depreciated	<u>34,319,249</u>	<u>4,604,972</u>	<u>(1,296,159)</u>	<u>(1,768,292)</u>	<u>35,859,770</u>
Capital assets being depreciated:					
Buildings	127,553,128	82,462	-	-	127,635,590
Improvements other than buildings	27,066,536	669,212	-	-	27,735,748
Furniture, fixtures, machinery and equipment - Charter School	1,415,635	268,846	-	-	1,684,481
Furniture, fixtures, machinery and equipment	51,757,880	2,748,594	(250,668)	-	54,255,806
Infrastructure	<u>296,072,736</u>	<u>846,329</u>	<u>-</u>	<u>1,768,292</u>	<u>298,687,357</u>
Total capital assets being depreciated	<u>503,865,915</u>	<u>4,615,443</u>	<u>(250,668)</u>	<u>1,768,292</u>	<u>509,998,982</u>
Less accumulated depreciation for:					
Buildings	35,535,213	2,943,691	-	-	38,478,904
Improvements other than buildings	21,181,999	1,194,490	-	-	22,376,489
Furniture, fixtures, machinery and equipment - Charter School	966,882	165,027	-	-	1,131,909
Furniture, fixtures, machinery and equipment	40,059,029	4,298,561	(250,668)	-	44,106,922
Infrastructure	<u>177,442,258</u>	<u>8,681,234</u>	<u>-</u>	<u>-</u>	<u>186,123,492</u>
Total accumulated depreciation	<u>275,185,381</u>	<u>17,283,003</u>	<u>(250,668)</u>	<u>-</u>	<u>292,217,716</u>
Total capital assets being depreciated, net	<u>228,680,534</u>	<u>(12,667,560)</u>	<u>-</u>	<u>1,768,292</u>	<u>217,781,266</u>
Governmental activities capital assets, net	<u>\$ 262,999,783</u>	<u>\$ (8,062,588)</u>	<u>\$ (1,296,159)</u>	<u>\$ -</u>	<u>\$ 253,641,036</u>
	Beginning Balance, as restated	Additions	Deletions	Transfers	Ending Balance
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 4,202,141	\$ -	\$ -	\$ -	\$ 4,202,141
Construction in progress	<u>554,205</u>	<u>-</u>	<u>-</u>	<u>(554,205)</u>	<u>-</u>
Total capital assets not being depreciated	<u>4,756,346</u>	<u>-</u>	<u>-</u>	<u>(554,205)</u>	<u>4,202,141</u>
Capital assets being depreciated:					
Buildings and utility plant	68,291,986	686,157	-	-	68,978,143
Improvements to other than building	320,533	33,000	-	-	353,533
Machinery and equipment	10,527,678	121,282	(37,000)	-	10,611,960
Infrastructure	<u>261,824,739</u>	<u>4,869,888</u>	<u>-</u>	<u>554,205</u>	<u>267,248,832</u>
Total capital assets being depreciated	<u>340,964,936</u>	<u>5,710,327</u>	<u>(37,000)</u>	<u>554,205</u>	<u>347,192,468</u>
Less accumulated depreciation for:					
Buildings and utility plant	6,356,506	1,690,453	-	-	8,046,959
Improvements other than building	320,533	1,581	-	-	322,114
Machinery and equipment	9,655,137	301,761	(37,000)	-	9,919,898
Infrastructure	<u>134,644,447</u>	<u>5,667,664</u>	<u>-</u>	<u>-</u>	<u>140,312,111</u>
Total accumulated depreciation	<u>150,976,623</u>	<u>7,661,459</u>	<u>(37,000)</u>	<u>-</u>	<u>158,601,082</u>
Total capital assets being depreciated, net	<u>189,988,313</u>	<u>(1,951,132)</u>	<u>-</u>	<u>554,205</u>	<u>188,591,386</u>
Business-type activities capital assets, net	<u>\$ 194,744,659</u>	<u>\$ (1,951,132)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,793,527</u>

* Opening balance was reduced by \$6,713,128. See Note 19 for further details.

** Opening balance was increased by \$170,800. See Note 19 for further details.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 11 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 3,528,245
Police	992,036
Fire	1,637,969
Streets	9,464,319
Recreation	<u>1,660,434</u>
Total depreciation expense - governmental activities	<u>\$ 17,283,003</u>
Business-type activities:	
Water and sewer	\$ 4,945,137
Solid waste	280,151
Stormwater	<u>2,436,171</u>
Total depreciation expense - business-type activities	<u>\$ 7,661,459</u>

NOTE 12 - LONG-TERM DEBT

Revenue Bonds

On December 16, 2007, the City issued \$2,283,000 of Capital Improvement Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") the Series 2007 bonds mature in December 2018 and bear interest at 4.33%. The Series 2007 Bonds are secured by a lien upon revenues derived by rescue transport service fees. The City will budget non-ad valorem revenues if such revenue is not adequate to pay debt service costs.

The net proceeds of \$2,283,000 were used to advance refund the Series 1993 Bonds with a total principal amount of \$2,610,000 and an interest rate ranging from 3.1% to 5.5%. Proceeds from the Series 1993 Bonds were used to finance construction of a new fire administration building, fund the debt service account and pay certain issuance costs. The advance refunding reduced debt payments in the short-term. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$200,000.

On November 19, 2012 the City issued "The City of Hialeah Capital Improvement Revenue Refunding Bond, Series 2012" for \$1,620,000 for the purpose of refunding the City's \$2,283,000 Capital Improvement Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds"), and paying additional costs of the original project. The Bonds are expected to be repaid over approximately six (6) years at an interest rate of 1.64%. The transaction resulted in an economic gain of approximately \$135,000.

Annual debt service requirements to maturity for the Revenue Bonds are as follows:

Fiscal Year End	Principal	Interest	Total
2018	\$ 269,359	\$ 3,882	\$ 273,241
2019	68,166	279	68,445
	<u>\$ 337,525</u>	<u>\$ 4,161</u>	<u>\$ 341,686</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable

1. Bank of America Promissory Note - On August 20, 2011 the City entered into a loan agreement with Bank of America (Bank of America Loan) to refinance the outstanding loan from the Florida Municipal Loan Council Revenue Bonds, Series 1999 Bonds and to pay interest on the loan for up to three years. The transaction resulted in an economic gain of approximately \$1,036,464. The proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 1999 were used to fund major roadway improvements and infrastructure projects. The City will budget non-ad valorem revenues if such revenue is not adequate to pay debt service costs. The Bank of America Loan matures on April 1, 2019 with options to extend to April 1, 2026 and 2031. Interest payments are due semi-annually at a rate of 2.74% with annual principal payments due April 1.

Annual debt service requirements to maturity for the Bank of America Loan are as follows:

Governmental Activities				Business - type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2018	\$ 1,871,740	\$ 84,184	\$ 1,955,923	2018	\$ 467,935	\$ 21,046	\$ 488,981
2019	1,920,682	36,529	1,957,211	2019	479,999	9,132	489,131
	<u>\$ 3,792,422</u>	<u>\$ 120,713</u>	<u>\$ 3,913,135</u>		<u>\$ 947,934</u>	<u>\$ 30,178</u>	<u>\$ 978,112</u>

2. Florida Municipal Loan Council Revenue Bond Series 2012A- Loan Payable - On May 1, 2003, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,135,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2003A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$35,745,000 and calls for annual payments due on May 1, commencing on May 1, 2004 through May 1, 2033 and bears interest at varying rates ranging from 2.0% to 5.25%.

On November 5, 2012 the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$41,620,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2012A, for the purpose of refinancing Florida Municipal Loan Council Revenue Bonds, Series 2003A. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$4,090,000. The loan matures on May 1, 2033 and bears an interest rate of approximately 3.5%

Annual debt service requirements to maturity for the FMLC Revenue Bond Series 2012A loan payable are as follows:

Governmental Activities				Business - type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2018	\$ 1,264,000	\$ 1,214,090	\$ 2,478,090	2018	\$ 316,000	\$ 303,523	\$ 619,523
2019	1,316,000	1,163,530	2,479,530	2019	329,000	290,883	619,883
2020	1,368,000	1,110,890	2,478,890	2020	342,000	277,723	619,723
2021	1,436,000	1,042,490	2,478,490	2021	359,000	260,623	619,623
2022	1,508,000	970,690	2,478,690	2022	377,000	242,673	619,673
2023-2027	8,716,000	3,676,110	12,392,110	2023-2027	2,179,000	919,028	3,098,028
2028-2032	10,604,000	1,798,100	12,402,100	2028-2032	2,651,000	449,525	3,100,525
2033	2,384,000	95,360	2,479,360	2033	596,000	23,840	619,840
	<u>\$ 28,596,000</u>	<u>\$ 11,071,260</u>	<u>\$ 39,667,260</u>		<u>\$ 7,149,000</u>	<u>\$ 2,767,815</u>	<u>\$ 9,916,815</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

3. Revolving Loan - On May 11, 2001, the City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection for the purpose of providing financial assistance for planning and designing water and sewer system improvements. As of September 30, 2017, the project has been completed and the City has withdrawn \$2,779,844 for the project. The loan shall be repaid in 18 semiannual loan payments beginning September 15, 2007, which is based on the total amount owed. The amount due as of September 30, 2017 was \$1,284,898, which includes capitalized interest and other costs.

Annual debt service requirements to maturity for the revolving loan payable are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 135,847	\$ 35,128	\$ 170,975
2019	139,686	31,288	170,975
2020	143,635	27,340	170,975
2021	147,695	23,280	170,975
2022	151,870	19,104	170,975
2023-2026	566,166	32,243	598,408
	<u>\$ 1,284,898</u>	<u>\$ 168,384</u>	<u>\$ 1,453,282</u>

4. Affordable Housing Note, Series 2011 - On March 23, 2011 City issued the City of Hialeah Affordable Housing Note, Series 2011 (the TD Bank Note) in the principal amount of \$14,489,840 to refund and extend the maturity of the Amended and Restated Bond Anticipation Refunding Note, Series 2010 and pay-off the mortgage payable due to the Miami-Dade Housing Agency. The transaction resulted in an economic gain of approximately \$115,740. The proceeds of the Series 2010 note were used for the purpose of financing the construction of a 300-unit affordable housing project in the City of Hialeah. The TD Bank Note is secured by a pledge of net rental income and a covenant to budget and appropriate non-ad valorem revenues sufficient to pay the principal and interest due on the note for the fiscal year. At September 30, 2017, the TD Bank Note had an outstanding balance of \$12,037,338.

Annual debt service requirements to maturity for the TD Bank Note are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 436,423	\$ 520,156	\$ 956,579
2019	455,854	500,725	956,579
2020	476,151	480,428	956,579
2021	497,352	459,227	956,579
2022	519,496	437,083	956,579
2023-2027	2,965,733	1,817,161	4,782,894
2028-2032	3,687,446	1,095,448	4,782,894
2033-2036	2,998,884	244,963	3,243,847
	<u>\$ 12,037,338</u>	<u>\$ 5,555,191</u>	<u>\$ 17,592,529</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

5. Florida Municipal Loan Council Revenue Bond Series 2011D- Loan Payable - On May 1, 2011, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,235,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2011D, for construction, expansion and improvements of the City's sewer treatment plant. The loan has an outstanding balance of \$45,220,000 and calls for annual principal payments due on October 1, commencing on October 1, 2012 through October 1, 2041 and semi-annual interest payments commencing on October 1, 2011 at varying rates of interest ranging from 3.0% to 5.5%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. The City has pledged the net revenues (gross revenues after reduction of the cost of operation and maintenance of the project). There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2017.

Florida Municipal Loan Council Revenue Bond Series 2011D- Loan Payable (Continued) - Annual debt service requirements to maturity for the Series 2011D note payable are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 985,000	\$ 2,315,738	\$ 3,300,738
2019	1,015,000	2,286,188	3,301,188
2020	1,050,000	2,253,200	3,303,200
2021	1,105,000	2,200,700	3,305,700
2022	1,150,000	2,156,500	3,306,500
2023-2027	6,525,000	10,005,163	16,530,163
2028-2032	8,360,000	8,195,163	16,555,163
2033-2037	10,840,000	5,738,988	16,578,988
2038-2042	14,190,000	2,425,775	16,615,775
	<u>\$ 45,220,000</u>	<u>\$ 37,577,413</u>	<u>\$ 82,797,413</u>

6. Special Obligation Revenue Bonds Series 2015A and Special Obligation Refunding Revenue Bonds Series 2015B - On December 2, 2015, the City issued the Series 2015A and 2015B bonds in the amounts of \$25,000,000 and \$21,145,000 respectively. The Series 2015A bonds were issued to provide funds to finance a portion of the annual required contribution for fiscal years 2015 and 2016 with respect to the contributory defined benefit retirement plan known as the Employees' Retirement System ("ERS"). The Series 2015B bonds were issued to provide funds to pay the outstanding amount of a loan pursuant to a loan agreement between the City and the Florida Municipal Loan Council ("FMLC") dated February 1, 2005 (the "refunded bonds") and such funds will be used by FMLC to refund all of that portion of the outstanding Florida Municipal Loan Council Revenue Bonds, Series 2005A. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$2,555,000. The 2015 Bonds are special limited obligations of the City payable solely from and secured by a lien upon pledged Franchise Fee Revenues. Franchise Fee Revenues are defined in the Bond Ordinance to mean franchise fees levied and collected by the City, pursuant to Ordinance No. 07-55 (the "Electric Franchise Ordinance").

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

6. Special Obligation Revenue Bonds Series 2015A and Special Obligation Refunding Revenue Bonds Series 2015B – (Continued)

The Series 2015A bonds has an outstanding balance of \$25,000,000 and calls for annual principal payments due on December 1, commencing on December 1, 2020 through December 2, 2035 and semi-annual interest payments commencing on June 1, 2016 at varying rates of interest ranging from 2.0% to 5.0%. The Series 2015B bonds has an outstanding balance of \$20,420,000 and calls for annual principal payments due on December 1, commencing on December 1, 2017 through December 1, 2035 and semi-annual interest payments commencing on June 1, 2016 at varying rates of interest ranging from 2.0% to 5.0%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. There is no arbitrage rebate liability in connection with either of the Special Obligation Revenue Bonds at September 30, 2017.

Annual debt service requirements to maturity for the Series 2015A and B bonds payable are as follows:

Governmental Activities			
Fiscal Year End	Principal	Interest	Total
2018	\$ -	\$ 1,088,561	\$ 1,088,561
2019	-	1,088,561	1,088,561
2020	1,145,000	1,073,349	2,218,349
2021	1,180,000	1,040,102	2,220,102
2022	1,220,000	1,001,002	2,221,002
2023-2027	6,825,000	4,270,818	11,095,818
2028-2032	8,455,000	2,638,953	11,093,953
2033-2035	6,175,000	486,602	6,661,602
	<u>\$ 25,000,000</u>	<u>\$ 12,687,947</u>	<u>\$ 37,687,947</u>

Governmental Activities				Business - type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2018	\$ 592,000	\$ 783,560	\$ 1,375,560	2018	\$ 148,000	\$ 195,890	\$ 343,890
2019	616,000	762,360	1,378,360	2019	154,000	190,590	344,590
2020	636,000	737,320	1,373,320	2020	159,000	184,330	343,330
2021	668,000	707,900	1,375,900	2021	167,000	176,975	343,975
2022	700,000	673,700	1,373,700	2022	175,000	168,425	343,425
2023-2027	4,080,000	2,791,400	6,871,400	2023-2027	1,020,000	697,850	1,717,850
2028-2032	5,224,000	1,633,400	6,857,400	2028-2032	1,306,000	408,350	1,714,350
2033-2035	3,820,000	292,700	4,112,700	2033-2035	955,000	73,175	1,028,175
	<u>\$ 16,336,000</u>	<u>\$ 8,382,340</u>	<u>\$ 24,718,340</u>		<u>\$ 4,084,000</u>	<u>\$ 2,095,585</u>	<u>\$ 6,179,585</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 - LONG-TERM DEBT (Continued)

Capital Leases

In previous fiscal years the City entered into various lease agreements; a transit bus in the amount of \$340,400, a fire ladder truck in the amount of \$633,827, twenty (20) Zoll Series X Manual Defibrillators in the amount of \$423,920, and into two lease agreements for computer software in the amount of \$1,954,025.

These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets section and the related liability in the governmental-wide financial statements.

Capital assets acquired through the issuance of capital leases are as follows:

	<u>Governmental Activities</u>
Defibrillators	\$ 524,920
Equipment	922,225
Vehicles	633,827
Construction in Progress	1,305,606
Less: accumulated depreciation	<u>(993,504)</u>
	<u>\$ 2,393,074</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 were:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 271,130	\$18,322	\$ 289,452
2019	194,499	12,497	206,996
2020	208,043	7,246	215,289
2021	<u>70,219</u>	<u>1,854</u>	<u>72,073</u>
	<u>\$ 743,891</u>	<u>\$39,919</u>	<u>\$ 783,810</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

The following is a summary of changes in the long-term debt for the year ended September 30, 2017:

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017	Due Within One Year
Governmental Activities					
<i>Revenue Bonds:</i>					
Capital Improv Rev Refunding 2012	602,512	-	(264,987)	337,525	269,359
FMLC 2012A	29,812,000	-	(1,216,000)	28,596,000	1,264,000
Special obligation Series 2015A	25,000,000	-	-	25,000,000	-
Special obligation Series 2015B	16,916,000	-	(580,000)	16,336,000	592,000
<i>Notes:</i>					
Bank of America (Refi 1999 Bonds)	5,617,690	-	(1,825,268)	3,792,422	1,871,740
TD Bank (Refi Suntrust Loan)	12,455,436	-	(418,098)	12,037,338	436,423
<i>Notes Payable</i>	<u>90,403,638</u>	<u>-</u>	<u>(4,304,353)</u>	<u>86,099,285</u>	<u>4,433,522</u>
Less deferred amounts:					
Discount	(12,622)	-	5,050	(7,572)	(5,050)
Premium	1,583,255	-	(92,283)	1,490,972	92,283
Premium (2012A)	1,930,790	-	(120,674)	1,810,116	120,674
Premium (2015B)	2,160,881	-	(113,731)	2,047,150	113,731
	<u>5,662,304</u>	<u>-</u>	<u>(321,638)</u>	<u>5,340,666</u>	<u>321,638</u>
 Notes Payable Net	 <u>96,065,942</u>	 <u>-</u>	 <u>(4,625,991)</u>	 <u>91,439,951</u>	 <u>4,755,160</u>
 Capital leases					
JP Morgan Chase (Defibrillators)	189,093	-	(107,349)	81,744	81,744
Everbank	281,400	-	(281,400)	-	-
U.S. Bancorp. Govt. Leasing and Finance, Inc.	340,400	-	(70,176)	270,224	64,939
Leasing 2, Inc. (E-One Typhoon 78' Aerial)	513,062	-	(121,139)	391,923	124,447
Total Capital Leases	<u>1,323,955</u>	<u>-</u>	<u>(580,064)</u>	<u>743,891</u>	<u>271,130</u>
 Claims payable	 46,761,391	 12,635,525	 (13,484,758)	 45,912,158	 8,970,737
Compensated absences	18,925,430	12,639,128	(7,571,596)	23,992,962	3,633,244
OPEB liability	84,867,537	17,254,328	(9,766,360)	92,355,505	-
Net Pension liability	188,884,834	26,401,822	-	215,286,656	-
	<u>339,439,192</u>	<u>68,930,803</u>	<u>(30,822,714)</u>	<u>377,547,281</u>	<u>12,603,981</u>
 Total Governmental Activities	 <u>436,829,089</u>	 <u>68,930,803</u>	 <u>(36,028,769)</u>	 <u>469,731,123</u>	 <u>17,630,271</u>
 Business-Type Activities					
Revolving loan	1,417,014	-	(132,116)	1,284,898	135,847
Bank of America (refi of FMLC 1999 Bond)	1,404,246	-	(456,312)	947,934	467,935
FMLC 2011D	46,175,000	-	(955,000)	45,220,000	985,000
FMLC 2012A	7,453,000	-	(304,000)	7,149,000	316,000
Special obligation Series 2015B	4,229,000	-	(145,000)	4,084,000	148,000
Total bonds and loans payable	<u>60,678,260</u>	<u>-</u>	<u>(1,992,428)</u>	<u>58,685,832</u>	<u>2,052,782</u>
Less deferred amounts:					
Discount	(329,050)	-	13,162	(315,888)	(13,162)
Premium (2012A)	482,700	-	(30,169)	452,531	30,169
Premium (2015B)	540,220	-	(28,433)	511,787	28,433
	<u>693,870</u>	<u>-</u>	<u>(45,440)</u>	<u>648,430</u>	<u>45,440</u>
 Notes Payable Net	 <u>61,372,130</u>	 <u>-</u>	 <u>(2,037,868)</u>	 <u>59,334,262</u>	 <u>2,098,222</u>
 Claims payable	 8,853,566	 2,860,882	 (2,864,650)	 8,849,798	 1,932,144
OPEB liability	11,569,989	3,970,987	(2,247,673)	13,293,303	-
Net Pension liability	47,934,386	2,366,192	-	50,300,578	-
Compensated absences	2,235,569	988,539	(989,780)	2,234,328	338,343
	<u>70,593,510</u>	<u>10,186,600</u>	<u>(6,102,103)</u>	<u>74,678,007</u>	<u>2,270,487</u>
 Total Business-type activities	 <u>131,965,640</u>	 <u>10,186,600</u>	 <u>(8,139,971)</u>	 <u>134,012,269</u>	 <u>4,368,709</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)

Claims and judgments, compensated absences, net pension obligations and net OPEB obligations are generally liquidated by the General Fund for the governmental activities.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is self-insured for general liability, automobile, workers' compensation, and health. The City also purchases stop loss coverage on its health insurance program. For all other coverage the City carries commercial insurance. The City currently reports all of its risk management activities in its General Fund, except those related to Enterprise Funds, which are reported in those funds.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). Claims liabilities are actuarially determined using historical and recent claim settlement trends. There were no significant reductions in insurance coverage from coverage in the prior year, and there were no settlements that exceeded insurance coverage for each of the past three years.

The City only records the current portion of claims payable within the General Fund if there is a settled claim which is due and payable at year end and is outstanding. The long-term portion is reported in the statement of net position. Amounts payable from proprietary funds are accounted for within those funds.

The following is a summary of changes in claims payable for the year ended September 30, 2017:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning	\$ 55,614,957	\$ 56,873,000	\$ 59,544,555
Incurred claims (including IBNR)	15,496,407	18,015,514	17,269,345
Claims payments	<u>(16,349,408)</u>	<u>(19,273,557)</u>	<u>(19,940,900)</u>
Unpaid claims, ending	<u>\$ 54,761,956</u>	<u>\$ 55,614,957</u>	<u>\$ 56,873,000</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Hialeah Branch Courthouse Lease

On November 4, 1996, the City entered into a lease with Miami-Dade County for two parcels of land owned by the City and reimbursement of design, construction and financing of a courthouse. The lease was amended in 2000 and extended to 2030 with annual payments from the County of \$500,000.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Charter School Agreements

On April 17, 2008, the City executed a contract with the School Board of Miami-Dade County, Florida that provides for the City of Hialeah Education Academy (the "HEA") to (1) provide a high-quality career-oriented curriculum for 21st Century occupations; (2) prepare students for productive employment within a multilingual work environment; and (3) prepare students for successful progression into postsecondary studies. The contract ended in June 2014 and subsequently renewed for a period of 15 years by a mutual agreement of both parties.

The City has entered into an agreement with Academica Dade LLC to provide administrative and educational services for HEA. The agreement ended in June 2014 and was subsequently renewed for a term of two (2) years with an option for renewal for two additional years.

Water and Sewers Fund- Agreements with Miami-Dade County

In 2008, the City Council approved a 20 year agreement with Miami-Dade County (the "County") providing for the rendition of water service to the City by the County and the purchase of treated water from the County until 2027. In 2011, the City of Hialeah entered into a 20 year agreement with the County to provide wastewater treatment and disposal services until 2029. Rates paid by the City of Hialeah vary depending and costs incurred by the County. The charges to operations under these agreements for the year ended September 30, 2017 were \$11,900,551 for water services and \$28,264,565 for wastewater treatment and disposal services.

Water and Sewers Fund- Administrative Consent Agreement

The Department of Public Works (the "Department") entered into an "Administrative Consent Agreement" with the Miami-Dade County Department of Environmental Resources Management ("DERM") pursuant to Chapter 24, of the Miami-Dade County Code (the "MDCC"). DERM was subsequently renamed Miami-Dade County Department of Regulatory and Economic Resources, Division of Environmental Resources Management. Pursuant to this agreement the City has agreed to correct deficiencies for sixteen (16) pump stations within the City's sewer collection and transmission system that are not in conformance with the requirements of MDCC Chapter 24. The agreement required the City to have corrected all the deficiencies noted in the SESS Phase III Report by September 30, 2010. The City agreed with DERM for an extension until November 12, 2017 to correct all the deficiencies. All identified basins have been designed, permitted and are under construction.

Joint Participation Agreement- Reverse Osmosis Water Treatment Plant

On December 27, 2007, (as amended on August 2009) the City entered into a Joint Participation agreement with Miami-Dade County (the "County") for the design, construction and operation of a 17.5 MGD reverse osmosis water treatment plant (the "Plant"). The City and the County have equal 50% ownership of the Plant, inclusive of land, structures, facilities and appurtenances to be situated in the Annexation Area of the City, having an initial operational capacity of 10 MGD expandable to 17.5 MGD. The Plant is operating at 7.5 MGD supplying potable water to the Annexation Area of the City and adjacent areas of unincorporated Miami-Dade County and Hialeah. At all times during the operation of the Plant, the County and City each receive 50% of the water production produced; however, either party is able to purchase a portion of the other party's 50% share.

The term of the Agreement shall coincide with the later of two dates: (1) The expiration date of the original issuance of any bond related to the Plant issued by the County; and (2) The expiration date of the original issuance of any bond related to the Plant issued on behalf of the City. In no event shall the agreement expire before February 1, 2029. Upon termination, each party shall maintain a fifty percent interest in the WTP.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Joint Participation Agreement- Reverse Osmosis Water Treatment Plant (Continued)

The County has and continues to contribute for 50% of the costs for the Plant, and the City has and continues to contribute for 50% of the costs of the Plant.

The County has provided in excess of \$54 million during the construction phase of the project. In 2011, the City issued the \$48,235,000 Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) to fund its share of the costs to construct the Plant. The schedule below provides a reconciliation of the capital expenses as of September 30, 2017 and the total contributions from the County and the City.

Joint Participation Agreement- Reverse Osmosis Water Treatment Plant

	October 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	September 30, <u>2017</u>
Land	\$ 3,300,000	\$ -	\$ -	\$ 3,300,000
RO Plant	<u>49,536,817</u>	<u>1,550,326</u>	<u>-</u>	<u>51,087,143</u>
	<u>\$ 52,836,817</u>	<u>\$ 1,550,326</u>	<u>\$ -</u>	<u>\$ 54,387,143</u>
Other Receivables - Miami Dade County	<u>\$ 5,559,386</u>	<u>\$ 3,090,139</u>	<u>\$ (4,725,333)</u>	<u>\$ 3,924,192</u>
Total Contributed by Miami Dade County				
Contributions to the City	\$ 45,081,761			
Due from Miami Dade County	3,924,192			
50% Share of interest income earned	731,190			
50% Share of value of the land	1,650,000			
50% Share of grants from SFWMD	<u>3,000,000</u>			
	<u>\$ 54,387,143</u>			

Construction Commitments

At September 30, 2017, the City had in process various construction projects that were not completed with a remaining balance totaling approximately \$5,100,000. Funding of these projects is to be made primarily through the proceeds of loans, tax revenues and grants.

Litigation

The City is a defendant in various lawsuits incidental to its operations. The outcome of these lawsuits is undeterminable as is an amount of range of potential loss.

Tax-Exempt Bonds

As disclosed in Note 12 Long-Term Debt; the City has issued tax-exempt bonds to fund capital projects and infrastructure. If the bonds were deemed to be taxable, then the City's interest costs would markedly rise; the potential increase in interest costs would only be determinable at the time such debt was deemed taxable. The City does not at this time; expect the tax-exempt status of the debt to change.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Unfair Labor Practice Charge

On August 27, 2010, Florida Public Employees Council 79, American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) (collectively referred to as the Union) filed an unfair labor practice charge with the State of Florida Public Employees Relations Commission (PERC) alleging that the City violated Section 447.51(1)(a) and (c), Florida Statutes (2010), by the manner in which it conducted itself during the impasse resolution procedure. On March 4, 2011, PERC concluded that the City engaged in an unfair labor practice violating Section 447.51(1)(a) and (c), Florida Statutes (2010). The PERC order did not require the City to make a monetary reimbursement to the employees. On July 15, 2013, the Union filed an action in the Eleventh Judicial Circuit Court in Miami-Dade County against the City seeking to enforce the PERC Order of March 2011 requesting that the Court make the Union members whole for the economic changes and other benefits imposed by the City Council in 2010 and for attorney's fees and costs. On July 20, 2015, the Court ruled in favor of the Union. In August 2015, based on the agreement of the parties, the entry of judgment was ordered stayed for a period of 120 days to allow the parties an opportunity to explore settlement. The stay was extended until the parties reached a settlement on July 18, 2016. The settlement did not include former employees who had worked during the relevant period of time but who had retired prior to July 20, 2015. The trial court approved the settlement and dismissed the matter with prejudice on August 26, 2016 and again on August 29, 2016. At least 29 former employees sought to intervene. The trial court denied the former employees' motion to intervene. The intervenors appealed the trial court's final order on September 26, 2016. On June 6, 2018, the Third District Court of Appeals issued an opinion affirming the trial court's order rejecting the former employees' motion to intervene and motion to vacate the dismissal of the enforcement action. On June 22, 2018, the Third District Court of Appeals issued a mandate making its June 6, opinion final. The intervenors have thirty (30) days in which to appeal the mandate.

Inima

The City and Miami-Dade County, as parties to a joint participation agreement, contracted with GS Inima USA Construction Corporation (the "Company") for the design, construction and operation of a reverse osmosis water treatment plant. Construction was completed, and the City has accepted the plant. The Company and the City have agreed to hold back a portion of the final payment amount (retainage) due to the Company to cover the anticipated cost of completing remaining punch-list items. The plant is fully operational producing 7.5 MGD distributed equally between Miami- Dade County and the City.

FEMA Disallowance of claims for disaster relief and emergency assistance funds

In October 2005, the City was impacted by Hurricane Wilma. The City sought federal funds assistance to pay for expenditures associated with debris removal, emergency protective measures and restoration efforts as a result of the damage caused by the hurricane in the approximate amount of \$11.2 million. In August 2009, the U.S. Office of Inspector General began an audit of the costs claimed by the City to be related to Wilma to determine whether federal funds had been accounted for and expended according to federal regulations and guidelines. The audit was completed and the results reported to the Regional FEMA Administrator in June 2010. The auditor recommended disallowing approximately \$2.5 million. FEMA concurred with the findings and notified the Florida Division of Emergency Management of its determination on June 22, 2012. In turn, the State of Florida notified the City in July 2012. The City has filed five separate appeals to the determination by FEMA. FEMA has not made a final determination on any of the City's appeals. Notwithstanding, because of FEMA's immediate withdrawal policy, the Florida Division of Emergency Management has requested that the City pay the amount of overpayment of \$2,667,958.48. The City has not made any payments to the State on this account and has not entered into a repayment plan pending the determination of the City's appeals.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

FEMA Disallowance of claims for disaster relief and emergency assistance funds (Continued)

The City has also been notified of the disallowance of \$110,106.70 in claims submitted for reimbursement by the Florida Division of Emergency Management related to debris removal and restoration activities attributed to the impact of Hurricane Katrina in August 2005. The City has not made any payments to the State on this account and has not entered into a repayment plan.

DMG Properties, LLP

On December 4, 2014, the City received a notice of claim for compensation pursuant to the Bert J. Harris, Jr., Private Property Rights Protection Act (the "Harris Act"), alleging that the City's failure to designate a zoning classification for the property in question and its denial of the landowners vested right in continuing heavy industrial uses on the property have inordinately burdened the property reducing its fair market value in an estimated amount of \$5.7 million based on the initial appraisal submitted by the claimant as required by the Harris Act. Since annexation, the City adopted a comprehensive land use plan for the area allowing for less intense, light industrial uses. The Harris Act requires the notice and a 6-month settlement period preceding the filing of an action. The 6-month settlement period has expired, but the parties continue to explore settlement. As of September 30, 2017, no action has been filed in this matter.

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS

Employees' Retirement System

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Hialeah Employees' Retirement System Plan document for more complete information.

1. Plan Description - The City is the administrator of a single-employer Public Employee Retirement System (PERS) established to provide pension, annuity, death, and disability benefits through a defined benefit and a defined contribution pension plan that covers substantially all of the employees of the City. Cost of living adjustments of 2% annually (excluding beneficiaries and those members who are receiving a Deferred Retirement Allowance), are made to members for Basic and Service Pensions. The City of Hialeah Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Hialeah Employees' Retirement System, 501 Palm Avenue, Hialeah, Florida, 33010.

On May 22, 2012, the City passed Ordinance No. 2012-27, retroactively to April 1, 2012, closing membership to the Plan for all general employees hired after April 1, 2012. New employees will instead participate in a new defined contribution plan. The latest available actuarial valuation is as of October 1, 2015.

Membership in the Plan as of October 1, 2015 consisted of the following:

Inactive plan members:	
Beneficiaries currently receiving benefits	1,436
Entitled to benefits but not yet receiving them	124
Active plan members	<u>1,030</u>
Total	<u><u>2,590</u></u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Employees' Retirement System (Continued)

2. Loans to Members - The Employees' Retirement System Plan permits members to borrow from the Plan assets (subject to the rules of the Internal Revenue Service) at rates determined by the Plan Trustees. Interest charged on loans is 1.5% above the Wall Street Journal prime rate, (which was 4.25% as of September 30, 2017). Such loans are limited to and fully secured by the respective member's annuity savings account. Loan payments are deducted directly from the member's bi-weekly payroll.
3. Administrative Expenses - Administrative expenses incurred by the Plans are absorbed by the City.
4. Funding Requirements - The contribution requirements of the Plan members and the City are established and may be amended by the Employees' Retirement System Board of Trustees.
 - Plan Members Contribution

Firefighters are required to contribute 7% of their basic compensation to the Annuity Savings Fund. Police officers and general employees have the option to contribute between 0% and 7% of their basic compensation to the Annuity Savings Fund. The City is required to contribute at an actuarially determined rate. Plan participants are permitted to purchase a maximum of four years of membership credit service time. Effective with the fiscal year ended September 30, 2006, the firefighters' and police officers' share plans will make contributions to fund the cost of the minimum benefits under Chapter 99-1, Florida Statutes.
 - City Contribution

On August 25, 2009, the City passed Ordinance 09-54, which established a minimum City contribution ("floor") to the Plan equal to 22% of the member payroll. Once every five years, the City may increase or decrease the floor up to 2% of member payroll, if supported by an actuarial study. The floor shall not be less than 16% or more than 28% of member payroll. The new provisions also indicate that the floor is subject to Section 70-168(b) which specifies the contribution shall be computed as a level percent of payroll in accordance with generally recognized actuarial principles and the provisions of Chapter 112 of the Florida Statutes. Provisions under Chapter 112 of the Florida Statutes will take precedence in the event the required City contribution calculated under Chapter 112 exceeds the 28% of member payroll.

The City contributes at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. The Plan determined to use the "percentage of payroll contribution" method for the fiscal year ended September 30, 2017.
5. Net Pension Liability - The City's net pension liability of \$265,587,234 was measured as of September 30, 2016, (GASB 68 measurement date).

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Employees' Retirement System (Continued)

6. Actuarial Assumptions - The total pension liability was determined using the following actuarial assumptions:

Measurement Date:	September 30, 2017	September 30, 2016
Actuarial Valuation:	October 1, 2016	October 1, 2015
Interest rates:		
Single Discount rate	8.0%	8.0%
Inflation rate	2.3%	2.3%
Salary Increases	3.0% - 9.0%	3.0% - 9.0%
Mortality table	Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.	Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.
	Mortality Rate Disabled Lives: Female 60% RP2000 Disabled Female set forward two years/ 40% Annuitant White Collar with no setback, no projection scale. Male 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.	Mortality Rate Disabled Lives: Female 60% RP2000 Disabled Female set forward two years/ 40% Annuitant White Collar with no setback, no projection scale. Male 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

7. Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2017 and 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2017</u>	<u>2016</u>
Domestic Equity	50%	7.10%	7.10%
International Equity	5%	7.40%	7.40%
Domestic Bonds	40%	2.10%	2.10%
Other	5%	4.20%	4.20%
	100%		

8. Rate of Return - For the fiscal years ended September 30, 2017 and 2016, the annual money-weighted rate of return on Plan investments, net of investment expense, was 11.22% and 8.08%, respectively. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Employees' Retirement System (Continued)

9. Discount Rate - The discount rate used to measure the total pension liability as of September, 30 2017 and 2016 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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.

10. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting period ending at September 30, 2016	\$ 806,816,777	\$ 569,997,557	\$ 236,819,220
Changes for the year:			
Service Cost	8,887,641	-	8,887,641
Interest	62,786,218	-	62,786,218
Change in Annuity Savings Fund	4,032,235	-	4,032,235
Differences between expected and actual experience	13,256,782	-	13,256,782
Changes of assumptions	21,734,473		21,734,473
Contributions - Employer	-	26,327,799	(26,327,799)
Contributions - State	-	461,877	(461,877)
Contributions - Employee	-	2,433,031	(2,433,031)
Contributions - Buy Back	907,919	907,919	-
Contributions - Annuity Savings Fund	-	4,032,235	(4,032,235)
Net investment income	-	48,674,393	(48,674,393)
Benefit payments, including refunds of employee contributions	(61,753,388)	(61,753,388)	-
New changes	<u>49,851,880</u>	<u>21,083,866</u>	<u>28,768,014</u>
Reporting period ending at September 30, 2017	<u>\$ 856,668,657</u>	<u>\$ 591,081,423</u>	<u>\$ 265,587,234</u>
Plan fiduciary net position as a percentage of the total pension liability		69.00%	
Covered employee payroll		\$ 54,783,012	
Net pension liability as a percentage of employee payroll		484.80%	

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Employees' Retirement System (Continued)

10. Changes in Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting period ending at September 30, 2017	\$ 856,668,657	\$ 591,081,423	\$ 265,587,234
Changes for the year:			
Service Cost	8,302,554	-	8,302,554
Interest	65,295,454	-	65,295,454
Change in Annuity Savings Fund	3,594,508	-	3,594,508
Change in Annuity Reserve Fund	48,248,469	-	48,248,469
Change of benefit terms	(15,079,464)	-	(15,079,464)
Differences between expected and actual experience	17,047,994	-	17,047,994
Changes of assumptions	-	-	-
Contributions - Employer	-	29,197,532	(29,197,532)
Contributions - State	-	461,877	(461,877)
Contributions - Employee	-	2,152,895	(2,152,895)
Contributions - Buy Back	2,569,143	2,569,143	-
Contributions - Annuity Savings Fund	-	3,594,508	(3,594,508)
Net investment income	-	70,077,666	(70,077,666)
Benefit payments, including refunds of employee contributions	(67,397,153)	(67,397,153)	-
Revision in methodology to include Annuity Reserve Fund	-	48,248,469	(48,248,469)
New changes	62,581,505	88,904,937	(26,323,432)
Reporting period ending at September 30, 2018	<u>\$ 919,250,162</u>	<u>\$ 679,986,360</u>	<u>\$ 239,263,802</u>
Plan fiduciary net position as a percentage of the total pension liability		73.97%	
Covered employee payroll		\$ 55,447,024	
Net pension liability as a percentage of employee payroll		431.52%	

11. Sensitivity of the Net Pension Liability to the Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%):

	Current Discount		
	1% Decrease 7.00%	Rate 8.00%	1% Increase 9.00%
September 30, 2017	\$ 321,464,874	\$ 239,263,802	\$ 169,830,541
September 30, 2016	\$ 348,973,900	\$ 265,587,234	\$ 195,379,329

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Employees' Retirement System (Continued)

12. Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.
13. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2017, the City will recognize pension expense of \$41,129,335. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$15,122,352	\$ -
Changes of Assumptions	16,300,854	-
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	17,169,925	-
Employer and State Contributions subsequent to the measurement date	<u>29,659,409</u>	<u>-</u>
	<u><u>\$78,252,540</u></u>	<u><u>\$ -</u></u>

The deferred outflow of resources, resulting from the City's contribution to the Plan subsequent to the measurement date of September 30, 2016 in the amount of \$29,659,409 will be recognized as a reduction of the City's net pension liability in the fiscal year ended September 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	
2018	\$16,384,689
2019	16,384,689
2020	16,659,395
2021	(835,642)
2022	-
Thereafter	<u>-</u>
Total	<u><u>\$48,593,131</u></u>

14. DROP Plan - The City established a deferred retirement option plan (DROP) for General Employees on February 19, 2008, and for Police and Firefighters on March 1, 2007. An active participant of the City's retirement system may enter into the DROP, on the first day of the month following completion of 25 years of membership service credit, provided that the sum of the member's age and years of service is 70 points or more. Upon entry into the DROP, a member's monthly retirement benefits (basic plus service pension), based on final average earnings and service upon entering the DROP, which would have been payable had the member elected to cease employment and receive a normal retirement benefit, shall be paid into the member's DROP account. At the end of each fiscal year, interest will be credited to the DROP account at the same rate credited to the annuity savings account. Member contributions cease upon entering the DROP and the member shall be ineligible for disability benefits provided by the Plan. Upon termination of employment or death, the DROP account balance will be paid in a cash lump sum. The maximum duration for participation in the DROP shall not exceed thirty-six (36) months and members cannot buy service in order to be eligible for the DROP.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Employees' Retirement System (Continued)

14. DROP Plan (Continued)

General employees who are members of the retirement system are prohibited from entering the DROP on or after April 2, 2012. As of September 30, 2017, there were forty four (44) DROP participants and their fair value of DROP investment was \$3,742,546 which is included in the Plan's net position.

Elected Officials' Retirement System

1. Plan Description - The City of Hialeah Elected Officials' Retirement System (EORS) is a single employer defined benefit pension plan administered by the City of Hialeah. The EORS was established by City Ordinance effective June 1998. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All qualified elected officials and city attorneys are eligible to participate in the plan. The Plan does not issue a stand-alone financial report. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council. The latest available actuarial valuation is as of October 1, 2016.

Membership in the Plan as of October 1, 2016 consisted of the following:

Inactive plan members:	
Beneficiaries currently receiving benefits	8
Entitled to benefits but not yet receiving them	7
Active plan members	10
Total	25

2. Pension Benefits - Participants earn one vesting credit for each year of service completed. A participant is considered fully vested after 8 years of credited service. After 8 years of credited service, the participant need not render any further service as an employee of the City, in order to begin receiving a pension benefit upon attaining eligibility.

A participant is eligible for normal retirement benefits when the participant has attained age 55 and 8 vesting credits or has attained 20 vesting credits regardless of age.

Normal retirement benefits are based on 3% of average final compensation multiplied by the years of service for each year of prior service.

3. Funding Requirements - Plan members are required to contribute 7% of their basic compensation. The City contributes at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. The Plan determined to use the "percentage of payroll contribution" method for the fiscal year ended September 30, 2017.

The actual contribution from the City for active members were actuarially determined using the actuarial valuation as of October 1, 2015 for the year ended September 30, 2017.

4. Net Pension Asset - The Plan's net pension asset of \$2,036,982 was measured as of September 30, 2016 (GASB 68 measurement date).

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Elected Officials' Retirement System (Continued)

5. Actuarial Assumptions - The total pension liability was determined using the following actuarial assumptions:

Measurement Date:	September 30, 2017	September 30, 2016
Actuarial Valuation:	October 1, 2016	October 1, 2015
Interest rates:		
Single Discount rate	6.00%	6.00%
Inflation rate	2.75%	3.00%
Salary Increases	8.00%	8.00%
 Mortality table	 RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with generational mortality improvements fully projected to each future valuation date with Scale AA.	 RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with generational mortality improvements fully projected to each future valuation date with Scale AA.

6. Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2017 and 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2017</u>	<u>2016</u>
Domestic Equity	45%	9.59%	10.14%
International Equity	10%	5.43%	5.78%
Fixed Income	30%	6.55%	6.56%
Cash	15%	3.37%	3.55%
	<u>100%</u>		

7. Rate of Return For the fiscal years ended September 30, 2017 and 2016, the annual money-weighted rate of return on Plan investments, net of investment expense, was 10.60% and 10.06%, respectively. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.
8. Discount Rate - The discount rate used to measure the total pension liability as of September, 30 2017 and 2016 was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Elected Officials' Retirement System (Continued)

9. Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a)-(b)
Reporting period ending at September 30, 2016	\$ 8,745,329	\$ 9,893,539	\$ (1,148,210)
Changes for the year:			
Service Cost	169,969	-	169,969
Interest	504,307	-	504,307
Differences between expected and actual experience	(332,714)	-	(332,714)
Contributions - Employer	-	203,796	(203,796)
Contributions - Employee	-	21,718	(21,718)
Net investment income	-	1,030,248	(1,030,248)
Benefit payments, including refunds of employee contributions	(354,923)	(354,923)	-
Administrative expense	-	(25,428)	25,428
New changes	(13,361)	875,411	(888,772)
Reporting period ending at September 30, 2017	<u>\$ 8,731,968</u>	<u>\$ 10,768,950</u>	<u>\$ (2,036,982)</u>
Plan fiduciary net position as a percentage of the total pension liability		123.33%	
Covered employee payroll		\$ 688,294	
Net pension asset as a percentage of employee payroll		-295.95%	

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Elected Officials' Retirement System (Continued)

9. Changes in Net Pension Asset (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a)-(b)
Reporting period ending at September 30, 2017	\$ 8,731,968	\$ 10,768,950	\$ (2,036,982)
Changes for the year:			
Service Cost	160,470	-	160,470
Interest	527,684	-	527,684
Differences between expected and actual experience	10,202	-	10,202
Changes of assumptions	80,686		80,686
Contributions - Employer	-	155,257	(155,257)
Contributions - Employee	-	22,297	(22,297)
Net investment income	-	1,112,500	(1,112,500)
Benefit payments, including refunds of employee contributions	(377,185)	(377,185)	-
Administrative expense	-	(30,780)	30,780
New changes	401,857	882,089	(480,232)
Reporting period ending at September 30, 2018	<u>\$ 9,133,825</u>	<u>\$ 11,651,039</u>	<u>\$ (2,517,214)</u>
Plan fiduciary net position as a percentage of the total pension liability		127.56%	
Covered employee payroll		\$ 695,295	
Net pension asset as a percentage of employee payroll		-362.04%	

10. Sensitivity of the Net Pension Asset to the Changes in the Discount Rate - The following presents the net pension asset of the Plan, calculated using the discount rate of 6.0%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%):

	1% Decrease	Current Discount	1% Increase
	7.00%	Rate 8.00%	9.00%
September 30, 2017	\$ 321,464,874	\$ 239,263,802	\$ 169,830,541
September 30, 2016	\$ 348,973,900	\$ 265,587,234	\$ 195,379,329

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Elected Officials' Retirement System (Continued)

11. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended September 30, 2017, the EORS will recognize pension expense of \$(270,915). At September 30, 2017, the EORS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 159,201
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	-	143,837
Employer Contributions subsequent to the measurement date	<u>155,257</u>	<u>-</u>
	<u>\$ 155,257</u>	<u>\$ 303,038</u>

The deferred outflow of resources, resulting from the City's contribution to the Plan subsequent to the measurement date of September 30, 2016 in the amount of \$155,257 will be recognized as an increase of the City's net pension asset in the fiscal year ended September 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	
2018	\$(203,321)
2019	(44,118)
2020	32,658
2021	(88,257)
2022	-
Thereafter	<u>-</u>
Total	<u>\$(303,038)</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 - EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

Elected Officials' Retirement System (Continued)

12. Statement of net position and statement of changes in net position - The statement of net position and statement of changes in net position for the Elected Officials' Retirement System as of September 30, 2017 are presented below:

STATEMENT OF NET POSITION

<u>ASSETS</u>	
Cash and cash equivalents	\$ 756,729
Investments, at fair value:	
Mutual funds	10,994,922
Real estate investment trusts	<u>546,690</u>
Total assets	<u>\$ 12,298,341</u>
<u>LIABILITIES AND NET POSITION</u>	
Accounts payable and accrued liabilities	\$ 647,302
Net position restricted for pensions	<u>\$ 11,651,039</u>

STATEMENT OF CHANGES IN NET POSITION

ADDITIONS	
Contributions - City	\$ 155,257
Contributions - Member	22,297
Net investment income (loss)	<u>1,118,340</u>
Total additions	\$ 1,295,894
DEDUCTIONS	
Pension benefits	377,185
Administrative Expenses	<u>36,620</u>
Net increase	882,089
Net position restricted for pensions	
Beginning of year	<u>10,768,950</u>
Ending	<u>\$ 11,651,039</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 16 - DEFINED CONTRIBUTION PLANS

The City of Hialeah has two defined contribution plans; the City of Hialeah Police Pension Fund and the City of Hialeah Firemen's Relief and Pension Fund. The Plans were created on March 27, 1984 by Ordinance 1781 as amended by Ordinance 84-43 and on May 26, 1981 by Ordinance 631 as amended by Ordinance 81-62, respectively. The purpose of these Plans is to provide a means whereby police officers and firefighters of the City may receive benefits from funds provided for that purpose by contributions of the City through state contributions provided by Chapter 175/185 of the Florida Statutes. The participants do not contribute to the Plans. These funds are a supplement to and in no way affect police officer and firefighter benefits under the City of Hialeah Employees' Retirement System. The City no longer receives passed-through State contributions for the police officers or firefighters. The City under Chapter 185 of the Florida Statutes has provided authorization to the State for the direct contribution of benefits to the Police Pension Fund. The City's Employment Retirement System received passed-through contributions from the two defined contribution plans totaling \$461,877 for the fiscal year ended September 30, 2017.

Both funds issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to Hialeah Employees' Retirement Department, 501 Palm Avenue, Hialeah, Florida, 33010.

The City created the City of Hialeah Employee's Retirement Plan on April 1, 2012. The City as a single-employer contributes to the Money Purchase Plan, which is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The Plan is available to all full-time general employees hired after April 1, 2012, and the City contributes 7% of the employees' salary. Employees are required to contribute 7% of their salaries. Employer contributions for the fiscal year ended September 30, 2017 were approximately \$362,000.

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Hialeah sponsors a single-employer defined benefit OPEB plan. Retirees who meet certain age and service requirements may elect coverage for themselves and dependents. Self-funded and fully insured options are available. The employer currently charges no contribution for retirees with single coverage, and the single funding rate for double (employee plus spouse) coverage. Self-funded management retirees pay less for double coverage. Disabled contributions vary between plans.

Funding Policy

The OPEB obligation is funded on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$ 20,710,981
Interest on net OPEB obligation	3,857,502
Adjustment to annual required contribution	<u>(3,343,168)</u>
Annual OPEB cost	21,225,315
Contributions made	<u>(12,014,033)</u>
Increase in net OPEB obligation	9,211,282
Net OPEB obligation, beginning of year	<u>96,437,526</u>
Net OPEB obligation, end of year	<u><u>\$105,648,808</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2015	\$ 19,239,076	58.30%	\$ 87,044,118
9/30/2016	20,582,178	54.40%	96,437,526
9/30/2017	21,225,315	56.60%	105,648,808

Funded Status and Funding Progress

<u>Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
10/1/2011	\$ -	\$ 309,613,913	\$ 309,613,913	0.00%	\$ 79,273,518	390.60%
10/1/2013	-	307,171,520	307,171,520	0.00%	64,338,529	477.40%
10/1/2015	-	334,741,755	334,741,755	0.00%	66,625,751	502.40%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 4.3%. Both rates included a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2015, was thirty (30) years.

NOTE 18 - SUBSEQUENT EVENTS

Based on the mutual agreement between the City and AFSCME, as of December 1, 2017, pension benefits accrued by general employees who are plan members and are not grandfathered in, as determined by the new plan provisions, have changed to include a lower benefit multiplier, increased normal retirement age, elimination of cost of living adjustment, base pay as the only type of pay to be considered pensionable pay, and an average final compensation calculated based on the average of eight years. In addition, all plan members must contribute a higher percentage of pay to the plan. All plan members who are not grandfathered in were 100% vested in the accrued benefit earned prior to December 1, 2017 and eligible to receive the frozen benefit upon reaching normal retirement in effect prior to the freeze. Please refer to the applicable provisions of Chapter 70 of the Code of Ordinances of the City of Hialeah for a complete description of the plan changes.

NOTE 19 - RESTATEMENT

In the current fiscal year, the October 1, 2016 beginning net position and capital assets, net of accumulated depreciation in the Business-Type Activities were restated by \$6,713,128 and (\$170,800) to properly reflect accurate capital assets. In the current fiscal year, the October 1, 2016 beginning net position and liabilities in the Employees' Retirement System was restated to increase net position and decrease liabilities by \$48,248,471 to properly reflect due to retired participants.

<u>Beginning Net Position, Business-Type Activities</u>	
Beginning net position, as previously recorded	\$ 112,001,043
Correct capital assets, net of accumulated depreciation	<u>6,542,328</u>
Beginning net position, as restated	<u>\$ 118,543,371</u>
 <u>Beginning Net Position, Water and Sewers Fund</u>	
Beginning net position, as previously recorded	\$ 144,768,077
Correct capital assets, net of accumulated depreciation	<u>6,713,128</u>
Beginning net position, as restated	<u>\$ 151,481,205</u>
 <u>Beginning Net Position, Solid Waste Utility System Fund</u>	
Beginning net position, as previously recorded	\$ (47,079,836)
Record opening net pension liability per GASB Statement No. 68	<u>(170,800)</u>
Beginning net position, as restated	<u>\$ (47,250,636)</u>
 <u>Beginning Net Position, Employees' Retirement System</u>	
Beginning net position, as previously recorded	\$ 591,081,423
To properly reflect due to retired participants	<u>48,248,471</u>
Beginning net position, as restated	<u>\$ 639,329,894</u>

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF HIALEAH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 51,089,000	\$51,089,000	\$51,435,680	\$ 346,680
Utility taxes	22,270,000	22,270,000	22,345,725	75,725
Franchise fees	15,856,000	15,856,000	15,091,649	(764,351)
Licenses and permits	5,500,000	5,500,000	6,943,824	1,443,824
State and local shared revenues	27,897,000	27,897,000	28,200,503	303,503
Fines and forfeitures	1,234,700	1,234,700	1,327,759	93,059
Interest	2,000	2,000	-	(2,000)
Government grants and other revenues	10,651,300	10,716,073	9,639,360	(1,076,713)
Total revenues	<u>134,500,000</u>	<u>134,564,773</u>	<u>134,984,500</u>	<u>419,727</u>
Other financing sources				
Proceeds from disposal of capital assets	-	-	77,140	77,140
Transfers in	1,925,000	1,925,000	-	(1,925,000)
Appropriation of prior year fund balance	3,225,000	3,225,000	-	(3,225,000)
Total financing sources	<u>5,150,000</u>	<u>5,150,000</u>	<u>77,140</u>	<u>(5,072,860)</u>
Total revenues and other financing sources	<u>139,650,000</u>	<u>139,714,773</u>	<u>135,061,640</u>	<u>(4,653,133)</u>
Expenditures:				
Current:				
Police	55,216,774	55,216,774	49,545,978	5,670,796
Fire	39,466,546	39,466,546	41,585,856	(2,119,310)
911 Communications division	4,485,925	4,485,925	4,391,284	94,641
Fleet maintenance	3,432,007	3,442,007	3,140,956	301,051
Construction and maintenance	3,437,071	3,437,071	3,012,965	424,106
Recreation and community services	10,719,193	10,772,693	10,453,249	319,444
Planning and development	739,321	742,094	657,917	84,177
Education and community services	3,174,483	3,174,483	2,802,477	372,006
Law	1,461,612	1,461,612	1,150,715	310,897
Risk management	349,679	349,679	319,603	30,076
Human resources	864,605	864,605	736,608	127,997
City Clerk's office	1,239,176	1,051,576	962,794	88,782
Office of Management and Budget	434,145	434,145	402,949	31,196
Office of the Mayor	607,118	607,118	588,283	18,835
Communications and special events	308,602	393,202	530,152	(136,950)
Employee retirement	620,337	620,337	834,417	(214,080)
Library	1,719,465	1,719,465	1,388,152	331,313
Compliance division	736,755	736,755	642,804	93,951
Finance	1,663,435	1,663,435	1,488,174	175,261
Division of licenses	841,487	841,487	951,992	(110,505)
General government	5,587,935	5,689,435	5,140,818	548,617
Information systems	2,544,329	2,544,329	2,321,275	223,054
Total expenditures	<u>139,650,000</u>	<u>139,714,773</u>	<u>133,049,418</u>	<u>6,665,355</u>
Net change in fund balance	-	-	2,012,222	2,012,222
Fund balances - beginning	-	-	<u>37,439,569</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$39,451,791</u>	

See note to budgetary comparison schedule.

CITY OF HIALEAH, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2017

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements.

- a. Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the General Fund for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d. At any time, the Mayor may transfer any unencumbered appropriation balance or portion thereof between classifications of expenditures within an office or department. At the request of the Mayor and within the last 6 months of the fiscal year, the City Council may transfer, by resolution, any unencumbered appropriation balance or portion thereof from one office or department to another. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and shall be subject to future appropriations. The legal level of control is at the department level for the general fund and at the fund level for all other funds.
- e. The reported budgetary data represents the final approved budget after amendments adopted by the City Council. Unencumbered appropriations lapse at fiscal year-end.
- f. The City Council may make supplemental appropriations during the fiscal year. Supplemental appropriations were \$64,773 for the General Fund, \$25,108 for the Streets Fund, \$501,057 for the Rescue Transportation Fund, \$207,000 for the E-911 Wireless Fund, \$264,310 for the Law Enforcement Trust- State Fund, \$13,000 for the Law Enforcement Trust- Federal Fund, \$21,222 for the Children's Trust Fund, \$459,082 for the Urban Area Security Grant Fund, \$13,000 for the CITT Surtax – Hialeah Circulator Fund, \$325,847 for the City of Hialeah Education Academy Fund, \$189,511 for the Police Grant Fund, \$110,405 for the Park Grants and Impact Fees Fund, \$28,998 for the 21st Century Academic Achievers Grant Fund, \$119,704 for the ECS & Library Grants Fund, \$4,914,990 for the Home Investment Partnership Fund, \$159,000 for the CITT Surtax Transportation Fund, \$1,267,990 for the W. 76 St – 28 to 31 Ave. – MDC (JPA) Fund, and \$195,000 for the NW 97 Ave. Road Improvement (JPA) Fund during fiscal year ended September 30, 2017.

All governmental funds with legally adopted budgets have been included as either a budgetary comparison schedule in the required supplementary information section or as a schedule of revenues and expenditures and fund balance- budget vs actual in the combining fund statements section.

CITY OF HIALEAH, FLORIDA
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Reporting period ending	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Measurement date	9/30/2016	9/30/2015	9/30/2014
Total pension liability			
Service cost	\$ 8,887,641	\$ 9,104,164	\$ 8,982,779
Interest	62,786,218	61,082,848	60,285,831
Change in annuity savings fund	4,032,235	3,887,151	4,064,028
Difference between actual & expected experience	13,256,782	10,359,527	-
Changes of assumptions	21,734,473	-	-
Contributions - buy back	907,919	975,579	1,182,367
Benefit payments, including refunds of employee contributions	<u>(61,753,388)</u>	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net change in total pension liability	49,851,880	19,361,421	11,215,501
Total pension liability - beginning	<u>806,816,777</u>	<u>787,455,356</u>	<u>776,239,855</u>
Total pension liability - ending (a)	<u>\$856,668,657</u>	<u>\$ 806,816,777</u>	<u>\$ 787,455,356</u>
Plan fiduciary net position			
Contributions - employer	\$ 26,327,799	\$ 27,382,906	\$ 25,769,253
Contributions - state	461,877	461,877	461,877
Contributions - member	2,433,031	2,132,259	1,587,095
Contributions - buy back	907,919	975,579	1,182,367
Contributions - annuity savings fund	4,032,235	3,887,151	4,064,028
Net investment income	48,674,393	2,881,487	58,702,102
Benefit payments, including refunds of employee contributions	<u>(61,753,388)</u>	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net change in plan fiduciary net position	21,083,866	(28,326,589)	28,467,218
Plan fiduciary net position - beginning	<u>569,997,557</u>	<u>598,324,146</u>	<u>569,856,928</u>
Plan fiduciary net position - ending (b)	<u>\$591,081,423</u>	<u>\$ 569,997,557</u>	<u>\$ 598,324,146</u>
Net pension liability - ending (a) - (b)	\$265,587,234	\$ 236,819,220	\$ 189,131,210
Plan fiduciary net position as a percentage of total pension liability	69.00%	70.65%	75.98%
Covered payroll	\$ 54,783,012	\$ 57,948,210	\$ 22,672,786
Net pension liability as a percentage of covered payroll	484.80%	408.67%	834.18%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF HIALEAH, FLORIDA
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2014	\$ 26,231,130	\$ 26,231,130	\$ -	\$ 22,672,786	115.69%
2015	26,210,070	27,844,783	(1,634,713)	57,948,210	48.05%
2016	26,477,463	26,789,676	(312,213)	54,783,012	48.90%
2017	29,659,409	29,659,409	-	55,447,024	53.49%

* Total covered payroll for fiscal year ending September 30.

Notes to the Schedule of Contributions

Valuation Date 10/1/2015

Notes 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 The entry age normal cost method was used to determine all liabilities, except that the liability associated with member contributions has been assumed to be equal to those contributions.

Amortization Method Beginning October 1, 2011, the method of amortizing all outstanding unfunded liability bases was changed to an increasing amortization based on a level percent of payroll where the aggregate payroll is assumed to increase at 3.5% per year.

Remaining Amortization 30 years (as of 10/01/2015)

Asset Valuation Method The actuarial value of assets (AVA) is equal to the market value of assets adjusted to reflect a five year phase-in of the difference between the expected versus actual return on the AVA. The AVA is limited to an 80%-120% corridor of the market value of assets.

Inflation 2.3% per year

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF HIALEAH, FLORIDA
EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	11.22%	8.08%	0.46%	10.22%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF HIALEAH, FLORIDA
ELECTED OFFICIALS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Reporting period ending	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Measurement date	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability			
Service cost	\$ 169,969	\$ 214,225	\$ 278,300
Interest	504,307	502,980	490,346
Difference between actual & expected experience	(332,714)	(237,890)	(76,666)
Benefit payments, including refunds of employee contributions	<u>(354,923)</u>	<u>(281,298)</u>	<u>(230,929)</u>
Net change in total pension liability	(13,361)	198,017	461,051
Total pension liability - beginning	<u>8,745,329</u>	<u>8,547,312</u>	<u>8,086,261</u>
Total pension liability - ending (a)	<u>\$ 8,731,968</u>	<u>\$ 8,745,329</u>	<u>\$ 8,547,312</u>
Plan fiduciary net position			
Contributions - City	\$ 203,796	\$ 304,126	\$ 305,000
Contributions - member	21,718	21,453	15,655
Net investment income	1,030,248	(11,419)	918,376
Benefit payments, including refunds of employee contributions	(354,923)	(281,298)	(230,929)
Administrative expense	<u>(25,428)</u>	<u>(5,925)</u>	<u>(9,718)</u>
Net change in plan fiduciary net position	875,411	26,937	998,384
Plan fiduciary net position - beginning	<u>9,893,539</u>	<u>9,866,602</u>	<u>8,868,218</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,768,950</u>	<u>\$ 9,893,539</u>	<u>\$ 9,866,602</u>
Net pension liability - ending (a) - (b)	\$ (2,036,982)	\$ (1,148,210)	\$ (1,319,290)
Plan fiduciary net position as a percentage of total pension liability	123.33%	113.13%	115.44%
Covered payroll	\$ 688,294	\$ 872,761	\$ 1,001,519
Net pension liability as a percentage of covered payroll	-295.95%	-131.56%	-131.73%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF HIALEAH, FLORIDA
ELECTED OFFICIALS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2008	288,006	500,000	(211,994)	1,116,589	44.78%
2009	299,852	500,000	(200,148)	1,200,461	41.65%
2010	356,028	500,000	(143,972)	1,206,773	41.43%
2011	313,841	313,841	-	1,113,794	28.18%
2012	280,405	280,405	-	1,048,795	26.74%
2013	312,403	312,403	-	1,085,310	28.78%
2014	288,521	305,000	(16,479)	1,001,519	30.45%
2015	304,126	304,126	-	872,761	34.85%
2016	203,796	203,796	-	688,294	29.61%
2017	155,257	155,257	-	695,294	22.33%

* Total covered payroll for fiscal year ending September 30.

Notes to the Schedule of Contributions

Valuation Date 10/1/2015
Notes 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 Entry Age Normal
Method
Amortization Level dollar amount, closed
Method
Amortization 15 years
Period
Asset Valuation Smoothed market value
Method
Inflation 2.75%
Salary 8.00%
Increases
Investment 6.00%
Rate of Return
Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.
Mortality The RP-2000 Combined Mortality Table was used, with separate rates for males and females with generational mortality improvement fully projected to each future valuation date with Scale AA.

CITY OF HIALEAH, FLORIDA
ELECTED OFFICIALS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	10.65%	10.66%	0.19%	10.4%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF HIALEAH, FLORIDA
OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c	
10/1/2011	\$	-	\$ 309,613,913	\$ 309,613,913	0.0%	\$ 79,273,518	390.6%
10/1/2013		-	307,171,520	307,171,520	0.0%	64,338,529	477.4%
10/1/2015		-	334,741,755	334,741,755	0.0%	66,625,751	502.4%

COMBINING AND INDIVIDUAL FUND STATEMENTS

GENERAL FUND

CITY OF HIALEAH, FLORIDA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2016)

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 39,773,704	\$ 34,800,860
Receivables, net	16,545,041	14,727,481
Due from other funds	22,278,707	15,898,241
Inventories	1,865,370	1,475,354
Prepays	718,000	731,252
Notes receivable	2,721,587	2,591,987
Restricted cash, cash equivalents and investments	-	698,144
Total assets	<u>\$ 83,902,409</u>	<u>\$ 70,923,319</u>
<u>LIABILITIES</u>		
Vouchers payable and accrued liabilities	\$ 5,237,058	\$ 4,534,829
Compensated absences payable	1,423,644	1,703,722
Self-insurance claims payable	414,776	316,190
Due to other funds	30,930,980	20,630,831
Deferred revenue	2,728,051	2,607,375
Other liabilities	<u>122,808</u>	<u>107,799</u>
Total liabilities	<u>40,857,317</u>	<u>29,900,746</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Business license tax	<u>3,593,301</u>	<u>3,583,012</u>
<u>FUND BALANCES</u>		
Nonspendable	5,304,957	4,798,593
Restricted	-	698,144.00
Committed	2,116,128	99,606
Unassigned	<u>32,030,706</u>	<u>31,843,218</u>
Total fund balances	<u>39,451,791</u>	<u>37,439,561</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 83,902,409</u>	<u>\$ 70,923,319</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenue that is legally restricted to expenditure for particular purposes.

Streets – This fund was established to account for revenues derived from Miami-Dade County's 5 cents and 6 cents gas tax. The City funds its Streets Department from these gas tax revenues and the expenditures include regular salaries for the department, major repairs and maintenance to the City streets and capital outlay for road resurfacing and construction.

Rescue Transportation – This fund administers revenues collected from fire rescue calls service billings. The main expenditures are for salaries and capital outlays for the Fire Department.

Fire Prevention – This fund administers revenues collected from fire re-inspection fees. Expenditures from this fund are mainly for salaries and operating expenses for the Fire Department.

EMS County Grant Fund – This fund was created to account for revenues awarded by Miami Dade County to enhance training and acquire emergency medical equipment for the City's Fire Department.

E-911 Non-Wireless Fund – This fund administers revenues collected by the phone companies for emergency 911 calls. Expenditures from this fund are mainly for salaries of dispatchers for the Police and Fire Departments and for capital improvements.

E-911 Wireless Communication – This fund administers revenues collected from fire rescue calls service billings. The main expenditures are for salaries of billing clerks, one lieutenant, and capital outlays for the Fire Department.

Emergency Disaster Fund – (FEMA) – This fund was established to account for expenditures and revenues derived from funding received from the Federal Emergency Management Agency (FEMA), as a result of natural disasters such as hurricanes, tropical storms, etc.

Law Enforcement Trust (State) – This fund is used to account monies received from state confiscated and forfeited property. These funds are to be used to purchase equipment for the Police Department and for improvements to the Police Department.

Law Enforcement Trust (Federal) – This fund is used to account monies received from federal confiscated and forfeited property. These funds are to be used to purchase equipment for the Police Department and for improvements to the Police Department.

ECS and Library Grant Fund – This fund administers revenues from different grants to provide a better environment for the libraries located on the city. The grants help improve the students achievement by focusing in available resources such as media centers.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

(Continued)

Community Development Block Grant (CDBG) – This fund was established to account for expenditures and revenues derived from a Community Development Block Grant obtained from HUD. The grant was established to provide the following: Administration/Planning, Economic Development, Public Services, Housing Development, Commercial Improvement/ Urban Development, 1st Time Home Buyer Assistance, and Section 108 Loan Guarantees.

CITT Surtax – Transportation Fund – This fund was established to account for revenues derived from Miami-Dade County's cents gas tax. The City funds its Streets Department from these gas tax revenues and the expenditures which includes professional services, street lights, repair and maintenance of sidewalks and road construction.

Home Investment Partnership Program (HOME) Fund – This fund was established to account for expenditures and revenues derived from grants obtained from the U.S. Department of Housing and Urban Development. The purpose of the grants is for the City of Hialeah (the City) to provide affordable housing for its citizens. The City manages the grant and obtains reimbursements from HUD after expenditures are incurred.

Emergency Solutions Grant – This fund administers revenues from the Emergency Shelter Grants Program from HUD. The program was designed to help improve the quality of existing emergency shelters, make available additional emergency shelters and meet the costs to operate the shelters for the homeless.

Park Grants & Park Impact Fees – This fund was established to account for revenues derived from Park Impact Fees established by Ordinance 92-145 collected from building permits for new units. Expenditures from this fund are mainly for park improvements and development of open spaces.

Affordable Housing – Created to manage the building and revenues consisting of rental payments from the tenants and regular maintenance expenses as well as debt service payments on the mortgage.

State Housing Initiative Program (SHIP) – This fund was established to account for revenues and expenditures derived from a grant obtained from the State of Florida (the State). The purpose of the grant is for the City of Hialeah to provide affordable housing for its citizens. The City manages the grant and obtains reimbursements from the State after expenditures are incurred.

City of Hialeah Education Academy – The school, which is reported as a special revenue fund for the City, is funded from public funds based on enrollment and is also eligible for grants in accordance with State and Federal guidelines, including food service and capital outlay.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

(Continued)

Children's Trust - This fund was established to account for revenues awarded by the Children's Trust to expand and enhance programs servicing the young community.

Children's Trust Step Ahead – This fund was established to account for revenues awarded by the Children's Trust for the youth enrichment program that offers free after school activities for Miami-Dade County Public School (M-DCPS) high school students with special needs.

21st Century Academic Achievers – This fund was established to account for expenditures and revenues derived from a federal grant, passed through from the State of Florida Department of Education. The purpose of the grant is to provide academic enrichment opportunities for students in 6th through 12th grades during afterschool and summer camp.

21st Century Steam Ahead – This fund was established to account for expenditures and revenues derived from a federal grant, passed through from the State of Florida Department of Education. The purpose of the grant is to provide academic enrichment opportunities for students in 6th through 8th grades during afterschool and summer camp.

Urban Areas Security Grants – This fund was established to account for expenditures and revenues derived from an Inter-local Agreement entered into with Miami-Dade County, passed through from the State of Florida Department of Community Affairs. The purpose of the grant is for the City to carry out the Urban Areas Security Initiative (UASI) program objectives.

Police Grant Fund – This fund is funded by various grants such as JAG in which the program covers many activities that help to prevent or control crimes, including supporting law enforcement programs.

Hialeah Circulator – This fund was established to account for the revenues and expenditures of the City of Hialeah transit system. Funds for this fund are derived from the discretionary half cents sales tax as well as fees charged for fares on City's transportation.

Streets 3 Cent Optional Gas Tax – This fund was established to account for revenues derived from Miami-Dade County's cents gas tax. The City funds its Streets Department from these gas tax revenues and the expenditures include regular salaries for the department, and construction.

Building Department Fund – The building department is responsible for the safety and welfare of the general public by ensuring that the review and inspection of permitted activity is in compliance with the Florida Building Code, State Statutes, and local ordinances.

NONMAJOR GOVERNMENTAL FUND

Debt Service Funds

Debt service funds are used to account for the resources accumulated and payments made for principal and interest on long term general obligation debt of governmental funds.

CITT Debt Service – The City of Hialeah’s Debt Service Fund accounts for the revenue bonds and related costs, which is funded by discretionary ½ cent sales tax.

Revenue Bond Series 2015A – The City of Hialeah’s Revenue Bond Series 2015A was created to account for the principal and interest costs, which is funded by franchise fees.

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund and trust funds.

Garden of the Arts (GOB) Fund – This fund was established to account for revenues and expenditures received from GOB to remodel a park with different cultural aspects located throughout the City.

GOB Park Project Fund - This fund was established to account for revenues and expenditures received from GOB to remodel a various parks located throughout the City.

W. 16th Ave. from 76th to 78th St. – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the Local Agency Program (LAP) stimulus project) for the purpose of road reconstruction.

W. 76th St. from 28th to 31th Ave. MDC – (JPA) – This fund was established to account for revenues and expenditures received from Miami Dade County, Florida through a Joint Participation Agreement (JPA) to construct road improvements to West 76th Avenue from 28th to 31th Avenue.

W. 24th St. from 60th to 68th ST. MDC – (JPA) – This fund was established to account for revenues and expenditures received from Miami Dade County, Florida through a Joint Participation Agreement (JPA) to construct road improvements to West 24th Street from 60th to 68th Street.

JFK Library Renovation Fund – This fund was established to account for revenues and expenditures received from Building Better Communities Bond Grant for the renovation of the JFK Library

W. 24th Ave. & 76th ST. Drainage MDC – (JPA) – This fund was established to account for revenues and expenditures received from Miami Dade County, Florida through a Joint Participation Agreement (JPA) to construct improvements to the drainage of West 24th Avenue t and West 76th. Street.

N.W. 97th Ave. Road Improvement Fund – (JPA) – This fund was established to account for revenues and expenditures received from Miami Dade County, Florida through a Joint Participation Agreement (JPA) to construct improvements to North West 97th Avenue from 154th Street to 170th Street.

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

	Special Revenue											
	Street Fund	Rescue Transportation Fund	Fire Prevention Fund	EMS County Grant Fund	E-911 Non-Wireless Fund	E-911 Wireless Fund	Emergency Disaster Fund	Law Enforcement Trust State Fund	Law Enforcement Trust Federal Fund	ECS & Library Grant Fund	CDBG Fund	CITT Surtax Fund
ASSETS												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Receivables, net	548,401	815,315	9,956	-	66,020	170,848	-	-	-	-	596,479	-
Due from other funds	8,842	-	237,038	17,912	136,002	43,438	71,948	-	27	126,542	336,926	205,126
Restricted cash and cash equivalents	-	936,871	432,959	-	-	-	-	88,982	2,855	-	-	-
Total assets	<u>\$ 557,243</u>	<u>\$ 1,752,186</u>	<u>\$ 679,953</u>	<u>\$ 17,912</u>	<u>\$ 202,022</u>	<u>\$ 214,286</u>	<u>\$ 71,948</u>	<u>\$ 138,982</u>	<u>\$ 2,882</u>	<u>\$ 126,542</u>	<u>\$ 933,405</u>	<u>\$ 205,126</u>
LIABILITIES												
Accounts payable and accrued liabilities	\$ 122,623	\$ 487,315	\$ 17,949	\$ -	\$ 980	\$ 14,750	\$ 251,640	\$ 10,687	\$ -	\$ 11,548	\$ 310,358	\$ 202,974
Due to other funds	417,142	407,845	-	-	-	-	1,448,006	61,815	-	-	-	2,152
Unearned revenues	-	-	-	-	-	-	-	-	2,882	35,018	58,692	-
Total liabilities	<u>539,765</u>	<u>895,160</u>	<u>17,949</u>	<u>-</u>	<u>980</u>	<u>14,750</u>	<u>1,699,646</u>	<u>72,502</u>	<u>2,882</u>	<u>46,566</u>	<u>369,050</u>	<u>205,126</u>
DEFERRED INFLOWS OF RESOURCES												
Local business tax	-	-	627,503	-	-	-	-	-	-	-	-	-
FUND BALANCES												
Fund balances:												
Restricted	-	154,871	34,501	17,912	201,042	199,536	-	64,080	-	73,276	-	-
Committed	29,971	665,721	-	-	-	-	2,423,851	2,400	-	6,700	906,464	527,748
Unassigned	(12,493)	36,434	-	-	-	-	(4,051,549)	-	-	-	(342,109)	(527,748)
Total fund balances	<u>17,478</u>	<u>857,026</u>	<u>34,501</u>	<u>17,912</u>	<u>201,042</u>	<u>199,536</u>	<u>(1,627,698)</u>	<u>66,480</u>	<u>-</u>	<u>79,976</u>	<u>564,355</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 557,243</u>	<u>\$ 1,752,186</u>	<u>\$ 679,953</u>	<u>\$ 17,912</u>	<u>\$ 202,022</u>	<u>\$ 214,286</u>	<u>\$ 71,948</u>	<u>\$ 138,982</u>	<u>\$ 2,882</u>	<u>\$ 126,542</u>	<u>\$ 933,405</u>	<u>\$ 205,126</u>

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

	Special Revenue														
	Home Investment Partnership Fund	Emergency Solution Grant Fund	Parks Grants & Park Impact Fees Fund	Affordable Housing Fund	S.H.I.P. Fund	City of Hialeah Education Academy Fund	Children's Trust Fund	Trust Step Ahead Fund	21st Century Academic Achievers Grant Fund	21st Century Steam Ahead Grant Fund	Urban Area Security Grants Fund	Police Grant Fund	CITT-Surtax Hialeah Circulator Fund	Streets 3 Cent Optional Gas Tax Fund	Building Division Fund
ASSETS															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 741,450	\$ -	\$ 1,497,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	96,308	35,794	-	4,347	-	25,069	132,363	39,261	139,319	105,555	428,421	150,265	664,296	182,176	19,587
Due from other funds	1,809,240	-	4,690,969	140,530	2,035,980	-	-	8,805	-	-	-	1,203	1,230,540	81,102	15,876,929
Prepays	-	-	-	-	-	262,907	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	340,909	-	-
Total assets	\$ 1,905,548	\$ 35,794	\$ 4,690,969	\$ 886,327	\$ 2,035,980	\$ 1,785,561	\$ 132,363	\$ 48,066	\$ 139,319	\$ 105,555	\$ 428,421	\$ 151,468	\$ 2,235,745	\$ 263,278	\$ 15,896,516
LIABILITIES															
Accounts payable and accrued liabilities	\$ 1,632,511	\$ 30,264	\$ 6,631	\$ 52,124	\$ 134,516	\$ 272,441	\$ 3,589	\$ 4,650	\$ 4,608	\$ 6,702	\$ 9,050	\$ 1,016	\$ 69,055	\$ 56,583	\$ 383,057
Due to other funds	-	5,530	-	737,678	-	-	128,774	43,416	134,711	98,853	419,371	142,126	-	154,260	414,993
Unearned revenues	273,037	-	-	96,525	1,901,464	-	-	-	-	-	-	8,326	-	-	-
Total liabilities	1,905,548	35,794	6,631	886,327	2,035,980	272,441	132,363	48,066	139,319	105,555	428,421	151,468	69,055	210,843	798,050
DEFERRED INFLOWS OF RESOURCES															
Local business tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unavailable revenues	-	-	-	-	-	-	-	-	-	-	-	-	300,460	-	-
FUND BALANCES															
Fund balances:															
Nonspendable	-	-	-	-	-	262,907	-	-	-	-	-	-	-	-	-
Restricted	-	-	4,439,736	-	-	1,250,213	-	-	-	-	-	-	1,708,666	45,091	14,895,848
Committed	-	68,747	244,602	16,837	422,108	-	519	-	2,001	1,044	-	974	157,564	-	203,306
Unassigned	-	(68,747)	-	(16,837)	(422,108)	-	(519)	-	(2,001)	(1,044)	-	(974)	-	7,344	(688)
Total fund balances	-	-	4,684,338	-	-	1,513,120	-	-	-	-	-	-	1,866,230	52,435	15,098,466
Total liabilities and fund balance	\$ 1,905,548	\$ 35,794	\$ 4,690,969	\$ 886,327	\$ 2,035,980	\$ 1,785,561	\$ 132,363	\$ 48,066	\$ 139,319	\$ 105,555	\$ 428,421	\$ 151,468	\$ 2,235,745	\$ 263,278	\$ 15,896,516

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

	<u>Debt Service</u>	<u>Capital Projects</u>
	CITT	Garden of
	Surtax	The Arts
	Transportation	Fund
	<u>Fund</u>	<u>(GOB)</u>
<u>ASSETS</u>		
Receivables, net	\$ 2,508,124	\$ 78,041
Prepays	977,962	-
Total assets	<u>\$ 3,486,086</u>	<u>\$ 78,041</u>
<u>LIABILITIES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 19,374	\$ -
Due to other funds	<u>1,964,392</u>	<u>78,041</u>
Total liabilities	<u>1,983,766</u>	<u>78,041</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenues	<u>1,201,842</u>	<u>-</u>
<u>FUND BALANCES</u>		
Fund balances:		
Nonspendable	977,962	-
Restricted	-	-
Committed	-	-
Unassigned	<u>(677,484)</u>	<u>-</u>
Total fund balances	<u>300,478</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,486,086</u>	<u>\$ 78,041</u>

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

	Capital Projects								Total
	W. 76 St 28 to 31 Ave MDC (JPA) Fund	GOB Parks Project Fund	W. 24 Ave. 60 to 68 St. MDC (JPA) Fund	W. 16 Ave. 68 to 78 St. FDOT Fund	W. 24 Ave & 76 St. Drainage MDC (JPA) Fund	JFK Library Renovations Fund	NW 97 Ave. Road Improvement (JPA) Fund	Emergency Operations Fund	Non-Major Governmental Funds
<u>ASSETS</u>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,289,035
Receivables, net	1,167,847	84,809	191,558	-	1,869,250	6,624	263,750	-	10,399,783
Due from other funds	-	-	-	-	-	-	-	5,173	27,064,272
Prepays	-	-	-	-	-	-	-	-	1,240,869
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	1,802,576
Total assets	<u>\$ 1,167,847</u>	<u>\$ 84,809</u>	<u>\$ 191,558</u>	<u>\$ -</u>	<u>\$ 1,869,250</u>	<u>\$ 6,624</u>	<u>\$ 263,750</u>	<u>\$ 5,173</u>	<u>\$ 42,796,535</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 163,384	\$ 137	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 4,280,516
Due to other funds	1,004,463	84,672	191,558	-	1,869,250	6,624	263,750	5,173	10,084,595
Unearned revenues	-	-	-	-	-	-	-	-	2,375,944
Total liabilities	<u>1,167,847</u>	<u>84,809</u>	<u>191,558</u>	<u>-</u>	<u>1,869,250</u>	<u>6,624</u>	<u>263,750</u>	<u>5,173</u>	<u>16,741,055</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>									
Local business tax	-	-	-	-	-	-	-	-	627,503
Unavailable revenues	-	-	-	-	-	-	-	-	1,502,302
<u>FUND BALANCES</u>									
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	1,240,869
Restricted	-	-	-	-	-	23,270	-	-	23,108,042
Committed	300,349	36,320	-	-	-	-	56,250	-	6,073,476
Unassigned	(300,349)	(36,320)	-	-	-	(23,270)	(56,250)	-	(6,496,712)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,925,675</u>
Total liabilities and fund balances	<u>\$ 1,167,847</u>	<u>\$ 84,809</u>	<u>\$ 191,558</u>	<u>\$ -</u>	<u>\$ 1,869,250</u>	<u>\$ 6,624</u>	<u>\$ 263,750</u>	<u>\$ 5,173</u>	<u>\$ 42,796,535</u>

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue											CITT Surtax Fund
	Street Fund	Rescue Transportation Fund	Fire Prevention Fund	EMS County Grant Fund	E-911 Non-Wireless Fund	E-911 Wireless Fund	Emergency Disaster Fund	Law Enforcement Trust State Fund	Law Enforcement Trust Federal Fund	ECS & Library Grant Fund	CDBG Fund	
Revenues:												
State and local shared revenues	\$ 2,980,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,541,779
Fines and forfeitures	-	-	-	-	-	-	-	341,148	68,819	-	-	-
Impact Fees	-	261,012	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	75,167	4,367,660	1,367,861	9,076	285,452	433,114	-	-	1,331	93,191	3,036,950	-
Total revenues	3,055,190	4,628,672	1,367,861	9,076	285,452	433,114	-	341,148	70,150	93,191	3,036,950	2,541,779
Expenditures:												
Current:												
General government	-	-	-	-	84,812	495,603	268,553	-	966	-	1,182,167	-
Police	-	-	-	-	-	-	654,767	235,053	-	-	-	-
Fire	-	2,850,455	1,361,072	-	-	-	153,653	-	-	-	-	-
911 communications	-	-	-	-	-	-	56,932	-	-	-	-	-
Streets	2,790,912	-	-	-	-	-	61,979	-	-	-	-	1,307,243
Grants and human services	-	-	-	-	-	-	3,879	-	-	53,225	-	-
Parks and recreation	-	-	-	-	-	-	159,807	-	-	-	-	-
Public works	-	-	-	-	-	-	253,306	-	-	-	-	-
Capital outlay	271,909	895,516	-	-	-	124,484	14,822	205,426	73,500	20,517	2,061,172	1,234,536
Debt service:												
Principal	-	493,434	-	-	-	-	-	-	-	-	-	-
Interest	-	24,672	-	-	-	-	-	-	-	-	-	-
Total expenditures	3,062,821	4,264,077	1,361,072	-	84,812	620,087	1,627,698	440,479	74,466	73,742	3,243,339	2,541,779
Excess (deficiency) of revenues over expenditures	(7,631)	364,595	6,789	9,076	200,640	(186,973)	(1,627,698)	(99,331)	(4,316)	19,449	(206,389)	-
Other financing sources (uses):												
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	27	-	206,389	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	27	-	206,389	-
Net change in fund balance	(7,631)	364,595	6,789	9,076	200,640	(186,973)	(1,627,698)	(99,331)	(4,289)	19,449	-	-
Fund balances, beginning	25,109	492,431	27,712	8,836	402	386,509	-	165,811	4,289	60,527	564,355	-
Fund balances, ending	\$ 17,478	\$ 857,026	\$ 34,501	\$ 17,912	\$ 201,042	\$ 199,536	\$(1,627,698)	\$ 66,480	\$ -	\$ 79,976	\$ 564,355	\$ -

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue														
	Home Investment Partnership Fund	Emergency Solution Grant Fund	Park Grants & Fees Fund	Affordable Housing Fund	S.H.I.P. Fund	City of Hialeah Education Academy Fund	Children's Trust Fund	Children's Trust Step Ahead Fund	21st Century Academic Achievers Grant Fund	21st Century Steam Ahead Grant Fund	Urban Area Security Grants Fund	Police Grant Fund	CITT-Surtax Hialeah Circulator Fund	Streets 3 Cent Optional Gas Tax Fund	Building Division Fund
Revenues:															
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,217,996
State and local shared revenues	-	-	-	-	-	5,464,078	-	-	-	-	-	-	1,568,895	1,117,714	-
Impact Fees	-	-	1,928,880	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	2,149,992	121,396	103,156	2,342,231	402,050	501,219	856,192	291,595	387,203	404,058	428,422	190,745	465,627	-	22,854
Total revenues	<u>2,149,992</u>	<u>121,396</u>	<u>2,032,036</u>	<u>2,342,231</u>	<u>402,050</u>	<u>5,965,297</u>	<u>856,192</u>	<u>291,595</u>	<u>387,203</u>	<u>404,058</u>	<u>428,422</u>	<u>190,745</u>	<u>2,034,522</u>	<u>1,117,714</u>	<u>9,240,850</u>
Expenditures:															
Current:															
General government	-	-	-	1,517,417	-	-	-	-	-	-	-	-	1,808,939	-	3,582,849
Police	-	-	-	-	-	-	-	-	-	-	-	123,303	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	160,318	-	-	-	-
911 communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	1,519,973	-
Grants and human services	2,155,318	123,858	56,397	-	-	5,396,480	945,474	324,865	416,917	413,403	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State housing initiative program	-	-	-	-	402,050	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	143,132	-	-	268,846	-	-	-	-	362,503	67,478	88,948	144,307	93,756
Principal	-	-	-	418,098	-	-	-	-	-	-	-	-	70,176	-	-
Interest	-	-	-	538,481	-	-	-	-	-	-	-	-	1,898	-	-
Total expenditures	<u>2,155,318</u>	<u>123,858</u>	<u>199,529</u>	<u>2,473,996</u>	<u>402,050</u>	<u>5,665,326</u>	<u>945,474</u>	<u>324,865</u>	<u>416,917</u>	<u>413,403</u>	<u>522,821</u>	<u>190,781</u>	<u>1,969,961</u>	<u>1,664,280</u>	<u>3,676,605</u>
Excess (deficiency) of revenues over expenditures	<u>(5,326)</u>	<u>(2,462)</u>	<u>1,832,507</u>	<u>(131,765)</u>	<u>-</u>	<u>299,971</u>	<u>(89,282)</u>	<u>(33,270)</u>	<u>(29,714)</u>	<u>(9,345)</u>	<u>(94,399)</u>	<u>(36)</u>	<u>64,561</u>	<u>(546,566)</u>	<u>5,564,245</u>
Other financing sources (uses):															
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	5,326	2,462	-	131,765	-	-	89,282	33,270	29,714	9,345	94,399	36	-	-	-
Total other financing sources (use)	<u>5,326</u>	<u>2,462</u>	<u>-</u>	<u>131,765</u>	<u>-</u>	<u>-</u>	<u>89,282</u>	<u>33,270</u>	<u>29,714</u>	<u>9,345</u>	<u>94,399</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	1,832,507	-	-	299,971	-	-	-	-	-	-	64,561	(546,566)	5,564,245
Fund balances, beginning	-	-	2,851,831	-	-	1,213,149	-	-	-	-	-	-	1,801,669	599,001	9,534,221
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,684,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,513,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,866,230</u>	<u>\$ 52,435</u>	<u>\$ 15,098,466</u>

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Debt Service		Capital Projects
	CITT Surtax Transportation Fund	Revenue Bond Series 2015A Fund	Garden of The Arts Fund (GOB)
Revenues:			
Franchise fees	\$ -	\$ 1,088,561	\$ -
State and local shared revenues	3,733,797	-	-
Government grants and other revenues	-	-	-
Total revenues	3,733,797	1,088,561	-
Expenditures:			
Current:			
General government	56,980	-	5,950
Capital outlay	-	-	3,200
Debt service:			
Principal	3,621,268	-	-
Interest	2,212,913	1,088,561	-
Total expenditures	5,891,161	1,088,561	9,150
Excess (deficiency) of revenues over expenditures	(2,157,364)	-	(9,150)
Other financing sources (uses):			
Transfers in	-	-	9,150
Total other financing sources (uses)	-	-	9,150
Net change in fund balance	(2,157,364)	-	-
Fund balances, beginning	2,457,842	-	-
Fund balances, ending	\$ 300,478	\$ -	\$ -

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Capital Projects						Total Non-Major Governmental Funds
	W. 76 St 28 to 31 Ave MDC (JPA) Fund	GOB Parks Project Fund	W.16 Ave. 68 to 78 St. FDOT Fund	W. 24 Ave & 76 St. Drainage MDC (JPA) Fund	JFK Library Renovations Fund	NW 97 Ave. Road Improvement (JPA) Fund	
Revenues:							
Franchise fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,088,561
Licenses and permits	-	-	-	-	-	-	9,217,996
State and local shared revenues	-	-	-	-	-	-	17,406,286
Fines and forfeitures	-	-	-	-	-	-	409,967
Impact Fees	-	-	-	-	-	-	2,189,892
Interest	-	-	-	-	-	-	-
Government grants and other revenues	1,063,579	75,343	1,711	228,306	58,653	263,750	20,027,884
Total revenues	<u>1,063,579</u>	<u>75,343</u>	<u>1,711</u>	<u>228,306</u>	<u>58,653</u>	<u>263,750</u>	<u>50,340,586</u>
Expenditures:							
Current:							
General government	-	-	1,711	-	-	138,750	9,144,697
Police	-	-	-	-	-	-	1,013,123
Fire	-	-	-	-	-	-	4,525,498
911 communications	-	-	-	-	-	-	56,932
Streets	-	-	-	-	-	-	5,680,107
Grants and human services	-	-	-	-	-	-	9,889,816
Parks and recreation	-	-	-	-	-	-	159,807
Public works	-	-	-	-	-	-	253,306
State housing initiative program	-	-	-	-	-	-	402,050
Capital outlay	1,063,579	75,343	-	228,306	58,653	125,000	7,624,933
Debt service:							
Principal	-	-	-	-	-	-	4,602,976
Interest	-	-	-	-	-	-	3,866,525
Total expenditures	<u>1,063,579</u>	<u>75,343</u>	<u>1,711</u>	<u>228,306</u>	<u>58,653</u>	<u>263,750</u>	<u>47,219,770</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	<u>3,120,816</u>
Other financing sources (uses):							
Debt proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	611,165
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,165</u>
Net change in fund balance	-	-	-	-	-	-	3,731,981
Fund balances, beginning	-	-	-	-	-	-	20,193,694
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,925,675</u>

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Streets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
State and local shared revenues	\$2,847,511	\$2,847,511	\$2,980,023	\$ 132,512
Government grants and other revenues	-	-	75,167	75,167
Total revenues	<u>2,847,511</u>	<u>2,847,511</u>	<u>3,055,190</u>	<u>207,679</u>
Other financing sources:				
Appropriation of prior year fund balance	-	25,108	-	(25,108)
Total other financing sources	<u>-</u>	<u>25,108</u>	<u>-</u>	<u>(25,108)</u>
Total revenues and other financing sources	<u>2,847,511</u>	<u>2,872,619</u>	<u>3,055,190</u>	<u>182,571</u>
Expenditures:				
General government	-	-	-	-
Streets	2,248,000	2,293,108	2,790,912	(497,804)
Capital outlay	599,511	579,511	271,909	307,602
Total expenditures	<u>2,847,511</u>	<u>2,872,619</u>	<u>3,062,821</u>	<u>(190,202)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(7,631)</u>	<u>\$ (7,631)</u>
Fund balances - beginning	-	-	25,109	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,478</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Rescue Transportation Fund				Fire Prevention Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$3,500,000	\$4,001,057	\$ 4,628,672	\$627,615	\$1,500,000	\$1,500,000	\$1,367,861	\$(132,139)
Total revenues	<u>3,500,000</u>	<u>4,001,057</u>	<u>4,628,672</u>	<u>627,615</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,367,861</u>	<u>(132,139)</u>
Expenditures:								
Fire	2,707,194	2,683,873	2,850,455	(166,582)	1,495,178	1,495,178	1,361,072	134,106
Capital outlay	277,369	801,747	895,516	(93,769)	4,822	4,822	-	4,822
Debt service	515,437	515,437	518,106	(2,669)	-	-	-	-
Total expenditures	<u>3,500,000</u>	<u>4,001,057</u>	<u>4,264,077</u>	<u>(263,020)</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,361,072</u>	<u>138,928</u>
Net change in fund balance	-	-	364,595	<u>\$364,595</u>	-	-	6,789	<u>\$ 6,789</u>
Fund balances - beginning	-	-	492,431		-	-	27,712	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,026</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,501</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	E-911 Non-Wireless Fund				E-911 Wireless Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 230,000	\$ 230,000	\$ 285,452	\$ 55,452	\$ 315,000	\$ 315,000	\$ 433,114	\$ 118,114
Total revenues	<u>230,000</u>	<u>230,000</u>	<u>285,452</u>	<u>55,452</u>	<u>315,000</u>	<u>315,000</u>	<u>433,114</u>	<u>118,114</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	207,000	-	(207,000)
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,000</u>	<u>-</u>	<u>(207,000)</u>
Total revenues and other financing sources	<u>230,000</u>	<u>230,000</u>	<u>285,452</u>	<u>55,452</u>	<u>315,000</u>	<u>522,000</u>	<u>433,114</u>	<u>(88,886)</u>
Expenditures:								
General government	230,000	230,000	84,812	145,188	315,000	382,000	495,603	(113,603)
Capital outlay	-	-	-	-	-	140,000	124,484	15,516
Total expenditures	<u>230,000</u>	<u>230,000</u>	<u>84,812</u>	<u>145,188</u>	<u>315,000</u>	<u>522,000</u>	<u>620,087</u>	<u>(98,087)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>200,640</u>	<u>\$ 200,640</u>	<u>-</u>	<u>-</u>	<u>(186,973)</u>	<u>\$ (186,973)</u>
Fund balances - beginning	-	-	402		-	-	386,509	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,042</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,536</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Law Enforcement Trust - Federal Fund				Law Enforcement Trust - State Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Fines and forfeitures	\$ -	\$ 13,000	\$68,819	\$ 55,819	\$ -	\$ 148,810	\$341,148	\$ 192,338
Interest	-	-	-	-	-	-	-	-
Government grants and other revenues	-	-	1,331	1,331	-	-	-	-
Total revenues	-	13,000	70,150	57,150	-	148,810	341,148	192,338
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	115,500	-	(115,500)
Transfers in	-	-	27	27	-	-	-	-
Total other financing sources	-	-	27	27	-	115,500	-	(115,500)
Total revenues and other financing sources	-	13,000	70,177	57,177	-	264,310	341,148	76,838
Expenditures:								
Police	-	13,000	966	12,034	-	168,005	235,053	(67,048)
Capital outlay	-	-	73,500	(73,500)	-	96,305	205,426	(109,121)
Total expenditures	-	13,000	74,466	(61,466)	-	264,310	440,479	(176,169)
Net change in fund balance	-	-	(4,289)	<u>\$ (4,289)</u>	-	-	(99,331)	<u>\$ (99,331)</u>
Fund balances - beginning	-	-	4,289		-	-	165,811	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,480</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Affordable Housing Fund				Children's Trust Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$2,440,610	\$2,440,610	\$2,342,231	\$(98,379)	\$ 884,776	\$ 905,998	\$ 856,192	\$ (49,806)
Total revenues	<u>2,440,610</u>	<u>2,440,610</u>	<u>2,342,231</u>	<u>(98,379)</u>	<u>884,776</u>	<u>905,998</u>	<u>856,192</u>	<u>(49,806)</u>
Other financing sources:								
Transfers in	-	-	131,765	131,765	-	-	89,282	89,282
Total other financing sources	<u>-</u>	<u>-</u>	<u>131,765</u>	<u>131,765</u>	<u>-</u>	<u>-</u>	<u>89,282</u>	<u>89,282</u>
Total revenues and other financing sources	<u>2,440,610</u>	<u>2,440,610</u>	<u>2,473,996</u>	<u>33,386</u>	<u>884,776</u>	<u>905,998</u>	<u>945,474</u>	<u>39,476</u>
Expenditures:								
General government	1,482,031	1,482,031	1,517,417	(35,386)	-	-	-	-
Grants and human services	-	-	-	-	884,776	905,998	945,474	(39,476)
Capital outlay	2,000	2,000	-	2,000	-	-	-	-
Debt service	956,579	956,579	956,579	-	-	-	-	-
Total expenditures	<u>2,440,610</u>	<u>2,440,610</u>	<u>2,473,996</u>	<u>(33,386)</u>	<u>884,776</u>	<u>905,998</u>	<u>945,474</u>	<u>(39,476)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Urban Area Security Grant Fund				Streets 3 Cents Optional Gas Tax Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 465,000	\$ 924,082	\$ 428,422	\$ (495,660)	\$ 1,037,743	\$ 1,037,743	\$ 1,117,714	\$ 79,971
Total revenues	<u>465,000</u>	<u>924,082</u>	<u>428,422</u>	<u>(495,660)</u>	<u>1,037,743</u>	<u>1,037,743</u>	<u>1,117,714</u>	<u>79,971</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	489,132	489,132	-	(489,132)
Transfers in	-	-	94,399	94,399	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>94,399</u>	<u>94,399</u>	<u>489,132</u>	<u>489,132</u>	<u>-</u>	<u>(489,132)</u>
Total revenues and other financing sources	<u>465,000</u>	<u>924,082</u>	<u>522,821</u>	<u>(401,261)</u>	<u>1,526,875</u>	<u>1,526,875</u>	<u>1,117,714</u>	<u>(409,161)</u>
Expenditures:								
Fire	118,984	216,074	160,318	55,756	-	-	-	-
Streets	-	-	-	-	1,526,875	1,526,875	1,664,280	(137,405)
Capital outlay	346,016	708,008	362,503	345,505	-	-	-	-
Total expenditures	<u>465,000</u>	<u>924,082</u>	<u>522,821</u>	<u>401,261</u>	<u>1,526,875</u>	<u>1,526,875</u>	<u>1,664,280</u>	<u>(137,405)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(546,566)</u>	<u>\$ (546,566)</u>
Fund balances - beginning	-	-	-	-	-	-	599,001	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,435</u>	<u>-</u>

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Emergency Disaster Fund				CITT Surtax - Hialeah Circulator Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
State and local shared revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000	\$ 1,800,000	\$ 1,568,895	\$ (231,105)
Government grants and other revenues	-	-	-	-	440,000	453,000	465,627	12,627
Total revenues	-	-	-	-	2,240,000	2,253,000	2,034,522	(218,478)
Expenditures:								
General government	-	-	268,553	(268,553)	2,137,926	2,072,939	1,808,939	264,000
Police	-	-	654,767	(654,767)				
Fire	-	-	153,653	(153,653)				
911 communications	-	-	56,932	(56,932)				
Streets	-	-	61,979	(61,979)				
Grants and human services	-	-	3,879	(3,879)				
Parks and recreation	-	-	159,807	(159,807)				
Public works	-	-	253,306	(253,306)				
Capital outlay	-	-	14,822	(14,822)	30,000	107,987	88,948	19,039
Debt service	-	-	-	-	72,074	72,074	72,074	-
Total expenditures	-	-	1,627,698	(1,627,698)	2,240,000	2,253,000	1,969,961	283,039
Net change in fund balance	-	-	(1,627,698)	\$ (1,627,698)	-	-	64,561	\$ 64,561
Fund balances - beginning	-	-	-		-	-	1,801,669	
Fund balances - ending	\$ -	\$ -	\$ (1,627,698)		\$ -	\$ -	\$ 1,866,230	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	City of Hialeah Education Academy Fund**				EMS County Grant Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
State and local shared revenues	\$ 5,380,559	\$ 5,475,348	\$ 5,464,078	\$ (11,270)	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	432,720	494,000	501,219	7,219	-	-	9,076	9,076
Total revenues	<u>5,813,279</u>	<u>5,969,348</u>	<u>5,965,297</u>	<u>(4,051)</u>	<u>-</u>	<u>-</u>	<u>9,076</u>	<u>9,076</u>
Expenditures:								
Grants and human services	5,266,902	5,637,241	5,396,480	240,761	-	-	-	-
Capital Outlay	319,492	275,000	268,846	6,154	-	-	-	-
Total expenditures	<u>5,586,394</u>	<u>5,912,241</u>	<u>5,665,326</u>	<u>246,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>226,885</u>	<u>57,107</u>	<u>299,971</u>	<u>\$ 242,864</u>	<u>-</u>	<u>-</u>	<u>9,076</u>	<u>\$ 9,076</u>
Fund balances - beginning	<u>760,945</u>	<u>548,870</u>	<u>1,213,149</u>		<u>-</u>	<u>-</u>	<u>8,836</u>	
Fund balances - ending	<u>\$ 987,830</u>	<u>\$ 605,977</u>	<u>\$ 1,513,120</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,912</u>	

**Note: Balances are as of June 30, 2017.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	21st Century Academic Achievers Fund				Police Grant Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	<u>\$427,928</u>	<u>\$456,926</u>	<u>\$387,203</u>	<u>\$(69,723)</u>	<u>\$ -</u>	<u>\$189,511</u>	<u>\$190,745</u>	<u>\$ 1,234</u>
Total revenues	<u>427,928</u>	<u>456,926</u>	<u>387,203</u>	<u>(69,723)</u>	<u>-</u>	<u>189,511</u>	<u>190,745</u>	<u>1,234</u>
Other financing sources:								
Transfers in	<u>-</u>	<u>-</u>	<u>29,714</u>	<u>29,714</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>29,714</u>	<u>29,714</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>
Total revenues and other financing sources	<u>427,928</u>	<u>456,926</u>	<u>416,917</u>	<u>(40,009)</u>	<u>-</u>	<u>189,511</u>	<u>190,781</u>	<u>1,270</u>
Expenditures:								
General government	<u>427,928</u>	<u>456,926</u>	<u>416,917</u>	<u>40,009</u>	<u>-</u>	<u>120,754</u>	<u>123,303</u>	<u>(2,549)</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,757</u>	<u>67,478</u>	<u>1,279</u>
Grants and human services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>427,928</u>	<u>456,926</u>	<u>416,917</u>	<u>40,009</u>	<u>-</u>	<u>189,511</u>	<u>190,781</u>	<u>(1,270)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Park Grants and Impact Fees Fund				Building Division Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 4,785,000	\$ 4,785,000	\$ 9,217,996	\$ 4,432,996
Impact fees	-	-	1,928,880	1,928,880	-	-	-	-
Government grants and other revenues	500,000	610,405	103,156	(507,249)	-	-	22,854	22,854
Total revenues	<u>500,000</u>	<u>610,405</u>	<u>2,032,036</u>	<u>1,421,631</u>	<u>4,785,000</u>	<u>4,785,000</u>	<u>9,240,850</u>	<u>4,455,850</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	2,790,887	2,790,887	-	(2,790,887)
Total other financing sources	-	-	-	-	<u>2,790,887</u>	<u>2,790,887</u>	-	<u>(2,790,887)</u>
Total revenues and other financing sources	<u>500,000</u>	<u>610,405</u>	<u>2,032,036</u>	<u>1,421,631</u>	<u>7,575,887</u>	<u>7,575,887</u>	<u>9,240,850</u>	<u>1,664,963</u>
Expenditures:								
General government	500,000	192,073	56,397	135,676	6,075,887	6,075,887	3,582,849	2,493,038
Capital outlay	-	418,332	143,132	-	1,500,000	1,500,000	93,756	1,406,244
Total expenditures	<u>500,000</u>	<u>610,405</u>	<u>199,529</u>	<u>135,676</u>	<u>7,575,887</u>	<u>7,575,887</u>	<u>3,676,605</u>	<u>3,899,282</u>
Net change in fund balance	-	-	1,832,507	<u>\$ 1,557,307</u>	-	-	5,564,245	<u>\$ 5,564,245</u>
Fund balances - beginning	-	-	2,851,831		-	-	9,534,221	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,684,338</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,098,466</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>ECS & Library Grants Fund</u>				<u>Children's Trust Step Ahead Fund</u>			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ -	\$116,704	\$ 93,191	\$(23,513)	\$305,473	\$298,799	\$291,595	\$ (7,204)
Total revenues	<u>-</u>	<u>116,704</u>	<u>93,191</u>	<u>(23,513)</u>	<u>305,473</u>	<u>298,799</u>	<u>291,595</u>	<u>(7,204)</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	33,270	33,270
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,270</u>	<u>33,270</u>
Total revenues and other financing sources	<u>-</u>	<u>116,704</u>	<u>93,191</u>	<u>(23,513)</u>	<u>305,473</u>	<u>298,799</u>	<u>324,865</u>	<u>26,066</u>
Expenditures:								
Grants and human services	-	95,000	53,225	41,775	305,473	298,799	324,865	(26,066)
Capital outlay	-	21,704	20,517	1,187	-	-	-	-
Total expenditures	<u>-</u>	<u>116,704</u>	<u>73,742</u>	<u>42,962</u>	<u>305,473</u>	<u>298,799</u>	<u>324,865</u>	<u>(26,066)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>19,449</u>	<u>\$ 19,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	-	-	60,527		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,976</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Home Investment Partnership Fund				21st Century Steam Ahead Grant Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ -	\$ 4,914,990	\$ 2,149,992	\$ (2,764,998)	\$ 534,388	\$ 444,362	\$ 404,058	\$ (40,304)
Total revenues	-	4,914,990	2,149,992	(2,764,998)	534,388	444,362	404,058	(40,304)
Other financing sources:								
Transfers in	-	-	5,326	5,326	-	-	9,345	9,345
Total other financing sources	-	-	5,326	5,326	-	-	9,345	9,345
Total revenues and other financing sources	-	4,914,990	2,155,318	(2,759,672)	534,388	444,362	413,403	(30,959)
Expenditures:								
Grants and human services	-	4,914,990	2,155,318	2,759,672	534,388	444,362	413,403	30,959
Total expenditures	-	4,914,990	2,155,318	2,759,672	534,388	444,362	413,403	30,959
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

	CITT Surtax Transportation Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
State and local shared revenues	\$ 748,000	\$ 907,000	\$ 2,541,779	\$ 1,634,779
Total revenues	748,000	907,000	2,541,779	1,634,779
Expenditures:				
Streets	748,000	778,000	1,307,243	(529,243)
Capital outlay	-	129,000	1,234,536	(1,105,536)
Total expenditures	748,000	907,000	2,541,779	(1,634,779)
Net change in fund balance	-	-	-	\$ -
Fund balances - beginning	-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	CITT Surtax Transportation Fund				Revenue Bond Series 2015A			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
State and local shared revenues	\$ 6,500,000	\$ 6,500,000	\$ 3,733,797	\$ (2,766,203)	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	1,088,561	1,088,561	-
Total revenues	<u>6,500,000</u>	<u>6,500,000</u>	<u>3,733,797</u>	<u>(2,766,203)</u>	<u>-</u>	<u>-</u>	<u>1,088,561</u>	<u>1,088,561</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>6,500,000</u>	<u>6,500,000</u>	<u>3,733,797</u>	<u>(2,766,203)</u>	<u>-</u>	<u>-</u>	<u>1,088,561</u>	<u>1,088,561</u>
Expenditures:								
General government	1,012,000	1,012,000	56,980	955,020	-	-	-	-
Debt service	4,513,000	4,513,000	5,834,181	(1,321,181)	-	-	1,088,561	(1,088,561)
Capital outlay	975,000	975,000	-	975,000	-	-	-	-
Total expenditures	<u>6,500,000</u>	<u>6,500,000</u>	<u>5,891,161</u>	<u>608,839</u>	<u>-</u>	<u>-</u>	<u>1,088,561</u>	<u>(1,088,561)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(2,157,364)</u>	<u>\$ (3,375,042)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 2,177,122</u>
Fund balances - beginning	-	-	2,457,842		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,478</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>JFK Library Renovations Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Government grants and other revenues	\$ 678,660	\$ 678,660	\$ 58,653	\$(620,007)
Total revenues	<u>678,660</u>	<u>678,660</u>	<u>58,653</u>	<u>(620,007)</u>
Expenditures:				
General government	-	-	-	-
Capital outlay	678,660	678,660	58,653	620,007
Total expenditures	<u>678,660</u>	<u>678,660</u>	<u>58,653</u>	<u>620,007</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	W. 24 Ave & 76 St. Drainage - MDC (JPA)				W. 16 Ave. 68 to 78 St. FDOT Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ -	\$ 228,306	\$ 228,306	\$ -	\$ -	\$ 1,711	\$ 1,711
Total revenues	-	-	228,306	228,306	-	-	1,711	1,711
Expenditures:								
General government	-	-	-	-	-	-	1,711	(1,711)
Capital Outlay	-	-	228,306	(228,306)	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total expenditures	-	-	228,306	(228,306)	-	-	1,711	(1,711)
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	GOB Parks Project Fund				W. 76 St - 28 to 31 Ave. - MDC (JPA)			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ -	\$ 75,343	\$ 75,343	\$ -	\$ 1,267,990	\$ 1,063,579	\$ (204,411)
Total revenues	-	-	75,343	75,343	-	1,267,990	1,063,579	(204,411)
Expenditures:								
General government	-	-	-	-	-	-	-	-
Capital outlay	-	-	75,343	(75,343)	-	1,267,990	1,063,579	204,411
Total expenditures	-	-	75,343	(75,343)	-	1,267,990	1,063,579	204,411
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	NW 97 Ave. Road Improvement (JPA)				Garden of The Arts Fund (GOB)			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 195,000	\$ 263,750	\$ 68,750	\$ 121,000	\$ 45,000	\$ -	\$ (45,000)
Total revenues	-	195,000	263,750	68,750	121,000	45,000	-	(45,000)
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	9,150	9,150
Total other financing sources	-	-	-	-	-	-	9,150	9,150
Total revenues and other financing sources	-	195,000	263,750	68,750	121,000	45,000	9,150	(35,850)
Expenditures:								
General government	-	195,000	138,750	56,250	121,000	5,000	5,950	(950)
Capital Outlay	-	-	125,000	(125,000)	-	40,000	3,200	36,800
Public safety	-	-	-	-	-	-	-	-
Total expenditures	-	195,000	263,750	(68,750)	121,000	45,000	9,150	35,850
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balances - beginning	-	-	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FIDUCIARY FUNDS

CITY OF HIALEAH, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017

	Employees' Retirement System	Elected Officials' Retirement System	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 27,182,010	\$ 756,729	\$ 27,938,739
Securities lending cash collateral	<u>20,263,583</u>	<u>-</u>	<u>20,263,583</u>
Receivables:			
Accrued interest	1,273,790	-	1,273,790
Accrued dividends	315,430	-	315,430
Other receivables	206,695	-	206,695
Contributions	730,428	-	730,428
Investments sold	<u>1,241,571</u>	<u>-</u>	<u>1,241,571</u>
Total receivables	<u>3,767,914</u>	<u>-</u>	<u>3,767,914</u>
Investments, at fair value:			
U.S. Treasury bonds and notes	56,627,379	-	56,627,379
Asset backed securities	8,493,121	-	8,493,121
Mortgage backed securities	80,087,652	-	80,087,652
Real estate investment trusts	15,141,941	546,690	15,688,631
Corporate bonds and notes	98,939,860	-	98,939,860
Municipal bonds	1,007,125	-	1,007,125
Limited partnerships	24,514,980	-	24,514,980
Mutual funds	7,257,456	10,994,922	18,252,378
Common stocks	<u>350,674,325</u>	<u>-</u>	<u>350,674,325</u>
Total investments	<u>642,743,839</u>	<u>11,541,612</u>	<u>654,285,451</u>
Loans to members	<u>9,442,631</u>	<u>-</u>	<u>9,442,631</u>
Total assets	<u>703,399,977</u>	<u>12,298,341</u>	<u>715,698,318</u>
<u>LIABILITIES AND NET POSITION</u>			
Obligations under securities lending	20,263,583	-	20,263,583
Investments purchased	3,008,366	-	3,008,366
Accounts payable and accrued liabilities	141,461	647,302	788,763
Total liabilities	<u>23,413,410</u>	<u>647,302</u>	<u>24,060,712</u>
Net position restricted for pensions	<u>\$ 679,986,567</u>	<u>\$ 11,651,039</u>	<u>\$ 691,637,606</u>

CITY OF HIALEAH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Employees' Retirement System	Elected Officials' Retirement System	Total
ADDITIONS			
Contributions:			
Employer	\$ 29,197,532	\$ 155,257	\$ 29,352,789
Employee	8,316,547	22,297	8,338,844
State	461,877	-	461,877
Total contributions	<u>37,975,956</u>	<u>177,554</u>	<u>38,153,510</u>
Investment income:			
Net appreciation in fair value of investments	56,675,216	865,099	57,540,315
Investment earnings	14,485,064	280,976	14,766,040
Total investment income	71,160,280	1,146,075	72,306,355
Less investment expenses	1,078,418	27,735	1,106,153
Net investment income	70,081,862	1,118,340	71,200,202
Total additions	<u>108,057,818</u>	<u>1,295,894</u>	<u>109,353,712</u>
DEDUCTIONS			
Pension benefits	56,611,939	377,185	56,989,124
Refunds of contributions	8,629,123	-	8,629,123
DROP benefits	2,156,091	-	2,156,091
Administrative expenses	3,992	36,620	40,612
Total deductions	<u>67,401,145</u>	<u>413,805</u>	<u>67,814,950</u>
Net increase	40,656,673	882,089	41,538,762
Net position restricted for pensions:			
Beginning of year	591,081,423	10,768,950	601,850,373
Prior period adjustment	48,248,471	-	48,248,471
Beginning of year - as restated (Note 19)	<u>639,329,894</u>	<u>10,768,950</u>	<u>650,098,844</u>
End of year	<u>\$ 679,986,567</u>	<u>\$ 11,651,039</u>	<u>\$ 691,637,606</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Hialeah's 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 government's overall financial health.

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Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	120-123
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	124-128
Debt Capacity <i>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.</i>	129-131
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	132-133
Operating Information <i>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.</i>	134-135

CITY OF HIALEAH, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$200,996,079	\$203,538,055	\$211,733,799	\$212,133,537	\$194,882,428	\$211,571,226	\$200,596,082	\$ 200,597,075	\$ 190,609,888	\$ 186,457,794
Restricted	7,778,905	6,277,482	6,144,155	12,466,327	4,187,495	7,703,518	5,526,978	8,735,410	18,654,864	23,084,772
Unrestricted	<u>(73,598,339)</u>	<u>(86,739,623)</u>	<u>(106,165,039)</u>	<u>(133,288,201)</u>	<u>(138,778,621)</u>	<u>(157,186,806)</u>	<u>(152,392,602)</u>	<u>(262,072,904)</u>	<u>(270,877,972)</u>	<u>(293,625,452)</u>
Total governmental activities net position	<u>135,176,645</u>	<u>123,075,914</u>	<u>111,712,915</u>	<u>91,311,663</u>	<u>60,291,302</u>	<u>62,087,938</u>	<u>53,730,458</u>	<u>(52,740,419)</u>	<u>(61,613,220)</u>	<u>(84,082,886)</u>
Business-type activities:										
Invested in capital assets, net of related debt	88,351,287	103,874,020	123,881,159	75,538,974	121,429,175	116,770,648	107,240,971	124,884,318	126,879,211	133,579,865
Restricted	-	-	-	40,562,646	5,213,862	-	-	-	-	-
Unrestricted	<u>46,322,656</u>	<u>37,501,753</u>	<u>30,323,471</u>	<u>30,136,654</u>	<u>44,149,697</u>	<u>45,934,610</u>	<u>47,347,915</u>	<u>(8,636,198)</u>	<u>(17,762,837)</u>	<u>(21,403,478)</u>
Total business-type activities net position	<u>134,673,943</u>	<u>141,375,773</u>	<u>154,204,630</u>	<u>146,238,274</u>	<u>170,792,734</u>	<u>162,705,258</u>	<u>154,588,886</u>	<u>116,248,120</u>	<u>109,116,374</u>	<u>112,176,387</u>
Total government:										
Invested in capital assets, net of related debt	289,347,366	307,412,075	335,614,958	287,672,511	316,311,603	328,341,874	307,837,053	325,481,393	317,489,099	320,037,659
Restricted	7,778,905	6,277,482	6,144,155	53,028,973	9,401,357	7,703,518	5,526,978	8,735,410	18,654,864	23,084,772
Unrestricted	<u>(27,275,683)</u>	<u>(49,237,870)</u>	<u>(75,841,568)</u>	<u>(103,151,547)</u>	<u>(94,628,924)</u>	<u>(111,252,196)</u>	<u>(105,044,687)</u>	<u>(270,709,102)</u>	<u>(288,640,809)</u>	<u>(315,028,930)</u>
Total government net position	<u>\$269,850,588</u>	<u>\$264,451,687</u>	<u>\$265,917,545</u>	<u>\$237,549,937</u>	<u>\$231,084,036</u>	<u>\$224,793,196</u>	<u>\$208,319,344</u>	<u>\$ 63,507,701</u>	<u>\$ 47,503,154</u>	<u>\$ 28,093,501</u>

CITY OF HIALEAH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
General government	\$ 69,140,040	\$ 74,384,843	\$ 68,871,742	\$ 66,589,887	\$ 66,408,608	\$ 68,219,791	\$ 72,876,508	\$ 53,294,065	\$ 55,341,792	\$ 59,957,217
Police	47,982,487	46,859,988	46,206,703	47,628,629	43,670,286	43,377,962	43,375,725	53,872,287	54,508,455	58,240,949
Fire	38,058,400	38,524,121	40,660,842	43,122,832	39,712,334	39,443,585	38,604,552	43,511,619	49,035,406	54,381,049
Streets	14,561,927	13,865,386	14,581,951	14,965,763	12,935,254	11,985,507	11,842,353	12,459,595	14,054,634	15,961,337
Recreation and community services	16,045,320	13,262,701	10,852,844	10,765,871	10,441,684	10,665,547	10,239,608	11,540,708	12,336,667	13,703,389
Interest on long-term debt	5,559,726	5,421,745	5,155,341	5,155,170	3,081,789	4,538,607	3,179,767	2,924,134	5,448,282	3,766,967
Total governmental activities	191,347,900	192,318,784	186,329,423	188,228,151	176,249,956	178,230,999	180,118,513	177,602,408	190,725,236	206,010,909
Business-type activities:										
Water & sewer	38,888,103	39,571,242	43,158,697	45,302,229	52,462,058	45,991,989	49,789,756	57,129,636	72,874,604	71,567,962
Solid waste	15,349,165	14,743,134	15,047,591	15,832,635	15,415,099	18,232,547	15,552,864	13,310,272	21,314,937	19,795,688
Hialeah circulator	2,214,548	-	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	4,818,638	4,672,609	5,299,992	5,877,241	2,248,357	4,987,399
Total business-type activities	56,451,816	54,314,376	58,206,288	61,134,864	72,695,795	68,897,145	70,642,612	76,317,149	96,437,898	96,351,049
Total government expenses	\$ 247,799,716	\$ 246,633,160	\$ 244,535,711	\$ 249,363,015	\$ 248,945,751	\$ 247,128,144	\$ 250,761,125	\$ 253,919,557	\$ 287,163,134	\$ 302,361,958
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 15,978,981	\$ 16,545,856	\$ 13,747,204	\$ 15,711,906	\$ 17,233,277	\$ 20,356,002	\$ 18,589,161	\$ 21,314,845	\$ 27,892,420	\$ 24,217,921
Police	2,217,049	2,625,878	1,574,179	1,467,723	1,058,390	889,365	918,205	772,604	685,253	745,403
Fire	3,674,530	4,113,359	4,731,510	3,779,318	4,762,900	4,489,584	4,775,600	4,425,659	5,615,993	4,696,059
Streets	-	-	3,589,564	3,697,364	-	209,436	120,024	428,722	377,105	766,087
Recreation and community services	1,601,966	1,265,892	1,049,507	1,118,475	2,042,914	655,795	584,852	640,787	1,103,371	1,968,593
Operating grants and contributions	8,534,749	15,049,192	12,701,522	24,069,595	22,096,593	21,651,822	24,576,496	22,839,837	21,747,532	26,795,367
Capital grants and contributions	14,978,580	13,323,168	31,827,725	15,486,278	27,170,059	26,000,214	9,019,257	13,347,879	12,214,891	9,475,840
Total governmental activities program rever	46,985,855	52,923,345	69,221,211	65,330,659	74,364,133	74,252,218	58,583,595	63,770,333	69,636,565	68,665,270
Business-type activities:										
Charges for services:										
Water & sewer	42,211,672	42,822,010	45,036,544	45,036,544	48,361,859	49,939,574	54,905,792	59,707,525	65,545,712	66,468,227
Solid waste	13,526,608	13,676,979	13,997,390	13,997,390	14,952,300	15,002,838	14,969,410	15,379,996	16,655,394	17,356,664
Hialeah circulator	1,897,338	-	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	3,550,573	3,633,314	3,296,440	3,644,229	4,098,166	3,849,779
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	4,413,317	3,119,117	9,004,831	9,004,831	1,168,560	538,297	502,578	172,378	429,279	591,188
Total business-type activities program rever	62,048,935	59,618,106	68,038,765	68,038,765	68,033,292	69,114,023	73,674,220	78,904,128	86,728,551	88,265,858
Total program revenues	\$ 109,034,790	\$ 112,541,451	\$ 137,259,976	\$ 133,369,424	\$ 142,397,425	\$ 143,366,241	\$ 132,257,815	\$ 142,674,461	\$ 156,365,116	\$ 156,931,128
Net (expense) revenue:										
Governmental activities	\$ (144,362,045)	\$ (139,395,439)	\$ (117,108,212)	\$ (122,897,492)	\$ (101,885,823)	\$ (103,978,781)	\$ (121,534,918)	\$ (113,832,075)	\$ (121,088,671)	\$ (137,345,639)
Business-type activities	5,597,119	5,303,730	9,832,477	6,903,901	(4,662,503)	216,878	3,031,608	2,586,979	(9,709,347)	(8,085,191)
Total net expense	\$ (138,764,926)	\$ (134,091,709)	\$ (107,275,735)	\$ (115,993,591)	\$ (106,548,326)	\$ (103,761,903)	\$ (118,503,310)	\$ (111,245,096)	\$ (130,798,018)	\$ (145,430,830)
General revenues:										
Governmental activities:										
Taxes:										
Property taxes	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595	\$ 44,867,987	\$ 41,687,822	\$ 41,424,199	\$ 43,735,370	\$ 47,012,819	\$ 51,435,680
Utility taxes	21,696,763	22,580,807	22,275,529	22,212,359	22,181,374	21,909,541	22,487,398	22,248,582	22,628,827	22,345,725
Franchise fees on gross receipts	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381	10,277,964	15,370,782	16,584,895	15,182,525	16,180,210
Intergovernmental revenue	32,202,844	26,285,985	19,773,241	21,521,902	21,875,813	23,733,372	25,094,317	26,939,103	27,687,192	28,200,503
Gain on disposal of capital assets	-	-	-	-	-	163,973	(1,434,185)	55,529	69,910	77,140
Unrestricted interest	992,459	172,565	49,530	22,944	6,254	14,745	7,600	17,656	9,597	129,600
Transfers	-	391,068	(1,576,750)	-	-	-	15,033,525	-	-	(1,296,159)
Total governmental activities	135,591,294	126,699,379	109,435,567	102,807,954	99,409,809	97,787,417	117,983,636	109,581,135	112,590,870	117,072,699
Business-type activities:										
Unrealized gain (loss) on investments	-	-	-	-	-	(401,464)	414,486	504,463	185,370	(121,594)
Unrestricted interest	1,995,210	1,929,614	1,419,630	720,906	672,616	85,110	475,934	669,909	2,392,231	543,642
Transfers	-	(391,068)	1,576,750	-	-	-	(15,033,525)	-	-	1,296,159
Total business-type activities	1,995,210	1,538,546	2,996,380	720,906	672,616	(316,354)	(14,143,105)	1,174,372	2,577,601	1,718,207
Total general revenues	\$ 137,586,504	\$ 128,237,925	\$ 112,431,947	\$ 103,528,860	\$ 100,082,425	\$ 97,471,063	\$ 103,840,531	\$ 110,755,507	\$ 115,168,471	\$ 118,790,906
Change in net assets:										
Governmental activities	\$ (8,770,751)	\$ (12,696,060)	\$ (7,672,645)	\$ (20,089,538)	\$ (2,476,014)	\$ (6,191,364)	\$ (3,551,282)	\$ (4,250,940)	\$ (8,497,801)	\$ (20,272,940)
Business-type activities	7,592,329	6,842,276	12,828,857	7,624,807	(3,989,887)	(99,476)	(11,111,497)	3,761,351	(7,131,746)	(6,366,984)
Total change in net position	\$ (1,178,422)	\$ (5,853,784)	\$ 5,156,212	\$ (12,464,731)	\$ (6,465,901)	\$ (6,290,840)	\$ (14,662,779)	\$ (489,589)	\$ (15,629,547)	\$ (26,639,924)

Note: The Hialeah Circulator Fund was converted to Special Revenue Fund in fiscal-year 2009 from an Enterprise Fund. Conversely, in fiscal-year 2012 the Stormwater Fund was converted from a Special Revenue Fund to an

CITY OF HIALEAH, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund:										
Reserved	\$ 3,466,345	\$ 2,325,307	\$ 1,625,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	25,120,247	21,738,986	19,058,565	-	-	-	-	-	-	-
Nonspendable	*	-	-	1,429,186	1,678,708	2,175,058	2,174,224	2,164,713	2,206,606	5,304,957
Restricted	*	-	-	-	-	-	-	-	-	-
Committed	*	-	-	192,686	82,338	105,440	-	-	99,606	2,116,128
Unassigned	*	-	-	12,368,373	12,234,370	10,622,538	15,391,325	12,199,265	35,133,349	32,030,706
Total general fund	\$ 28,586,592	\$ 24,064,293	\$ 20,684,173	\$ 13,990,245	\$ 13,995,416	\$ 12,903,036	\$ 17,565,549	\$ 14,363,978	\$ 37,439,561	\$ 39,451,791
All other governmental funds:										
Reserved										
Encumbrances	\$ 831,483	\$ 294,643	\$ 84,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	28,702	-	-	-	-	-	-	-
Public safety	2,243,527	1,173,854	954,844	-	-	-	-	-	-	-
Capital projects	5,017,981	4,560,605	3,902,174	-	-	-	-	-	-	-
Debt service	517,397	543,023	1,287,137	-	-	-	-	-	-	-
Unreserved										
Undesignated, reported in:										
Special revenue funds	(2,513,140)	3,268,881	3,121,877	-	-	-	-	-	-	-
Nonspendable	*	-	-	43,221	1,002,607	29,785	977,963	984,876	1,199,528	1,240,869
Restricted	*	-	-	12,466,327	4,187,495	7,703,518	7,643,865	8,554,067	18,654,864	23,108,042
Committed	*	-	-	174,865	997,467	-	1,985,353	997,128	805,666	6,073,476
Unassigned	*	-	-	(618,391)	20,131	(2,129,354)	(1,586,881)	20,032	(466,364)	(6,496,712)
Total all other governmental funds	\$ 6,097,248	\$ 9,841,006	\$ 9,379,651	\$ 12,066,022	\$ 6,207,700	\$ 5,603,949	\$ 9,020,300	\$ 10,556,103	\$ 20,193,694	\$ 23,925,675

* During Fiscal Year 2011 the City implemented the new fund balance classifications.

CITY OF HIALEAH, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:										
Ad valorem taxes	\$ 68,833,515	\$65,666,056	\$58,548,370	\$48,550,595	\$44,867,987	\$41,687,822	\$41,424,199	\$ 43,735,370	\$47,012,819	\$ 51,435,680
Utility taxes	25,523,938	26,185,078	25,865,093	25,909,723	22,181,374	21,909,541	22,487,398	22,248,582	22,628,827	22,345,725
Franchise fees	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381	10,277,964	15,370,782	16,584,895	15,182,525	16,180,210
Licenses and permits	6,988,328	6,767,212	6,458,977	7,051,641	7,629,552	8,236,427	9,316,526	9,512,980	16,370,723	16,161,820
State and local shared revenues	32,376,186	31,721,302	30,518,499	33,595,019	34,760,063	37,373,455	40,112,007	42,982,914	46,141,008	45,606,789
Fines and forfeitures	2,217,049	2,067,047	1,465,851	1,860,247	3,350,685	1,942,897	2,025,007	2,331,192	2,304,780	1,737,726
Impact fees	-	-	-	-	-	-	1,087,068	214,629	2,553,949	2,189,892
Interest	992,459	172,565	49,530	22,944	6,254	14,745	7,600	17,656	9,597	-
Government grants and other revenues	33,779,960	34,772,591	46,869,457	40,648,290	50,301,393	50,432,811	31,137,305	35,667,721	27,361,310	29,667,244
Total revenues	<u>182,577,148</u>	<u>178,954,749</u>	<u>180,141,424</u>	<u>168,138,613</u>	<u>173,575,689</u>	<u>171,875,662</u>	<u>162,967,892</u>	<u>173,295,939</u>	<u>179,565,538</u>	<u>185,325,086</u>
Expenditures:										
Current:										
General government	32,505,934	31,914,072	30,178,666	27,517,406	32,464,271	35,476,738	38,938,330	15,113,548	13,259,022	13,649,002
Police	42,039,964	41,726,150	42,215,617	41,846,335	40,470,429	38,871,981	40,484,346	51,854,659	50,189,926	50,050,644
Fire	33,991,275	34,770,078	34,668,940	35,432,307	34,244,222	33,527,289	34,611,104	41,284,251	44,566,208	46,111,359
911 communications	-	2,334,640	2,784,860	3,057,095	2,877,722	2,842,064	3,432,867	3,692,776	3,894,582	4,448,217
Streets	5,494,218	4,051,787	4,589,071	4,286,467	3,144,097	2,781,994	3,201,821	3,516,447	4,433,977	5,680,107
Grants and human services	2,146,882	2,773,003	5,968,055	6,923,729	5,170,883	5,326,027	6,104,005	7,317,707	8,228,432	9,889,816
State housing initiative programs	1,017,306	960,403	997,212	1,133,537	664,604	107,769	343,353	246,754	116,248	402,050
Work investment act programs	2,209,604	2,247,265	2,444,219	2,044,010	2,295,878	2,021,437	1,657,136	685,851	-	-
City Clerk's office	1,315,761	905,065	1,164,135	813,123	1,074,523	676,279	658,140	1,071,420	1,233,250	962,794
Office of Management and Budget	668,269	621,505	498,549	576,663	551,784	494,087	461,476	560,939	388,095	402,949
Office of the Mayor	655,965	662,240	637,840	532,856	416,047	441,278	927,025	699,883	646,944	588,766
Communications and special events	1,016,370	841,146	801,972	747,618	-	47,427	221,436	304,392	387,083	523,637
Employee retirement	519,634	489,769	537,162	463,361	501,114	636,543	632,686	604,903	596,528	834,417
Library	1,896,684	1,700,898	1,514,939	1,364,642	1,158,859	1,124,518	1,241,652	1,495,749	1,560,224	1,379,576
Code compliance	563,559	555,821	510,496	447,585	310,669	392,052	447,571	658,107	644,566	642,804
Finance	907,045	929,122	942,757	879,174	932,222	880,172	1,032,730	1,352,174	1,417,428	1,486,450
Business tax division	478,074	553,528	431,087	286,569	248,847	392,421	429,010	598,707	807,971	951,992
Information technology	1,446,964	1,676,906	1,439,308	1,608,553	1,405,939	1,358,607	1,532,664	1,615,686	1,871,939	1,845,314
Fleet maintenance	2,361,705	2,555,219	2,281,377	1,966,394	1,984,209	2,052,285	2,286,994	2,352,456	3,060,804	3,117,172
Construction and maintenance	3,123,798	4,464,077	3,648,104	3,268,194	2,169,116	2,178,352	2,034,251	2,409,265	3,053,215	2,981,198
Parks and recreation	9,991,115	10,096,913	8,940,825	8,402,552	8,480,480	8,504,481	8,442,246	9,712,104	10,015,340	10,528,719
Public works	-	-	-	-	-	-	-	-	-	253,306
Planning and zoning	2,939,020	2,506,832	2,368,498	1,909,454	476,241	484,169	528,781	695,584	716,244	657,440
Education and community services	1,969,595	2,056,599	1,856,244	1,750,844	2,166,341	2,171,059	2,451,185	4,058,687	2,851,902	2,802,476
Law	988,913	960,676	895,422	730,159	805,255	768,888	1,216,909	1,291,022	1,311,626	1,150,714
Risk management	716,475	732,041	991,704	877,824	976,285	819,238	826,743	428,350	322,813	318,996
Human resources	693,341	821,708	782,972	752,723	572,277	513,118	731,129	700,530	763,201	735,666
Debt service:										
Principal	3,111,594	4,909,511	5,591,347	33,809,421	4,364,337	36,744,137	4,407,029	6,568,225	22,689,871	4,884,376
Interest	5,580,385	5,442,404	5,064,354	5,007,310	3,408,154	4,932,024	3,420,976	3,200,422	3,964,006	3,866,525
Debt issuance cost	-	-	-	-	-	630,913	-	-	-	-
Capital outlay	33,261,658	19,259,020	22,198,239	14,650,952	22,198,021	23,867,900	8,586,286	10,935,638	9,095,668	8,511,541
Total expenditures	<u>193,611,107</u>	<u>183,518,398</u>	<u>186,943,971</u>	<u>203,086,857</u>	<u>175,532,826</u>	<u>211,065,247</u>	<u>171,289,881</u>	<u>175,017,236</u>	<u>192,087,113</u>	<u>179,658,023</u>
Excess (deficiency) of revenues over expenditures	<u>(11,033,959)</u>	<u>(4,563,649)</u>	<u>(6,802,547)</u>	<u>(34,948,244)</u>	<u>(1,957,137)</u>	<u>(39,189,585)</u>	<u>(8,321,989)</u>	<u>(1,721,297)</u>	<u>(12,521,575)</u>	<u>5,667,063</u>
Other financing sources (uses):										
Premium on debt	-	-	-	-	-	-	-	-	-	-
Transfers in	1,714,930	3,419,660	1,397,618	67,768	3,258,319	38,555	19,781,358	2,147,066	776,762	611,165
Transfers out	(1,714,930)	(3,100,661)	(1,397,618)	(67,768)	(7,477,992)	(38,555)	(4,747,833)	(2,147,066)	(776,762)	(611,165)
Payment to refunded bond escrow agent	(2,610,000)	-	-	-	-	-	-	-	-	-
Issuance of debt	2,283,000	-	-	-	-	-	-	-	-	-
Proceeds from disposal of capital assets	-	-	4,800,000	-	-	163,973	4,076,089	55,529	69,910	77,140
Issuance of debt	-	3,466,113	459,788	31,252,400	323,659	37,329,481	423,920	-	-	-
Total other financing sources (uses)	<u>(327,000)</u>	<u>3,785,112</u>	<u>5,259,788</u>	<u>31,252,400</u>	<u>(3,896,014)</u>	<u>37,493,454</u>	<u>19,533,534</u>	<u>55,529</u>	<u>45,234,749</u>	<u>77,140</u>
Net change in fund balances	<u>\$ (11,360,959)</u>	<u>\$ (778,537)</u>	<u>\$ (1,542,759)</u>	<u>\$ (3,695,844)</u>	<u>\$ (5,853,151)</u>	<u>\$ (1,696,131)</u>	<u>\$ 11,211,545</u>	<u>\$ (1,665,768)</u>	<u>\$ 32,713,174</u>	<u>\$ 5,744,203</u>
Debt service as a percentage of non-capital expenditures	5.42%	6.30%	6.47%	20.60%	5.07%	22.34%	4.81%	5.95%	14.57%	5.11%

CITY OF HIALEAH, FLORIDA
NET ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>September 30.</u>	<u>Real</u> <u>Property</u>	<u>Personal</u> <u>Property</u>	<u>Centrally</u> <u>Assessed</u>	<u>Total Net</u> <u>Assessed</u> <u>Value</u>	<u>Total Direct</u> <u>Tax Rate</u>
2008	\$ 10,369,515,975	649,134,069	7,039,040	11,025,689,084	6.5400
2009	10,126,361,853	554,764,657	7,711,059	10,688,837,569	6.5400
2010	8,940,547,673	538,044,784	10,027,214	9,488,619,671	6.5400
2011	7,222,367,199	520,988,608	7,357,864	7,750,713,671	6.5400
2012	6,744,572,176	531,432,543	10,363,835	7,286,368,554	6.5400
2013	6,695,064,915	523,612,469	5,972,673	7,224,650,057	6.3018
2014	6,416,539,571	549,698,400	5,474,876	6,971,712,847	6.3018
2015	6,755,960,917	544,953,380	6,117,639	7,307,031,936	6.3018
2016	7,304,727,801	546,751,824	7,304,728	7,858,784,353	6.3018
2017	7,973,545,871	552,723,556	7,380,269	8,533,649,696	6.3018

Note: Property in the City is reassessed each year. Property is assessed at actual value, therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: Miami-Dade County Property Appraiser's Office.

CITY HIALEAH, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Direct Rate	Overlapping Rates (1)											Total Direct and Overlapping Rates
	City of Hialeah	Miami-Dade County			Miami-Dade County School Board			Water Management District	Special District	Okeechobee Basin	Children's Trust	Everglades C.P.	
		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage						
2008	6.5400	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0345	0.0000	0.4212	0.0894	20.5396
2009	6.5400	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0345	0.0000	0.5000	0.0894	20.8164
2010	6.5400	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.5346	0.0345	0.0000	0.5000	0.0894	21.8200
2011	6.5400	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0345	0.0000	0.5000	0.0624	20.6058
2012	6.5400	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0345	0.0000	0.5000	0.0613	20.4899
2013	6.3018	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0345	0.0000	0.5000	0.0587	20.3498
2014	6.3018	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.1577	0.0345	0.1717	0.5000	0.0548	20.3114
2015	6.3018	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.1459	0.0320	0.1586	0.5000	0.0506	19.9178
2016	6.3018	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.1359	0.0320	0.1477	0.5000	0.0471	19.5534
2017	6.3018	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	0.1275	0.0320	0.1384	0.4673	0.0441	19.1720

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: City of Hialeah Office of Management & Budget and Miami-Dade County Property Appraiser's Office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Hialeah. Not all overlapping rates apply to all City of Hialeah property owners (i.e. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

CITY OF HIALEAH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2017				2008			
Taxpayer	Net Assessed Value	Rank	Percent of Total City Net Assessed Value	Taxpayer	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
Florida Power & Light CO	\$ 176,230,102	1	2.44%	Lifemark Hospitals Inc.	\$ 171,084,381	1	1.55%
Palm Springs Mile Associates LTD	121,015,196	2	1.68%	Ashland Inc.	117,423,290	2	1.06%
Westland Mall LLC	82,000,000	3	1.14%	Palm Springs Mile Associates LTD	103,134,176	3	0.94%
PRII Centergate 1 LLC	62,885,000	4	0.87%	Westland Mills LLC	89,271,336	4	0.81%
Lifemark Hospitals Inc.	61,849,132	5	0.86%	Airras Group Inc.	66,616,355	5	0.60%
SC Westland Promenade Ltd Prtshp	34,785,856	6	0.48%	77 Acres LLC	50,950,566	6	0.46%
Hialeah Communities LLC	30,551,361	7	0.42%	Gratigny Partners LTD	41,901,753	7	0.38%
Countyline I LLC	26,901,517	8	0.37%	Las Brisas LLC	38,372,458	8	0.35%
United Parcel Service Inc.	25,517,162	9	0.35%	Bellsouth Telecommunications Inc.	37,275,661	9	0.34%
Tenet Hialeah Healthsystem Inc.	<u>24,672,509</u>	10	<u>0.34%</u>	Royal Gardens Investments LLC	<u>37,208,724</u>	10	<u>0.34%</u>
	<u>\$ 646,407,835</u>		<u>8.95%</u>		<u>\$ 753,238,700</u>		<u>6.83%</u>

Source: Miami-Dade County Property Appraisers Office.

CITY OF HIALEAH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30.	Total Taxes Levied for Fiscal Year	Levied Taxes Collected within the Fiscal Year		Delinquent Tax Collections	Total Tax Collections	
		Amount	Percent of Levy		Amount	Percent of Levy
2008	72,108,007	67,599,293	93.75%	779,007	68,378,300	94.83%
2009	69,904,998	66,521,182	95.16%	810,759	67,331,941	96.32%
2010	62,055,573	55,475,555	89.40%	2,465,365	57,940,920	93.37%
2011	48,499,075	46,209,687	95.28%	2,008,135	48,217,821	99.42%
2012	47,652,850	43,747,005	91.80%	1,120,983	44,867,987	94.16%
2013	45,528,300	40,894,173	89.82%	793,648	41,687,821	91.56%
2014	43,934,340	39,589,518	90.11%	1,467,597	41,057,115	93.45%
2015	46,047,454	43,735,370	94.98%	1,351,690	45,087,060	97.91%
2016	49,524,487	47,012,819	94.93%	296,084	47,308,903	95.53%
2017	53,777,354	51,435,680	95.65%	1,516,908	52,952,588	98.47%

Source: City of Hialeah Office of Management & Budget.

CITY OF HIALEAH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities				Business-Type Activities					Total	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Notes Payable	Capital Leases	Mortgage Payable	Revenue Bonds	Notes Payable	Revolving Loan	Capital Leases	Water Purchase Agreement			
2008	2,223,591	109,035,000	113,992	91,761	-	-	2,047,309	-	176,416	113,688,069	1.38%	490
2009	2,047,751	107,553,325	334,426	85,444	-	-	1,875,810	-	-	111,896,756	1.55%	490
2010	1,864,063	102,418,870	527,519	117,969	-	-	1,705,629	-	-	106,634,050	1.48%	471
2011	1,672,177	100,102,352	596,872	117,969	-	-	52,070,567	-	-	154,559,937	2.14%	678
2012	1,471,927	88,242,884	143,267	-	-	57,668,324	1,910,149	-	-	149,436,551	2.09%	650
2013	-	79,970,161	72,425	-	-	64,620,036	1,791,969	-	-	146,454,591	1.93%	631
2014	-	75,661,198	398,279	-	-	63,097,659	1,670,450	-	-	140,827,586	2.14%	603
2015	-	70,719,903	1,252,121	-	-	61,572,579	1,545,497	-	-	135,090,100	1.91%	573
2016	-	90,403,639	1,323,955	-	-	59,261,246	1,417,014	-	-	152,405,854	2.20%	643
2017	-	91,439,951	743,891	-	-	58,049,364	1,284,901	-	-	151,518,107	2.19%	641

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 124 for personal income and population data.

CITY OF HIALEAH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2016
(amounts expressed in thousands)

<u>Government Unit</u>	2017		
	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to the City of Hialeah</u>
Miami-Dade County School Board	\$ 499,129	3.40%	\$ 16,970
Miami-Dade County	<u>1,597,781</u>	3.40%	<u>54,325</u>
Subtotal, Overlapping Debt	2,096,910		71,295
City of Hialeah Direct Debt	<u>92,184</u>	100%	<u>92,184</u>
Total Direct and Overlapping Debt	<u>\$ 2,189,094</u>		<u>\$ 163,479</u>

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board, Finance Department.

(1) The percentage of overlapping debt applicable is estimated using net taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF HIALEAH, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Series 2015 A&B				FMLC Bond Series 2011D						Rescue Transportation 2007 Revenue Bond			
	Debt Service				Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service			Rescue Transportation Fees (a)	Debt Service		
	Fees (d)	Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
2008	-	-	-	N/A	46,070,878	38,241,216	7,829,662	1,185,000	65,175	6.26	2,602,700	59,409	75,876	19.24
2009	-	-	-	N/A	40,702,131	39,699,976	1,002,155	-	-	N/A	2,763,685	175,840	94,730	10.21
2010	-	-	-	N/A	56,463,162	46,051,730	10,411,432	-	-	N/A	3,324,801	183,688	86,882	12.29
2011	-	-	-	N/A	47,536,277	48,531,832	(995,555)	-	-	N/A	2,956,713	270,570	78,674	8.47
2012	-	-	-	N/A	48,361,859	45,883,620	2,478,239	310,000	2,401,538	0.91	3,658,191	200,250	70,320	13.52
2013	-	-	-	N/A	49,265,671	41,497,509	7,768,162	320,000	2,392,088	2.86	4,051,551	-	-	N/A
2014	-	-	-	N/A	58,913,986	52,358,264	6,555,722	580,000	2,387,288	2.21	4,369,019	-	-	N/A
2015	-	-	-	N/A	60,673,488	49,821,433	10,852,055	850,000	2,369,888	3.37	3,252,298	-	-	N/A
2016	10,352,230	725,000	2,086,361	3.68	68,123,313	63,663,376	4,459,937	955,000	2,344,388	1.35	4,551,882	-	-	N/A
2017	10,615,985	740,000	2,068,011	3.78	66,890,275	66,622,825	267,450	985,000	2,315,738	0.08	4,628,672	-	-	N/A

Source: City of Hialeah Finance Department

Note (a): During 2008, the City paid off the State of Florida Loan.

Note (b): Rescue transportation fees are net of related uncollectible accounts.

Note (c): During 2011, the City issued Florida Municipal Loan Council Revenue Bond Series 2011D for which the City has pledged Project Revenues, see Note 12.

Note (d): During 2016, the City issued Special Obligation Revenue Bonds Series 2015A and Special Obligation Refunding Revenue Bonds Series 2015B for which the City has pledged franchise fee revenues, see Note 12.

CITY OF HIALEAH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2008	232,155	8,224,091	35,425	38	31,226	8.9%
2009	228,157	7,230,067	31,689	42	29,370	14.5%
2010	226,419	7,183,822	31,728	41	29,685	15.9%
2011	227,962	7,227,763	31,706	38	34,194	12.6%
2012	229,969	7,151,116	31,096	41	38,794	9.2%
2013	231,941	7,606,737	32,796	43	28,912	10.3%
2014	233,394	6,571,208	28,155	42	25,239	5.6%
2015	235,563	7,057,703	29,961	42	25,623	6.3%
2016	237,069	6,934,031	29,249	43	25,348	5.7%
2017	236,387	6,914,083	29,249	43	29,437	5.1%

Sources:

- (1) United States Census Bureau*
- (2) Florida-demographics.com*
- (3) Miami-Dade County School Board Budget Office*
- (4) U.S. Department of Labor*

Note: Population, median age and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

CITY OF HIALEAH, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Palmetto General Hospital	1,635	1	1.64%	1,675	2	1.82%
City of Hialeah	1,239	2	1.24%	2,025	1	2.20%
United Parcel Service	1,119	3	1.12%	1,221	4	1.33%
Hialeah Hospital	1,032	4	1.03%	1,239	3	1.35%
Winn Dixie Super Markets	931	5	0.93%	998	5	1.09%
Publix Super Markets	771	6	0.77%	816	6	0.89%
Palm Springs Hospital	611	7	0.61%	674	7	0.73%
Sedano's Super Markets	545	8	0.55%	552	8	0.60%
Bank of America	491	9	0.49%	-	-	0.00%
Bullet Line	450	10	0.45%	-	-	0.00%
Yellow Stone Group	-	-	-	391	9	0.43%
McDonald's Restaurants	-	-	-	389	10	0.42%
	-	-	-	-	-	-
Total	<u><u>8,824</u></u>		<u><u>8.82%</u></u>	<u><u>9,980</u></u>		<u><u>10.86%</u></u>

Sources: City of Hialeah Office of Management & Budget and Business Tax Division.

CITY OF HIALEAH, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of employees:										
Mayor's office	12	12	10	8	5	3	3	4	5	6
Communications & special events	11	11	8	1	-	-	-	-	-	-
Information systems	14	14	14	14	12	12	12	10	9	9
Community development:										
Planning and zoning	13	13	8	10	9	7	7	7	6	5
Building	31	31	17	19	22	19	19	22	25	21
License	10	10	7	5	8	8	8	9	9	10
Code compliance	9	10	7	7	9	9	9	10	10	10
Office of Management & Budget	17	16	15	12	20	3	3	3	3	3
City Clerk's office	11	10	8	3	5	4	4	4	4	17
Law	13	13	10	11	10	10	9	8	10	9
Risk management	13	13	14	14	3	3	3	3	3	4
Police:										
Police officers	358	365	312	327	303	290	276	264	251	284
Civilians	150	150	121	105	75	56	70	67	75	87
Fire:										
Firefighters	262	265	241	199	254	245	235	238	229	229
Civilians	58	58	55	44	35	19	28	18	18	18
911 Communications	-	-	43	47	44	38	39	41	43	29
Milander	-	-	-	-	-	-	-	-	-	4
Special events	-	-	-	-	-	-	-	-	-	7
Education & community services	30	33	32	27	35	29	29	34	45	78
Library	29	30	24	17	15	15	15	17	17	23
Recreation and community services	92	92	81	76	79	71	70	75	70	131
Streets	30	32	23	34	19	17	17	28	31	25
Stormwater	18	20	13	13	9	9	9	9	13	12
Fleet	48	48	31	33	35	37	37	31	30	29
Circulator	7	7	5	5	-	-	-	-	-	-
Construction and maintenance	53	58	30	30	36	39	39	33	35	31
Solid waste	115	113	85	74	68	62	62	42	26	23
Human resources	10	10	9	7	8	8	9	7	7	8
Finance	15	15	14	16	13	19	19	15	26	20
Retirement	5	5	3	3	4	4	4	4	3	4
Grants and human services	42	40	38	35	33	32	32	8	4	4
Water and sewer	58	59	52	50	60	55	54	64	68	64
Water division	38	40	32	30	32	32	32	26	30	23
Sewer division	30	31	24	19	19	17	17	16	18	12
Total number of employees	<u>1,602</u>	<u>1,624</u>	<u>1,386</u>	<u>1,295</u>	<u>1,279</u>	<u>1,172</u>	<u>1,170</u>	<u>1,117</u>	<u>1,123</u>	<u>1,239</u>

Source: City of Hialeah Human Resources Department

Note: Communication & Special Events and Education & Community Services, which were established in fiscal-year 2006, as well as 911 Communications which was established in fiscal-year 2010. Furthermore, the Planning and Development department was divided into the Planning and Zoning and Building divisions of the newly created Community and Development department along with the Code Compliance and License departments, which are now a division

CITY OF HIALEAH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety										
Police:										
Police calls for service	223,101	260,108	259,556	203,401	215,200	245,463	245,230	251,731	239,662	215,390
Parking violations	11,925	19,533	18,775	2,915	3,510	3,301	2,987	3,372	4,674	4,130
Traffic violations	76,135	88,550	91,051	73,423	77,900	78,751	77,253	85,141	83,050	71,252
Fire:										
Number of calls answered	35,009	32,350	34,425	32,992	33,755	35,455	42,250	43,494	43,850	43,195
Inspections	22,921	10,851	11,825	11,136	12,235	12,235	8,500	12,035	13,400	13,789
Planning and development:										
Business permits issued	9,852	9,215	9,185	9,205	8,815	8,716	6,421	7,583	15,022	9,402
Occupational licenses issued	18,325	18,058	17,225	18,318	18,449	18,915	19,019	19,041	19,575	21,420
Streets:										
Street resurfacing (miles)	6.1	7.8	8.1	7.4	10.1	11.5	12.0	7.9	13.7	19.7
Potholes repaired	471	420	310	310	295	285	208	154	294	215
Culture and recreation:										
Registrations for library programs	122,398	112,433	110,663	110,663	56,642	56,642	46,042	50,759	38,364	22,172
Community center admissions	196,010	154,388	155,658	154,763	145,100	144,302	146,525	146,750	147,500	146,500
Athletic field permits issued	85	47	41	41	65	63	134	90	76	47
Water and sewer:										
Active accounts - water and sewer	54,400	54,580	53,996	54,523	54,392	54,554	55,401	55,008	55,568	56,400
Average daily water consumption (thousands of gallons)	20,015	22,422	22,321	20,519	21,837	20,878	19,959	18,656	18,556	18,068
Average daily sewage treatment (thousands of gallons)	24,985	21,767	18,913	16,670	19,184	19,308	19,458	19,986	24,502	25,215
New connections	4,355	4,225	4,468	4,931	5,368	1,020	920	2,052	981	997
Water main breaks	192	115	102	177	193	195	200	57	108	248
Solid waste:										
Residential accounts	36,780	34,951	35,037	35,591	35,303	35,285	35,101	36,502	36,502	37,433
Commercial accounts	452	443	468	446	449	441	436	440	-	-
Refuse collected (tons/day)	241.5	398.8	405.3	358.0	365.0	225.0	193.0	141.6	254.0	324.0
Recyclables collected (tons/day)	7.4	12.7	13.5	14.2	14.9	21.0	27.0	45.2	45.2	29.0

Sources: Various City departments

Note: Indicators are not available for the general government function.

CITY OF HIALEAH, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	5	5	5	5	5	5	5	5	5	5
Patrol units	315	378	386	398	402	229	238	215	225	218
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Fire apparatus vehicles	13	13	15	15	15	14	15	15	15	15
Emergency rescue vehicles	10	10	10	10	12	14	14	14	14	14
Streets:										
Miles of streets	493.1	493.1	493.1	493.1	493.1	450.6	455.0	475.6	475.6	475.6
Culture and recreation:										
Parks	27	27	27	27	27	27	27	27	27	27
Parks acreage	255.0	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5
Community center	3	3	3	3	3	3	3	3	3	3
Swimming pools	7	7	7	7	7	7	7	7	7	7
Tennis courts	21	26	26	26	26	26	26	26	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	2	2	2	2	2	2
Water mains (miles)	490	492	492	492	492	492	496	496	519	519
Fire hydrants	2,766	2,772	2,772	2,772	2,772	2,772	2,812	3,008	3,008	3,093
Storm sewers (miles)	88.2	88.2	88.2	88.2	88.2	88.2	92.3	84.3	84.3	84.3
Solid waste:										
Collection trucks	36	38	42	46	46	46	46	12	-	-
Recycle trucks	-	-	-	-	-	-	-	-	6	6

Sources: Various City departments

COMPLIANCE SECTION



INDEPENDENT AUDITORS' 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

Honorable Mayor and Members of the City Council
City of Hialeah, 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 City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2018



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of the City Council
City of Hialeah, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Hialeah, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the fiscal year ended September 30, 2017. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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); and Chapter 10.550, Rules of the Auditor General. Those standards and the Uniform Guidance and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, City of Hialeah, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of This Report

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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2018

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.218	B-14MC-12-0008	316,175	1,417,579
Community Development Block Grant	14.218	B-15MC-12-0008	-	808,111
	14.218	B-16MC-12-0008	-	810,036
			<u>316,175</u>	<u>3,035,726</u>
HOME Investment Partnership	14.239	M-10-MC-12-0207	-	213,359
HOME Investment Partnership	14.239	M-11-MC-12-0207	-	641,986
HOME Investment Partnership	14.239	M-12-MC-12-0207	-	682,609
HOME Investment Partnership	14.239	M-14-MC-12-0207	-	565,697
HOME Investment Partnership	14.239	M-16-MC-12-0207	-	46,883
			-	<u>2,150,534</u>
Emergency Shelter Grant	14.231	E-16-MC-12-00008	-	121,397
			-	<u>121,397</u>
Total			<u>316,175</u>	<u>5,307,657</u>
U.S. Department of Justice				
Equitable Sharing Funds	16.922	N/A	-	68,819
Equitable Sharing Funds - Other Agencies	16.922	N/A	-	1,331
Edward Byrne Memorial Grant Program - 2017	16.738	2016-DJ-BX-0892	-	60,987
Total U.S. Department of Justice			-	<u>131,137</u>
Subtotal Direct Programs			<u>316,175</u>	<u>5,438,794</u>
Executive Office of the President				
Pass-Through Program Monroe County Sherrif's Office				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G16MI0001A	-	18,722
Total Executive Office of the President			-	<u>18,722</u>

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Pass- Through Program from:				
State of Florida Department of Education				
21st Century Community Learning Centers - Academic Achievers	84.287	13B-2447B-7CCC2	-	359,163
21st Century Community Learning Centers - Academic Achievers	84.287	13B-2448B-8CCC2	-	28,041
21st Century Community Learning Centers - Steam Ahead	84.287	13B-2447B-7CCC1	-	364,853
21st Century Community Learning Centers - Steam Ahead	84.287	13B-2448B-8CCC1	-	<u>31,204</u>
Total U.S. Department of Education - Through the State of Florida Department of Education			-	<u>783,261</u>
Pass-Through Program from:				
The Florida Department of Law Enforcement Edward Byrne Memorial Grant - County	16.738	2017-JAGC-DADE-27-F9-214	-	<u>20,963</u>
Total U.S. Department of Homeland Security - Through the Florida Department of Law Enforcement			-	<u>20,963</u>
Pass-Through Program from:				
The Florida Department of Transportation - Highway Planning and Construction West 16 Avenue from 68th to 78th Street	20.205	AR-871	-	1,711
The Florida Department of Transportation - Highway Planning and Construction University of South Florida	20.205	G0E08	-	<u>29,943</u>
Total U.S. Department of Transportation - Through the Florida Department of Transportation			-	<u>31,654</u>
Pass-Through Program from:				
The Florida Division of Emergency Management Urban Areas Security Initiatives (UASI) (2015)	97.067	16-DS-U7-11-23-02-368	-	381,162
Urban Areas Security Initiatives (UASI) (2016)	97.067	17-DS-V9-11-23-02-346	-	47,259
Assistance to Firefighters Grant	97.044	EMW-2015-FO-06763	-	<u>173,237</u>
Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management			-	<u>601,658</u>
Pass-Through Program from:				
State of Florida Office of the Attorney General Victims of Crimes Act (VOCA)	16.575	VOCA-2016 City of Hialeah-00890	-	<u>36,378</u>
Total U.S. Department of Justice - Through the State of Florida Office of the Attorney General			-	<u>36,378</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 316,175	\$ 6,931,430

See notes to schedule of federal awards and state financial assistance projects.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Florida Housing Finance Corporation				
State Housing Initiative Partnership Program	40.901	N/A	<u>132,350</u>	<u>402,050</u>
Total Florida Housing Finance Corporation			<u>132,350</u>	<u>402,050</u>
Florida Department of State - Division of Libraries and Information Services				
State Aid to Libraries (2015)	45.030	16-ST-32	-	1,704
State Aid to Libraries (2016)	45.030	17-ST-32	<u>-</u>	<u>18,813</u>
Total Florida Department of State - Division of Libraries and Information Services			<u>-</u>	<u>20,517</u>
Florida Department of Elder Affairs				
Alliance for Aging - Meals for the Elderly	65.009	LSP 2016-2017-KL1634	1,131,607	1,131,607
Alliance for Aging - Meals for the Elderly	65.009	LSP 2017-2018-KL1734	<u>189,964</u>	<u>189,964</u>
Total Florida Department of Elder Affairs			<u>1,321,571</u>	<u>1,321,571</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,453,921</u>	<u>\$ 1,744,138</u>

CITY OF HIALEAH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Hialeah for the fiscal year ended September 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City of Hialeah, it's not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City of Hialeah.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for the Equitable Sharing programs for Justice and Treasury which follow, *Guide to Equitable Sharing for Foreign Countries and Federal, State, and Local Law Enforcement Agencies*. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

The City of Hialeah provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Provided</u>
Community Development Block Grant	14.218	\$ 316,175

The City of Hialeah provided state projects to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Provided</u>
State Housing Initiative Partnership	40.901	\$ 132,350
Alliance for Aging-Meals for the Elderly	65.009	\$ 1,321,571

NOTE 5 - CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified Opinion*
 Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no
 Significant deficiencies identified not considered to be material _____ yes X None reported
 weakness?
 Non-compliance material to financial statements noted? _____ yes X no

Federal Awards and State Financial Assistance

Internal control over major programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified not considered to be _____ yes X None reported
 material weakness?

Type of auditors' report issued on compliance for major programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General? _____ yes X no

Identification of major programs:

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
Home Investment Partnership	14.239
<u>State Financial Assistance Project</u>	<u>State CFSA No.</u>
Alliance for Aging-Meals for the Elderly	65.009
Dollar threshold used to distinguish between Type A and Type B programs:	Federal \$750,000 State \$300,000

Auditee qualified as low risk auditee pursuant to the Uniform Guidance? X yes _____ no

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Continued)

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES

2015-02 Water and Sewer Fund, Solid Waste Fund, and Stormwater Utility Fund Deficit

Observation:

During our testing of the enterprise funds we noted that the Water and Sewer fund, Solid Waste fund and Stormwater fund had operating losses of \$2,688,312 , \$1,898,917 and \$584,392, respectively. In the prior year only the Water and Sewer and Solid Waste funds incurred operating losses.

Recommendation:

We recommend that the City review its current rates for Water and Sewer, Solid Waste, and Stormwater Services to ensure the fees cover the costs of operations and also continue to reduce costs of operations while maintaining quality of service.

View of Responsible Officials and Planned Corrective Actions:

The City completed a five-year Utility Rate Study in March 2016. The study recommended that water and sewer rates be adjusted in FY 2016-2017 to account for anticipated increases in operational costs, capital expenditures and conserve existing reserves. At that time only a CPI increase and a MDC pass through sewer increase were implemented. In FY 2017-2018 rates have been adjusted to account for additional anticipated increases. For FY 2018-2019 the City will consider additional adjustments to the water and sewer rates to cover large ongoing capital expenditures needed to meet the requirements of the Consent Agreement between MDC and the City. In addition sewer wholesale charges increased in FY 2017 after a MDC sewer meter replacement program was completed the previous year. The City is disputing an over-charge of \$5.5M due to increase sewer flows even after completing a substantial I/I reduction lining project citywide. The City and the County have undertaken a six-month study to determine the accuracy of the MDC sewer meter readings and come to an agreement over the disputed charges. In April 2017 a contractor working for a developer damaged the electrical system servicing the well field for the RO Water Treatment Plant resulting in the reduction of the plant production of potable water by half. However, the City continued to pay the plant operator the full service fee to avoid a claim. The City was also compelled to purchase additional water from MDC to meet the reduced amount lost from the plant. The City has filed a claim against the contractor and their insurance company in an attempt to recoup these additional costs. The claim remains outstanding.

The Solid Waste Fund experienced an operating loss in FY 2016 of \$3,634,844 while the City proceeded with the privatization of the entire program as a cost reducing measure. In FY 2016 the City privatized the disposal of garbage and bulky waste reducing disposal costs by \$1.4M from the previous year. Operating losses in FY 2017 were reduced to \$2,069,717 while the City continue to operate the collection of recyclables. In FY 2018 the City adjusted for the first time since 1984 the residential SW fees by CPI. It also completed the privatization of the collection of recyclable materials. It is expected that in FY 2019 given the implemented reduction in force, decreased recycle collection costs and adjustments to the residential fees that the SW program operating losses be substantially reduced and or eliminated pending the full effect of the privatization of the entire SW program that started in November 2015. There was a delay in the transfer of employees from Solid Waste to Water and Sewer as part of the privatization effort, and that delay also contributed significantly to the operating losses for both FY 2015-16 and 2016-17.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Continued)

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES (Continued)

2015-02 Water and Sewer Fund, Solid Waste Fund, and Stormwater Utility Fund Deficit (Continued)

View of Responsible Officials and Planned Corrective Actions: (Continued)

In addition, we will review the current charges for the stormwater utility services and look to enhance efficiencies in its operations. The fund's net position however is a positive balance.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.

CITY OF HIALEAH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

PRIOR YEAR COMMENTS AND STATUS

FINANCIAL STATEMENTS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2015 schedule of findings and questioned costs.

Matters that are not repeated in the accompanying schedule of findings and questioned costs:

- 2016-01 Capital Assets Inventory

Matters that are repeated in the accompanying schedule of findings and questioned costs:

- 2015-02 Storm Water Fund Deficit (revised and repeated-originally reported as 2014-02)

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Members of the City Council
City of Hialeah, 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 Hialeah, Florida (the City), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 26, 2018.

Auditors' 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; 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.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination 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 June 26, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There was one recommendation made in the preceding annual financial audit report that is being repeated. Item 2015-02 has been revised and repeated.

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 information has been disclosed in the notes to 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 of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures 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 the review of financial information provided by same. This assessment was performed as of the fiscal year end.

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 had one recommendation that has been included in the schedule of findings and questioned costs.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires the we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2018



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION
218.415 FLORIDA STATUTES**

Honorable Mayor and Members of the City Council
City of Hialeah, Florida

We have examined City of Hialeah's (the City) compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on City of Hialeah's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on City's compliance with specified requirements. In our opinion, the City complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017.

This report is intended solely for the information and use of management, the Mayor, the City Council, others within the City and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 26, 2018

