



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2016

 City of
HALEAH

CITY OF HIALEAH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

Luis Gonzalez

Council President

Katharine Cue-Fuente

Council Vice President



Council Members

Isis Garcia-Martinez

Jose F. Caragol

Vivian Casals-Muñoz

Lourdes Lozano

Paul B. Hernandez

City of Hialeah

June 22, 2017

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, 2016. 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 Alberni Caballero & Fierman, 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, 2016, 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, 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 transportation, 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 7.55% 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 four (4) 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 and two-thirds have been designated for commercial and industrial use. 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 1,500 new single-family homes have been constructed in the annexation area, with an additional 2,200 homes expected during 2017-2019.

MAJOR INITIATIVES AND PROGRAMS

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

The City of Hialeah has completed the design and construction of several projects related to water, sewer and roadway infrastructure in the annexation area; 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 constructing 77 new senior housing units, improved the top-performing City of Hialeah Educational Academy by adding 8 classrooms (a science lab, two computer labs and additional classrooms) and two offices for activities and a reading/instructional coach which allowed for an additional 200 students, and the renovation of the John F. Kennedy Library.

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 and the Emergency Solution Grant), 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, 2015. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the ninth 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 2016 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, Albern Caballero & Fierman, 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, 2015

Executive Director/CEO

CITY OF HIALEAH, FLORIDA

List of Elected City Officials

September 30, 2016

Strong Mayor Form of Government

CITY COUNCIL

Carlos Hernandez, Mayor

Luis Gonzalez, Council President

Katharine Cue-Fuente, Council Vice President

Isis Garcia-Martinez

Jose F. Caragol

Vivian Casals-Muñoz

Lourdes Lozano

Paul B. Hernandez

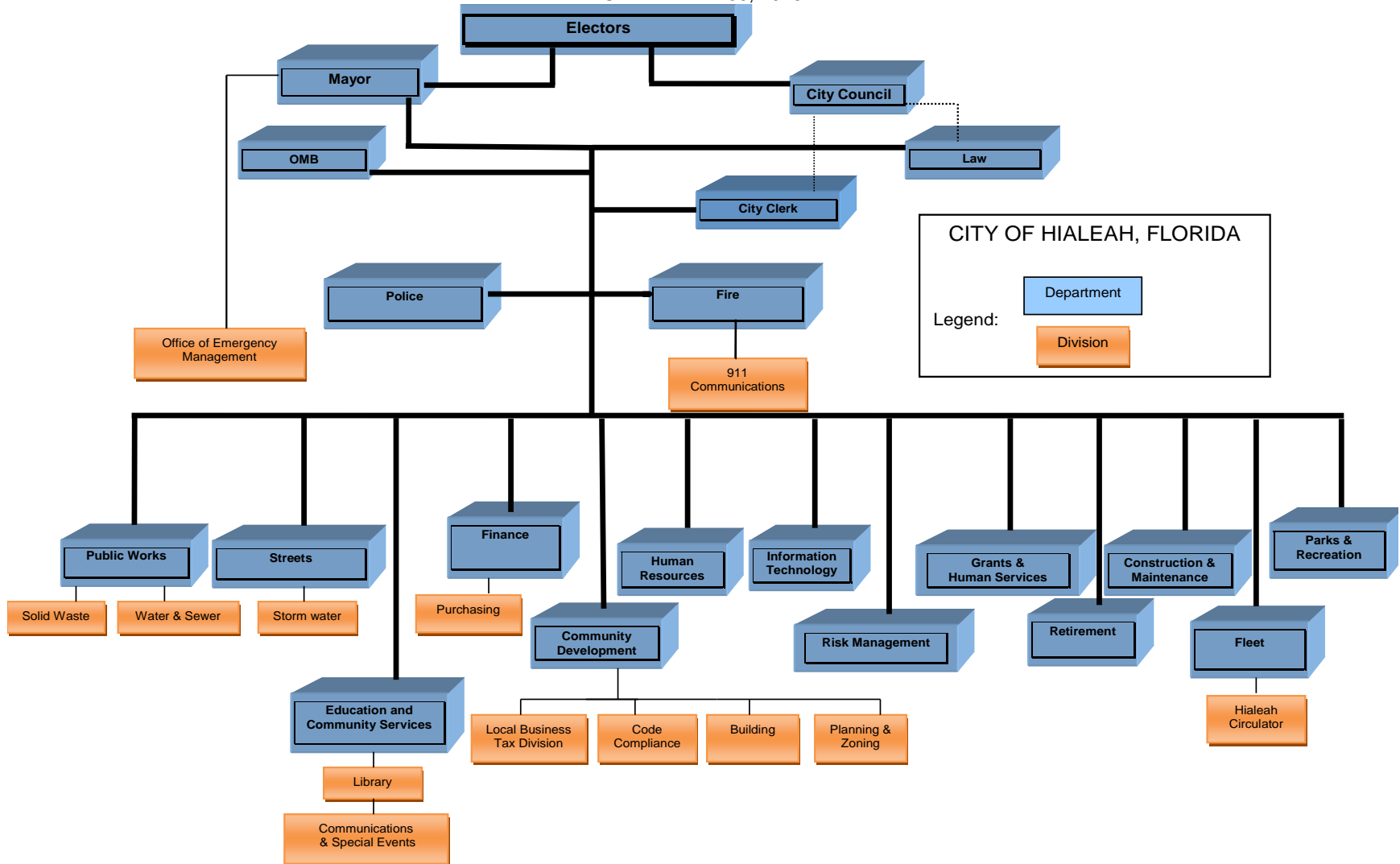
Prepared by:

Finance Department and Administration

CITY OF HIALEAH, FLORIDA

ORGANIZATIONAL CHART

SEPTEMBER 30, 2016



FINANCIAL SECTION

INDEPENDENT
AUDITORS' REPORT



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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, 2016, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2016, 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.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* as of October 1, 2015.

Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 16 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 71 through 79, 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 22, 2017, 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.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

CITY OF HIALEAH, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016.

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 \$48 million.
- Net position of the City's governmental activities decreased by 20% (\$10.7 million) from \$53.1 million deficit for last fiscal year, compared to \$63.8 million deficit in the current fiscal year. The net change in fund balance in the amount of \$32.7 million to the change in net position of (\$10.7 million) was primarily due to the increase in OPEB liability of \$7.5 million, an increase in long term debt activity of \$22 million and a decrease in capital assets net of depreciation of \$9.2 million.
- Net position of the City's business-type activities decreased by 4% (\$4.2 million) from \$116.2 million compared to \$112.0 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 \$57.6 million, an increase of approximately \$32.7 million.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$31.8 million, or 85% of the total General Fund Balance. The non-spendable fund balance was \$4.8 million which represents long term receivables, inventory and prepaid expenses which are amounts that are not spendable in nature. The committed amount of \$100 thousand is for future expenditures determined by a formal action of the City Council. The \$31.8 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.
- 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, planning and development, and general and administrative services.

CITY OF HIALEAH, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

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 17-18 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.

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 19-21 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 22-26 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 27-28 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 29-70 of this report.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

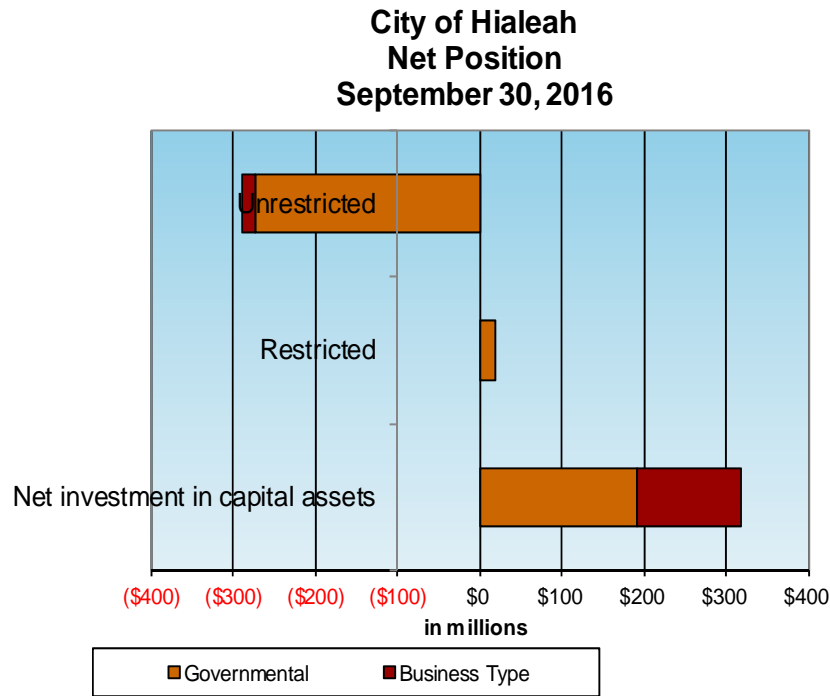
Overview of the Financial Statements (Continued)

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 71-79 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 80-108 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 \$48 million at the close of the most recent fiscal year. This is a 24% decrease compared to last year's net position of \$63 million. This was primarily due to a decrease of \$10.7 million in governmental activities and a decrease of \$4.2 million in business type activities.



CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis (Continued)

CITY OF HIALEAH - NET POSITION

	Governmental Activities	Business-type Activities	Total 2016	Governmental Activities	Business-type Activities	Total 2015
Current and other assets	\$ 73,600,795	\$ 76,168,307	\$ 149,769,102	\$ 58,245,272	\$ 59,547,403	\$ 117,792,675
Restricted assets	2,360,448	16,250,918	18,611,366	2,445,299	14,726,079	17,171,378
Capital assets, net	<u>262,999,785</u>	<u>188,202,331</u>	<u>451,202,116</u>	<u>272,194,099</u>	<u>188,173,053</u>	<u>460,367,152</u>
Total assets	<u>338,961,028</u>	<u>280,621,556</u>	<u>619,582,584</u>	<u>332,884,670</u>	<u>262,446,535</u>	<u>595,331,205</u>
Deferred outflows of resources	<u>49,929,645</u>	<u>11,957,829</u>	<u>61,887,474</u>	<u>22,100,919</u>	<u>5,586,113</u>	<u>27,687,032</u>
Long-term liabilities	418,411,142	127,680,696	546,091,838	350,273,408	119,214,677	469,488,085
Other liabilities	<u>30,117,659</u>	<u>52,897,646</u>	<u>83,015,305</u>	<u>45,119,615</u>	<u>30,232,347</u>	<u>75,351,962</u>
Total liabilities	<u>448,528,801</u>	<u>180,578,342</u>	<u>629,107,143</u>	<u>395,393,023</u>	<u>149,447,024</u>	<u>544,840,047</u>
Deferred inflows of resources	<u>4,171,818</u>	<u>-</u>	<u>4,171,818</u>	<u>12,707,985</u>	<u>2,337,504</u>	<u>15,045,489</u>
Net position						
Net investment in capital assets	190,609,888	126,879,211	317,489,099	200,222,075	124,884,318	325,106,393
Restricted	19,353,008	-	19,353,008	9,434,217	-	9,434,217
Unrestricted	<u>(273,772,842)</u>	<u>(14,878,168)</u>	<u>(288,651,010)</u>	<u>(262,771,711)</u>	<u>(8,636,198)</u>	<u>(271,407,909)</u>
Total net assets	<u>\$ (63,809,946)</u>	<u>\$ 112,001,043</u>	<u>\$ 48,191,097</u>	<u>\$ (53,115,419)</u>	<u>\$ 116,248,120</u>	<u>\$ 63,132,701</u>

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 \$288.7 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 20% (\$10.7 million) from \$53.1 million deficit for last fiscal year, compared to \$63.8 million deficit in the current fiscal year. See detailed explanation under Financial Highlights.

Net position of the City's business-type activities decreased 4% (\$4.2 million) from \$116.2 million for last fiscal year, compared to \$112.0 million in the current fiscal year. See detailed explanation under Financial Highlights.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis (Continued)

CITY OF HIALEAH - CHANGES IN NET POSITION

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>2016</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 33,623,410	\$ 86,819,463	\$ 120,442,873	\$ 27,582,617	\$ 78,731,750	\$ 106,314,367
Operating grants & contributions	21,206,276	-	21,206,276	22,839,837	-	22,839,837
Capital grants & contributions	12,214,891	429,279	12,644,170	13,347,879	172,378	13,520,257
General Revenues:						
Property taxes	47,012,819	-	47,012,819	43,735,370	-	43,735,370
Utility taxes	22,087,571	-	22,087,571	22,248,582	-	22,248,582
Franchise fees on gross receipts	15,723,781	-	15,723,781	16,584,895	-	16,584,895
Intergovernmental revenue	27,687,192	-	27,687,192	26,939,103	-	26,939,103
Unrealized gain on investments	-	185,370	185,370	-	504,463	504,463
Gain on disposal of capital assets	69,910	-	69,910	55,529	-	55,529
Unrestricted interest	133,027	2,392,231	2,525,258	17,656	669,909	687,565
Total revenues	<u>179,758,877</u>	<u>89,826,343</u>	<u>269,585,220</u>	<u>173,351,468</u>	<u>80,078,500</u>	<u>253,429,968</u>
Expenses:						
General government	56,968,287	-	56,968,287	53,669,065	-	53,669,065
Police	54,508,455	-	54,508,455	53,872,287	-	53,872,287
Fire	49,035,406	-	49,035,406	43,511,619	-	43,511,619
Streets	14,054,634	-	14,054,634	12,459,595	-	12,459,595
Recreation & community service	12,336,667	-	12,336,667	11,540,708	-	11,540,708
Interest on long-term debt	3,549,955	-	3,549,955	2,924,134	-	2,924,134
Water & sewer	-	70,446,653	70,446,653	-	57,129,636	57,129,636
Solid waste	-	21,314,937	21,314,937	-	13,310,272	13,310,272
Stormwater	-	2,311,830	2,311,830	-	5,877,241	5,877,241
Total expenses	<u>190,453,404</u>	<u>94,073,420</u>	<u>284,526,824</u>	<u>177,977,408</u>	<u>76,317,149</u>	<u>254,294,557</u>
Change in net position	(10,694,527)	(4,247,077)	(14,941,604)	(4,625,940)	3,761,351	(864,589)
Net position-beginning	<u>(53,115,419)</u>	<u>116,248,120</u>	<u>63,132,701</u>	<u>(48,489,479)</u>	<u>112,486,769</u>	<u>63,997,290</u>
Net position-ending	<u>\$ (63,809,946)</u>	<u>\$ 112,001,043</u>	<u>\$ 48,191,097</u>	<u>\$ (53,115,419)</u>	<u>\$ 116,248,120</u>	<u>\$ 63,132,701</u>

Governmental activities

Governmental activities decreased the City's net position by \$10.7 million. The net change in fund balance amount of \$32.7 million to the change in net position of (\$10.7 million) was primarily due to the increase in OPEB liability of \$7.5 million, an increase in long term debt activity of \$22 million and a decrease in capital assets net of depreciation of \$9.2 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 \$3.3 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. This continues to be a challenge for the City of Hialeah to maintain the high level of services while the City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase. Yet despite these issues, the City of Hialeah remains determined 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.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis (Continued)

Business-type activities

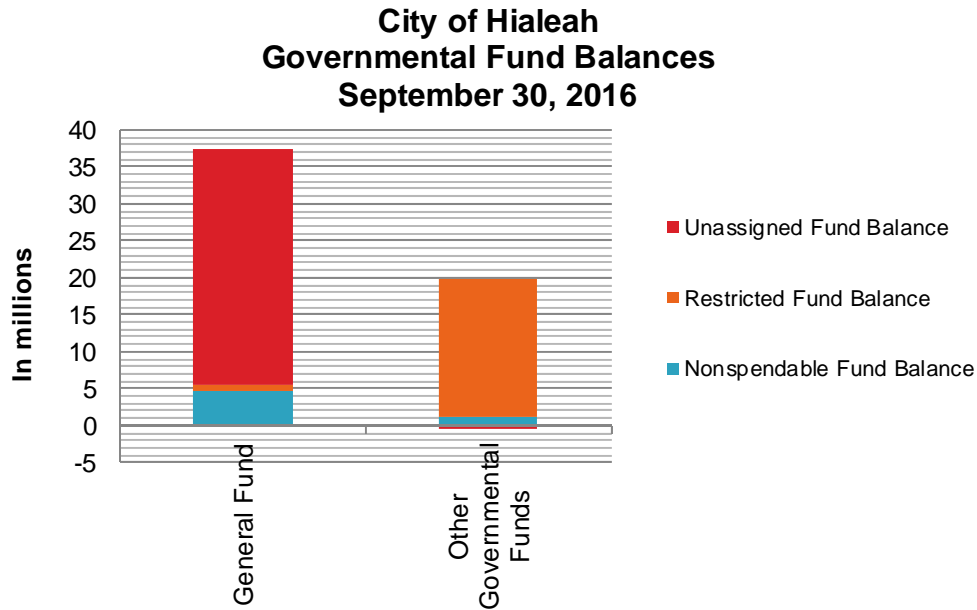
Net position of the City's business-type activities decreased by \$4.2 million in the current fiscal year. The current year operating loss in the Water and Sewer Utility fund was \$2.5 million and for the Solid Waste fund of \$3.6 million. See detailed explanation in Note 1(E), item 19.

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.



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 \$20.2 million, an increase of approximately \$9.6 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 85-88 of this report.

Unassigned fund balance in the amount of \$31.8 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.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

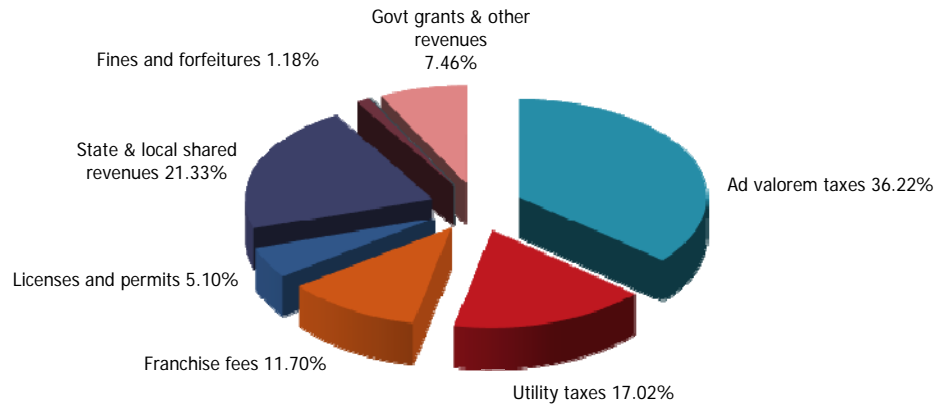
Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)

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	2016		2015		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	2016 Amount	Percent of Total	2015 Amount	Percent of Total		
Ad valorem taxes	\$ 47,012,819	36.22%	\$ 43,735,370	34.38%	\$ 3,277,449	7.49%
Utility taxes	22,087,571	17.02%	22,248,582	17.49%	(161,011)	-0.72%
Franchise fees	15,182,525	11.70%	16,584,895	13.04%	(1,402,370)	-8.46%
Licenses and permits	6,620,830	5.10%	4,693,089	3.69%	1,927,741	41.08%
State & local shared revenues	27,687,192	21.33%	26,939,103	21.18%	748,089	2.78%
Fines and forfeitures	1,529,267	1.18%	1,396,354	1.10%	132,913	9.52%
Interest	9,489	0.01%	17,487	0.01%	(7,998)	-45.74%
Gov. grants & other revenues	9,664,947	7.45%	11,606,010	9.12%	(1,941,063)	-16.72%
Total	\$ 129,794,640	100%	\$ 127,220,890	100%	\$ 2,573,750	2.02%

2016 General Fund Revenues



Total General Fund revenues increased by \$2.6 million or 2% in fiscal year 2016. There were increases of \$3.3 million in ad valorem taxes and \$1.9 million in licenses and permits. There was a decrease of \$1.4 million in franchise fees of which \$540 thousand is now included in a debt service fund and \$1.9 million in government grants and other revenues.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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>	2016		2015		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	<u>2016</u>	Percent of <u>Total</u>	<u>2015</u>	Percent of <u>Total</u>		
General government	\$ 4,648,426	3.09%	\$ 5,055,587	3.94%	\$ (407,161)	-8.05%
Police	49,833,506	33.18%	51,375,766	40.03%	(1,542,260)	-3.00%
Fire	39,847,423	26.53%	36,511,575	28.45%	3,335,848	9.14%
911 communications	3,894,582	2.59%	3,692,776	2.88%	201,806	5.46%
City Clerk's office	1,233,250	0.82%	1,071,420	0.83%	161,830	15.10%
OMB	388,095	0.26%	560,939	0.44%	(172,844)	-30.81%
Office of the Mayor	646,944	0.43%	699,883	0.55%	(52,939)	-7.56%
Communication & special events	387,083	0.26%	304,392	0.24%	82,691	27.17%
Employee retirement	596,528	0.40%	604,903	0.47%	(8,375)	-1.38%
Library	1,560,224	1.04%	1,495,749	1.17%	64,475	4.31%
Code compliance	644,566	0.43%	658,107	0.51%	(13,541)	-2.06%
Finance	1,417,428	0.94%	1,352,174	1.05%	65,254	4.83%
Business tax	807,971	0.54%	589,707	0.46%	218,264	37.01%
Information technology	1,871,939	1.25%	1,615,686	1.26%	256,253	15.86%
Fleet maintenance	3,060,804	2.04%	3,321,279	2.59%	(260,475)	-7.84%
Construction & maintenance	3,053,215	2.03%	2,909,965	2.27%	143,250	4.92%
Parks and recreation	10,015,340	6.67%	9,712,104	7.57%	303,236	3.12%
Planning & zoning	716,244	0.48%	695,584	0.54%	20,660	2.97%
Education & community svcs	2,851,902	1.90%	2,589,164	2.02%	262,738	10.15%
Law	1,311,626	0.87%	1,291,022	1.01%	20,604	1.60%
Risk management	322,813	0.21%	428,350	0.33%	(105,537)	-24.64%
Human resources	763,201	0.51%	700,530	0.55%	62,671	8.95%
Debt service	19,526,295	13.00%	461,193	0.36%	19,065,102	4133.87%
Capital outlay	803,412	0.53%	633,069	0.49%	170,343	26.91%
Total	\$ 150,202,817	100.00%	\$ 128,330,924	100.00%	\$ 21,871,893	17.04%

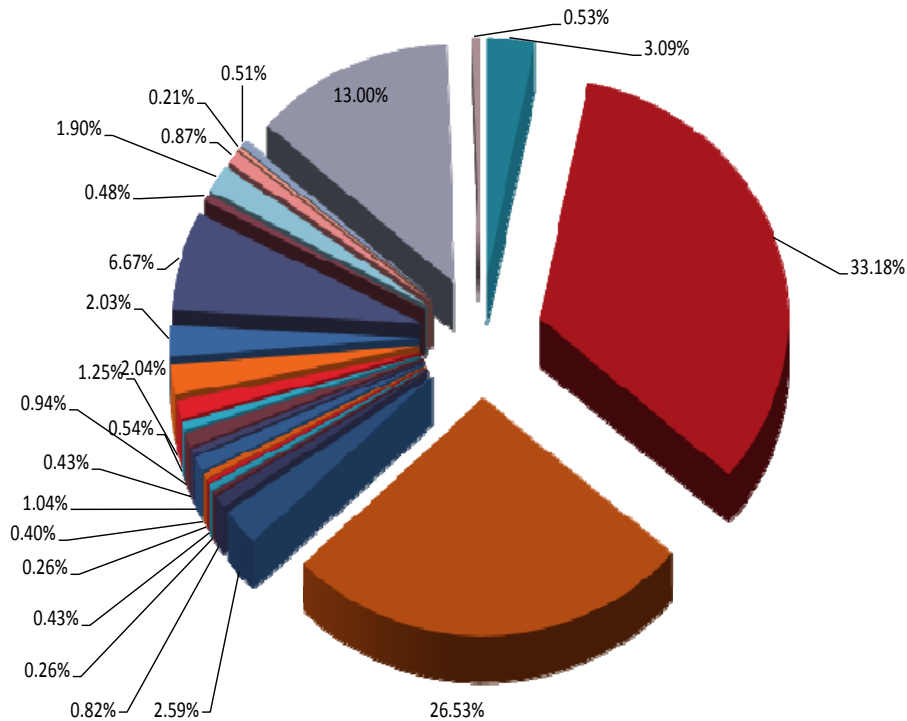
CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)

2016 General Fund Expenditures

- | | | | | |
|------------------------------|------------------------|----------------------------------|------------------------------|-----------------------|
| ■ General government | ■ Police | ■ Fire | ■ 911 communications | ■ City Clerk's office |
| ■ OMB | ■ Office of the Mayor | ■ Communication & special events | ■ Employee retirement | ■ Library |
| ■ Code compliance | ■ Finance | ■ Business tax | ■ Information technology | ■ Fleet maintenance |
| ■ Construction & maintenance | ■ Parks and recreation | ■ Planning & zoning | ■ Education & community svcs | ■ Law |
| ■ Risk management | ■ Human resources | ■ Debt service | ■ Capital outlay | |



In fiscal year 2016, total General Fund expenditures increased by approximately \$22 million or 17% as compared to the prior year. There was an increase in debt service of approximately \$19 million due to a bond refunding, increase in fire of approximately \$3.3 million and a decrease in police of approximately \$1.5 million.

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 \$14.8 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 \$35.9 million, \$1.3 million and a deficit of \$52.0 million, respectively.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 million.
- State and local shared revenues were greater than budgeted due to an increase in state revenue sharing by approximately \$750 thousand and sales tax revenue of approximately \$400 thousand.
- Government grants and other revenues were lower than budgeted figures by \$2.8 million or 23%.
- 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 \$99 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, 2016 totals \$451 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, 2016			September 30, 2015		
	<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	4,624,265	554,205	5,178,470	4,006,995	1,388,927	5,395,922
Buildings and utility plants	92,017,915	61,935,480	153,953,395	94,357,762	60,106,435	154,464,197
Improvements other than buildings	5,884,537	-	5,884,537	6,996,970	-	6,996,970
Furniture, fixtures, machinery and equipment	11,698,851	1,043,341	12,742,192	12,031,357	1,357,831	13,389,188
Furniture, fixtures, machinery and equipment - Charter School	448,753	-	448,753	338,255	-	338,255
Infrastructure	118,630,480	120,467,164	239,097,644	124,767,776	121,117,719	245,885,495
Total capital assets	<u>\$ 262,999,785</u>	<u>\$ 188,202,331</u>	<u>\$ 451,202,116</u>	<u>\$ 272,194,099</u>	<u>\$ 188,173,053</u>	<u>\$ 460,367,152</u>

Additions and transfers to capital assets before depreciation for governmental activities equaled \$7.1 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 \$3.7 million not yet completed at the end of FY 2016.
- Additions in the asset category of machinery equipment were due primarily to the purchase various vehicles for various City departments, including one new Fire Engine for the Fire Dept., in the amount of approximately \$2.0 million for the current fiscal year. Other various asset additions were approximately \$1 million.
- In addition to the above additions, a transfer of assets from construction in progress to infrastructure in the amount of approximately \$2.2 million due to completion and placement in service of the new Gardens of the Arts park, and a street project of approximately \$600 thousand in fiscal year 2016.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration (Continued)

Capital assets (Continued)

Additions and transfers to capital assets before depreciation for business type activities equaled \$9.8 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 \$1.5 million.
- Continued additions to production wells and infrastructure relating to the reverse osmosis treatment plant totaling approximately \$2 million.
- Upgrading or replacing of water and sewer lines, repairing and modernizing sewer pump stations around the City in accordance with the State of Florida and Miami-Dade County ongoing program totaling approximately \$3.9 million.
- In addition to the above additions, a transfer of an asset from construction in progress was made to buildings and utility plant in the amount of approximately \$877 thousand.

Additional information on the City's capital assets can be found in Note 11 starting on page 48 of this report.

Long-term debt

The City's net outstanding debt increased by approximately \$76 million during the current fiscal year. The change was primarily the result of the issuance of the Special Obligation Revenue Bonds Series 2015A and the increase in net pension liability. 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 49-54, Note 12.

CITY OF HIALEAH'S OUTSTANDING DEBT

	<u>2016</u>	<u>2015</u>	
Bonds, loans and notes payable	\$ 157,438,072	\$ 137,717,968	
Capital leases	1,323,955	1,252,121	
Other long-term debt	<u>410,032,702</u>	<u>353,898,234</u>	
Total	<u>\$ 568,794,729</u>	<u>\$ 492,868,323</u>	

Economic Factors and Next Year's Budgets and Rates

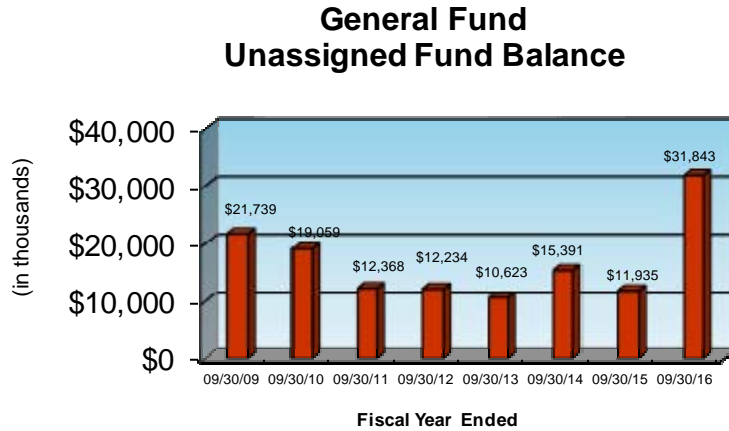
The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 95%.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$31.8 million. The unassigned fund balance of \$31.8 million is approximately equal to a little over three months of the General Fund budgeted expenditures for fiscal year 2016-2017.

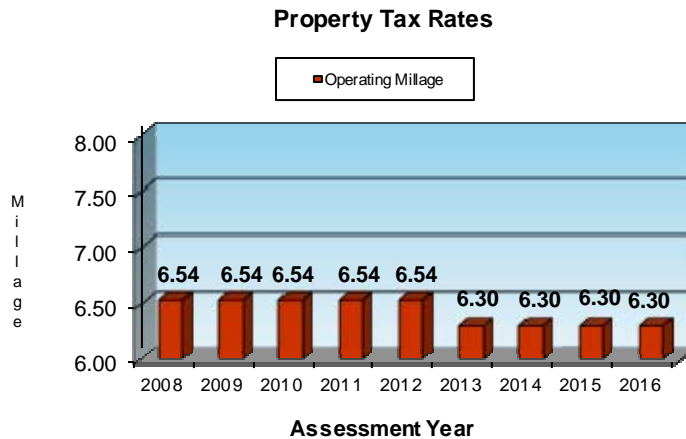
**CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors and Next Year's Budgets and Rates (Continued)

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



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 have been reduced by almost 1/4 of a mill since 2008. The City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase while our revenue resources have become more and more limited. During fiscal year 2015-2016, 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.



CITY OF HIALEAH, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

2016 Fiscal Year Accomplishments

During the 2015-2016 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
- The County delegated authority for the City to create a Community Redevelopment Agency (CRA) Board and adopt a CRA plan.
- 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 intent of this new 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. A Community Redevelopment Agency for this area is in the early stage of development to assist in the funding for the revitalization of the district.
- North of the CRA 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 City in conjunction with Hialeah Housing Authority has begun construction on 77 affordable housing units in Seminola.
- Water and Sewer Department:
 - Fully implemented the 2015-2016 retail water and sewer rates as approved by the City Council.
 - Continued with the proper training of departmental staff.
 - Completed the 2015 Water Quality Report as required by Federal law and distributed the report both in English and Spanish to all customers by July 1, 2016.
 - 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.
 - Placed the R.O. Water Treatment Plant into full operation to serve the annexation areas as well as other areas in the northwest quadrant of the county.
 - Completed construction of an additional 4 production wells for the R.O. Water Treatment Plant, buildings and appurtenances to be completed in FY 2017-18.
 - Completed design and construction plans for NW 154th Street and NW 102nd Avenue in the annexation area.
 - Privatized garbage and bulky waste collections and disposal.
- Street Department:
 - Completion of road construction, resurfacing projects and median beautification/maintenance around the City
- Construction and Maintenance:
 - Completed then renovation of the John F. Kennedy Library in March 2017
 - Completed the bathrooms and locker rooms at the Milander Center

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Future Outlook

- Water and Sewer Department:
 - Bid and contract for the construction of a new major regional sewage pump station to serve section 26 including a new force main, rehabilitation of all local pump stations to be connect to the new station, with a final connection to M.D.C.
 - 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.
 - Complete construction of an additional 4 production wells for the R.O. Water Treatment Plant.
 - Complete construction of NW 154th street and NW 102nd Avenue in the annexation area.
 - Privatize solid waste recycling collections.

- Streets Department
 - Continue with road construction and resurfacing projects around the City
 - Continue median beautification/maintenance program

- Recreation Department
 - Continue construction and completion of renovations and improvements at various City parks and recreational facilities

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, 2016

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 36,630,296	\$ 30,503,478	\$ 67,133,774
Investments	-	22,306,985	22,306,985
Receivables, net	24,083,979	23,566,185	47,650,164
Notes receivable	2,591,987	-	2,591,987
Net pension asset	1,148,210	-	1,148,210
Internal balances	5,740,189	(5,740,189)	-
Inventories	1,475,354	714,673	2,190,027
Prepays and other assets	1,930,780	4,817,175	6,747,955
Restricted assets:			
Cash, cash equivalents and investments	2,360,448	15,596,632	17,957,080
Other assets	-	654,286	654,286
Capital assets:			
Non-depreciable	34,319,249	4,756,346	39,075,595
Depreciable, net of depreciation	<u>228,680,536</u>	<u>183,445,985</u>	<u>412,126,521</u>
Total assets	<u>338,961,028</u>	<u>280,621,556</u>	<u>619,582,584</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amount on refunding	380,722	95,180	475,902
Pension	<u>49,548,923</u>	<u>11,862,649</u>	<u>61,411,572</u>
	<u>49,929,645</u>	<u>11,957,829</u>	<u>61,887,474</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	6,645,715	33,234,529	39,880,244
Due to other governments	2,667,968	-	2,667,968
Accrued interest	493,382	-	493,382
Unearned revenue	1,784,848	35,000	1,819,848
Liabilities payable from restricted assets	-	15,343,173	15,343,173
Other liabilities	107,799	-	107,799
Non-current liabilities:			
Due within one year	18,417,947	4,284,944	22,702,891
Due in more than one year	<u>418,411,142</u>	<u>127,680,696</u>	<u>546,091,838</u>
Total liabilities	<u>448,528,801</u>	<u>180,578,342</u>	<u>629,107,143</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	4,029,517	-	4,029,517
Pension	<u>142,301</u>	<u>-</u>	<u>142,301</u>
	<u>4,171,818</u>	<u>-</u>	<u>4,171,818</u>
<u>NET POSITION</u>			
Net investment in capital assets	190,609,888	126,879,211	317,489,099
Restricted:			
Capital projects	698,144	-	698,144
Public safety	948,367	-	948,367
Human services	17,706,497	-	17,706,497
Unrestricted	<u>(273,772,842)</u>	<u>(14,878,168)</u>	<u>(288,651,010)</u>
Total net position	<u>\$ (63,809,946)</u>	<u>\$ 112,001,043</u>	<u>\$ 48,191,097</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 56,968,287	\$ 25,841,688	\$ 11,937,412	\$ 155,481	\$ (19,033,706)	\$ -	\$ (19,033,706)
Police	54,508,455	685,253	1,790,301	12,149	(52,020,752)	-	(52,020,752)
Fire	49,035,406	5,615,993	224,389	797,962	(42,397,062)	-	(42,397,062)
Streets	14,054,634	377,105	5,521,936	8,845,325	689,732	-	689,732
Recreation and community services	12,336,667	1,103,371	1,732,238	2,403,974	(7,097,084)	-	(7,097,084)
Interest on long term debt	3,549,955	-	-	-	(3,549,955)	-	(3,549,955)
Total governmental activities	<u>190,453,404</u>	<u>33,623,410</u>	<u>21,206,276</u>	<u>12,214,891</u>	<u>(123,408,827)</u>	<u>-</u>	<u>(123,408,827)</u>
Business-type activities:							
Water and sewer	70,446,653	65,545,712	-	429,279	-	(4,471,662)	(4,471,662)
Solid waste	21,314,937	17,175,585	-	-	-	(4,139,352)	(4,139,352)
Stormwater	2,311,830	4,098,166	-	-	-	1,786,336	1,786,336
Total business-type activities	<u>94,073,420</u>	<u>86,819,463</u>	<u>-</u>	<u>429,279</u>	<u>-</u>	<u>(6,824,678)</u>	<u>(6,824,678)</u>
	<u>\$ 284,526,824</u>	<u>\$ 120,442,873</u>	<u>\$ 21,206,276</u>	<u>\$ 12,644,170</u>	<u>(123,408,827)</u>	<u>(6,824,678)</u>	<u>(130,233,505)</u>
General revenues:							
Property taxes					47,012,819	-	47,012,819
Utility taxes					22,087,571	-	22,087,571
Franchise fees on gross receipts					15,723,781	-	15,723,781
Intergovernmental revenues not restricted to specific program					27,687,192	-	27,687,192
Unrealized gain on investments					-	185,370	185,370
Gain on disposal of capital assets					69,910	-	69,910
Unrestricted interest					133,027	2,392,231	2,525,258
Total general revenues					<u>112,714,300</u>	<u>2,577,601</u>	<u>115,291,901</u>
Change in net position					(10,694,527)	(4,247,077)	(14,941,604)
Net position - beginning					(53,115,419)	116,248,120	63,132,701
Net position - ending					<u>\$ (63,809,946)</u>	<u>\$ 112,001,043</u>	<u>\$ 48,191,097</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 34,800,860	\$ 1,829,436	\$ 36,630,296
Receivables, net	14,727,481	9,356,498	24,083,979
Due from other funds	15,898,241	17,130,397	33,028,638
Inventories	1,475,354	-	1,475,354
Prepays	731,252	1,199,528	1,930,780
Notes receivable	2,591,987	-	2,591,987
Restricted cash, cash equivalents, and investments	<u>698,144</u>	<u>1,662,304</u>	<u>2,360,448</u>
Total assets	<u>\$ 70,923,319</u>	<u>\$ 31,178,163</u>	<u>\$ 102,101,482</u>
<u>LIABILITIES</u>			
Vouchers payable and accrued liabilities	\$ 4,534,829	\$ 2,110,886	\$ 6,645,715
Compensated absences payable	1,703,722	-	1,703,722
Self-insurance claims payable	316,190	-	316,190
Due to other funds	20,630,831	6,657,618	27,288,449
Unearned revenue	2,607,375	1,769,460	4,376,835
Other liabilities	<u>107,799</u>	<u>-</u>	<u>107,799</u>
Total liabilities	<u>29,900,746</u>	<u>10,537,964</u>	<u>40,438,710</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	<u>3,583,012</u>	<u>446,505</u>	<u>4,029,517</u>
<u>FUND BALANCES</u>			
Nonspendable	4,798,593	1,199,528	5,998,121
Restricted	698,144	18,654,864	19,353,008
Committed	99,606	807,666	907,272
Unassigned	<u>31,843,218</u>	<u>(468,364)</u>	<u>31,374,854</u>
Total fund balances	<u>37,439,561</u>	<u>20,193,694</u>	<u>57,633,255</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,923,319</u>	<u>\$ 31,178,163</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			262,999,785
Long-term liabilities, including bonds payable, are not due and payable in the current period			(97,389,897)
Compensated absences			(17,221,708)
Due to other governments			(2,667,968)
Claims payable			(46,445,201)
Accrued interest			(493,382)
Net pension asset			1,148,210
Net pension liability			(188,884,834)
Deferred outflows - pensions			49,548,923
Deferred amount on refunding			380,722
Deferred inflows - pensions			(142,301)
Notes receivable-long term			2,591,987
OPEB liability			<u>(84,867,537)</u>
Net position of governmental activities			<u>\$ (63,809,946)</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, 2016

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 47,012,819	\$ -	\$ 47,012,819
Utility taxes	22,087,571	-	22,087,571
Franchise fees	15,182,525	541,256	15,723,781
Licenses and permits	6,620,830	9,749,893	16,370,723
State and local shared revenues	27,687,192	18,453,816	46,141,008
Fines and forfeitures	1,529,267	775,513	2,304,780
Impact Fees	-	2,553,949	2,553,949
Interest	9,489	108	9,597
Government grants and other revenues	<u>9,664,947</u>	<u>17,696,363</u>	<u>27,361,310</u>
Total revenues	<u>129,794,640</u>	<u>49,770,898</u>	<u>179,565,538</u>
Expenditures:			
Current:			
General government	4,648,426	8,610,596	13,259,022
Police	49,833,506	356,420	50,189,926
Fire	39,847,423	4,718,785	44,566,208
911 communications	3,894,582	-	3,894,582
Streets	-	4,433,977	4,433,977
Grants and human services	-	8,228,432	8,228,432
State housing initiative program	-	116,248	116,248
City Clerk's office	1,233,250	-	1,233,250
Office of Management and Budget	388,095	-	388,095
Office of the Mayor	646,944	-	646,944
Communications and special events	387,083	-	387,083
Employee retirement	596,528	-	596,528
Library	1,560,224	-	1,560,224
Code compliance	644,566	-	644,566
Finance	1,417,428	-	1,417,428
Business tax division	807,971	-	807,971
Information technology	1,871,939	-	1,871,939
Fleet maintenance	3,060,804	-	3,060,804
Construction and maintenance	3,053,215	-	3,053,215
Parks and recreation	10,015,340	-	10,015,340
Planning and zoning	716,244	-	716,244
Education and community services	2,851,902	-	2,851,902
Law	1,311,626	-	1,311,626
Risk management	322,813	-	322,813
Human resources	763,201	-	763,201
Debt service:			
Principal	18,689,453	4,000,418	22,689,871
Interest	836,842	3,127,164	3,964,006
Capital outlay	<u>803,412</u>	<u>8,292,256</u>	<u>9,095,668</u>
Total expenditures	<u>150,202,817</u>	<u>41,884,296</u>	<u>192,087,113</u>
(Deficiency) of revenues over expenditures before other financing sources (uses)	<u>(20,408,177)</u>	<u>7,886,602</u>	<u>(12,521,575)</u>
Other financing sources (uses):			
Proceeds from disposal of capital assets	69,910	-	69,910
Issuance of debt	44,190,612	974,227	45,164,839
Transfers in	-	776,762	776,762
Transfers out	<u>(776,762)</u>	<u>-</u>	<u>(776,762)</u>
Total other financing sources (uses)	<u>43,483,760</u>	<u>1,750,989</u>	<u>45,234,749</u>
Net change in fund balances	23,075,583	9,637,591	32,713,174
Fund balances - beginning	<u>14,363,978</u>	<u>10,556,103</u>	<u>24,920,081</u>
Fund balances - ending	<u>\$ 37,439,561</u>	<u>\$ 20,193,694</u>	<u>\$ 57,633,255</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, 2016

Amounts reported for governmental activities in the statement of activities (Page 18) are different because:

Net change in fund balances - total governmental funds (Page 20) \$ 32,713,174

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	\$ 9,095,668	
Depreciation expense	<u>(16,956,335)</u>	
Net adjustment		(7,860,667)

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	(1,333,647)	
Other adjustments	<u>399,477</u>	
Net adjustment		(934,170)

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		123,430
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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.

The details of the differences are as follows:

Issuance of debt	<u>(45,164,839)</u>	
Principal payments:		
Notes payable	22,232,265	
Capital leases	<u>902,393</u>	
	<u>23,134,658</u>	
Net adjustment		(22,030,181)

Cash pension contributions reported in the funds were less than calculated pension expense on the statement of activities		(2,030,757)
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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 due to other governments	(2,667,968)	
Increase in OPEB liability	(7,551,135)	
Increase in deferred amount on refunding	380,722	
Decrease in accrued interest	354,967	
Increase in claims payable	(678,343)	
Amortization of bond discount/premium	(321,638)	
Increase in compensated absences	<u>(191,961)</u>	
Net adjustment		<u>(10,675,356)</u>

Change in net position of governmental activities (Page 18)		<u>\$ (10,694,527)</u>
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See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Stormwater Utility System</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 30,019,372	\$ 484,106	\$ -	\$ 30,503,478
Investments	22,306,985	-	-	22,306,985
Customers accounts receivable, net	18,006,799	-	-	18,006,799
Interfund interest receivable	1,460,922	-	-	1,460,922
Other receivables	5,559,386	-	-	5,559,386
Due from other funds	1,245,985	3,645,822	3,404,031	8,295,838
Inventories	714,673	-	-	714,673
Prepays	4,572,685	-	244,490	4,817,175
Restricted assets:				
Cash and cash equivalents	15,596,632	-	-	15,596,632
Other assets	654,286	-	-	654,286
Total current assets	<u>100,137,725</u>	<u>4,129,928</u>	<u>3,648,521</u>	<u>107,916,174</u>
Non-current assets:				
Interfund loan receivable	19,000,000	-	-	19,000,000
Capital assets, not being depreciated	3,774,572	444,069	537,705	4,756,346
Capital assets, net of accumulated depreciation	<u>152,327,443</u>	<u>4,505,818</u>	<u>26,612,724</u>	<u>183,445,985</u>
Total capital assets, net	<u>175,102,015</u>	<u>4,949,887</u>	<u>27,150,429</u>	<u>207,202,331</u>
Total assets	<u>275,239,740</u>	<u>9,079,815</u>	<u>30,798,950</u>	<u>315,118,505</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	5,696,904	5,857,216	308,529	11,862,649
Deferred amount on refunding	-	-	95,180	95,180
Total deferred outflows of resources	<u>5,696,904</u>	<u>5,857,216</u>	<u>403,709</u>	<u>11,957,829</u>

(Continued)

CITY OF HIALEAH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
SEPTEMBER 30, 2016

	Water and Sewers Utility <u>System</u>	Solid Waste Utility <u>System</u>	Stormwater Utility <u>System</u>	<u>Total</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 30,071,983	\$ 3,096,695	\$ 65,851	\$ 33,234,529
Current portion of self-insurance claims payable	835,971	986,200	8,994	1,831,165
Current portion of loans payable	1,145,715	-	892,155	2,037,870
Current portion of compensated absences	244,186	141,592	30,131	415,909
Interfund Interest payable	-	1,460,922	-	1,460,922
Due to other funds	<u>3,592,858</u>	<u>4,574,735</u>	<u>173,467</u>	<u>8,341,060</u>
	<u>35,890,713</u>	<u>10,260,144</u>	<u>1,170,598</u>	<u>47,321,455</u>
Current liabilities payable from restricted assets:				
DERM payable	5,718,205	-	-	5,718,205
Due to other funds	5,694,967	-	-	5,694,967
Customer deposits	<u>9,624,968</u>	<u>-</u>	<u>-</u>	<u>9,624,968</u>
Total current liabilities payable from restricted assets	<u>21,038,140</u>	<u>-</u>	<u>-</u>	<u>21,038,140</u>
Total current liabilities	<u>56,928,853</u>	<u>10,260,144</u>	<u>1,170,598</u>	<u>68,359,595</u>
Non-current liabilities:				
Revolving loan	1,417,014	-	-	1,417,014
Loan payable	44,700,235	-	13,217,013	57,917,248
Interfund Loan payable	-	19,000,000	-	19,000,000
Unearned revenues	-	35,000	-	35,000
Net pension liability	22,554,079	23,761,046	1,619,260	47,934,385
Self-insurance claims payable	3,261,576	3,494,259	266,566	7,022,401
OPEB liability	6,238,464	4,846,933	484,592	11,569,989
Compensated absences payable	<u>1,068,346</u>	<u>619,485</u>	<u>131,828</u>	<u>1,819,659</u>
Total non-current liabilities	<u>79,239,714</u>	<u>51,756,723</u>	<u>15,719,259</u>	<u>146,715,696</u>
Total liabilities	<u>136,168,567</u>	<u>62,016,867</u>	<u>16,889,857</u>	<u>215,075,291</u>
<u>NET POSITION</u>				
Net investment in capital assets	108,839,051	4,998,899	13,041,261	126,879,211
Unrestricted	<u>35,929,026</u>	<u>(52,078,735)</u>	<u>1,271,541</u>	<u>(14,878,168)</u>
Total net position	<u>\$ 144,768,077</u>	<u>\$ (47,079,836)</u>	<u>\$ 14,312,802</u>	<u>\$ 112,001,043</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, 2016

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
Operating revenues:				
Metered water sales	\$ 20,623,705	\$ -	\$ -	\$ 20,623,705
Sanitary sewer service	39,306,298	-	-	39,306,298
Sanitation fees	-	15,031,579	-	15,031,579
Stormwater fees	-	-	3,530,530	3,530,530
Other	5,615,709	2,144,006	567,636	8,327,351
Total operating revenues	<u>65,545,712</u>	<u>17,175,585</u>	<u>4,098,166</u>	<u>86,819,463</u>
Operating expenses:				
Operating, administrative and maintenance	61,234,204	20,522,767	4,261	81,761,232
Depreciation	<u>6,783,277</u>	<u>287,662</u>	<u>1,867,227</u>	<u>8,938,166</u>
Total operating expenses	<u>68,017,481</u>	<u>20,810,429</u>	<u>1,871,488</u>	<u>90,699,398</u>
Operating Income (Loss)	<u>(2,471,769)</u>	<u>(3,634,844)</u>	<u>2,226,678</u>	<u>(3,879,935)</u>
Non-operating revenues (expenses):				
Unrealized gain on investments	185,370	-	-	185,370
Interest income	2,392,231	-	-	2,392,231
Interest expense	<u>(2,429,172)</u>	<u>(504,508)</u>	<u>(440,342)</u>	<u>(3,374,022)</u>
Net non-operating revenues (expenses)	<u>148,429</u>	<u>(504,508)</u>	<u>(440,342)</u>	<u>(796,421)</u>
Gain (Loss) before contributions	(2,323,340)	(4,139,352)	1,786,336	(4,676,356)
Capital contributions	429,279	-	-	429,279
Change in net position	(1,894,061)	(4,139,352)	1,786,336	(4,247,077)
Net position, beginning	<u>146,662,138</u>	<u>(42,940,484)</u>	<u>12,526,466</u>	<u>116,248,120</u>
Net position, ending	<u>\$ 144,768,077</u>	<u>\$ (47,079,836)</u>	<u>\$ 14,312,802</u>	<u>\$ 112,001,043</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 53,204,373	\$ 15,251,579	\$ 3,530,530	\$ 71,986,482
Cash received from others	5,615,709	2,144,006	703,918	8,463,633
Cash paid for interfund services used	(963,102)	(500,000)	(256,941)	(1,720,043)
Cash payments to suppliers	(26,642,189)	(13,887,257)	(210,813)	(40,740,259)
Cash payments to employees	<u>(8,000,703)</u>	<u>(2,583,576)</u>	<u>(1,123,062)</u>	<u>(11,707,341)</u>
Net cash provided by operating activities	<u>23,214,088</u>	<u>424,752</u>	<u>2,643,632</u>	<u>26,282,472</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(7,450,103)	49,012	(1,566,353)	(8,967,444)
Interest paid	(4,444,728)	-	(440,342)	(4,885,070)
Capital contributions	429,279	-	-	429,279
Payments on long-term debt	<u>(965,321)</u>	<u>(314,345)</u>	<u>(636,937)</u>	<u>(1,916,603)</u>
Net cash used in capital and related financing activities	<u>(12,430,873)</u>	<u>(265,333)</u>	<u>(2,643,632)</u>	<u>(15,339,838)</u>
Cash flows from investing activities:				
Purchase of investment securities	(365,921)	-	-	(365,921)
Interest received on investments	<u>1,905,356</u>	<u>-</u>	<u>-</u>	<u>1,905,356</u>
Net cash provided by investing activities	<u>1,539,435</u>	<u>-</u>	<u>-</u>	<u>1,539,435</u>
Net increase in cash and cash equivalents	12,322,650	159,419	-	12,482,069
Cash and cash equivalents, beginning	<u>33,293,354</u>	<u>324,687</u>	<u>-</u>	<u>33,618,041</u>
Cash and cash equivalents, ending	<u>\$ 45,616,004</u>	<u>\$ 484,106</u>	<u>\$ -</u>	<u>\$ 46,100,110</u>
Cash and cash equivalents per statement of net position:				
Unrestricted	\$ 30,019,372	\$ 484,106	\$ -	\$ 30,503,478
Restricted - current	<u>15,596,632</u>	<u>-</u>	<u>-</u>	<u>15,596,632</u>
	<u>\$ 45,616,004</u>	<u>\$ 484,106</u>	<u>\$ -</u>	<u>\$ 46,100,110</u>

(Continued)

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<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)	\$ (2,471,769)	\$ (3,634,844)	\$ 2,226,678	\$ (3,879,935)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	6,783,277	287,662	1,867,227	8,938,166
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(2,144,780)	220,000	-	(1,924,780)
Other receivables	(3,379,105)	-	-	(3,379,105)
Due from other funds	(684,843)	66,429	532,670	(85,744)
Other assets	(30,027)	-	-	(30,027)
Inventories	(33,257)	-	-	(33,257)
Deferred outflows	(3,079,098)	(3,086,066)	(206,552)	(6,371,716)
Increase (decrease) in:				
Vouchers payable and accrued liabilities	22,213,257	2,036,699	1,158	24,251,114
Interest Payable	-	(5,461)	-	(5,461)
Self insurance claims payable	(43,566)	297,248	(2,190,068)	(1,936,386)
Compensated absences payable	125,644	(21,797)	15,284	119,131
OPEB liability	881,086	910,215	50,972	1,842,273
Deferred inflows	(1,095,418)	(1,159,586)	(82,500)	(2,337,504)
Net pension liability	4,473,135	4,620,968	257,515	9,351,618
Due to other funds	953,312	(106,715)	171,248	1,017,845
Customer deposits	<u>746,240</u>	<u>-</u>	<u>-</u>	<u>746,240</u>
Total adjustments	<u>25,685,857</u>	<u>4,059,596</u>	<u>416,954</u>	<u>30,162,407</u>
Net cash provided by operating activities	<u>\$ 23,214,088</u>	<u>\$ 424,752</u>	<u>\$ 2,643,632</u>	<u>\$ 26,282,472</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	<u>Pension Trust</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>23,455,903</u>
Securities lending cash collateral	<u>18,416,084</u>
Receivables:	
Other receivables	328,704
Employer and employee contributions	754,649
Accrued interest and dividends	1,468,074
Investments sold	<u>264,529</u>
Total receivables	<u>2,815,956</u>
Investments, at fair value:	
U.S. Treasury bonds and notes	51,283,960
Asset backed securities	5,357,911
Mortgage backed securities	98,547,454
Real estate investment trusts	14,553,872
Corporate bonds and notes	80,585,423
Municipal bonds	1,007,855
Limited partnerships	11,739,550
Mutual funds	24,202,124
Common stocks	<u>326,937,987</u>
Total investments	<u>614,216,136</u>
Loans to members	<u>10,116,315</u>
Total assets	<u>669,020,394</u>
<u>LIABILITIES AND NET POSITION</u>	
Obligations under securities lending	18,416,084
Due to retired participants	48,263,833
Investments purchased	242,775
Accounts payable and accrued liabilities	<u>247,329</u>
Total liabilities	<u>67,170,021</u>
Net position restricted for pensions	<u>\$ 601,850,373</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, 2016

	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 26,531,595
Employee	7,394,903
State	<u>461,877</u>
Total contributions	<u>34,388,375</u>
Investment income:	
Net appreciation in fair value of investments	36,645,008
Investment earnings	<u>14,410,068</u>
Total investment income	51,055,076
Less investment expenses	<u>1,375,864</u>
Net investment income	<u>49,679,212</u>
Total additions	<u>84,067,587</u>
DEDUCTIONS	
Pension benefits	55,197,200
Refunds of contributions	6,646,881
DROP benefits	<u>264,230</u>
Total deductions	<u>62,108,311</u>
Net increase (decrease)	21,959,276
Net position restricted for pensions:	
Beginning of year	<u>579,891,097</u>
End of year	<u>\$ 601,850,373</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2016. The June 30, 2016 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 2016, the City provided an operating grant of approximately \$178,000 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.

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent FASB guidance.

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Implementation of Governmental Accounting Standards Board Statement

During the fiscal year ended September 30, 2016, the City implemented the following GASB Statement that had an impact on the financial statements:

GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which identifies the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP).

GASB Statement No. 82, *Pension Issues; an amendment of GASB Statement No. 67, No. 68, and No. 73*, which addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 68 and No. 68*.

E. 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.

Investments in the City's Retirement Plans are governed by the Plan's 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".

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 estimated fair market 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Improvements other than buildings	15-25
Furniture, fixtures, machinery and equipment	5-15
Public domain and system infrastructure	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 \$61,411,572 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 unavailable revenues that qualify for reporting in this category in the amount of \$142,301 and \$4,029,517.

Unavailable revenues consists of local business taxes and fire prevention fees collected in advance.

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 and 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.
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, 2016, 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, 2016, 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.
 - 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance (Continued) - As of September 30, 2016, fund balances of the governmental funds are classified as follows:

- 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.

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepays	\$ 731,252	\$ 1,199,528	\$ 1,930,780
Notes receivable	2,591,987	-	2,591,987
Inventories	1,475,354	-	1,475,354
Restricted:			
Capital projects	698,144	-	698,144
Public safety	-	948,367	948,367
Human services	-	17,706,497	17,706,497
Committed:			
Encumbrances	99,606	807,666	907,272
Unassigned:	31,843,218	(468,364)	31,374,854
Total Fund Balances	<u>\$ 37,439,561</u>	<u>\$ 20,193,694</u>	<u>\$ 57,633,255</u>
Fund Balances:			
Nonspendable	\$ 4,798,593	\$ 1,199,528	\$ 5,998,121
Restricted	698,144	18,654,864	19,353,008
Committed	99,606	807,666	907,272
Unassigned	31,843,218	(468,364)	31,374,854
Total Fund Balances	<u>\$ 37,439,561</u>	<u>\$ 20,193,694</u>	<u>\$ 57,633,255</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, 2016, there was no rebatable arbitrage required to be recorded.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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, 2016. 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.

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, 2016:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$ 47,079,836

The fiscal year 2015-2016 (FY15-16) Operating Loss for Solid Waste was \$3.347M net of depreciation. This amount is reflective of GASB 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 15-16, which include retirement contribution and cost allocation, was \$2.447M as of September 30th, 2016.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

19. Fund Deficits (Continued) - 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.

The city continues to provide recycling collection services. However, in FY 2017 the city anticipates privatizing 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/House-Hold/month it is projected that program revenues 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 \$8.4M 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, 2016, 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	\$ 36,622,455	\$ 39,785,729	\$ 3,163,274
Construction and Maintenance	2,950,887	3,056,577	105,690
Recreation and community services	9,765,358	10,103,876	338,518
Planning and development	643,466	783,312	139,846
Education and community services	2,828,203	2,859,551	31,348
Office of Management and Budget	378,793	388,712	9,919
Communications and special events	342,455	390,640	48,185
Compliance division	625,851	651,928	26,077
Division of licenses	681,966	811,379	129,413
General government	4,924,766	24,452,979	19,528,213
Information systems	2,321,515	2,503,112	181,597

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

For fiscal year ended September 30, 2016, 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>
Fire Prevention Fund	\$ 1,150,000	\$ 2,095,313	\$ 945,313
E-911 Non-Wireless Fund	330,000	358,383	28,383
Law Enforcement Trust - Federal Fund	201,940	202,590	650
Affordable Housing Fund	2,350,500	2,624,403	273,903
21st Century Academic Achievers Fund	427,928	458,614	30,686
Police Grant Fund	453,184	453,847	663
Children's Trust Step Ahead Fund	311,948	323,058	11,110
CITT Surtax Transportation Fund	-	1,519,331	1,519,331
Revenue Bond Series 2015A	-	541,256	541,256
HEA Charter School Expansion Fund	-	851	851
W. 16 Ave. 68 to 78 St. FDOT Fund	-	10,805	10,805

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**
20. Excess of Expenditures over Appropriations (Continued) - These excess were funded with excess revenues received in the current fiscal year or available fund balance.

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, 2016 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.

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
Money Market	\$ 698,144	\$ -	\$ 698,144	\$ -
Vanguard-Bond	5,601,890	-	-	5,601,890
FMIT-Bond	22,306,985	-	4,141,728	18,165,257
Total	\$ 28,607,019	\$ -	\$ 4,839,872	\$ 23,767,147

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).

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments – City (Continued)

As of September 30, 2016, the City’s investments consisted of the following:

		<u>Fitch Rating</u>
0-2 Year High Quality Bond	\$ 2,051,399	AAAV1
1-3 Year High Quality Bond	2,090,329	AAAV2
Intermediate High Quality Bond	9,040,630	AAAV3
Broad Market High Quality Fund	9,124,627	AAV4
Total	\$ 22,306,985	

		<u>Fitch Rating</u>
Inter-Term Bond Index Adm	\$ 3,686,684	A
Short-Term Corp Bnd lx Ad	1,046,563	A
Inter-Term Corp Bond	863,807	BBB
Prime Money Mkt Fund	4,836	A
Total	\$ 5,601,890	

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.

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’ Retirement System</u>	<u>Elected Officials’ Retirement System</u>
Domestic Equity	50%	45%
International Equity	5%	10%
Domestic Bonds	40%	30%
Alternatives - Other	5%	15%
	<u>100%</u>	<u>100%</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

Rate of Return - For the year ended September 30, 2016 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.08% and 10.06% 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.

As of September 30, 2016, the Plans had the following investments:

City of Hialeah Employees' Retirement System		Investment Maturities (In Years)			
<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	\$ 51,283,960	\$ 5,425,964	\$ 21,241,432	\$ 24,616,564	\$ -
Corporate Bonds and Notes	80,585,423	12,126,787	41,994,827	25,930,304	533,505
Municipal Bonds	1,007,855	-	506,210	501,645	-
Mortgage Backed Securities	98,547,454	1,395	998,037	576,389	96,971,633
Asset Backed Securities	5,357,911	-	5,357,911	-	-
Sub-total	<u>236,782,603</u>	<u>\$ 17,554,146</u>	<u>\$ 70,098,417</u>	<u>\$ 51,624,902</u>	<u>\$ 97,505,138</u>
Real estate investment trusts	14,035,686				
Limited Partnership	11,739,550				
Mutual Funds	13,969,232				
Common stocks	326,937,987				
Total Fair Value	<u>\$ 603,465,058</u>				
Elected Officials Retirement Plan		Investment Maturities (In Years)			
<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	\$ 4,242,837	\$ -	\$ 4,242,837	\$ -	\$ -
Sub-total	<u>4,242,837</u>	<u>\$ -</u>	<u>\$ 4,242,837</u>	<u>\$ -</u>	<u>\$ -</u>
Vanguard-equity funds	5,990,055				
Real Estate Investment Trusts	518,186				
Total Fair Value	<u>\$ 10,751,078</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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

Credit Risk (Continued) - As of September 30, 2016, 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	\$ 51,283,960	Aaa
Asset backed securities	3,158,839	Aaa
Asset backed securities	2,199,072	NR
Mortgage backed securities	-	AAA
Mortgage backed securities	1,510,330	Aa3
Mortgage backed securities	2,785,768	Aaa
Mortgage backed securities	-	AA
Mortgage backed securities	94,251,356	NR
Municipals	501,645	A1
Municipals	506,210	Aa2
Corporate bonds and notes	10,581,858	A1
Corporate bonds and notes	8,424,023	A2
Corporate bonds and notes	14,549,189	A3
Corporate bonds and notes	1,547,932	Aa1
Corporate bonds and notes	2,064,848	Aa2
Corporate bonds and notes	2,732,509	Aa3
Corporate bonds and notes	797,812	Aaa
Corporate bonds and notes	1,310,888	Ba1
Corporate bonds and notes	659,496	Ba2
Corporate bonds and notes	13,764,558	Baa1
Corporate bonds and notes	17,666,490	Baa2
Corporate bonds and notes	5,587,581	Baa3
Corporate bonds and notes	898,238	NR
Total	<u><u>\$ 236,782,602</u></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, 2016, 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.

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:

Holdings Valued in U.S. Dollars	
<u>Currency</u>	<u>International Equities</u>
CANADIAN DOLLAR	\$ 363,628
DANISH KRONE	132,371
EURO CURRENCY	9,887,356
HONG KONG DOLLAR	2,547,875
JAPANESE YEN	4,309,442
NORWEGIAN KRONE	849,031
POUND STERLING	4,363,915
SINGAPORE DOLLAR	1,047,859
SWEDISH KRONA	159,750
SWISS FRANC	1,504,610
	<u><u>\$ 25,165,837</u></u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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, 2016, such investment pool had an average duration of 7 days and an average weighted final maturity of 7 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, 2016, 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, 2016, was \$18,416,084. The \$18,416,084 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 \$18,416,084 for obligations under security lending.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2016, 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	\$ 22,306,985	\$ -	\$ 22,306,985
Total Investments by fair value level	<u>\$ 22,306,985</u>	<u>\$ -</u>	<u>\$ 22,306,985</u>

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, 2016, 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	\$ 5,990,055	\$ 5,990,055	\$ -
Bond Mutual Funds	4,242,837	4,242,837	-
Real Estate Investment Trusts	518,186	-	518,186
Total Investments by fair value level	<u>\$ 10,751,078</u>	<u>\$ 10,232,892</u>	<u>\$ 518,186</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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

As of September 30, 2016, 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	\$ 326,937,987	\$ 326,937,987	\$ -
U.S Treasuries	51,283,960	-	51,283,960
Corporate Bonds	80,585,423	-	80,585,423
Municipal Bonds	1,007,855	-	1,007,855
Mortgage Backed Securities	98,547,454	-	98,547,454
Asset Backed Securities	5,357,911	-	5,357,911
Mutual Funds	13,969,232	-	13,969,232
Real Estate Investment Trusts	14,035,686	14,035,686	-
Sub total investments by fair value level	<u>591,725,508</u>	<u>340,973,673</u>	<u>250,751,835</u>
<u>Investments measured at the net asset value (NAV)*</u>			
Limited Partnerships	11,739,550		
Money market funds (exempt)	20,736,198		
Total investments by fair value level	<u>\$ 624,201,256</u>		

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

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

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 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited Partnerships (1)	\$ 6,405,272	-	Monthly	5 Days
Limited Partnerships (2)	5,334,278	4,064,819	Quarterly	95 Days
Total investments measured at NAV	<u>\$ 11,739,550</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.

NOTE 6 - RECEIVABLES

Receivables as of September 30, 2016 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>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Billed	\$ -	\$ 13,760,109	\$ 2,163,928	\$ 15,924,037
Unbilled	-	6,110,746	-	6,110,746
Franchise and utility	6,762,689	-	-	6,762,689
Intergovernmental	2,071,222	5,559,386	4,012,716	11,643,324
Grants	67,417	-	4,336,677	4,404,094
Other	3,014,640	2,128,177	-	5,142,817
Sales taxes	2,811,514	-	-	2,811,514
Gross receivables	<u>14,727,481</u>	<u>27,558,418</u>	<u>10,513,320</u>	<u>52,799,219</u>
Less: allowance for uncollectibles	-	2,531,311	1,156,822	3,688,133
Net total receivables	<u>\$ 14,727,481</u>	<u>\$ 25,027,107</u>	<u>\$ 9,356,498</u>	<u>\$ 49,111,086</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 \$5,705,231.

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

Grants and other unearned revenues	\$ 526,175
State Housing Initiative Program (SHIP)	1,258,673
Notes receivable (see note 7)	<u>2,591,987</u>
	<u>\$ 4,376,835</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2016 were:

Long-term receivable	\$ 3,531,153
Less present value	<u>(939,166)</u>
Present value of future receivable payments	<u>\$ 2,591,987</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, 2016. No allowance against the note receivable is deemed necessary at September 30, 2016. 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

NOTE 8 - INTERFUND ACTIVITY

The amounts due to/from other funds at September 30, 2016 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 15,898,241	\$ 20,630,831
Non-Major Governmental Funds	17,130,397	6,657,618
Major Proprietary Type Funds		
Water and Sewer	1,245,985	9,287,825
Solid Waste	3,645,822	4,574,735
Stormwater	3,404,031	173,467
Total Major Proprietary Type Funds	<u>8,295,838</u>	<u>14,036,027</u>
	<u>\$ 41,324,476</u>	<u>\$ 41,324,476</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, 2016, major fund and non-major fund activity was as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 776,762
Non-Major Governmental Funds	<u>776,762</u>	<u>-</u>
	<u>\$ 776,762</u>	<u>\$ 776,762</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

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 at an annual rate of 2.5% and equal quarterly payments of principal and interest of \$480,831 commencing on March 1, 2021 and concluding on September 1, 2033.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 475,000	\$ 475,000
2018	-	475,000	475,000
2019	-	475,000	475,000
2020	-	475,000	475,000
2021	958,394	469,035	1,427,429
2022-2026	6,868,235	1,856,290	8,724,525
2027-2031	7,779,703	944,822	8,724,525
2032-2033	3,393,668	96,141	3,489,809
	<u>\$ 19,000,000</u>	<u>\$ 5,266,288</u>	<u>\$ 24,266,288</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, 2016:

Water and Sewers Fund	
Customers' deposit - cash and investments	\$ 11,015,531
Derm Fees	4,581,101
Total restricted cash water and sewers fund	<u>15,596,632</u>
Other restricted assets	
Customer accounts - derm fee	654,286
Total other restricted assets water and sewers fund	<u>654,286</u>
Total restricted assets water and sewers fund	<u>16,250,918</u>
Governmental Funds	
Special Revenue Funds	
Rescue Transportation	899,772
Fire Prevention	310,606
State Law Enforcement Trust	104,356
Federal Law Enforcement Trust	7,170
CITT -Surtax Hialeah Circulator	340,400
General Fund	698,144
Total Governmental Funds	<u>2,360,448</u>
Total restricted assets	<u>\$ 18,611,366</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 - CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 29,694,984	\$ -	\$ -	\$ -	\$ 29,694,984
Construction in Progress	4,006,995	3,811,391	-	(3,194,121)	4,624,265
Total capital assets not being depreciated	<u>33,701,979</u>	<u>3,811,391</u>	<u>-</u>	<u>(3,194,121)</u>	<u>34,319,249</u>
Capital assets being depreciated:					
Buildings	126,955,135	181,445	-	416,548	127,553,128
Improvements other than buildings	26,805,260	261,276	-	-	27,066,536
Furniture, fixtures, machinery and equipment - Charter School	1,015,309	400,326	-	-	1,415,635
Furniture, fixtures, machinery and equipment	49,800,271	3,107,583	(1,149,974)	-	51,757,880
Infrastructure	293,295,165	-	-	2,777,573	296,072,738
Total capital assets being depreciated	<u>497,871,140</u>	<u>3,950,630</u>	<u>(1,149,974)</u>	<u>3,194,121</u>	<u>503,865,917</u>
Less accumulated depreciation for:					
Buildings	32,597,373	2,937,840	-	-	35,535,213
Improvements other than buildings	19,808,290	1,373,709	-	-	21,181,999
Furniture, fixtures, machinery and equipment - Charter School	677,054	289,828	-	-	966,882
Furniture, fixtures, machinery and equipment	37,768,914	3,440,089	(1,149,974)	-	40,059,029
Infrastructure	168,527,389	8,914,869	-	-	177,442,258
Total accumulated depreciation	<u>259,379,020</u>	<u>16,956,335</u>	<u>(1,149,974)</u>	<u>-</u>	<u>275,185,381</u>
Total capital assets being depreciated, net	<u>238,492,120</u>	<u>(13,005,705)</u>	<u>-</u>	<u>3,194,121</u>	<u>228,680,536</u>
Governmental activities capital assets, net	<u>\$ 272,194,099</u>	<u>\$ (9,194,314)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,999,785</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 4,202,141	\$ -	\$ -	\$ -	\$ 4,202,141
Construction in progress	1,388,927	42,749	-	(877,471)	554,205
Total capital assets not being depreciated	<u>5,591,068</u>	<u>42,749</u>	<u>-</u>	<u>(877,471)</u>	<u>4,756,346</u>
Capital assets being depreciated:					
Buildings and utility plant	64,791,035	2,623,480	-	877,471	68,291,986
Improvements to other than building	320,533	-	-	-	320,533
Machinery and equipment	14,088,050	31,013	(3,591,385)	-	10,527,678
Infrastructure	255,505,525	6,319,214	-	-	261,824,739
Total capital assets being depreciated	<u>334,705,143</u>	<u>8,973,707</u>	<u>(3,591,385)</u>	<u>877,471</u>	<u>340,964,936</u>
Less accumulated depreciation for:					
Buildings and utility plant	4,684,600	1,671,906	-	-	6,356,506
Improvements other than building	322,333	-	(1,800)	-	320,533
Machinery and equipment	12,728,419	296,491	(3,540,573)	-	9,484,337
Infrastructure	134,387,806	6,969,769	-	-	141,357,575
Total accumulated depreciation	<u>152,123,158</u>	<u>8,938,166</u>	<u>(3,542,373)</u>	<u>-</u>	<u>157,518,951</u>
Total capital assets being depreciated, net	<u>182,581,985</u>	<u>35,541</u>	<u>(49,012)</u>	<u>877,471</u>	<u>183,445,985</u>
Business-type activities capital assets, net	<u>\$ 188,173,053</u>	<u>\$ 78,290</u>	<u>\$ (49,012)</u>	<u>\$ -</u>	<u>\$ 188,202,331</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 - CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 3,526,636
Police	963,427
Fire	1,490,942
Streets	9,323,510
Recreation	<u>1,651,820</u>
Total depreciation expense - governmental activities	<u>\$ 16,956,335</u>
Business-type activities:	
Water and sewer	\$ 6,783,277
Solid waste	287,662
Stormwater	<u>1,867,227</u>
Total depreciation expense - business-type activities	<u>\$ 8,938,166</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:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 264,987	\$ 8,255	\$ 273,241
2018	269,359	3,882	273,241
2019	<u>68,166</u>	<u>279</u>	<u>68,445</u>
	<u>\$ 602,512</u>	<u>\$ 12,416</u>	<u>\$ 614,928</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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
2017	\$ 1,825,268	\$ 130,655	\$ 1,955,923	2017	\$ 456,317	\$ 32,664	\$ 488,981
2018	1,871,740	84,184	1,955,923	2018	467,935	21,046	488,981
2019	1,920,682	36,529	1,957,212	2019	479,994	9,132	489,126
	<u>\$ 5,617,690</u>	<u>\$ 251,369</u>	<u>\$ 5,869,059</u>		<u>\$ 1,404,246</u>	<u>\$ 62,842</u>	<u>\$ 1,467,088</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 \$38,725,000 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
2017	\$ 1,216,000	\$ 1,262,730	\$ 2,478,730	2017	\$ 304,000	\$ 315,683	\$ 619,683
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
2022-2026	8,332,000	4,060,650	12,392,650	2022-2026	2,083,000	1,015,163	3,098,163
2027-2031	10,204,000	2,197,210	12,401,210	2027-2031	2,551,000	549,303	3,100,303
2032-2033	4,676,000	282,400	4,958,400	2032-2033	1,169,000	70,600	1,239,600
	<u>\$ 29,812,000</u>	<u>\$ 12,333,990</u>	<u>\$ 42,145,990</u>		<u>\$ 7,453,000</u>	<u>\$ 3,083,498</u>	<u>\$ 10,536,498</u>

3. Florida Municipal Loan Council Revenue Bond Series 2005- Loan Payable - On February 15, 2005, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$29,090,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2005A, for major roadway improvements and infrastructure projects. The loan called for annual payments due on February 1, commencing on February 1, 2006 through February 1, 2035 and bears interest at varying rates ranging from 3.0% 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 the Revenue Bonds at September 30, 2016. The outstanding balance on the loan of \$23,195,000 was paid off during fiscal year ended September 30, 2016.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

4. 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, 2016, 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, 2016 was \$1,417,014, 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>
2017	\$ 132,113	\$ 38,861	\$ 170,975
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
2022-2026	718,039	51,347	769,386
	<u>\$ 1,417,014</u>	<u>\$ 207,245</u>	<u>\$ 1,624,259</u>

5. 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, 2016, the TD Bank Note had an outstanding balance of \$12,455,436.

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>
2017	\$ 417,819	\$ 538,759	\$ 956,579
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
2022-2026	2,839,314	1,943,580	4,782,894
2027-2031	3,530,262	1,252,632	4,782,894
2032-2035	3,433,383	392,932	3,826,315
2036	368,878	5,510	374,388
	<u>\$ 12,455,436</u>	<u>\$ 6,093,950</u>	<u>\$ 18,549,385</u>

6. 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 \$46,175,000 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, 2016.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

6. 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>
2017	\$ 955,000	\$ 2,344,388	\$ 3,299,388
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
2022-2026	6,250,000	10,281,288	16,531,288
2027-2031	7,935,000	8,611,750	16,546,750
2032-2036	10,285,000	6,290,050	16,575,050
2037-2041	13,440,000	3,164,975	16,604,975
2042	3,155,000	173,525	3,328,525
	<u>\$ 46,175,000</u>	<u>\$ 39,921,800</u>	<u>\$ 86,096,800</u>

7. Bank of America Public Capital Corp - On April 5, 2012, the City entered into an equipment term loan agreement with Bank of America, N.A., providing for a loan in an amount not to exceed \$1,850,000 to refinance existing financed purchases of two E-One Pumpers and recycling containers with interest at the rate of 1.7431% per annum based upon twelve 30 day months over a 360-day year. The entire unpaid principal balance, together with all accrued and unpaid interest, was paid in full as of September 30, 2016.
8. 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").

The Series 2015A bonds have outstanding balances 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 have outstanding balances of \$21,145,000 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, 2016.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

8. Special Obligation Revenue Bonds Series 2015A and Special Obligation Refunding Revenue Bonds Series 2015B (Continued) - Annual debt service requirements to maturity for the Series 2015A and B bonds payable are as follows:

Fiscal Year End	Governmental Activities		
	Principal	Interest	Total
2017	\$ -	\$ 1,088,561	\$ 1,088,561
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
2022-2026	6,570,000	4,528,694	11,098,694
2027-2031	8,075,000	3,017,223	11,092,223
2032-2035	8,030,000	851,458	8,881,458
	<u>\$ 25,000,000</u>	<u>\$ 13,776,508</u>	<u>\$ 38,776,508</u>

Governmental Activities				Business - type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2017	\$ 580,000	\$ 798,240	\$ 1,378,240	2017	\$ 145,000	\$ 199,560	\$ 344,560
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
2022-2026	3,880,000	2,990,400	6,870,400	2022-2026	970,000	747,600	1,717,600
2027-2031	4,972,000	1,888,300	6,860,300	2027-2031	1,243,000	472,075	1,715,075
2032-2035	4,972,000	512,500	5,484,500	2032-2035	1,243,000	128,125	1,371,125
	<u>\$ 16,916,000</u>	<u>\$ 9,180,580</u>	<u>\$ 26,096,580</u>		<u>\$ 4,229,000</u>	<u>\$ 2,295,145</u>	<u>\$ 6,524,145</u>

Capital Leases

During 2016 the City has entered into two lease agreements; the first for a transit bus in the amount of \$340,400 and the second for a fire ladder truck in the amount of \$633,827. In addition, the City has entered into a lease agreement for 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:

	Governmental Activities
Defibrillators	\$ 423,920
Equipment	922,225
Vehicles	633,827
Construction in Progress	1,305,606
Less: accumulated depreciation	(205,573)
	<u>\$ 3,080,005</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016 were:

Fiscal Year End	Principal	Interest	Total
2017	\$ 580,064	\$ 18,273	\$ 598,337
2018	271,130	18,322	289,452
2019	194,499	12,497	206,996
2020	208,043	7,246	215,289
2021	70,219	1,854	72,073
	<u>\$ 1,323,955</u>	<u>\$ 58,192</u>	<u>\$ 1,382,147</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2016:

	Balance September 30, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2016</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes:					
FMLC 2005A Bond	\$ 18,556,000	\$ -	\$ (18,556,000)	\$ -	\$ -
FMLC 2012A Bond	30,980,000	-	(1,168,000)	29,812,000	1,216,000
Special Obligation Revenue Bonds Series 2015	-	25,000,000	-	25,000,000	-
Special Obligation Revenue Bonds Series 2015I	-	16,916,000	-	16,916,000	580,000
Capital Improvement Revenue Bond 2012	863,062	-	(260,550)	602,512	264,987
TD Bank (refi bond anticipation loan)	12,855,712	-	(400,276)	12,455,436	417,819
Bank of America (refi of FMLC 1999 Bond)	7,397,641	-	(1,779,951)	5,617,690	1,825,268
Bank of America Promissory Note	67,488	-	(67,488)	-	-
Notes payable	<u>70,719,903</u>	<u>41,916,000</u>	<u>(22,232,265)</u>	<u>90,403,638</u>	<u>4,304,074</u>
Less deferred amounts:					
Discount	(17,672)	-	5,050	(12,622)	(5,050)
Premium	1,675,538	-	(92,283)	1,583,255	92,283
Premium (2012A) 80%	2,051,464	-	(120,674)	1,930,790	120,674
Premium (2015B)	-	2,274,612	(113,731)	2,160,881	113,731
	<u>3,709,330</u>	<u>2,274,612</u>	<u>(321,638)</u>	<u>5,662,304</u>	<u>321,638</u>
Notes payable, net	<u>74,429,233</u>	<u>44,190,612</u>	<u>(22,553,903)</u>	<u>96,065,942</u>	<u>4,625,712</u>
Capital leases:					
JP Morgan Chase	294,594	-	(105,501)	189,093	107,349
Everbank	656,600	-	(375,200)	281,400	281,400
PNC equipment finance	300,927	-	(300,927)	-	-
US Bancorp	-	340,400	-	340,400	70,176
Leasing 2, Inc.	-	633,827	(120,765)	513,062	121,139
Total capital leases	<u>1,252,121</u>	<u>974,227</u>	<u>(902,393)</u>	<u>1,323,955</u>	<u>580,064</u>
Claims payable	46,083,048	16,545,639	(15,867,296)	46,761,391	9,628,846
Compensated absences	18,733,469	9,699,176	(9,507,215)	18,925,430	3,583,325
OPEB liability	77,316,402	16,545,518	(8,994,383)	84,867,537	-
Net pension liability	<u>150,548,443</u>	<u>38,336,391</u>	<u>-</u>	<u>188,884,834</u>	<u>-</u>
Total governmental activities	<u>\$ 368,362,716</u>	<u>\$ 126,291,563</u>	<u>\$ (57,825,190)</u>	<u>\$ 436,829,089</u>	<u>\$ 18,417,947</u>
Business-type activities:					
Bonds and loans:					
Revolving loan	\$ 1,545,497	\$ -	\$ (128,483)	\$ 1,417,014	\$ 132,113
Bank of America (refi of FMLC 1999 Bond)	1,849,234	-	(444,988)	1,404,246	456,317
Bank of America Promissory Note	314,345	-	(314,345)	-	-
FMLC 2005A Bond	4,639,000	-	(4,639,000)	-	-
FMLC 2011D	47,025,000	-	(850,000)	46,175,000	955,000
FMLC 2012A	7,745,000	-	(292,000)	7,453,000	304,000
Special Obligation Revenue Bonds Series 2015I	-	4,229,000	-	4,229,000	145,000
Total bonds and loans payable	<u>63,118,076</u>	<u>4,229,000</u>	<u>(6,668,816)</u>	<u>60,678,260</u>	<u>1,992,430</u>
Less deferred amounts:					
Discount	(342,212)	-	13,162	(329,050)	(13,162)
Premium	512,871	-	(30,171)	482,700	30,169
Premium (2015B)	-	568,653	(28,433)	540,220	28,433
	<u>170,659</u>	<u>568,653</u>	<u>(45,442)</u>	<u>693,870</u>	<u>45,440</u>
Notes payable, net	<u>63,288,735</u>	<u>4,797,653</u>	<u>(6,714,258)</u>	<u>61,372,130</u>	<u>2,037,870</u>
Claims payable	10,789,952	1,469,875	(3,406,261)	8,853,566	1,831,165
OPEB liability	9,727,716	4,036,660	(2,194,387)	11,569,989	-
Net pension liability	38,582,767	9,351,619	-	47,934,386	-
Compensated absences	<u>2,116,437</u>	<u>886,543</u>	<u>(767,411)</u>	<u>2,235,569</u>	<u>415,909</u>
Total business-type activities	<u>\$ 124,505,607</u>	<u>\$ 20,542,350</u>	<u>\$ (13,082,317)</u>	<u>\$ 131,965,640</u>	<u>\$ 4,284,944</u>

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning	\$56,873,000	\$59,544,555	\$56,416,912
Incurred claims (including IBNR)	18,015,514	17,269,345	28,665,484
Claims payments	<u>(19,273,557)</u>	<u>(19,940,900)</u>	<u>(25,537,841)</u>
Unpaid claims, ending	<u>\$55,614,957</u>	<u>\$56,873,000</u>	<u>\$59,544,555</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. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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.

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 on usage and costs incurred by the County. The charges to operations under these agreements for the year ended September 30, 2016 were \$9,325,379 for water services and \$25,277,995 for wastewater treatment and disposal services.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Water and Sewers Fund- Administrative Consent Agreement

The Department of Water and Sewers (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 and permitted. Bids were received for all of the identified projects with an approximate cost of \$14 million. Award of the contracts is scheduled on June 2017 with an estimated completion date of December 2017 to March 2018 depending on complexity.

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 shall each receive 50% of the water production produced; however, either party will be 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.

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 \$52.8 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 construction in progress as of September 30, 2016 and the total contributions from the County and the City.

Joint Participation Agreement- Reverse Osmosis Water Treatment Plant

	October 1, 2015	Additions	Deletions	Transfers	September 30, 2016
Construction in Progress - RO Plant	\$ 1,251,251	\$ -	\$ -	\$ (1,251,251)	\$ -
Land	3,300,000	-	-	-	3,300,000
RO Plant	47,673,068	4,047,913	-	(2,184,164)	49,536,817
Contra Account (Miami Dade County)	(1,411,459)	(2,023,956)	-	3,435,415	-
	<u>\$ 50,812,860</u>	<u>\$ 2,023,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,836,817</u>
Other Receivables - Miami Dade County	<u>\$ 1,693,406</u>	<u>\$ 6,435,184</u>	<u>\$ (2,569,204)</u>	<u>\$ -</u>	<u>\$ 5,559,386</u>
Total Contributed by Miami Dade County					
Contributions to the City	\$ 47,455,627				
50% Share of interest income earned	731,190				
50% Share of value of the land	1,650,000				
50% Share of grants from SFWMD	3,000,000				
	<u>\$ 52,836,817</u>				

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments

At September 30, 2016, the City had in process various construction projects that were not completed with a remaining balance totaling approximately \$4,946,296. 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.

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 and filed their initial brief on May 3, 2017. The parties have not completed the briefing process before the appellate court.

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 however, the City has not accepted the plant at this time. The Company and the City have settled all claims.

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

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, 2016, 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, 2014.

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

Table with 2 columns: Description and Value. Rows include Inactive plan members (Beneficiaries currently receiving benefits: 1,436; Entitled to benefits but not yet receiving them: 124), Active plan members (1,030), and Total (2,590).

- 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 3.75% as of September 30, 2016). 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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

Employees' Retirement System (Continued)

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, 2016.

5. Net Pension Liability - The City's net pension liability of \$236,819,220 was measured as of September 30, 2015, (GASB 68 measurement date).

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

Measurement Date:	September 30, 2016	September 30, 2015
Actuarial Valuation:	October 1, 2015	October 1, 2014
Interest rates:		
Single Discount rate	8.0%	8.0%
Inflation rate	2.3%	3.0%
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.	Pre-Retirement Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.
	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.	Post-Retirement Healthy Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.
		Post-Retirement Disabled Mortality: RP-2000 Disabled Mortality Table.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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

Employees' Retirement System (Continued)

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 2016 and 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2016</u>	<u>2015</u>
Domestic Equity	50%	7.10%	6.60%
International Equity	5%	7.40%	7.13%
Domestic Bonds	40%	2.10%	1.79%
Other	5%	4.20%	4.97%
Total	100%		

8. Rate of Return For the fiscal years ended September 30, 2016 and 2015, the annual money-weighted rate of return on Plan investments, net of investment expense, was 8.08% and 0.46%, 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.
9. Discount Rate - The discount rate used to measure the total pension liability as of September, 30 2016 and 2015 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, 2015	\$ 787,455,356	\$ 598,324,146	\$ 189,131,210
Changes for the year:			
Service Cost	9,104,164	-	9,104,164
Interest	61,082,848	-	61,082,848
Change in Annuity Savings Fund	3,887,151	-	3,887,151
Differences between expected and actual experience	10,359,527	-	10,359,527
Changes of assumptions	-	-	-
Contributions - Employer	-	31,270,057	(31,270,057)
Contributions - State	-	461,877	(461,877)
Contributions - Employee	-	2,132,259	(2,132,259)
Contributions - Buy Back	975,579	975,579	-
Net investment income	-	2,881,487	(2,881,487)
Benefit payments, including refunds of employee contributions	(66,047,848)	(66,047,848)	-
New changes	19,361,421	(28,326,589)	47,688,010
Reporting period ending at September 30, 2016	<u>\$ 806,816,777</u>	<u>\$ 569,997,557</u>	<u>\$ 236,819,220</u>

Plan fiduciary net position as a percentage of the total pension liability

70.65%

Covered employee payroll

\$ 57,948,210

Net pension liability as a percentage of employee payroll

408.67%

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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, 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)	-
Administrative expense	-	-	-
New changes	49,851,880	21,083,866	28,768,014
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%	

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, 2016	\$ 348,973,900	\$ 265,587,234	\$ 195,379,329
September 30, 2015	<u>\$ 312,988,806</u>	<u>\$ 236,819,220</u>	<u>\$ 172,156,670</u>

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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

Employees' Retirement System (Continued)

13. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2016, the City will recognize pension expense of \$29,909,662. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,769,646	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	26,395,130	-
Employer and State Contributions subsequent to the measurement date	26,789,676	-
	<u>\$60,954,452</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, 2015 in the amount of \$26,789,676 will be recognized as a reduction of the City's net pension liability in the fiscal year ended September 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>September 30,</u>	
2017	\$ 8,472,518
2018	8,472,517
2019	8,472,517
2020	8,747,224
2021	-
Thereafter	-
Total	<u>\$34,164,776</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.

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, 2016, there were thirty four (34) DROP participants and their fair value of DROP investment was \$3,451,850 which is included in the Plan's net position.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2015.

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

Inactive plan members:	
Beneficiaries currently receiving benefits	8
Entitled to benefits but not yet receiving them	7
Active plan members	<u>11</u>
Total	<u><u>26</u></u>

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, 2016.

The actual contribution from the City for active members were actuarially determined using the actuarial valuation as of October 1, 2014 for the year ended September 30, 2016.

4. Net Pension Asset - The Plan's net pension asset of \$1,148,210 was measured as of September 30, 2015 (GASB 68 measurement date).
5. Actuarial Assumptions - The total pension liability was determined using the following actuarial assumptions:

Measurement Date:	September 30, 2016	September 30, 2015
Actuarial Valuation:	October 1, 2015	October 1, 2014
Interest rates:		
Single Discount rate	6.0%	6.0%
Inflation rate	2.8%	3.0%
Salary Increases	8.0%	8.0%
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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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

Elected Officials' Retirement System (Continued)

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 2016 and 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2016</u>	<u>2015</u>
Domestic Equity	45%	10.14%	8.50%
International Equity	10%	5.78%	3.60%
Fixed Income	30%	6.56%	1.79%
Cash	15%	3.55%	1.30%
	<u>100%</u>		

7. Rate of Return For the fiscal years ended September 30, 2016 and 2015, the annual money-weighted rate of return on Plan investments, net of investment expense, was 10.06% and 0.19%, 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 2016 and 2015 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.
9. Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Reporting period ending at September 30, 2015	\$ 8,547,312	\$ 9,866,602	\$ (1,319,290)
Changes for the year:			
Service Cost	214,225	-	214,225
Interest	502,980	-	502,980
Differences between expected and actual experience	(237,890)	-	(237,890)
Contributions - Employer	-	304,126	(304,126)
Contributions - Employee	-	21,453	(21,453)
Contributions - Buy Back	-	-	-
Contributions - Annuity Savings Fund	-	-	-
Net investment income	-	(11,419)	11,419
Benefit payments, including refunds of employee contributions	(281,298)	(281,298)	-
Administrative expense	-	(5,925)	5,925
New changes	198,017	26,937	171,080
Reporting period ending at September 30, 2016	<u>\$ 8,745,329</u>	<u>\$ 9,893,539</u>	<u>\$ (1,148,210)</u>
Plan fiduciary net position as a percentage of the total pension liability		113.13%	
Covered employee payroll		\$ 872,761	
Net pension asset as a percentage of employee payroll		-131.56%	

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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, 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)
Contributions - Buy Back	-	-	-
Contributions - Annuity Savings Fund	-	-	-
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%	

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%):

	Current Discount		
	1% Decrease 5.00%	Rate 6.00%	1% Increase 7.00%
	September 30, 2016	\$ (962,260)	\$ (2,036,982)
September 30, 2015	\$ (54,514)	\$ (1,148,210)	\$ (2,055,134)

11. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2016, the EORS will recognize pension expense of \$9,898. At September 30, 2016, 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	\$ -	\$ 142,301
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	253,324	-
Employer Contributions subsequent to the measurement date	203,796	-
	<u>\$ 457,120</u>	<u>\$ 142,301</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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 (Continued) -The deferred outflow of resources, resulting from the City's contribution to the Plan subsequent to the measurement date of September 30, 2015 in the amount of \$203,796 will be recognized as an increase of the City's net pension asset in the fiscal year ended September 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>September 30,</u>	
2017	\$ (86,837)
2018	32,808
2019	44,138
2020	120,914
2021	-
Thereafter	-
Total	<u>\$111,023</u>

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, 2016 are presented below:

STATEMENT OF NET POSITION

<u>ASSETS</u>	
Cash and cash equivalents	\$ 250,957
Investments, at fair value: Mutual Funds	10,751,078
Total assets	<u>\$ 11,002,035</u>
<u>LIABILITIES AND NET POSITION</u>	
Accounts payable and accrued liabilities	\$ 233,085
Net position restricted for pensions	<u>\$ 10,768,950</u>

STATEMENT OF CHANGES IN NET POSITION

ADDITIONS	
Contributions - City	\$ 203,796
Contributions - Member	21,718
Net investment income (loss)	1,004,819
Total additions	\$ 1,230,333
DEDUCTIONS	
Pension benefits	<u>(354,923)</u>
Net increase	875,410
Net position restricted for pensions	
Beginning of year	9,893,540
Ending	<u>\$ 10,768,950</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2016.

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, 2016 were approximately \$282,000.

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Hialeah sponsors a 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.

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	\$20,117,942
Interest on net OPEB obligation	3,481,765
Adjustment to annual required contribution	<u>(3,017,529)</u>
Annual OPEB cost	20,582,178
Contributions made	<u>(11,188,770)</u>
Increase in net OPEB obligation	9,393,408
Net OPEB obligation, beginning of year	<u>87,044,118</u>
Net OPEB obligation, end of year	<u>\$96,437,526</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 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>
9/30/2014	\$18,522,825	56.50%	\$79,020,886
9/30/2015	19,239,076	58.30%	87,044,118
9/30/2016	20,582,178	54.40%	96,437,526

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.

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. This Statement is effective for the fiscal year ending September 30, 2017. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for the fiscal year ending September 30, 2017. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement is effective for the fiscal year ending September 30, 2017. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement is effective for the fiscal year ending September 30, 2019. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for the fiscal year ending September 30, 2020. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 18 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF HIALEAH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 47,050,000	\$ 47,050,000	\$ 47,012,819	\$ (37,181)
Utility taxes	21,500,000	21,500,000	22,087,571	587,571
Franchise fees	15,050,000	15,050,000	15,182,525	132,525
Licenses and permits	4,399,000	4,406,000	6,620,830	2,214,830
State and local shared revenues	26,390,000	26,390,000	27,687,192	1,297,192
Fines and forfeitures	1,169,500	1,169,500	1,529,267	359,767
Interest	15,200	15,200	9,489	(5,711)
Government grants and other revenues	<u>12,426,300</u>	<u>12,518,126</u>	<u>9,664,947</u>	<u>(2,853,179)</u>
Total revenues	<u>128,000,000</u>	<u>128,098,826</u>	<u>129,794,640</u>	<u>1,695,814</u>
Other financing sources				
Proceeds from disposal of capital assets	-	-	69,910	69,910
Issuance of debt	-	-	<u>44,190,612</u>	<u>44,190,612</u>
Total financing sources	<u>-</u>	<u>-</u>	<u>44,260,522</u>	<u>44,260,522</u>
 Total revenues and other financing sources	<u>128,000,000</u>	<u>128,098,826</u>	<u>174,055,162</u>	<u>45,956,336</u>
Expenditures:				
Current:				
Police	50,516,236	50,516,236	50,384,498	131,738
Fire	36,622,455	36,622,455	39,785,729	(3,163,274)
911 Communications division	4,066,572	4,066,572	3,894,584	171,988
Fleet maintenance	3,163,555	3,118,555	3,060,805	57,750
Construction and maintenance	2,988,687	2,950,887	3,056,577	(105,690)
Recreation and community services	9,949,886	9,765,358	10,103,876	(338,518)
Planning and development	643,466	643,466	783,312	(139,846)
Education and community services	2,931,306	2,828,203	2,859,551	(31,348)
Law	1,634,767	1,536,681	1,312,125	224,556
Risk management	368,766	368,766	322,813	45,953
Human resources	874,389	848,418	765,174	83,244
City Clerk's office	1,255,256	1,240,256	1,233,249	7,007
Office of Management and Budget	389,993	378,793	388,712	(9,919)
Office of the Mayor	634,176	634,176	630,674	3,502
Communications and special events	342,455	342,455	390,640	(48,185)
Employee retirement	618,029	608,629	596,529	12,100
Library	1,630,261	1,630,261	1,571,240	59,021
Compliance division	636,079	625,851	651,928	(26,077)
Finance	1,532,061	1,444,561	1,420,093	24,468
Division of licenses	674,966	681,966	811,379	(129,413)
General government	4,079,524	4,924,766	24,452,979	(19,528,213)
Information systems	<u>2,447,115</u>	<u>2,321,515</u>	<u>2,503,112</u>	<u>(181,597)</u>
Total expenditures	<u>128,000,000</u>	<u>128,098,826</u>	<u>150,979,579</u>	<u>(22,880,753)</u>
 Net change in fund balance	-	-	23,075,583	23,075,583
 Fund balances - beginning	-	-	<u>14,363,978</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,439,561</u>	

See note to budgetary comparison schedule.

CITY OF HIALEAH, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULE

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 \$98,826 for the General Fund, \$39,656 for the Streets Fund, \$936,152 for the Law Enforcement Trust- State Fund, \$201,940 for the Law Enforcement Trust- Federal Fund, \$52,000 for the Affordable Housing Fund, \$145,789 for the Children's Trust Fund, \$205,285 for the City of Hialeah Education Academy Fund, \$377,084 for the Police Grant Fund, \$183,855 for the Park Grants and Impact Fees Fund, \$11,136 for the 21st Century Academic Achievers Grant Fund, \$32,442 for the 21st Century Steam Ahead Grant Fund, \$104,683 for the ECS & Library Grants Fund, \$2,725,789 for the Home Investment Partnership Fund, \$775,484 for the JFK Library Renovations Fund, \$3,083,184 for West 24 Ave & 76 St. Drainage – MDC (JPA) Fund, \$110,787 for the GOB Park Project Fund during fiscal year ended September 30, 2016.

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>9/30/2016</u>	<u>9/30/2015</u>
Measurement date	9/30/2015	9/30/2014
Total pension liability		
Service cost	\$ 9,104,164	\$ 8,982,779
Interest	61,082,848	60,285,831
Change in annuity savings fund	3,887,151	4,064,028
Difference between actual & expected experience	10,359,527	-
Contributions - buy back	975,579	1,182,367
Benefit payments, including refunds of employee contributions	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net change in total pension liability	19,361,421	11,215,501
Total pension liability - beginning	<u>787,455,356</u>	<u>776,239,855</u>
Total pension liability - ending (a)	<u>\$ 806,816,777</u>	<u>\$ 787,455,356</u>
Plan fiduciary net position		
Contributions - employer	\$ 27,382,906	\$ 25,769,253
Contributions - state	461,877	461,877
Contributions - member	2,132,259	1,587,095
Contributions - buy back	975,579	1,182,367
Contributions - annuity savings fund	3,887,151	4,064,028
Net investment income	2,881,487	58,702,102
Benefit payments, including refunds of employee contributions	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net change in plan fiduciary net position	(28,326,589)	28,467,218
Plan fiduciary net position - beginning	<u>598,324,146</u>	<u>569,856,928</u>
Plan fiduciary net position - ending (b)	<u>\$ 569,997,557</u>	<u>\$ 598,324,146</u>
Net pension liability - ending (a) - (b)	\$ 236,819,220	\$ 189,131,210
Plan fiduciary net position as a percentage of total pension liability	70.65%	75.98%
Covered employee payroll	\$ 57,948,210	\$ 22,672,786
Net pension liability as a percentage of covered employee payroll	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 <u>September 30,</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll*</u>	Actual Contribution as a % of <u>Covered Payroll</u>
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%

* Total covered payroll for fiscal year ending September 30.

Notes to the Schedule of Contributions

Valuation Date 10/1/2014
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 10/01/2014)

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 3.5% 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>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	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>9/30/2016</u>	<u>9/30/2015</u>
Measurement date	9/30/2015	9/30/2014
Total Pension Liability		
Service cost	\$ 214,225	\$ 278,300
Interest	502,980	490,346
Difference between actual & expected experience	(237,890)	(76,666)
Benefit payments, including refunds of employee contributions	<u>(281,298)</u>	<u>(230,929)</u>
Net change in total pension liability	198,017	461,051
Total pension liability - beginning	<u>8,547,312</u>	<u>8,086,261</u>
Total pension liability - ending (a)	<u>\$ 8,745,329</u>	<u>\$ 8,547,312</u>
Plan fiduciary net position		
Contributions - city	\$ 304,126	\$ 305,000
Contributions - member	21,453	15,655
Net investment income	(11,419)	918,376
Benefit payments, including refunds of employee contributions	(281,298)	(230,929)
Administrative expense	<u>(5,925)</u>	<u>(9,718)</u>
Net change in plan fiduciary net position	26,937	998,384
Plan fiduciary net position - beginning	<u>9,866,602</u>	<u>8,868,218</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,893,539</u>	<u>\$ 9,866,602</u>
Net pension liability - ending (a) - (b)	\$ (1,148,210)	\$ (1,319,290)
Plan fiduciary net position as a percentage of total pension liability	113.13%	115.44%
Covered employee payroll	\$ 872,761	\$ 1,001,519
Net pension liability as a percentage of covered employee payroll	-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 <u>September 30,</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll*</u>	Actual Contribution as a % of <u>Covered Payroll</u>
2007	\$ 263,369	\$ 500,000	\$ (236,631)	\$ 986,381	50.69%
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%

* Total covered payroll for fiscal year ending September 30.

Notes to the Schedule of Contributions

Valuation Date 10/1/2014
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 Increases 8%

Investment Rate 6%
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>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	10.06%	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, 2016
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2015)

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 34,800,860	\$ 26,631,946
Receivables, net	14,727,481	10,074,752
Due from other funds	15,898,241	16,783,197
Inventories	1,475,354	1,446,713
Prepays	731,252	718,000
Notes receivable	2,591,987	2,468,559
Restricted cash, cash equivalents and investments	<u>698,144</u>	<u>696,707</u>
Total assets	<u>\$ 70,923,319</u>	<u>\$ 58,819,874</u>
<u>LIABILITIES</u>		
Vouchers payable and accrued liabilities	\$ 4,534,829	\$ 23,612,421
Compensated absences payable	1,703,722	1,766,775
Self-insurance claims payable	316,190	801,058
Due to other funds	20,630,831	13,011,863
Deferred revenue	2,607,375	2,486,115
Other liabilities	<u>107,799</u>	<u>102,490</u>
Total liabilities	<u>29,900,746</u>	<u>41,780,722</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Business license tax	<u>3,583,012</u>	<u>2,675,174</u>
<u>FUND BALANCES</u>		
Nonspendable	4,798,593	2,164,713
Restricted	698,144	-
Committed	99,606	264,702
Unassigned	<u>31,843,218</u>	<u>11,934,563</u>
Total fund balances	<u>37,439,561</u>	<u>14,363,978</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,923,319</u>	<u>\$ 58,819,874</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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Metro Medical Response System – This fund was created to account for revenues awarded by the State and Federal Governments. The funds are used for salaries, operating, and capital expenses for the Fire Department as specified by the MMRS agreement.

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 JAG in which the program covers many activities that help to prevent or control crimes, including supporting law enforcement programs.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

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.

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.

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.

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.

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.

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.

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.

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.

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

City of Hialeah Education Academy – This fund was established to account for expenditures and revenues of the City of Hialeah Education Academy charter school.

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 FUNDS

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.

Road Construction 2012 Bond Fund – This bond accounts for the construction of various roads around the city. The loan proceeds from FMLC 2012A Bond and the expenses related to this project are accounted for in this fund.

HEA Charter School Expansion Fund – This project was established to account for revenues and expenditures received from the Florida Department of Education and the Florida Department of Economic Opportunity to increase the size of the campus.

Affordable Housing 180 Units Fund – This fund was created to manage the building and revenues consisting of rentals. There are 180 units of which are to be rented for tenants with reduced income.

W. 16th Ave. from 76th to 84th 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.

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016

	Special Revenue										
	Street Fund	Rescue Transportation Fund	Fire Prevention Fund	EMS County Grant Fund	E-911 Non-Wireless Fund	E-911 Wireless 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	497,793	1,009,197	2,200	-	81,905	109,309	-	-	20,000	122,548	-
Due from other funds	-	-	168,259	8,836	-	278,274	18,489	-	67,232	720,726	378,864
Restricted cash and cash equivalents	-	899,772	310,606	-	-	-	104,356	7,170	-	-	-
Total assets	\$ 497,793	\$ 1,908,969	\$ 481,065	\$ 8,836	\$ 81,905	\$ 387,583	\$ 172,845	\$ 7,170	\$ 87,232	\$ 843,274	\$ 378,864
LIABILITIES											
Accounts payable and accrued liabilities	\$ 83,551	\$ 343,498	\$ 6,848	\$ -	\$ 6,502	\$ 1,074	\$ 7,034	\$ -	\$ -	\$ 102,240	\$ 378,864
Due to other funds	389,133	1,073,040	-	-	75,001	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	2,881	26,705	176,679	-
Total liabilities	472,684	1,416,538	6,848	-	81,503	1,074	7,034	2,881	26,705	278,919	378,864
DEFERRED INFLOWS OF RESOURCES											
Local business tax	-	-	446,505	-	-	-	-	-	-	-	-
FUND BALANCES											
Fund balances:											
Restricted	-	465,929	27,712	8,836	402	319,509	121,690	4,289	60,527	546,085	-
Committed	91,266	26,502	-	-	-	67,000	44,121	-	-	18,270	-
Unassigned	(66,157)	-	-	-	-	-	-	-	-	-	-
Total fund balances	25,109	492,431	27,712	8,836	402	386,509	165,811	4,289	60,527	564,355	-
Total liabilities and fund balances	\$ 497,793	\$ 1,908,969	\$ 481,065	\$ 8,836	\$ 81,905	\$ 387,583	\$ 172,845	\$ 7,170	\$ 87,232	\$ 843,274	\$ 378,864

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016

	Special Revenue													
	Home Investment Partnership Fund	Emergency Solution Grant Fund	Park Grants & Park Impact 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	Police Grant Fund	CITT-Surtax Hialeah Circulator Fund	Streets 3 Cent Optional Gas Tax Fund	Building Division Fund
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 595,136	\$ -	\$ 1,184,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	10,028	6,283	-	600	-	34,930	153,953	87,923	70,198	-	367,859	636,110	177,641	17,398
Due from other funds	177,600	-	2,940,061	-	1,260,721	-	9,817	597	-	2,430	-	952,783	435,156	9,710,552
Prepays	-	-	-	-	-	221,566	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	340,400	-	-
Total assets	\$ 187,628	\$ 6,283	\$ 2,940,061	\$ 595,736	\$ 1,260,721	\$ 1,440,796	\$ 163,770	\$ 88,520	\$ 70,198	\$ 2,430	\$ 367,859	\$ 1,929,293	\$ 612,797	\$ 9,727,950
LIABILITIES														
Accounts payable and accrued liabilities	\$ 10,028	\$ 6,283	\$ 53,287	\$ 31,732	\$ 2,048	\$ 227,647	\$ 2,222	\$ -	\$ 2,724	\$ 2,430	\$ 7,029	\$ 72,066	\$ 13,796	\$ 193,729
Due to other funds	-	-	-	475,279	-	-	161,548	88,520	67,474	-	357,576	55,558	-	-
Unearned revenues	177,600	-	34,943	88,725	1,258,673	-	-	-	-	-	3,254	-	-	-
Total liabilities	187,628	6,283	88,230	595,736	1,260,721	227,647	163,770	88,520	70,198	2,430	367,859	127,624	13,796	193,729
FUND BALANCES														
Fund balances:														
Nonspendable	-	-	-	-	-	221,566	-	-	-	-	-	-	-	-
Restricted	-	-	2,846,695	-	-	991,583	-	-	-	-	-	1,801,669	447,401	9,532,657
Committed	-	-	5,136	-	72,629	-	-	8,805	-	-	-	-	151,600	1,564
Unassigned	-	-	-	-	(72,629)	-	-	(8,805)	-	-	-	-	-	-
Total fund balances	-	-	2,851,831	-	-	1,213,149	-	-	-	-	-	1,801,669	599,001	9,534,221
Total liabilities and fund balances	\$ 187,628	\$ 6,283	\$ 2,940,061	\$ 595,736	\$ 1,260,721	\$ 1,440,796	\$ 163,770	\$ 88,520	\$ 70,198	\$ 2,430	\$ 367,859	\$ 1,929,293	\$ 612,797	\$ 9,727,950

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016

	Debt Service	Capital Projects
	CITT Surtax Transportation Fund	Garden of The Arts Fund (GOB)
<u>ASSETS</u>		
Receivables, net	\$ 2,452,737	\$ 164,787
Prepays	977,962	-
Total assets	\$ 3,430,699	\$ 164,787
<u>LIABILITIES</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 64,950
Due to other funds	972,857	99,837
Total liabilities	972,857	164,787
<u>FUND BALANCES</u>		
Fund balances:		
Nonspendable	977,962	-
Restricted	1,479,880	-
Committed	-	5,950
Unassigned	-	(5,950)
Total fund balances	2,457,842	-
Total liabilities and fund balances	\$ 3,430,699	\$ 164,787

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016

	Capital Projects							Total
	W. 76 St 28 to 31 Ave MDC (JPA) Fund	Affordable Housing 180 Units 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	Non-Major Governmental Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,829,436
Receivables, net	104,268	91,321	88,639	191,558	10,805	2,772,689	73,819	9,356,498
Due from other funds	-	-	-	-	-	-	-	17,130,397
Prepays	-	-	-	-	-	-	-	1,199,528
Restricted cash and cash equivalents	-	-	-	-	-	-	-	1,662,304
Total assets	<u>\$ 104,268</u>	<u>\$ 91,321</u>	<u>\$ 88,639</u>	<u>\$ 191,558</u>	<u>\$ 10,805</u>	<u>\$ 2,772,689</u>	<u>\$ 73,819</u>	<u>\$ 31,178,163</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 487,404	\$ 3,900	\$ 2,110,886
Due to other funds	104,268	91,321	88,639	191,558	10,805	2,285,285	69,919	6,657,618
Unearned revenues	-	-	-	-	-	-	-	1,769,460
Total liabilities	<u>104,268</u>	<u>91,321</u>	<u>88,639</u>	<u>191,558</u>	<u>10,805</u>	<u>2,772,689</u>	<u>73,819</u>	<u>10,537,964</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Local business tax	-	-	-	-	-	-	-	446,505
<u>FUND BALANCES</u>								
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	1,199,528
Restricted	-	-	-	-	-	-	-	18,654,864
Committed	-	-	-	-	-	309,911	4,912	807,666
Unassigned	-	-	-	-	-	(309,911)	(4,912)	(468,364)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,193,694</u>
Total liabilities and fund balances	<u>\$ 104,268</u>	<u>\$ 91,321</u>	<u>\$ 88,639</u>	<u>\$ 191,558</u>	<u>\$ 10,805</u>	<u>\$ 2,772,689</u>	<u>\$ 73,819</u>	<u>\$ 31,178,163</u>

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue										
	Street Fund	Rescue Transportation Fund	Fire Prevention Fund	EMS County Grant Fund	E-911 Non-Wireless Fund	E-911 Wireless Fund	Law Enforcement Trust State Fund	Law Enforcement Trust Federal Fund	ECS & Library Grant Fund	CDBG Fund	CITT Surtax Fund
Revenues:											
State and local shared revenues	\$ 2,922,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,519,331
Fines and forfeitures	-	-	-	-	-	-	739,761	35,752	-	-	-
Impact Fees	-	335,029	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	6	-	-	-
Government grants and other revenues	4,732	4,216,853	1,638,221	8,836	229,663	333,446	-	9,981	214,194	1,062,643	-
Total revenues	<u>2,927,198</u>	<u>4,551,882</u>	<u>1,638,221</u>	<u>8,836</u>	<u>229,663</u>	<u>333,446</u>	<u>739,761</u>	<u>45,739</u>	<u>214,194</u>	<u>1,062,643</u>	<u>1,519,331</u>
Expenditures:											
Current:											
General government	400,410	-	-	-	358,383	128,902	-	650	-	1,061,135	-
Police	-	-	-	-	-	-	228,982	-	-	-	-
Fire	-	2,661,040	1,950,217	-	-	-	-	-	-	-	-
Streets	2,029,344	-	-	-	-	-	-	-	-	-	1,068,760
Grants and human services	-	-	-	-	-	-	-	-	266,609	-	-
Capital outlay	576	1,220,341	145,096	-	-	-	529,454	201,940	9,006	271,452	450,571
Debt service:											
Principal	-	555,894	-	-	-	-	96,297	-	-	-	-
Interest	-	22,397	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,430,330</u>	<u>4,459,672</u>	<u>2,095,313</u>	<u>-</u>	<u>358,383</u>	<u>128,902</u>	<u>854,733</u>	<u>202,590</u>	<u>275,615</u>	<u>1,332,587</u>	<u>1,519,331</u>
Excess (deficiency) of revenues over expenditures	<u>496,868</u>	<u>92,210</u>	<u>(457,092)</u>	<u>8,836</u>	<u>(128,720)</u>	<u>204,544</u>	<u>(114,972)</u>	<u>(156,851)</u>	<u>(61,421)</u>	<u>(269,944)</u>	<u>-</u>
Other financing sources (uses):											
Debt proceeds	-	633,827	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	116,741	-	-	-	-	35,700	-
Total other financing sources (uses)	<u>-</u>	<u>633,827</u>	<u>-</u>	<u>-</u>	<u>116,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,700</u>	<u>-</u>
Net change in fund balance	496,868	726,037	(457,092)	8,836	(11,979)	204,544	(114,972)	(156,851)	(61,421)	(234,244)	-
Fund balances, beginning	(471,759)	(233,606)	484,804	-	12,381	181,965	280,783	161,140	121,948	798,599	-
Fund balances, ending	<u>\$ 25,109</u>	<u>\$ 492,431</u>	<u>\$ 27,712</u>	<u>\$ 8,836</u>	<u>\$ 402</u>	<u>\$ 386,509</u>	<u>\$ 165,811</u>	<u>\$ 4,289</u>	<u>\$ 60,527</u>	<u>\$ 564,355</u>	<u>\$ -</u>

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue														
	Home Investment Partnership Fund	Emergency Solution Grant Fund	Park Grants & Park Impact Fees Fund	Affordable Housing Fund	S.H.I.P. Fund	City of Hialeah Education Academy Fund	Children's Trust Fund	Children's Trust 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,749,893
State and local shared revenues	-	-	-	-	-	5,212,784	-	-	-	-	-	-	1,848,632	1,075,407	-
Impact Fees	-	-	2,218,920	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	102	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	137,051	189,748	174,436	2,329,193	116,146	504,497	1,064,552	278,904	408,561	423,028	361,443	453,847	378,436	-	2,769
Total revenues	137,051	189,748	2,393,356	2,329,193	116,248	5,717,281	1,064,552	278,904	408,561	423,028	361,443	453,847	2,227,068	1,075,407	9,752,662
Expenditures:															
Current:															
General government	-	-	-	1,664,973	-	-	-	-	-	-	-	-	1,896,410	-	2,968,220
Police	-	-	-	-	-	-	-	-	-	-	-	127,438	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	107,528	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	1,335,873	-
Grants and human services	137,051	189,748	112,994	-	-	5,096,211	1,125,989	323,015	458,614	518,201	-	-	-	-	-
S.H.I.P. expenses	-	-	-	-	116,248	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	97,316	2,850	-	294,985	-	43	-	-	333,600	326,409	11,951	938,075	248,076
Principal	-	-	-	400,276	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	556,304	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	137,051	189,748	210,310	2,624,403	116,248	5,391,196	1,125,989	323,058	458,614	518,201	441,128	453,847	1,908,361	2,273,948	3,216,296
Excess (deficiency) of revenues over expenditures	-	-	2,183,046	(295,210)	-	326,085	(61,437)	(44,154)	(50,053)	(95,173)	(79,685)	-	318,707	(1,198,541)	6,536,366
Other financing sources (uses):															
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-	340,400	-	-
Transfers in	-	-	-	292,968	-	-	61,437	44,154	50,053	95,173	79,685	-	-	-	-
Total other financing sources (uses)	-	-	-	292,968	-	-	61,437	44,154	50,053	95,173	79,685	-	340,400	-	-
Net change in fund balance	-	-	2,183,046	(2,242)	-	326,085	-	-	-	-	-	-	659,107	(1,198,541)	6,536,366
Fund balances, beginning	-	-	668,785	2,242	-	887,064	-	-	-	-	-	-	1,142,562	1,797,542	2,997,855
Fund balances, ending	\$ -	\$ -	\$ 2,851,831	\$ -	\$ -	\$ 1,213,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,801,669	\$ 599,001	\$ 9,534,221

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Debt Service		Capital Projects
	CITT Surtax Transportation Fund	Revenue Bond Series 2015A Fund	Garden of The Arts Fund (GOB)
Revenues:			
Franchise fees	\$ -	\$ 541,256	\$ -
State and local shared revenues	5,875,196	-	-
Government grants and other revenues	-	-	185,054
Total revenues	5,875,196	541,256	185,054
Expenditures:			
Current:			
General government	98,948	-	10,900
Capital outlay	-	-	174,154
Debt service:			
Principal	2,947,951	-	-
Interest	2,007,207	541,256	-
Total expenditures	5,054,106	541,256	185,054
Excess (deficiency) of revenues over expenditures	821,090	-	-
Net change in fund balance	821,090	-	-
Fund balances, beginning	1,636,752	-	-
Fund balances, ending	\$ 2,457,842	\$ -	\$ -

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Capital Projects							Total
	Road Construction 2012 Bond Fund	HEA Charter School Expansion Fund	Affordable Housing 180 Units 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	Non-Major Governmental Funds
Revenues:								
Franchise fees	\$ -	\$ -	\$ -	\$ -				\$ 541,256
Licenses and permits	-	-	-	-	-	-	-	9,749,893
State and local shared revenues	-	-	-	-	-	-	-	18,453,816
Fines and forfeitures	-	-	-	-	-	-	-	775,513
Impact Fees	-	-	-	-	-	-	-	2,553,949
Interest	-	-	-	-	-	-	-	108
Government grants and other revenues	-	-	7,279	105,537	10,805	2,772,689	73,819	17,696,363
Total revenues	<u>-</u>	<u>-</u>	<u>7,279</u>	<u>105,537</u>	<u>10,805</u>	<u>2,772,689</u>	<u>73,819</u>	<u>49,770,898</u>
Expenditures:								
Current:								
General government	-	851	7,009	3,000	10,805	-	-	8,610,596
Police	-	-	-	-	-	-	-	356,420
Fire	-	-	-	-	-	-	-	4,718,785
Streets	-	-	-	-	-	-	-	4,433,977
Grants and human services	-	-	-	-	-	-	-	8,228,432
State housing initiative program	-	-	-	-	-	-	-	116,248
Capital outlay	87,046	-	270	102,537	-	2,772,689	73,819	8,292,256
Debt service:								
Principal	-	-	-	-	-	-	-	4,000,418
Interest	-	-	-	-	-	-	-	3,127,164
Total expenditures	<u>87,046</u>	<u>851</u>	<u>7,279</u>	<u>105,537</u>	<u>10,805</u>	<u>2,772,689</u>	<u>73,819</u>	<u>41,884,296</u>
Excess (deficiency) of revenues over expenditures	<u>(87,046)</u>	<u>(851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,886,602</u>
Other financing sources (uses):								
Debt proceeds	-	-	-	-	-	-	-	974,227
Transfers in	-	851	-	-	-	-	-	776,762
Total other financing sources (uses)	<u>-</u>	<u>851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,750,989</u>
Net change in fund balance	(87,046)	-	-	-	-	-	-	9,637,591
Fund balances, beginning	87,046	-	-	-	-	-	-	10,556,103
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,193,694</u>

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Streets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
State and local shared revenues	\$ 2,868,862	\$ 2,908,518	\$ 2,922,466	\$ 13,948
Government grants and other revenues	-	-	4,732	4,732
Total revenues	<u>2,868,862</u>	<u>2,908,518</u>	<u>2,927,198</u>	<u>18,680</u>
Other financing sources:				
Appropriation of prior year fund balance	<u>1,104,995</u>	<u>1,104,995</u>	-	(1,104,995)
Total other financing sources	<u>1,104,995</u>	<u>1,104,995</u>	-	(1,104,995)
Total revenues and other financing sources	<u>3,973,857</u>	<u>4,013,513</u>	<u>2,927,198</u>	<u>(1,086,315)</u>
Expenditures:				
General government	-	-	400,410	(400,410)
Streets	3,573,292	3,492,578	2,029,344	1,463,234
Capital outlay	<u>400,565</u>	<u>520,935</u>	<u>576</u>	<u>520,359</u>
Total expenditures	<u>3,973,857</u>	<u>4,013,513</u>	<u>2,430,330</u>	<u>1,583,183</u>
Net change in fund balance	-	-	496,868	<u>\$ 496,868</u>
Fund balances - beginning	-	-	(471,759)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,109</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Rescue Transportation Fund				Fire Prevention 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	\$ 4,190,000	\$ 4,190,000	\$ 4,551,882	\$ 361,882	\$ 1,150,000	\$ 1,150,000	\$ 1,638,221	\$ 488,221
Total revenues	<u>4,190,000</u>	<u>4,190,000</u>	<u>4,551,882</u>	<u>361,882</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,638,221</u>	<u>488,221</u>
Other financing sources:								
Issuance of debt	-	-	633,827	633,827	-	-	-	-
Appropriation of prior year fund balance	300,000	300,000	-	(300,000)	-	-	-	-
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>633,827</u>	<u>333,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>4,490,000</u>	<u>4,490,000</u>	<u>5,185,709</u>	<u>695,709</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,638,221</u>	<u>488,221</u>
Expenditures:								
Fire	3,681,093	3,580,743	2,661,040	919,703	1,150,000	1,150,000	2,095,313	(945,313)
Capital outlay	402,680	503,030	1,220,341	(717,311)	-	-	-	-
Debt service	406,227	406,227	578,291	(172,064)	-	-	-	-
Total expenditures	<u>4,490,000</u>	<u>4,490,000</u>	<u>4,459,672</u>	<u>30,328</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>2,095,313</u>	<u>(945,313)</u>
Net change in fund balance	-	-	726,037	\$ 726,037	-	-	(457,092)	\$ (457,092)
Fund balances - beginning	-	-	(233,606)		-	-	484,804	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,431</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,712</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	E-911 Non-Wireless Fund				E-911 Wireless 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	\$ 330,000	\$ 330,000	\$ 229,663	\$ (100,337)	\$ 305,000	\$ 305,000	\$ 333,446	\$ 28,446
Total revenues	<u>330,000</u>	<u>330,000</u>	<u>229,663</u>	<u>(100,337)</u>	<u>305,000</u>	<u>305,000</u>	<u>333,446</u>	<u>28,446</u>
Other financing sources:								
Transfers in	-	-	116,741	116,741	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>116,741</u>	<u>116,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>330,000</u>	<u>330,000</u>	<u>346,404</u>	<u>16,404</u>	<u>305,000</u>	<u>305,000</u>	<u>333,446</u>	<u>28,446</u>
Expenditures:								
General government	330,000	330,000	358,383	(28,383)	305,000	305,000	128,902	176,098
Total expenditures	<u>330,000</u>	<u>330,000</u>	<u>358,383</u>	<u>(28,383)</u>	<u>305,000</u>	<u>305,000</u>	<u>128,902</u>	<u>176,098</u>
Net change in fund balance	-	-	(11,979)	\$ (11,979)	-	-	204,544	\$ 204,544
Fund balances - beginning	-	-	12,381		-	-	181,965	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,509</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	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	\$ -	\$ 201,940	\$ 35,752	\$ (166,188)	\$ -	\$ 936,152	\$ 739,761	\$ (196,391)
Interest	-	-	6	6	-	-	-	-
Government grants and other revenues	-	-	9,981	9,981	-	-	-	-
Total revenues	-	201,940	45,739	(156,201)	-	936,152	739,761	(196,391)
Expenditures:								
Police	-	-	650	(650)	-	290,447	228,982	61,465
Capital outlay	-	201,940	201,940	-	-	645,705	529,454	116,251
Debt service	-	-	-	-	-	-	96,297	(96,297)
Total expenditures	-	201,940	202,590	(650)	-	936,152	854,733	81,419
Net change in fund balance	-	-	(156,851)	<u>\$ (156,851)</u>	-	-	(114,972)	<u>\$ (114,972)</u>
Fund balances - beginning	-	-	161,140		-	-	280,783	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,289</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,811</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Affordable Housing Fund				Children's Trust 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	\$ 2,298,500	\$ 2,350,500	\$ 2,329,193	\$ (21,307)	\$ 1,168,712	\$ 1,314,501	\$ 1,064,552	\$ (249,949)
Total revenues	<u>2,298,500</u>	<u>2,350,500</u>	<u>2,329,193</u>	<u>(21,307)</u>	<u>1,168,712</u>	<u>1,314,501</u>	<u>1,064,552</u>	<u>(249,949)</u>
Other financing sources:								
Transfers in	-	-	292,968	292,968	-	-	61,437	61,437
Total other financing sources	<u>-</u>	<u>-</u>	<u>292,968</u>	<u>292,968</u>	<u>-</u>	<u>-</u>	<u>61,437</u>	<u>61,437</u>
Total revenues and other financing sources	<u>2,298,500</u>	<u>2,350,500</u>	<u>2,622,161</u>	<u>271,661</u>	<u>1,168,712</u>	<u>1,314,501</u>	<u>1,125,989</u>	<u>(188,512)</u>
Expenditures:								
General government	1,339,920	1,391,920	1,664,973	(273,053)	-	-	-	-
Grants and human services	-	-	-	-	1,168,712	1,314,501	1,125,989	188,512
Capital outlay	2,000	2,000	2,850	(850)	-	-	-	-
Debt service	956,580	956,580	956,580	-	-	-	-	-
Total expenditures	<u>2,298,500</u>	<u>2,350,500</u>	<u>2,624,403</u>	<u>(273,903)</u>	<u>1,168,712</u>	<u>1,314,501</u>	<u>1,125,989</u>	<u>188,512</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(2,242)</u>	<u>\$ (2,242)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>2,242</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, 2016

	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	\$ 465,000	\$ 361,443	\$ (103,557)	\$ 3,012,019	\$ 3,012,019	\$ 1,075,407	\$ (1,936,612)
Total revenues	<u>465,000</u>	<u>465,000</u>	<u>361,443</u>	<u>(103,557)</u>	<u>3,012,019</u>	<u>3,012,019</u>	<u>1,075,407</u>	<u>(1,936,612)</u>
Other financing sources:								
Transfers in	-	-	79,685	79,685	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>79,685</u>	<u>79,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>465,000</u>	<u>465,000</u>	<u>441,128</u>	<u>(23,872)</u>	<u>3,012,019</u>	<u>3,012,019</u>	<u>1,075,407</u>	<u>(1,936,612)</u>
Expenditures:								
Fire	148,566	122,725	107,528	15,197	-	-	-	-
Streets	-	-	-	-	3,012,019	2,538,405	2,273,948	264,457
Capital outlay	<u>316,434</u>	<u>342,275</u>	<u>333,600</u>	<u>8,675</u>	<u>-</u>	<u>473,614</u>	<u>-</u>	<u>473,614</u>
Total expenditures	<u>465,000</u>	<u>465,000</u>	<u>441,128</u>	<u>23,872</u>	<u>3,012,019</u>	<u>3,012,019</u>	<u>2,273,948</u>	<u>738,071</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(1,198,541)</u>	<u>\$ (1,198,541)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>1,797,542</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,001</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Metro Medical Response System Grant Fund				CITT Surtax - Hialeah Circulator 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	\$ -	\$ -	\$ -	\$ -	\$ 1,657,000	\$ 1,657,000	\$ 1,848,632	\$ 191,632
Government grants and other revenues	-	-	-	-	450,000	450,000	378,436	(71,564)
Total revenues	-	-	-	-	2,107,000	2,107,000	2,227,068	120,068
Other financing sources:								
Appropriation of prior year fund balance	147,849	147,849	-	(147,849)	842,340	842,340	-	(842,340)
Debt proceeds	-	-	-	-	-	-	340,400	340,400
Total other financing sources	147,849	147,849	-	(147,849)	842,340	842,340	340,400	(501,940)
Total revenues and other financing sources	147,849	147,849	-	(147,849)	2,949,340	2,949,340	2,567,468	(381,872)
Expenditures:								
General government	67,000	27,000	-	27,000	2,919,340	2,907,340	1,896,410	1,010,930
Capital outlay	80,849	120,849	-	120,849	30,000	42,000	11,951	30,049
Total expenditures	147,849	147,849	-	147,849	2,949,340	2,949,340	1,908,361	1,040,979
Net change in fund balance	-	-	-	\$ -	-	-	659,107	\$ 659,107
Fund balances - beginning	-	-	-	-	-	-	1,142,562	-
Fund balances - ending	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 1,801,669	-

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	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	\$ 5,533,430	\$ 5,692,287	\$ 5,212,784	\$ (479,503)	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	-	18,000	504,497	486,497	12,500	12,500	8,836	(3,664)
Total revenues	<u>5,533,430</u>	<u>5,710,287</u>	<u>5,717,281</u>	<u>6,994</u>	<u>12,500</u>	<u>12,500</u>	<u>8,836</u>	<u>(3,664)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	20,328	20,328	-	(20,328)
Total other financing sources	-	-	-	-	20,328	20,328	-	(20,328)
Total revenues and other financing sources	<u>5,533,430</u>	<u>5,710,287</u>	<u>5,717,281</u>	<u>6,994</u>	<u>32,828</u>	<u>32,828</u>	<u>8,836</u>	<u>(23,992)</u>
Expenditures:								
Grants and human services	5,027,364	5,201,649	5,096,211	105,438	-	-	-	-
Capital Outlay	278,000	309,000	294,985	14,015	32,828	32,828	-	32,828
Total expenditures	<u>5,305,364</u>	<u>5,510,649</u>	<u>5,391,196</u>	<u>119,453</u>	<u>32,828</u>	<u>32,828</u>	<u>-</u>	<u>32,828</u>
Net change in fund balance	<u>228,066</u>	<u>199,638</u>	<u>326,085</u>	<u>\$ 126,447</u>	<u>-</u>	<u>-</u>	<u>8,836</u>	<u>\$ 8,836</u>
Fund balances - beginning	<u>532,879</u>	<u>349,232</u>	<u>887,064</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ 760,945</u>	<u>\$ 548,870</u>	<u>\$ 1,213,149</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,836</u>	

**Note: Balances are as of June 30, 2016.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	21st Century Academic Achievers Fund				Police 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:								
Government grants and other revenues	\$ 416,792	\$ 427,928	\$ 408,561	\$ (19,367)	\$ 76,100	\$ 453,184	\$ 453,847	\$ 663
Total revenues	<u>416,792</u>	<u>427,928</u>	<u>408,561</u>	<u>(19,367)</u>	<u>76,100</u>	<u>453,184</u>	<u>453,847</u>	<u>663</u>
Other financing sources:								
Transfers in	-	-	50,053	50,053	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>50,053</u>	<u>50,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>416,792</u>	<u>427,928</u>	<u>458,614</u>	<u>30,686</u>	<u>76,100</u>	<u>453,184</u>	<u>453,847</u>	<u>663</u>
Expenditures:								
General government	416,792	427,928	458,614	(30,686)	76,100	125,504	127,438	(1,934)
Capital Outlay	-	-	-	-	-	327,680	326,409	1,271
Grants and human services	-	-	-	-	-	-	-	-
Total expenditures	<u>416,792</u>	<u>427,928</u>	<u>458,614</u>	<u>(30,686)</u>	<u>76,100</u>	<u>453,184</u>	<u>453,847</u>	<u>(663)</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>	<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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ 3,802,210	\$ 3,803,210	\$ 9,749,893	\$ 5,946,683
Impact fees	-	-	2,218,920	2,218,920	-	-	-	-
Government grants and other revenues	<u>551,000</u>	<u>734,855</u>	<u>174,436</u>	<u>(560,419)</u>	-	-	<u>2,769</u>	<u>2,769</u>
Total revenues	<u>551,000</u>	<u>734,855</u>	<u>2,393,356</u>	<u>1,658,501</u>	<u>3,802,210</u>	<u>3,803,210</u>	<u>9,752,662</u>	<u>5,949,452</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	3,484,776	3,484,776	-	(3,484,776)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,484,776</u>	<u>3,484,776</u>	<u>-</u>	<u>(3,484,776)</u>
Total revenues and other financing sources	<u>551,000</u>	<u>734,855</u>	<u>2,393,356</u>	<u>1,658,501</u>	<u>7,286,986</u>	<u>7,287,986</u>	<u>9,752,662</u>	<u>2,464,676</u>
Expenditures:								
General government	551,000	625,233	112,994	512,239	6,486,986	6,487,986	2,968,220	3,519,766
Capital outlay	-	109,622	97,316	-	800,000	800,000	248,076	551,924
Total expenditures	<u>551,000</u>	<u>734,855</u>	<u>210,310</u>	<u>512,239</u>	<u>7,286,986</u>	<u>7,287,986</u>	<u>3,216,296</u>	<u>4,071,690</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>2,183,046</u>	<u>\$ 2,170,740</u>	<u>-</u>	<u>-</u>	<u>6,536,366</u>	<u>\$ 6,536,366</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>668,785</u>		<u>-</u>	<u>-</u>	<u>2,997,855</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,851,831</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,534,221</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	ECS & Library Grants Fund				Children's Trust Step Ahead 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	\$ 190,574	\$ 295,257	\$ 214,194	\$ (81,063)	\$ 475,000	\$ 311,948	\$ 278,904	\$ (33,044)
Total revenues	<u>190,574</u>	<u>295,257</u>	<u>214,194</u>	<u>(81,063)</u>	<u>475,000</u>	<u>311,948</u>	<u>278,904</u>	<u>(33,044)</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	44,154	44,154
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,154</u>	<u>44,154</u>
Total revenues and other financing sources	<u>190,574</u>	<u>295,257</u>	<u>214,194</u>	<u>(81,063)</u>	<u>475,000</u>	<u>311,948</u>	<u>323,058</u>	<u>11,110</u>
Expenditures:								
Grants and human services	188,524	285,707	266,609	19,098	471,000	311,948	323,015	(11,067)
Capital outlay	<u>2,050</u>	<u>9,550</u>	<u>9,006</u>	544	<u>4,000</u>	<u>-</u>	<u>43</u>	<u>(43)</u>
Total expenditures	<u>190,574</u>	<u>295,257</u>	<u>275,615</u>	<u>19,642</u>	<u>475,000</u>	<u>311,948</u>	<u>323,058</u>	<u>(11,110)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(61,421)</u>	<u>\$ (61,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>121,948</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,527</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, 2016

	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	\$ -	\$ 2,725,789	\$ 137,051	\$ (2,588,738)	\$ 525,446	\$ 557,888	\$ 423,028	\$ (134,860)
Total revenues	-	2,725,789	137,051	(2,588,738)	525,446	557,888	423,028	(134,860)
Other financing sources:								
Transfers in	-	-	-	-	-	-	95,173	95,173
Total other financing sources	-	-	-	-	-	-	95,173	95,173
Total revenues and other financing sources	-	2,725,789	137,051	(2,588,738)	525,446	557,888	518,201	(39,687)
Expenditures:								
Grants and human services	-	2,725,789	137,051	2,588,738	525,446	557,888	518,201	39,687
Total expenditures	-	2,725,789	137,051	2,588,738	525,446	557,888	518,201	39,687
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, 2016

	CITT Surtax Transportation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenues:				
State and local shared revenues	\$ -	\$ -	\$ 1,519,331	\$ 1,519,331
Total revenues	-	-	1,519,331	1,519,331
Expenditures:				
Streets	-	-	1,068,760	(1,068,760)
Capital outlay	-	-	450,571	(450,571)
Total expenditures	-	-	1,519,331	(1,519,331)
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 FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	CITT Surtax Transportation Fund				Revenue Bond Series 2015A			
	<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	\$ 6,977,587	\$ 6,977,587	\$ 5,875,196	\$ (1,102,391)	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	-	541,256	541,256
Total revenues	<u>6,977,587</u>	<u>6,977,587</u>	<u>5,875,196</u>	<u>(1,102,391)</u>	<u>-</u>	<u>-</u>	<u>541,256</u>	<u>541,256</u>
Other financing sources:								
Appropriation of prior year fund balance	740,583	740,583	-	(740,583)	-	-	-	-
Total other financing sources	<u>740,583</u>	<u>740,583</u>	<u>-</u>	<u>(740,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>7,718,170</u>	<u>7,718,170</u>	<u>5,875,196</u>	<u>(1,842,974)</u>	<u>-</u>	<u>-</u>	<u>541,256</u>	<u>541,256</u>
Expenditures:								
General government	1,192,553	1,772,553	98,948	1,673,605	-	-	-	-
Debt service	5,915,617	5,915,617	4,955,158	960,459	-	-	541,256	(541,256)
Capital outlay	610,000	30,000	-	30,000	-	-	-	-
Total expenditures	<u>7,718,170</u>	<u>7,718,170</u>	<u>5,054,106</u>	<u>2,664,064</u>	<u>-</u>	<u>-</u>	<u>541,256</u>	<u>(541,256)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>821,090</u>	<u>\$ (4,507,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,082,512</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>1,636,752</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,457,842</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, 2016

	JFK Library Renovations Fund				HEA Charter School Expansion 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	\$ -	\$ 775,486	\$ 73,819	\$ (701,667)	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>775,486</u>	<u>73,819</u>	<u>(701,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	851	851
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>851</u>
Total revenues and other financing sources	<u>-</u>	<u>775,486</u>	<u>73,819</u>	<u>(701,667)</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>851</u>
Expenditures:								
General government	-	-	-	-	-	-	851	(851)
Capital outlay	-	775,486	73,819	701,667	-	-	-	-
Total expenditures	<u>-</u>	<u>775,486</u>	<u>73,819</u>	<u>701,667</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>(851)</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
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	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	\$ -	\$ 3,083,184	\$ 2,772,689	\$ (310,495)	\$ -	\$ -	\$ 10,805	\$ 10,805
Total revenues	-	3,083,184	2,772,689	(310,495)	-	-	10,805	10,805
Expenditures:								
General government	-	-	-	-	-	-	10,805	(10,805)
Capital Outlay	-	3,083,184	2,772,689	310,495	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total expenditures	-	3,083,184	2,772,689	310,495	-	-	10,805	(10,805)
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, 2016

	GOB Parks Project Fund				Affordable Housing 180 Units 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	\$ -	\$ 110,787	\$ 105,537	\$ (5,250)	\$ 1,000,000	\$ 1,000,000	\$ 7,279	\$ (992,721)
Total revenues	<u>-</u>	<u>110,787</u>	<u>105,537</u>	<u>(5,250)</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>7,279</u>	<u>(992,721)</u>
Expenditures:								
General government	-	3,000	3,000	-	-	-	7,009	(7,009)
Capital outlay	-	107,787	102,537	5,250	1,000,000	1,000,000	270	999,730
Total expenditures	<u>-</u>	<u>110,787</u>	<u>105,537</u>	<u>5,250</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>7,279</u>	<u>992,721</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
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Road Construction - 2012 Bond Fund				Garden of The Arts Fund (GOB)			
	<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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,054	\$ 185,054
Total revenues	-	-	-	-	-	-	185,054	185,054
Other financing sources:								
Appropriation of prior year fund balance	592,000	592,000	-	(592,000)	696,626	696,626	-	(696,626)
Total other financing sources	592,000	592,000	-	(592,000)	696,626	696,626	-	(696,626)
Total revenues and other financing sources	592,000	592,000	-	(592,000)	696,626	696,626	185,054	(511,572)
Expenditures:								
General government	-	-	-	-	-	-	10,900	(10,900)
Capital Outlay	592,000	592,000	87,046	504,954	696,626	696,626	174,154	522,472
Public safety	-	-	-	-	-	-	-	-
Total expenditures	592,000	592,000	87,046	504,954	696,626	696,626	185,054	511,572
Net change in fund balance	-	-	(87,046)	(87,046)	-	-	-	-
Fund balances - beginning	-	-	87,046		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

FIDUCIARY FUNDS

CITY OF HIALEAH, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

	Employees' Retirement <u>System</u>	Elected Officials' Retirement <u>System</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 23,204,946	\$ 250,957	\$ 23,455,903
Securities lending cash collateral	<u>18,416,084</u>	<u>-</u>	<u>18,416,084</u>
Receivables:			
Accrued interest	1,135,760	-	1,135,760
Accrued dividends	332,314	-	332,314
Other receivables	328,704	-	328,704
Contributions	754,649	-	754,649
Investments sold	<u>264,529</u>	<u>-</u>	<u>264,529</u>
Total receivables	<u>2,815,956</u>	<u>-</u>	<u>2,815,956</u>
Investments, at fair value:			
U.S. Treasury bonds and notes	51,283,960	-	51,283,960
Asset backed securities	5,357,911	-	5,357,911
Mortgage backed securities	98,547,454	-	98,547,454
Real estate investment trusts	14,035,686	518,186	14,553,872
Corporate bonds and notes	80,585,423	-	80,585,423
Municipal bonds	1,007,855	-	1,007,855
Limited partnerships	11,739,550	-	11,739,550
Mutual funds	13,969,232	10,232,892	24,202,124
Common stocks	<u>326,937,987</u>	<u>-</u>	<u>326,937,987</u>
Total investments	<u>603,465,058</u>	<u>10,751,078</u>	<u>614,216,136</u>
Loans to members	<u>10,116,315</u>	<u>-</u>	<u>10,116,315</u>
Total assets	<u>658,018,359</u>	<u>11,002,035</u>	<u>669,020,394</u>
<u>LIABILITIES AND NET POSITION</u>			
Obligations under securities lending	18,416,084	-	18,416,084
Due to retired participants	48,263,833	-	48,263,833
Investments purchased	242,775	-	242,775
Accounts payable and accrued liabilities	<u>14,244</u>	<u>233,085</u>	<u>247,329</u>
Total liabilities	<u>66,936,936</u>	<u>233,085</u>	<u>67,170,021</u>
Net position restricted for pensions	<u>\$ 591,081,423</u>	<u>\$ 10,768,950</u>	<u>\$ 601,850,373</u>

CITY OF HIALEAH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Employees' Retirement <u>System</u>	Elected Officials' Retirement <u>System</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 26,327,799	\$ 203,796	\$ 26,531,595
Employee	7,373,185	21,718	7,394,903
State	461,877	-	461,877
Total contributions	<u>34,162,861</u>	<u>225,514</u>	<u>34,388,375</u>
Investment income:			
Net appreciation in fair value of investments	35,831,271	813,737	36,645,008
Investment earnings	14,173,999	236,069	14,410,068
Total investment income	50,005,270	1,049,806	51,055,076
Less investment expenses	1,330,877	44,987	1,375,864
Net investment income	48,674,393	1,004,819	49,679,212
Total additions	<u>82,837,254</u>	<u>1,230,333</u>	<u>84,067,587</u>
DEDUCTIONS			
Pension benefits	54,842,277	354,923	55,197,200
Refunds of contributions	6,646,881	-	6,646,881
DROP benefits	264,230	-	264,230
Total deductions	<u>61,753,388</u>	<u>354,923</u>	<u>62,108,311</u>
Net increase	21,083,866	875,410	21,959,276
Net position restricted for pensions:			
Beginning of year	<u>569,997,557</u>	<u>9,893,540</u>	<u>579,891,097</u>
End of year	<u>\$ 591,081,423</u>	<u>\$ 10,768,950</u>	<u>\$ 601,850,373</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>	109-112
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	113-116
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>	117-119
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>	120-121
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>	122-124

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

	Fiscal Year									
	<u>2007</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>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 183,501,680	\$ 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
Restricted	14,206,203	7,778,905	6,277,482	6,144,155	12,466,327	4,187,495	7,703,518	5,526,978	8,735,410	19,353,008
Unrestricted	<u>(53,760,487)</u>	<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>(273,772,842)</u>
Total governmental activities net position	<u>143,947,396</u>	<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>(63,809,946)</u>
Business-type activities:										
Invested in capital assets, net of related debt	79,156,300	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
Restricted	21,446,086	-	-	-	40,562,646	5,213,862	-	-	-	-
Unrestricted	<u>26,479,228</u>	<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>(14,878,168)</u>
Total business-type activities net position	<u>127,081,614</u>	<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>112,001,043</u>
Total government:										
Invested in capital assets, net of related debt	262,657,980	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
Restricted	35,652,289	7,778,905	6,277,482	6,144,155	53,028,973	9,401,357	7,703,518	5,526,978	8,735,410	19,353,008
Unrestricted	<u>(27,281,259)</u>	<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>(288,651,010)</u>
Total government net position	<u>\$ 271,029,010</u>	<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>\$ 48,191,097</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities										
General government	\$ 65,326,837	\$ 69,140,040	\$ 74,384,843	\$ 68,871,742	\$ 66,589,887	\$ 66,408,608	\$ 68,219,791	\$ 72,876,508	\$ 53,294,065	\$ 56,968,287
Police	42,209,396	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
Fire	32,354,377	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
Streets	12,593,306	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
Recreation and community services	13,128,189	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
Interest on long-term debt	5,491,719	5,559,726	5,421,745	5,155,341	5,155,170	3,081,789	4,538,607	3,179,767	2,924,134	3,549,955
Total governmental activities:	<u>171,103,824</u>	<u>191,347,900</u>	<u>192,318,784</u>	<u>186,329,423</u>	<u>188,228,151</u>	<u>176,249,956</u>	<u>178,230,999</u>	<u>180,118,513</u>	<u>177,602,408</u>	<u>190,453,404</u>
Business-type activities										
Water & sewer	36,259,160	38,888,103	39,571,242	43,158,697	45,302,229	52,462,058	45,991,989	49,789,756	57,129,636	70,446,653
Solid waste	14,715,629	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
Hialeah circulator	1,901,689	2,214,548	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	4,818,638	4,672,609	5,299,992	5,877,241	2,311,830
Total business-type activities:	<u>52,876,478</u>	<u>56,451,816</u>	<u>54,314,376</u>	<u>58,206,288</u>	<u>61,134,864</u>	<u>72,695,795</u>	<u>68,897,145</u>	<u>70,642,612</u>	<u>76,317,149</u>	<u>94,073,420</u>
Total government expenses	<u>\$ 223,980,302</u>	<u>\$ 247,799,716</u>	<u>\$ 246,633,160</u>	<u>\$ 244,535,711</u>	<u>\$ 249,363,015</u>	<u>\$ 248,945,751</u>	<u>\$ 247,128,144</u>	<u>\$ 250,761,125</u>	<u>\$ 253,919,557</u>	<u>\$ 284,526,824</u>
Program revenues:										
Governmental activities										
Charges for services:										
General government	\$ 10,990,136	\$ 15,978,981	\$ 16,545,856	\$ 13,747,204	\$ 15,711,906	\$ 17,233,277	\$ 20,356,002	\$ 18,589,161	\$ 21,314,845	\$ 25,841,688
Police	2,063,068	2,217,049	2,625,878	1,574,179	1,467,723	1,068,390	889,365	918,205	772,604	685,253
Fire	3,428,353	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
Streets	28,973	-	-	3,589,564	3,697,364	-	209,436	120,024	428,722	377,105
Recreation and community services	1,743,647	1,601,966	1,265,892	1,049,507	1,118,475	2,042,914	655,795	584,852	640,787	1,103,371
Operating grants and contributions	11,346,564	8,534,749	15,049,192	12,701,522	24,069,595	22,096,593	21,651,822	24,576,496	22,839,377	21,206,276
Capital grants and contributions	22,174,756	14,978,580	13,323,168	13,827,725	15,486,278	27,170,059	26,000,214	9,019,257	13,347,879	12,214,891
Total governmental activities program revenue:	<u>51,775,497</u>	<u>46,985,855</u>	<u>52,923,345</u>	<u>69,221,211</u>	<u>65,330,659</u>	<u>74,364,133</u>	<u>74,252,218</u>	<u>58,583,595</u>	<u>63,770,333</u>	<u>67,044,577</u>
Business-type activities										
Charges for services:										
Water & sewer	41,236,360	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
Solid waste	12,853,239	13,526,608	13,676,979	13,997,390	13,997,390	14,952,300	15,002,838	14,969,410	15,379,996	17,175,585
Hialeah circulator	1,947,693	1,897,338	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	3,550,573	3,633,314	3,296,440	3,644,229	4,098,166
Capital grants and contributions	3,557,718	4,413,317	3,119,117	9,004,831	9,004,831	1,168,560	538,297	502,578	172,378	429,279
Total business-type activities program revenue:	<u>59,595,010</u>	<u>62,048,935</u>	<u>59,618,106</u>	<u>68,038,765</u>	<u>68,038,765</u>	<u>68,033,292</u>	<u>69,114,023</u>	<u>73,674,220</u>	<u>78,904,128</u>	<u>87,248,742</u>
Total program revenues	<u>\$ 111,370,507</u>	<u>\$ 109,034,790</u>	<u>\$ 112,541,451</u>	<u>\$ 137,259,976</u>	<u>\$ 133,369,424</u>	<u>\$ 142,397,425</u>	<u>\$ 143,366,241</u>	<u>\$ 132,257,815</u>	<u>\$ 142,674,461</u>	<u>\$ 154,293,319</u>
Net (expense) revenue										
Governmental activities:	\$ (119,328,327)	\$ (144,362,045)	\$ (139,395,439)	\$ (117,108,212)	\$ (122,897,492)	\$ (101,885,823)	\$ (103,978,781)	\$ (121,534,918)	\$ (113,832,075)	\$ (123,408,827)
Business-type activities:	6,718,532	5,597,119	5,303,730	9,832,477	6,903,901	(4,662,503)	216,878	3,031,608	2,586,979	(6,824,678)
Total net expense	<u>\$ (112,609,795)</u>	<u>\$ (138,764,926)</u>	<u>\$ (134,091,709)</u>	<u>\$ (107,275,735)</u>	<u>\$ (115,993,591)</u>	<u>\$ (106,548,326)</u>	<u>\$ (103,761,903)</u>	<u>\$ (118,503,310)</u>	<u>\$ (111,245,096)</u>	<u>\$ (130,233,505)</u>
General revenues:										
Governmental activities										
Taxes:										
Property taxes	\$ 61,549,502	\$ 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
Utility taxes	24,769,893	21,696,763	22,580,807	22,275,529	22,212,359	22,191,374	21,909,541	22,487,398	22,248,582	22,087,571
Franchise fees on gross receipts	11,929,276	11,865,713	11,602,898	10,365,647	10,500,164	10,478,381	10,277,964	15,370,782	16,584,895	15,723,781
Intergovernmental revenue	34,202,926	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
Gain on disposal of capital assets	-	-	-	-	-	-	163,973	(1,434,185)	55,529	69,910
Unrestricted interest	2,402,998	992,459	172,565	49,530	22,944	6,254	14,745	7,600	17,656	133,027
Transfers	-	391,068	(1,576,750)	(1,576,750)	-	-	-	15,033,525	-	-
Total governmental activities:	<u>134,854,585</u>	<u>135,591,294</u>	<u>126,699,379</u>	<u>109,435,567</u>	<u>102,807,954</u>	<u>99,409,809</u>	<u>97,787,417</u>	<u>117,983,636</u>	<u>109,581,135</u>	<u>112,714,300</u>
Business-type activities										
Unrealized gain (loss) on investment:	-	-	-	-	-	-	(401,464)	414,486	504,463	185,370
Unrestricted interest:	3,361,773	1,995,210	1,929,614	1,419,630	720,906	672,616	85,110	475,934	669,909	2,392,231
Transfers:	-	-	(391,068)	1,576,750	-	-	-	(15,033,525)	-	-
Total business-type activities:	<u>3,361,773</u>	<u>1,995,210</u>	<u>1,538,546</u>	<u>2,996,380</u>	<u>720,906</u>	<u>672,616</u>	<u>(316,354)</u>	<u>(14,143,105)</u>	<u>1,174,372</u>	<u>2,577,601</u>
Total general revenues:	<u>\$ 138,216,358</u>	<u>\$ 137,586,504</u>	<u>\$ 128,237,925</u>	<u>\$ 112,431,947</u>	<u>\$ 103,528,860</u>	<u>\$ 100,082,425</u>	<u>\$ 97,471,063</u>	<u>\$ 103,840,531</u>	<u>\$ 110,755,507</u>	<u>\$ 115,291,901</u>
Change in net assets:										
Governmental activities:	\$ 15,526,258	\$ (8,770,751)	\$ (12,696,060)	\$ (7,672,645)	\$ (20,089,538)	\$ (2,476,014)	\$ (6,191,364)	\$ (3,551,282)	\$ (4,250,940)	\$ (10,694,527)
Business-type activities:	10,080,305	7,592,329	6,842,276	12,828,857	7,624,807	(3,989,887)	(99,476)	(11,111,497)	3,761,351	(4,247,077)
Total change in net position	<u>\$ 25,606,563</u>	<u>\$ (1,178,422)</u>	<u>\$ (5,853,784)</u>	<u>\$ 5,156,212</u>	<u>\$ (12,464,731)</u>	<u>\$ (6,465,901)</u>	<u>\$ (6,290,840)</u>	<u>\$ (14,662,779)</u>	<u>\$ (489,589)</u>	<u>\$ (14,941,604)</u>

Note: The Hialeah Circulator Fund was converted to Special Revenue Fund in fiscal-year 2009 from

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	\$ 5,927,352	\$ 3,466,345	\$ 2,325,307	\$ 1,625,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	23,768,425	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	4,798,593
Restricted	*	-	-	-	-	-	-	-	-	698,144
Committed	*	-	-	-	192,686	82,338	105,440	-	-	99,606
Unassigned	*	-	-	-	12,368,373	12,234,370	10,622,538	15,391,325	12,199,265	31,843,218
Total general fund	<u>\$ 29,695,777</u>	<u>\$ 28,586,592</u>	<u>\$ 24,064,293</u>	<u>\$ 20,684,173</u>	<u>\$ 13,990,245</u>	<u>\$ 13,995,416</u>	<u>\$ 12,903,036</u>	<u>\$ 17,565,549</u>	<u>\$ 14,363,978</u>	<u>\$ 37,439,561</u>
All other governmental funds:										
Reserved										
Encumbrances	\$ 4,345,683	\$ 831,483	\$ 294,643	\$ 84,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	28,702	-	-	-	-	-	-
Public safety	2,717,111	2,243,527	1,173,854	954,844	-	-	-	-	-	-
Capital projects	7,802,592	5,017,981	4,560,605	3,902,174	-	-	-	-	-	-
Debt service	686,500	517,397	543,023	1,287,137	-	-	-	-	-	-
Unreserved										
Undesignated, reported in:										
Special revenue funds	797,136	(2,513,140)	3,268,881	3,121,877	-	-	-	-	-	-
Nonspendable	*	-	-	-	43,221	1,002,607	29,785	977,963	984,876	1,199,528
Restricted	*	-	-	-	12,466,327	4,187,495	7,703,518	7,643,865	8,554,067	18,654,864
Committed	*	-	-	-	174,865	997,467	-	1,985,353	997,128	807,666
Unassigned	*	-	-	-	(618,391)	20,131	(2,129,354)	(1,586,881)	20,032	(468,364)
Total all other governmental funds	<u>\$ 16,349,022</u>	<u>\$ 6,097,248</u>	<u>\$ 9,841,006</u>	<u>\$ 9,379,651</u>	<u>\$ 12,066,022</u>	<u>\$ 6,207,700</u>	<u>\$ 5,603,949</u>	<u>\$ 9,020,300</u>	<u>\$ 10,556,103</u>	<u>\$ 20,193,694</u>

* 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)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Ad valorem taxes	\$ 61,549,502	\$ 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
Utility taxes	24,769,883	25,523,938	26,185,078	25,865,093	25,909,723	22,181,374	21,909,541	22,487,398	22,248,582	22,087,571
Franchise fees	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381	10,277,964	15,370,782	16,584,895	15,723,781
Licenses and permits	6,774,381	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
State and local shared revenues	34,277,457	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
Fines and forfeitures	2,001,490	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
Impact fees	-	-	-	-	-	-	-	1,087,068	214,629	2,553,949
Interest	2,402,998	992,459	172,565	49,530	22,944	6,254	14,745	7,600	17,656	9,597
Government grants and other revenues	<u>41,541,262</u>	<u>33,779,960</u>	<u>34,772,591</u>	<u>46,869,457</u>	<u>40,648,290</u>	<u>50,301,393</u>	<u>50,432,811</u>	<u>31,137,305</u>	<u>35,667,721</u>	<u>27,361,310</u>
Total revenues	<u>185,246,249</u>	<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>
Expenditures:										
Current:										
General government	32,294,210	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
Police	40,605,970	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
Fire	30,821,396	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
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
Streets	5,539,443	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
Grants and human services	2,446,509	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
State housing initiative programs	1,388,171	1,017,306	960,403	997,212	1,133,537	664,604	107,769	343,353	246,754	116,248
Work investment act programs	2,131,368	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	1,112,082	1,315,761	905,065	1,164,135	813,123	1,074,523	676,279	658,140	1,071,420	1,233,250
Office of Management and Budget	753,186	668,269	621,505	498,549	576,663	551,784	494,087	461,476	560,939	388,095
Office of the Mayor	714,702	655,965	662,240	637,840	532,856	416,047	441,278	927,025	699,883	646,944
Communications and special events	941,837	1,016,370	841,146	801,972	747,618	-	47,427	221,436	304,392	387,083
Employee retirement	455,229	519,634	489,769	537,162	463,361	501,114	636,543	632,686	604,903	596,528
Library	1,743,219	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
Code compliance	535,830	563,559	555,821	510,496	447,585	310,669	392,052	447,571	658,107	644,566
Finance	890,882	907,045	929,122	942,757	879,174	932,222	880,172	1,032,730	1,352,174	1,417,428
Business tax division	397,628	478,074	553,528	431,087	286,569	248,847	392,421	429,910	589,707	807,971
Information technology	1,109,924	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
Fleet maintenance	2,107,047	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
Construction and maintenance	2,876,541	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
Parks and recreation	10,399,244	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
Planning and zoning	3,135,389	2,939,020	2,506,832	2,368,498	1,909,454	476,241	484,169	528,781	695,584	716,244
Education and community services	1,675,303	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
Law	965,169	988,913	960,676	895,422	730,159	805,255	768,888	1,216,909	1,291,022	1,311,626
Risk management	578,003	716,475	732,041	991,704	877,824	976,285	819,238	826,743	428,350	322,813
Human resources	838,335	693,341	821,708	782,972	752,723	572,277	513,118	731,129	700,530	763,201
Debt service:										
Principal	3,113,294	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
Interest	5,512,378	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
Debt issuance cost	-	-	-	-	-	-	630,913	-	-	-
Capital outlay	<u>42,096,354</u>	<u>33,261,658</u>	<u>19,259,020</u>	<u>22,198,239</u>	<u>14,650,952</u>	<u>22,198,021</u>	<u>23,867,900</u>	<u>8,586,286</u>	<u>10,935,638</u>	<u>9,095,668</u>
Total expenditures	<u>197,178,643</u>	<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>
Excess (deficiency) of revenues over expenditures	<u>(11,932,394)</u>	<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>
Other financing sources (uses):										
Transfers in	6,475,276	1,714,930	3,419,660	1,397,618	67,768	3,258,319	38,555	19,781,358	2,147,066	776,762
Transfers out	(6,475,276)	(1,714,930)	(3,100,661)	(1,397,618)	(67,768)	(7,477,992)	(38,555)	(4,747,833)	(2,147,066)	(776,762)
Payment to refunded bond escrow agent	-	(2,610,000)	-	-	-	-	-	-	-	-
Issuance of debt	-	2,283,000	-	-	-	-	-	-	-	45,164,839
Proceeds from disposal of capital assets	-	-	-	4,800,000	-	-	163,973	4,076,089	55,529	69,910
Issuance of debt	<u>4,950,000</u>	<u>-</u>	<u>3,466,113</u>	<u>459,788</u>	<u>31,252,400</u>	<u>323,659</u>	<u>37,329,481</u>	<u>423,920</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,950,000</u>	<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>
Net change in fund balances	<u>\$ (6,982,394)</u>	<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>
Debt service as a percentage of non-capital expenditures	5.56%	5.42%	6.30%	6.47%	20.60%	5.07%	22.34%	4.81%	5.95%	14.57%

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>
2007	\$ 9,001,150,803	\$ 625,028,036	\$ 6,671,929	\$ 9,632,850,768	6.8000
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

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											
	Operating Millage	Miami-Dade County		County School Board			Water Management	Special	Okeechobee	Children's	Everglades		
		Operating Millage	Service Millage	Total County Millage	Operating Millage	Service Millage	School Millage	District	District	Basin	Trust	C.P.	
2007	6.8000	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0345	0.0000	0.4223	0.0894	20.6934
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

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

2016				2007			
<u>Taxpayer</u>	Net Assessed Value	Rank	Percent of Total City Net Assessed Value	<u>Taxpayer</u>	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
Florida Power & Light CO	\$ 166,127,014	1	2.11%	Lifemark Hospitals Inc.	\$ 166,101,341	1	2.16%
Palm Springs Mile Associates LTD	114,425,934	2	1.46%	Ashland Inc.	114,003,195	2	1.30%
Westland Mall LLC	80,800,000	3	1.03%	Palm Springs Mile Associates LTD	100,130,268	3	1.13%
Lifemark Hospitals Inc.	59,258,235	4	0.75%	Westland Mills LLC	86,671,200	4	1.49%
Centergate at Gratigny LLC	39,027,823	5	0.50%	Airras Group Inc.	64,676,073	5	0.84%
SC Westland Promenade Ltd Prtshp	32,668,960	6	0.42%	77 Acres LLC	49,466,569	6	0.64%
Hialeah Speedway Limited	29,093,414	7	0.37%	Gratigny Partners LTD	40,681,314	7	0.53%
Bal Bay Management LLC	23,728,306	8	0.30%	Las Brisas LLC	37,254,814	8	0.49%
United Parcel Service Inc.	23,639,808	9	0.30%	Bellsouth Telecommunications Inc.	36,189,962	9	0.47%
FDG Beacon Countyline LLC	23,526,223	10	0.30%	Royal Gardens Investments LLC	36,124,975	10	0.47%
	<u>\$ 592,295,717</u>		<u>7.54%</u>		<u>\$ 731,299,711</u>		<u>9.52%</u>

Source: Miami-Dade County Property Appraisers Office.

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

Fiscal Year Ended <u>September 30.</u>	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
2007	\$ 65,503,385	\$ 60,909,886	92.99%	\$ 299,605	\$ 61,209,491	93.44%
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%

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 <u>September 30.</u>	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			
2007	\$ 2,610,000	\$ 112,010,000	\$ 185,047	\$ 97,891	\$ 465,000	\$ 1,185,000	\$ 2,158,254	\$ -	\$ 352,832	\$ 119,064,024	1.43%	514
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	-	90,403,638	1,323,955	-	-	59,261,246	1,417,014	-	-	152,405,853	2.20%	643

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>	2016		Amount Applicable to the City of Hialeah
	Net Debt <u>Outstanding</u>	Estimated Percentage <u>Applicable (1)</u>	
Miami-Dade County School Board	\$ 337,019	3.41%	\$ 11,492
Miami-Dade County	<u>1,528,306</u>	3.41%	<u>52,115</u>
Subtotal, Overlapping Debt	1,865,325		63,608
City of Hialeah Direct Debt	<u>158,762</u>	100%	<u>158,762</u>
Total Direct and Overlapping Debt	<u>\$ 2,024,087</u>		<u>\$ 222,370</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	Less	Net	Debt Service			Rescue	Debt Service		
	Fees (d)	Principal	Interest	Coverage	Charges and Other	Operating Expenses	Available Revenue	Principal	Interest	Coverage	Transportation Fees (a)	Principal	Interest	Coverage
2007	\$ -	\$ -	\$ -	N/A	\$ 41,236,360	\$ 36,154,466	\$ 5,081,894	\$ 1,585,000	\$ 138,400	2.95	\$ 2,394,917	\$ 170,000	\$ 152,900	7.42
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

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,

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

Fiscal Year	Population (1)	Total Personal Income		Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
		(Amounts Expressed in Thousands) (1)	Per Capita Personal Income (1)			
2007	231,500	\$ 8,352,752	\$ 36,081	39	30,105	5.8%
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%

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.

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

<u>Employer</u>	<u>2016</u>			<u>2007</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	1.72%	1,635	2	1.78%
City of Hialeah	1,611	2	1.70%	1,800	1	1.96%
United Parcel Service	1,119	3	1.18%	1,119	3	1.22%
Hialeah Hospital	1,032	4	1.09%	1,032	5	1.12%
Winn Dixie Super Markets	931	5	0.98%	1,054	4	1.15%
Publix Super Markets	771	6	0.81%	816	6	0.89%
Palm Springs Hospital	611	7	0.64%	611	8	0.66%
Sedano's Super Markets	545	8	0.57%	591	9	0.64%
Bank of America	491	9	0.52%	-	-	0.00%
Bullet Line	450	10	0.47%	-	-	0.00%
Yellow Stone Group	-	-	0.00%	411	10	0.45%
McDonald's Restaurants	-	-	0.00%	424	7	0.46%
Total	<u>9,196</u>		<u>9.69%</u>	<u>9,493</u>		<u>10.33%</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>2007</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>
Number of employees:										
Mayor's office	10	12	12	10	8	5	3	3	4	5
Communications & special events	11	11	11	8	1	-	-	-	-	-
Information systems	19	14	14	14	14	12	12	12	10	9
Community development:										
Planning and zoning	13	13	13	8	10	9	7	7	7	6
Building	31	31	31	17	19	22	19	19	22	25
License	8	10	10	7	5	8	8	8	9	9
Code compliance	12	9	10	7	7	9	9	9	10	10
Office of Management & Budget	13	17	16	15	12	20	3	3	3	3
City Clerk's office	8	11	10	8	3	5	4	4	4	4
Law	14	13	13	10	11	10	10	9	8	10
Risk management	15	13	13	14	14	3	3	3	3	3
Police:										
Police officers	372	358	365	312	327	303	290	276	264	251
Civilians	151	150	150	121	105	75	56	70	67	75
Fire:										
Firefighters	288	262	265	241	199	254	245	235	238	229
Civilians	59	58	58	55	44	35	19	28	18	18
911 Communications	-	-	-	43	47	44	38	39	41	43
Education & community services	28	30	33	32	27	35	29	29	34	45
Library	31	29	30	24	17	15	15	15	17	17
Recreation and community services	93	92	92	81	76	79	71	70	75	70
Streets	30	30	32	23	34	19	17	17	28	31
Stormwater	17	18	20	13	13	9	9	9	9	13
Fleet	47	48	48	31	33	35	37	37	31	30
Circulator	7	7	7	5	5	-	-	-	-	-
Construction and maintenance	54	53	58	30	30	36	39	39	33	35
Solid waste	126	115	113	85	74	68	62	62	42	26
Human resources	10	10	10	9	7	8	8	9	7	7
Finance	17	15	15	14	16	13	19	19	15	26
Retirement	5	5	5	3	3	4	4	4	4	3
Grants and human services	43	42	40	38	35	33	32	32	8	4
Water and sewer	57	58	59	52	50	60	55	54	64	68
Water division	39	38	40	32	30	32	32	32	26	30
Sewer division	30	30	31	24	19	19	17	17	16	18
Total number of employees	<u>1,658</u>	<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>

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 of Community and

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

<u>Function/Program</u>	<u>2007</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>
Public safety										
Police:										
Police calls for service	222,425	223,101	260,108	259,556	203,401	215,200	245,463	370,506	367,942	347,745
Parking violations	12,325	11,925	19,533	18,775	2,915	3,510	3,301	2,987	3,372	4,674
Traffic violations	75,251	76,135	88,550	91,051	73,423	77,900	78,751	77,253	85,141	83,050
Fire:										
Number of calls answered	33,658	35,009	32,350	34,425	32,992	33,755	35,455	42,250	43,494	43,850
Inspections	17,947	22,921	10,851	11,825	11,136	12,235	12,235	8,500	12,035	13,400
Planning and development:										
Business permits issued	12,487	9,852	9,215	9,185	9,205	8,815	8,716	6,421	7,583	15,022
Occupational licenses issued	18,101	18,325	18,058	17,225	18,318	18,449	18,915	19,019	19,041	19,575
Streets:										
Street resurfacing (miles)	6.9	6.1	7.8	8.1	7.4	10.1	11.5	12.0	7.9	13.7
Potholes repaired	462	471	420	310	310	295	285	208	154	294
Culture and recreation:										
Registrations for library programs	119,645	122,398	112,433	110,663	110,663	56,642	56,642	46,042	50,759	38,364
Community center admissions	192,874	196,010	154,388	155,658	154,763	145,100	144,302	146,525	146,750	147,500
Athletic field permits issued	72	85	47	41	41	65	63	134	90	76
Water and sewer:										
Active accounts - water and sewer	54,640	54,400	54,580	53,996	54,523	54,392	54,554	55,401	55,008	55,568
Average daily water consumption (thousands of gallons)	21,325	20,015	22,422	22,321	20,519	21,837	20,878	19,959	18,656	18,556
Average daily sewage treatment (thousands of gallons)	25,178	24,985	21,767	18,913	16,670	19,184	19,308	19,458	19,986	24,502
New connections	4,698	4,355	4,225	4,468	4,931	5,368	1,020	920	2,052	981
Water main breaks	225	192	115	102	177	193	195	200	57	108
Solid waste:										
Residential accounts	35,621	36,780	34,951	35,037	35,591	35,303	35,285	35,101	36,502	36,502
Commercial accounts	443	452	443	468	446	449	441	436	440	-
Refuse collected (tons/day)	231.9	241.5	398.8	405.3	358.0	365.0	225.0	193.0	141.6	254.0
Recyclables collected (tons/day)	7.3	7.4	12.7	13.5	14.2	14.9	21.0	27.0	45.2	45.2

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>2007</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>
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	282	315	378	386	398	402	229	238	215	225
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Fire apparatus vehicles	12	13	13	15	15	15	14	15	15	15
Emergency rescue vehicles	9	10	10	10	10	12	14	14	14	14
Streets:										
Miles of streets	493.1	493.1	493.1	493.1	493.1	493.1	450.6	455.0	475.6	475.6
Culture and recreation:										
Parks	27	27	27	27	27	27	27	27	27	27
Parks acreage	255.0	255.0	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	23	21	26	26	26	26	26	26	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	1	2	2	2	2	2
Water mains (miles)	490	490	492	492	492	492	492	496	496	519
Fire hydrants	2,766	2,766	2,772	2,772	2,772	2,772	2,772	2,812	3,008	3,008
Storm sewers (miles)	88.2	88.2	88.2	88.2	88.2	88.2	88.2	92.3	84.3	84.3
Solid waste:										
Collection trucks	37	36	38	42	46	46	46	46	12	6

Sources: Various City departments

COMPLIANCE SECTION



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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, 2016, 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 22, 2017.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 22, 2017



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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 year ended September 30, 2016. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs 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 projects. 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 year ended September 30, 2016.

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.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 22, 2017

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grant	14.218	B-14MC-12-0008	234,475
Community Development Block Grant	14.218	B-15MC-12-0008	<u>828,167</u>
			<u>1,062,642</u>
HOME Investment Partnership	14.239	M-09-MC-12-0207	70,520
HOME Investment Partnership	14.239	M-10-MC-12-0207	6,603
HOME Investment Partnership	14.239	M-11-MC-12-0208	-
HOME Investment Partnership	14.239	M-12-MC-12-0208	10,312
HOME Investment Partnership	14.239	M-13-MC-12-0208	<u>49,616</u>
			<u>137,051</u>
Emergency Shelter Grant	14.231	S-15-MC-12-0005	<u>189,748</u>
			<u>189,748</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>1,389,441</u>
<i>U.S. Department of Justice</i>			
Equitable Sharing Funds	16.922	N/A	202,673
Edward Byrne Memorial Grant Program - 2013	16.738	2016-JAGC-DADE-1-H3-013	20,892
Edward Byrne Memorial Grant Program - 2014	16.738	2015-DJ-BX-1008	<u>55,939</u>
<i>Total U.S. Department of Justice</i>			<u>279,504</u>
<i>Subtotal Direct Programs</i>			<u>1,668,946</u>
<i>U.S. Department of Agriculture</i>			
<i>Indirect Programs-Passed through the Florida Department of Health:</i>			
Child Care Food Program	10.558		-
<i>Total U.S. Department of Agriculture</i>			<u>-</u>
<i>Executive Office of the President</i>			
Pass-Through Program Monroe County Sherrif's Office			
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G15MI0001A	<u>19,960</u>
<i>Total Executive Office of the President</i>			<u>19,960</u>

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

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2016

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
Pass-Through Program from:			
State of Florida Department of Education:			
21st Century Community Learning Centers - Academic Achievers	84.287	13B-2446B-6CCC2	408,409
21st Century Community Learning Centers - Steam Ahead	84.287	13B-2446B-6CCC1	<u>422,699</u>
Total U.S. Department of Education - Through the State of Florida Department of Education			<u>831,108</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	10,805
The Florida Department of Transportation:			
Florida Traffic Records Information Systems Grant	20.616	GO789	259,679
The Florida Department of Transportation - Highway Planning and Construction:			
West 28th Ave from West 52nd Street to West 80th Street Design	20.205	ARN31	<u>39,656</u>
Total U.S. Department of Transportation - Through the Florida Department of Transportation			<u>310,140</u>
Pass-Through Program from:			
The Florida Division of Emergency Management:			
Urban Areas Security Initiatives (UASI) (2014)	97.067	15-DS-P8-11-23-02-453	361,443
Assistance to Firefighters Grant	97.044	EMW-2014-FO-06965	<u>436,519</u>
Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management			<u>797,962</u>
Pass-Through Program from:			
State of Florida Office of the Attorney General:			
Victims of Crimes Act (VOCA)	16.575	V209-14272	<u>50,037</u>
Total U.S. Department of Justice - Through the State of Florida Office of the Attorney General			<u>50,037</u>
TOTAL EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE			<u>3,678,153</u>

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

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2016
(Continued)

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
Florida Housing Finance Corporation			
State Housing Initiative Partnership Program	40.901	N/A	<u>116,248</u>
Total Florida Housing Finance Corporation			<u>116,248</u>
Florida Department of State - Division of Libraries and Information Services			
State Aid to Libraries	45.030	13-ST-32	10,131
State Aid to Libraries	45.030	14-ST-32	34,638
State Aid to Libraries	45.030	15-ST-32	45,576
State Aid to Libraries	45.030	16-ST-32	<u>36,513</u>
Total Florida Department of State - Division of Libraries and Information Services			<u>126,858</u>
Florida Department of Elder Affairs			
Alliance for Aging - Meals for the Elderly	65.009	LSP 2015-2016-KL1534	961,272
Alliance for Aging - Meals for the Elderly	65.009	LSP 2016-2017-KL1634	<u>231,491</u>
Total Florida Department of Elder Affairs			<u>1,192,763</u>
			<u>\$ 1,435,869</u>

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

CITY OF HIALEAH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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	<u>\$ 368,762</u>

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
FISCAL YEAR ENDED SEPTEMBER 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards and State Financial Assistance

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

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 <u> X </u> no
--	---------------------------

Identification of major programs:

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
Community Development Block Grant/Entitlement Grants	14.218
Twenty-First Century Community Learning Centers	84.287

<u>State Financial Assistance Project</u>	<u>State CFSA No.</u>
Local Services Programs	65.009
State Aid to Libraries	45.030

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
FISCAL YEAR ENDED SEPTEMBER 30, 2016
(Continued)

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES

2016-01 Capital Assets Inventory

Observation:

During the course of our audit we noted that the City has not performed an inventory of capital assets in the past several years.

Recommendation:

We recommend that the City follows its capital asset policy that requires an inventory of its capital assets every year to ensure that its capital asset records and depreciation are updated and properly stated on the financial statements.

View of Responsible Officials and Planned Corrective Actions:

The City will ensure that each department performs an annual inventory of its respective capital assets, and provides to the finance department for accurate record keeping.

2015-02 Water and Sewer Fund and Solid Waste Fund Deficit

Observation:

During our testing of the enterprise funds we noted that the Water and Sewer fund and Solid Waste fund had an operating loss of approximately \$2,417,769 and \$3,634,844, respectively. In the prior year only the Stormwater fund incurred an operating loss of \$1,643,086.

Recommendation:

We recommend that the City review its current rates for water, sewer and solid waste 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 5-year Utility Rate Study by Milian Swain and Associates (MSA) in March 2016. The study recommends that water and sewer rates be adjusted in FY 17-18 to account for anticipated increases in operational costs and conserve existing reserves. A recommendation will be presented to the City council for their consideration. In addition, the study recommends that the City continues to pass-through MDC wholesale rate increases, as well as, account for CPI adjustments. For the Solid Waste fund, the City, in FY 17-18, anticipates considering an ordinance allowing for the annual adjustment of the residential solid waste fee by CPI to correspond with the contract terms of the current private provider. The City also anticipates privatizing the collection of recyclables as a cost reducing measure

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:

- 2015-01 Budgeting and Budget Amendments

OTHER MATTER

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

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

- 2015-02 Storm Water Fund Deficit (revised and repeated)

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.



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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

Reports on the Financial Statements

We have audited the basic financial statements of City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 22, 2017.

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; 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 Florida Auditor General.

Other Reports and Schedule

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 Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings; Management Letter Required by Chapter 10.550, Rules of the Auditor General of the State of Florida and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated June 22, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the accompanying summary schedule of prior audit findings.

Official Title and Legal City

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 is disclosed in the notes to the financial statements. The City included the following blended component units; City of Hialeah Educational Academy, Inc. (the "HEA").

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our assessment was performed as of the fiscal year end.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations are included in the accompanying schedule of findings and questioned costs.

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

Purpose of this Letter

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

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 22, 2017



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
PURSUANT TO SECTION 218.415 FLORIDA STATUTES**

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

We have examined the City of Hialeah, Florida, (the "City") compliance with the requirements of Section 218.415 Florida Statutes during the fiscal year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
June 22, 2017

