




City of
HIALEAH

2018

HIALEAH, FL

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

FISCAL YEAR ENDED SEPTEMBER 30, 2018

CITY OF HIALEAH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by:
Finance Department

CITY OF HIALEAH, FLORIDA

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CITY OF HIALEAH, FLORIDA

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INTRODUCTORY SECTION

Carlos Hernandez
Mayor

Vivian Casáls-Muñoz
Council President

Isis Garcia-Martínez
Council Vice President



Council Members
Jose F. Caragol
Katharine E. Cue-Fuente
Paul B. Hernandez
Lourdes Lozano
Carl Zogby

City of Hialeah

June 27, 2019

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, 2018. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The City of Hialeah's financial statements have been audited by Caballero Fierman Llerena & Garcia, LLP Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hialeah's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Hialeah's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

In the past year, taxable values in the City of Hialeah have increased approximately 11.3% based on the Miami Dade County Property Appraiser's Office assessments. The City continues to honor our commitment to the residents and has not increased the millage rate above the levels that have been set by the Administration for the last five (6) years. The following discussion is intended to demonstrate the growth and vitality of the City and to address the challenges and concerns of the near future.

Annexation Area - In 2005 the City of Hialeah annexed from Miami Dade County an area located along the northwest corner of the City of Hialeah between Highway I-75 and the Florida Turnpike lying directly to the west of City. The Annexation Area consists of 1,890 acres of land, of which, a third has been designated for residential use, two-thirds have been designated for commercial and industrial use, and it will include a 30 acre passive park. As part of the inter-local agreement between the City and Miami-Dade County, the City will provide the necessary regional pre-development infrastructure, including: water and sewer services, road improvements, and regional recreational facilities. The Annexation Area will provide continued strong economic growth to the City of Hialeah by expanding its revenue base and maximizing the land use within its borders. At the time of this report, approximately 3,000 new homes have been constructed in the annexation area.

LONG TERM FINANCIAL PLAN

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

The total unassigned fund balance in the General Fund at the end of fiscal year 2018 is approximately \$30 million, which is approximately 20% of the General Fund budget.

The City is pursuing grant and other funding opportunities to provide needed infrastructure improvements to the City, including roadway projects, sidewalks, and improvements to City parks.

MAJOR INITIATIVES AND PROGRAMS

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

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

Through successful leveraging of State, Federal and County grants, the City in conjunction with Hialeah Housing Authority is finalizing the design of 80 new affordable housing units in Seminola.

RELEVANT FINANCIAL POLICIES

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

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

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hialeah for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the eleventh 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 2018 Comprehensive Annual Financial Report continues to meet the high standards of the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration of the award certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Carlos Hernandez
Mayor



Christopher Chiocca, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Hialeah
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF HIALEAH, FLORIDA

List of Elected City Officials

September 30, 2018

Strong Mayor Form of Government

CITY COUNCIL

Carlos Hernandez, Mayor

Vivian Casáls-Muñoz, Council President

Isis Garcia-Martinez, Council Vice President

Jose F. Caragol

Katharine Cue-Fuente

Paul B. Hernandez

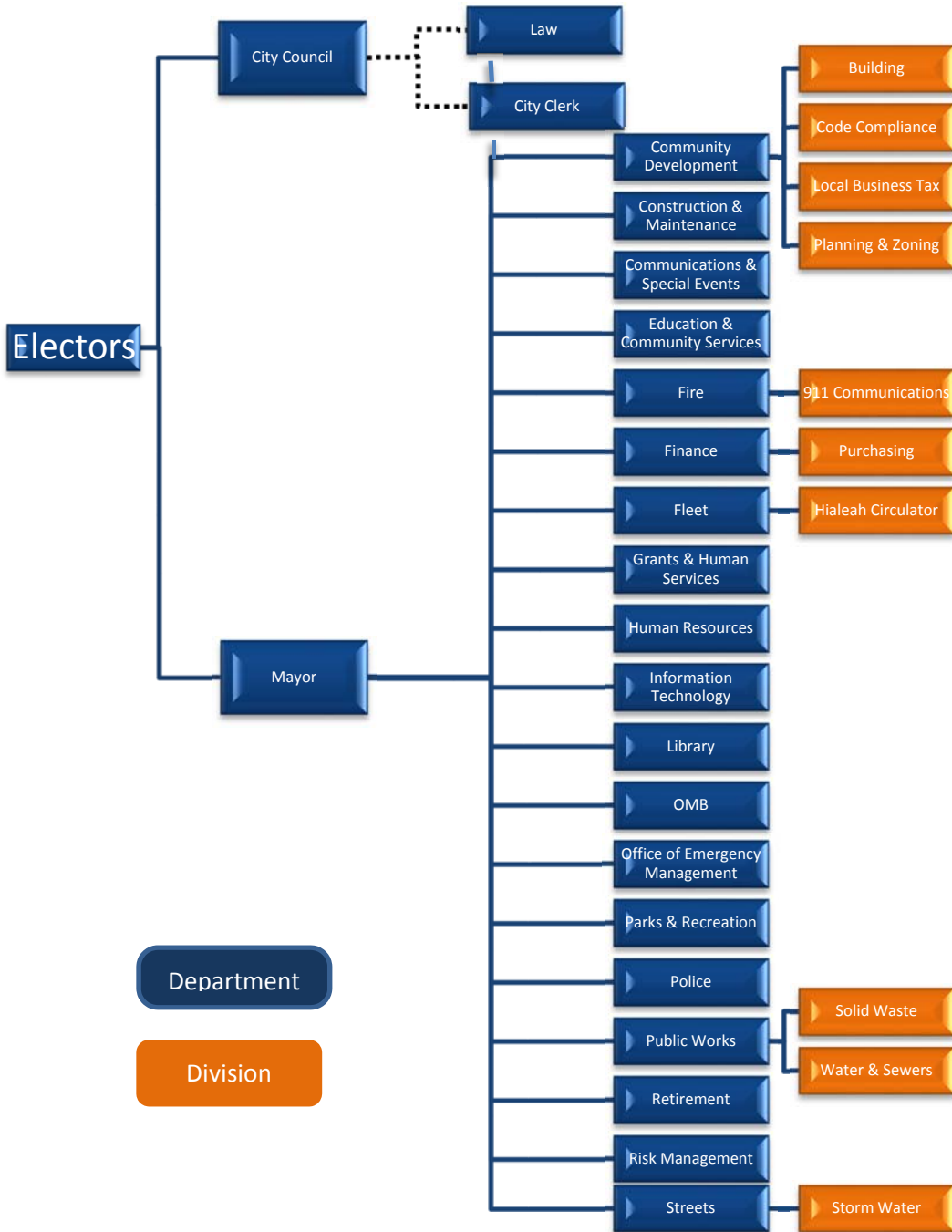
Lourdes Lozano

Carl Zogby

Prepared by:

Finance Department and Administration

CITY OF HIALEAH, FLORIDA
ORGANIZATIONAL CHART
 SEPTEMBER 30, 2011



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



CABALLERO FIERMAN
LLERENA + GARCIA LLP

accountants | advisors

INDEPENDENT AUDITORS' REPORT

McMurry Medical, Inc. and its subsidiaries
for the years ended December 31, 2017 and 2016

Report on the Financial Statements

We have audited the accompanying balance sheet of McMurry Medical, Inc. and its subsidiaries as of December 31, 2017, and the related statements of income, comprehensive income, equity, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise McMurry Medical, Inc. and its subsidiaries' financial statements for the year ended December 31, 2017, and the related statements of income, comprehensive income, equity, and cash flows for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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 an opinion on the financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America, and the auditing standards for Government Auditing Standards issued by the Comptroller General of the United States.

These auditing 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 is designed to obtain reasonable assurance, but not to provide absolute assurance that the financial statements are free from material misstatement. An audit also includes assessing the risks of material misstatement due to fraud or error, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole, and not for the purpose of expressing an opinion on the separate financial statements taken in isolation.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of McMurry Medical, Inc. and its subsidiaries as of December 31, 2017, and the results of its operations and its cash flows for the year then ended, and for the year ended December 31, 2016, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 10 to the financial statements, McMurry Medical, Inc. and its subsidiaries have adopted Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This adoption does not affect our opinion on the financial statements as a whole.

CABALLERO FIERMAN LLERENA + GARCIA LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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, 2018.

Financial Highlights

- The liabilities and deferred inflows of resources of the City of Hialeah's governmental and business-type activities exceed its assets and deferred outflows of resources at the close of the most recent fiscal year by \$237.0 million net position (deficit).
- Net position of the City's governmental activities decreased by 5% (\$17.6 million) from \$325.8 million deficit as restated for last fiscal year, compared to \$308.3 million deficit in the current fiscal year. The net change in fund balance in the amount of \$9.7 million to the change in net position of \$17.6 million was primarily due to decreases in expenses related to general government, police, fire, streets, and recreation and community services.
- Net position of the City's business-type activities increased by 11% (\$6.9 million) from \$64.6 million as restated compared to \$71.5 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 \$73.0 million, an increase of approximately \$9.7 million.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$30 million, or 63% of the total General Fund Balance. The non-spendable fund balance was \$5.8 million which represents long term receivables, inventory and prepaid expenses, which are amounts that are not spendable in nature. The restricted amount is lease proceeds from a creditor. The assigned amount of \$5.6 million is to be used in the FY 19 budget year. The committed amount of \$1.7 million is for future expenditures determined by a formal action of the City Council. The \$30 million of unassigned fund balance is considered undesignated at the closing of the year and are funds available for spending at the government's discretion. It is important for readers to understand that these funds available for spending are essential for long-term commitments and unanticipated contingencies and should not be considered superfluous.

Overview of the Financial Statements

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

Government-wide financial statements

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

- The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued)

- The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

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

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

Fund financial statements

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

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be the major fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Overview of the Financial Statements (Continued)

Governmental funds (Continued)

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

Proprietary funds

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its solid waste, water and sewer and storm-water operations.

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

Fiduciary funds

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-89 of this report.

Other information

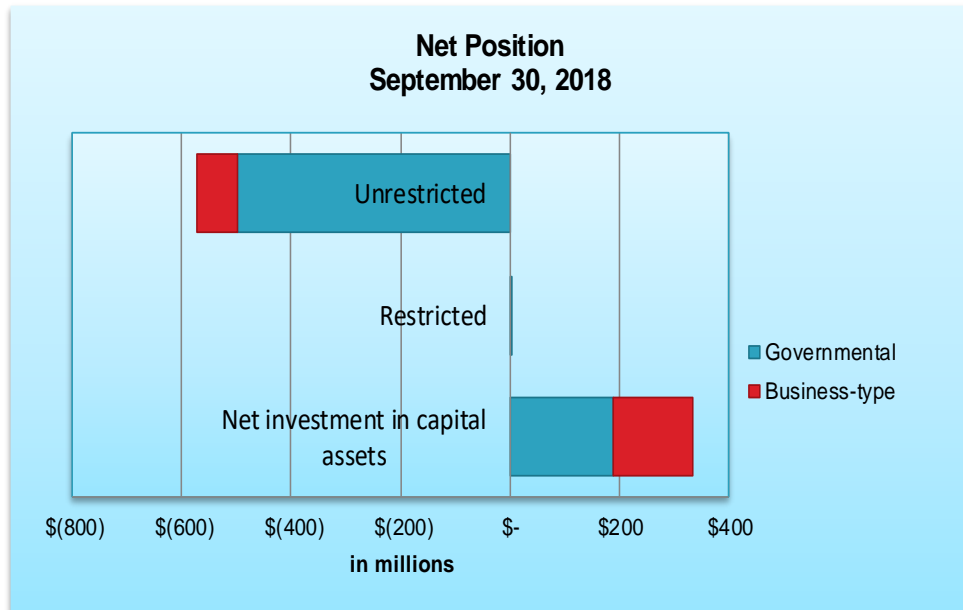
In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including, but not limited to, the budgetary comparison schedule of the General Fund and information concerning the City's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 90-98 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 99-128 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, the liabilities and deferred inflows of the City exceed its assets and deferred outflows of resources at the close of the most recent fiscal year by \$237.0 million net position (deficit). This is an 9% increase compared to last year's net position deficit of \$261.2 million as restated. This was primarily due to an increase of \$17.6 million in governmental activities and an increase of \$6.9 million in business-type activities.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-wide Financial Analysis (Continued)



CITY OF HIALEAH - NET POSITION

	Governmental Activities	Business-type Activities	Total 2018	Governmental Activities	Business-type Activities	Total 2017
Current and other assets	\$ 85,299,976	\$ 58,046,425	\$ 143,346,401	\$ 85,917,776	\$ 67,323,795	\$ 153,241,571
Restricted assets	1,770,668	16,041,612	17,812,280	1,802,576	16,478,639	18,281,215
Capital assets, net	252,565,191	202,316,426	454,881,617	253,641,636	192,793,527	446,435,163
Total assets	<u>339,635,835</u>	<u>276,404,463</u>	<u>616,040,298</u>	<u>341,361,988</u>	<u>276,595,961</u>	<u>617,957,949</u>
Deferred outflows of resources	80,519,803	15,812,250	96,332,053	63,809,921	15,868,334	79,678,255
Long-term liabilities	680,478,717	168,847,769	849,326,486	452,100,852	129,643,560	581,744,412
Other liabilities	13,640,429	46,015,964	59,656,393	32,773,938	49,705,954	82,479,892
Total liabilities	<u>694,119,146</u>	<u>214,863,733</u>	<u>908,982,879</u>	<u>484,874,790</u>	<u>179,349,514</u>	<u>664,224,304</u>
Deferred inflows of resources	34,306,804	5,781,327	40,088,131	4,380,005	938,394	5,318,399
Net position						
Net investment in capital assets	186,890,190	145,315,155	332,205,345	186,457,794	133,579,865	320,037,659
Restricted	2,289,412	-	2,289,412	23,084,772	-	23,084,772
Unrestricted	(497,449,914)	(73,743,502)	(571,193,416)	(293,625,452)	(21,403,478)	(315,028,930)
Total net position	<u>\$ (308,270,312)</u>	<u>\$ 71,571,653</u>	<u>\$ (236,698,659)</u>	<u>\$ (84,082,886)</u>	<u>\$ 112,176,387</u>	<u>\$ 28,093,501</u>

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-wide Financial Analysis (Continued)

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

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is considered unrestricted net position and that amount is a \$571.0 million deficit. 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 5% (\$17.6 million) from \$325.8 million deficit for last fiscal year, compared to \$308.2 million deficit in the current fiscal year. See detailed explanation under Financial Highlights.

Net position of the City's business-type activities increased 11% (\$6.9 million) from \$64.6 million as restated for last fiscal year, compared to \$71.5 million in the current fiscal year.

CITY OF HIALEAH - CHANGES IN NET POSITION

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>2018</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total <u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 34,738,682	\$ 92,277,325	\$ 127,016,007	\$ 32,394,063	\$ 87,674,670	\$ 120,068,733
Operating grants & contributions	22,478,063	-	22,478,063	26,795,367	-	26,795,367
Capital grants & contributions	14,519,811	33,168	14,552,979	9,475,840	591,188	10,067,028
General Revenues:						
Property taxes	57,462,494	-	57,462,494	51,435,680	-	51,435,680
Utility taxes	22,883,815	-	22,883,815	22,345,725	-	22,345,725
Franchise fees on gross receipts	16,190,910	-	16,190,910	16,180,210	-	16,180,210
Intergovernmental revenue	33,823,674	-	33,823,674	28,200,503	-	28,200,503
Unrealized gain (loss) on investments	-	(215,998)	(215,998)	-	(121,594)	(121,594)
Gain on disposal of capital assets	165,426	43,575	209,001	77,140	-	77,140
Unrestricted interest	224,407	347,074	571,481	129,600	543,642	673,242
Total revenues	<u>202,487,282</u>	<u>92,485,144</u>	<u>294,972,426</u>	<u>187,034,128</u>	<u>88,687,906</u>	<u>275,722,034</u>
Expenses:						
General government	55,258,339	-	55,258,339	59,957,218	-	59,957,218
Police	53,485,325	-	53,485,325	58,240,949	-	58,240,949
Fire	46,936,520	-	46,936,520	54,381,049	-	54,381,049
Streets	13,202,250	-	13,202,250	15,961,337	-	15,961,337
Recreation and community services	11,652,746	-	11,652,746	13,703,389	-	13,703,389
Interest on long-term debt	4,025,439	-	4,025,439	3,766,967	-	3,766,967
Water & sewer	-	73,079,627	73,079,627	-	71,567,962	71,567,962
Solid waste	-	7,318,709	7,318,709	-	19,795,688	19,795,688
Stormwater	-	5,495,126	5,495,126	-	4,987,399	4,987,399
Total expenses	<u>184,560,619</u>	<u>85,893,462</u>	<u>270,454,081</u>	<u>206,010,909</u>	<u>96,351,049</u>	<u>302,361,958</u>
Change in net position	17,926,663	6,591,682	24,518,345	(18,976,781)	(7,663,143)	(26,639,924)
Transfers	(366,407)	366,407	-	(1,296,159)	1,296,159	-
Net position-beginning (as restated, see Note 19)	<u>(325,830,568)</u>	<u>64,613,564</u>	<u>(261,217,004)</u>	<u>(63,809,946)</u>	<u>118,543,371</u>	<u>54,733,425</u>
Net position-ending	<u>\$ (308,270,312)</u>	<u>\$ 71,571,653</u>	<u>\$ (236,698,659)</u>	<u>\$ (84,082,886)</u>	<u>\$ 112,176,387</u>	<u>\$ 28,093,501</u>

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-wide Financial Analysis (Continued)

Governmental activities

Governmental activities increased the City's net position by \$17.6 million. The net change in fund balance in the amount of \$9.7 million to the change in net position of \$17.6 million was primarily due to decreases in expenses related to general government, police, fire, streets, and recreation and community services.

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 \$6 million in the current fiscal year; this was due to an increase in the assessed property values within the City by the Miami-Dade County Property Appraisers' Office. Although ad valorem taxes increased it continues to be a challenge for the City to maintain the high level of services while the City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase at a greater rate. Yet despite these issues, the City of Hialeah remains 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.

Business-type activities

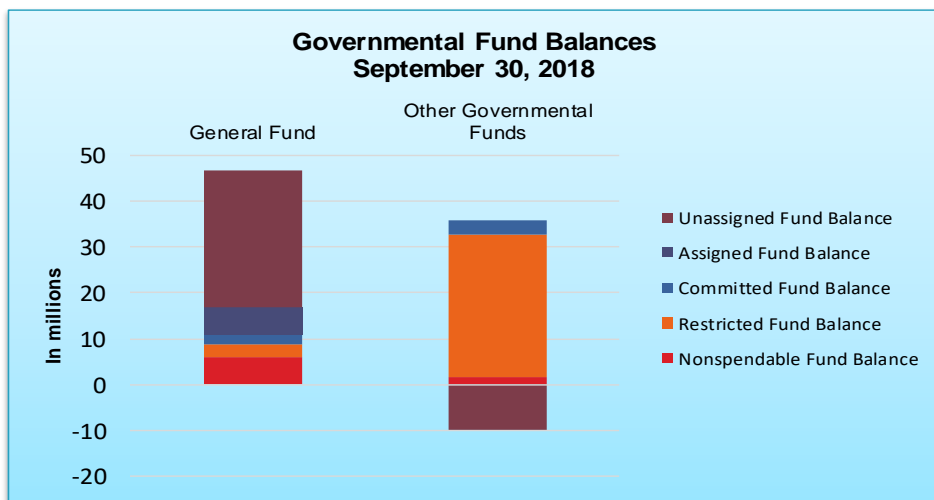
Net position of the City's business-type activities increased by \$6.9 million in the current fiscal year. The Solid Waste fund had a \$10.9 million increase in net position, whereas net position decreased in both the Water and Sewer Utility fund by \$2.5 million and the Stormwater Utility fund by \$1.5 million. See further 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.



CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)

As of the end of the current fiscal year, the City's *other governmental funds* reported combined ending fund balances (restricted, committed and nonspendable) of \$26.5 million, an increase of approximately \$2.5 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 100-107 of this report.

Unassigned fund balance in the amount of \$30 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), restricted by creditors, assigned for specific purposes, and committed is for future expenditures determined by a formal action of the City Council.

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

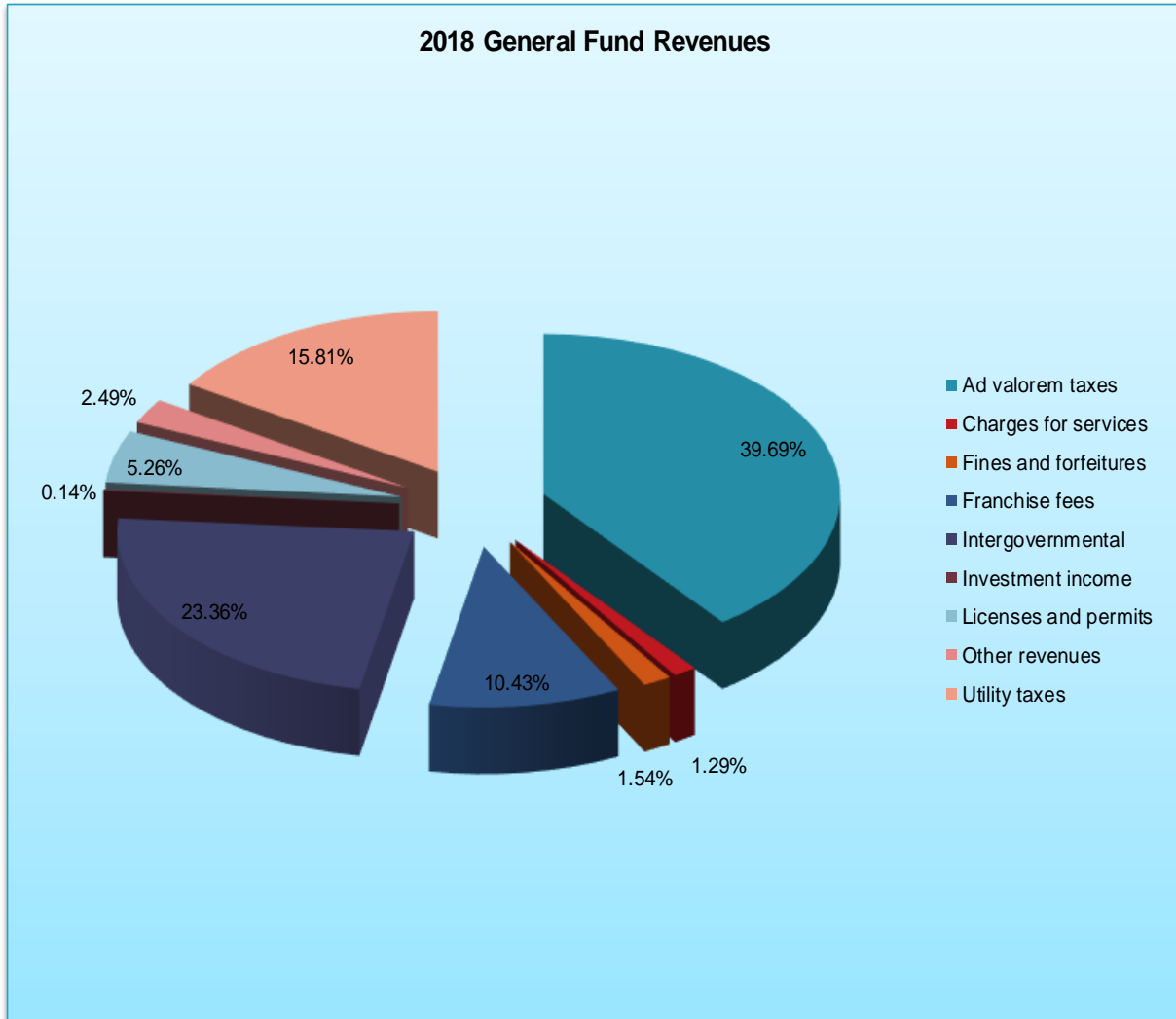
The amount of General Fund revenue from various sources, the percentage of the total and the amount of change compared to last fiscal year are shown in the following schedule:

<u>Revenue Sources</u>	2018		2017		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>2017 Amount</u>	<u>Percent of Total</u>		
Ad valorem taxes	\$ 57,462,494	39.69%	\$ 51,435,680	38.10%	\$ 6,026,814	11.72%
Charges for services	1,865,566	1.29%	-	0.00%	1,865,566	100.00%
Fines and forfeitures	2,223,699	1.54%	1,327,759	0.98%	895,940	67.48%
Franchise fees	15,102,349	10.43%	15,091,649	11.18%	10,700	0.07%
Intergovernmental	33,823,674	23.36%	-	0.00%	33,823,674	100.00%
Investment income	204,699	0.14%	-	0.00%	204,699	100.00%
Licenses and permits	7,614,495	5.26%	6,943,824	5.14%	670,671	9.66%
Other revenues	3,607,214	2.49%	-	0.00%	3,607,214	100.00%
Utility taxes	22,883,815	15.81%	22,345,725	16.55%	538,090	2.41%
State and local shared revenues	-	0.00%	28,200,503	20.89%	(28,200,503)	-100.00%
Gov. grants and other revenues	-	0.00%	9,639,360	7.14%	(9,639,360)	-100.00%
Total	<u>\$ 144,788,005</u>	<u>100%</u>	<u>\$ 134,984,500</u>	<u>100%</u>	<u>\$ 9,803,505</u>	7.26%

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)



Total General Fund revenues increased by \$9.8 million or 7% in fiscal year 2018. There were increases of \$6 million in ad valorem taxes, \$1.9 million in charges for services, \$896 thousand in fines and forfeitures, and \$671 thousand in licenses and permits. Intergovernmental and other revenues were reported in the prior fiscal year and categorized as state and local shared revenues and government grants and other revenues.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)

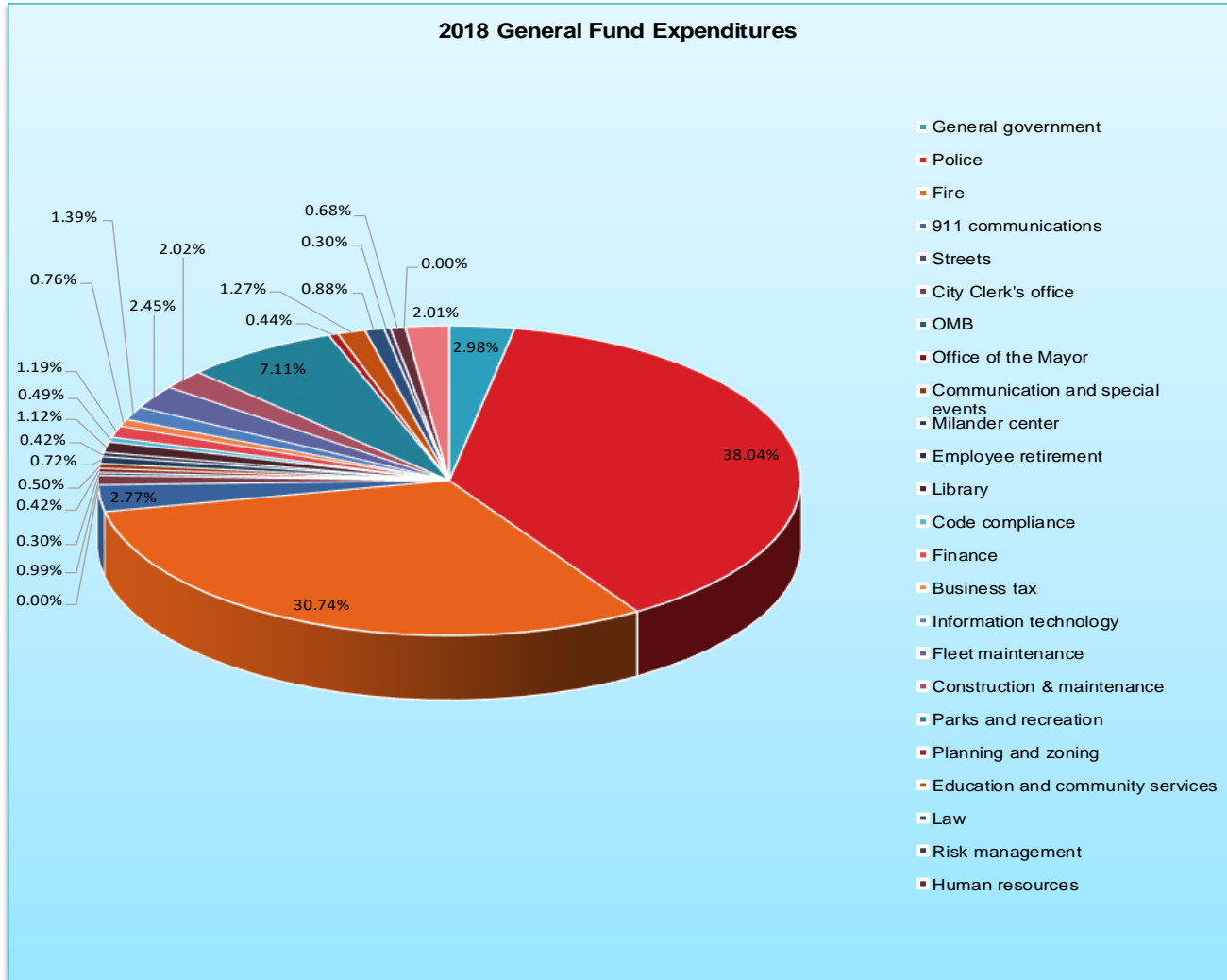
The amount of General Fund expenditures by department, the percentage of the total and the amount of change compared to last fiscal year are shown in the following schedule:

<u>Expenditures</u>	2018		2017		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	<u>2018</u>	<u>Percent of Total</u>	<u>2017</u>	<u>Percent of Total</u>		
General government	\$ 4,181,192	2.98%	\$ 4,504,305	3.40%	\$ (323,113)	-7.17%
Police	53,289,663	38.04%	49,037,521	37.03%	4,252,142	8.67%
Fire	43,062,086	30.74%	41,585,861	31.40%	1,476,225	3.55%
911 communications	3,880,184	2.77%	4,391,285	3.32%	(511,101)	-11.64%
Streets	95	0.00%	-	0.00%	95	100.00%
City Clerk's office	1,386,980	0.99%	962,794	0.73%	424,186	44.06%
OMB	419,851	0.30%	402,949	0.30%	16,902	4.19%
Office of the Mayor	593,914	0.42%	588,766	0.44%	5,148	0.87%
Communication and special events	699,089	0.50%	523,637	0.40%	175,452	33.51%
Milander center	1,014,757	0.72%	-	0.00%	1,014,757	100.00%
Employee retirement	591,734	0.42%	834,417	0.63%	(242,683)	-29.08%
Library	1,572,147	1.12%	1,379,576	1.04%	192,571	13.96%
Code compliance	691,122	0.49%	642,804	0.49%	48,318	7.52%
Finance	1,673,282	1.19%	1,486,450	1.12%	186,832	12.57%
Business tax	1,058,538	0.76%	951,992	0.72%	106,546	11.19%
Information technology	1,944,261	1.39%	1,845,314	1.39%	98,947	5.36%
Fleet maintenance	3,426,246	2.45%	3,117,172	2.35%	309,074	9.92%
Construction & maintenance	2,836,215	2.02%	2,981,198	2.25%	(144,983)	-4.86%
Parks and recreation	9,958,094	7.11%	10,368,912	7.83%	(410,818)	-3.96%
Planning and zoning	613,696	0.44%	657,440	0.50%	(43,744)	-6.65%
Education and community services	1,781,983	1.27%	2,802,476	2.12%	(1,020,493)	-36.41%
Law	1,238,551	0.88%	1,150,714	0.87%	87,837	7.63%
Risk management	414,915	0.30%	318,996	0.24%	95,919	30.07%
Human resources	948,150	0.68%	735,666	0.56%	212,484	28.88%
Debt service	-	0.00%	281,400	0.21%	(281,400)	-100.00%
Capital outlay	2,809,833	2.01%	886,608	0.67%	1,923,225	216.92%
Total	\$ 140,086,578	100.00%	\$ 132,438,253	100.00%	\$ 7,648,325	5.78%

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Financial Analysis of the City's Funds (Continued)

Governmental funds (Continued)



In fiscal year 2018, total General Fund expenditures increased by approximately \$7.6 million or 5.8% as compared to the prior year. There was an increase in police of approximately \$4.3 million, an increase in fire of approximately \$1.5 million, an increase in Milander center of approximately \$1 million, and a decrease in education and community services of approximately \$1 million, and an increase in capital outlay of approximately \$1.9 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 \$71.5 million deficit; \$6.4 million for the Water and Sewer fund, \$2.6 million for the Stormwater Utility fund, and \$64.7 million for the Solid Waste fund.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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 and permitting by approximately \$1.3 million.
- Intergovernmental revenues were greater than budgeted figures by \$2.2 million or 7%.
- The police department expenditures were less than budgeted primarily due to vacant positions and less operating expenditures.
- The fire department expenditures were greater than budgeted primarily due to increased overtime, and workers compensation.
- The parks and recreation department were less than budgeted primarily due to vacant positions.

Differences between the *original budget* and the *final amended budget* for expenditure accounts increased by approximately \$560 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, 2018 totals \$454 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 1.8%.

CAPITAL ASSETS (NET OF DEPRECIATION)

	September 30, 2018			September 30, 2017		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Land	\$ 29,694,984	\$ 4,202,141	\$ 33,897,125	\$ 29,694,984	\$ 4,202,141	\$ 33,897,125
Construction in progress	3,799,599	3,771,462	7,571,061	6,164,784	-	6,164,784
Buildings and utility plants	90,059,201	60,200,656	150,259,857	89,156,686	60,931,184	150,087,870
Improvements other than buildings	4,792,334	29,769	4,822,103	5,359,259	-	5,359,259
Furniture, fixtures, machinery and equipment	13,776,611	435,717	14,212,328	10,148,884	723,481	10,872,365
Furniture, fixtures, machinery and equipment - Charter School	515,572	-	515,572	552,572	-	552,572
Infrastructure	109,926,890	133,676,681	243,603,571	112,563,867	126,936,721	239,500,588
Total capital assets	<u>\$ 252,565,191</u>	<u>\$ 202,316,426</u>	<u>\$ 454,881,617</u>	<u>\$ 253,641,036</u>	<u>\$ 192,793,527</u>	<u>\$ 446,434,563</u>

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Capital Assets and Debt Administration (Continued)

Capital assets (Continued)

Additions and transfers to capital assets before depreciation for governmental activities equaled approximately \$16 million. The following additions and transfers include the following items:

- Continued additions to buildings for construction and rehabilitation of elderly housing projects totaling approximately \$1.2 million.
- Continued additions to buildings of HEA Charter School of approximately \$1.9 million.
- Continued additions to infrastructure for construction and engineering services of several City street projects totaling approximately \$2.5 million.
- Additions in the asset category of furniture, fixtures, machinery equipment were due primarily to the purchase of various equipment and vehicles for City departments, in the amount of approximately \$5.2 million for the current fiscal year.
- In addition to the above additions, a transfer of assets from construction in progress to infrastructure in the amount of approximately \$2.9 million due to completion and placement in service of several City street projects.

Additions and transfers to capital assets before depreciation for business type activities equaled approximately \$17.5 million. The following additions and transfers include the following items:

- Continued additions to infrastructure to water lines and mains, sewer lines and sewer pump stations throughout the City totaling approximately \$15.9 million.
- Continued additions to the reverse osmosis treatment plant totaling approximately \$989 thousand.

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

Long-term debt

The City's net outstanding debt increased by approximately \$246 million during the current fiscal year. The change was primarily the result of implementing GASB 75, the inclusion of the total OPEB liability. See further explanation in Note 19. Also a decrease in net pension liability of approximately \$26 million. 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 57-62, Note 12.

OUTSTANDING DEBT

	<u>2018</u>	<u>2017</u>
Bonds, loans and notes payable	\$ 143,920,523	\$ 150,774,216
Capital leases	3,990,521	743,891
Other long-term debt	<u>701,415,155</u>	<u>452,025,288</u>
Total	<u>\$ 849,326,199</u>	<u>\$ 603,543,395</u>

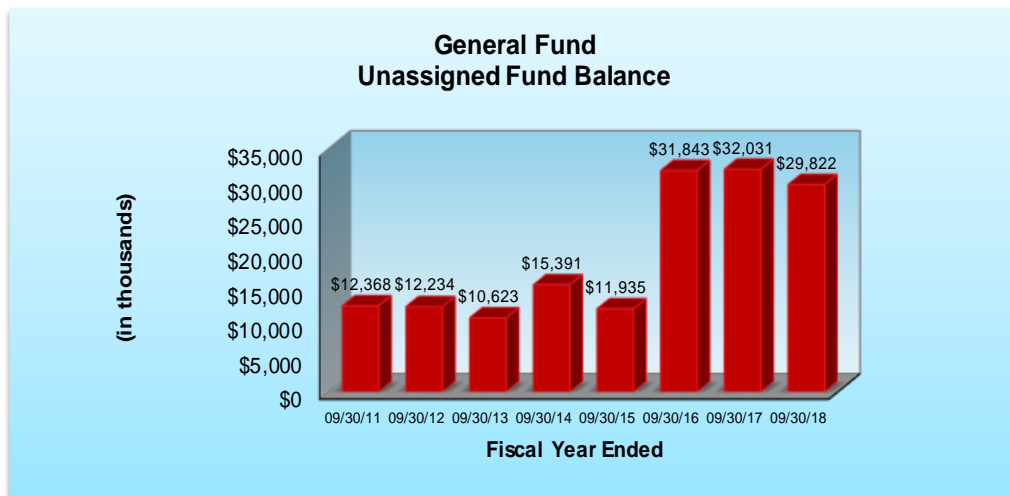
CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Economic Factors and Next Year's Budgets and Rates

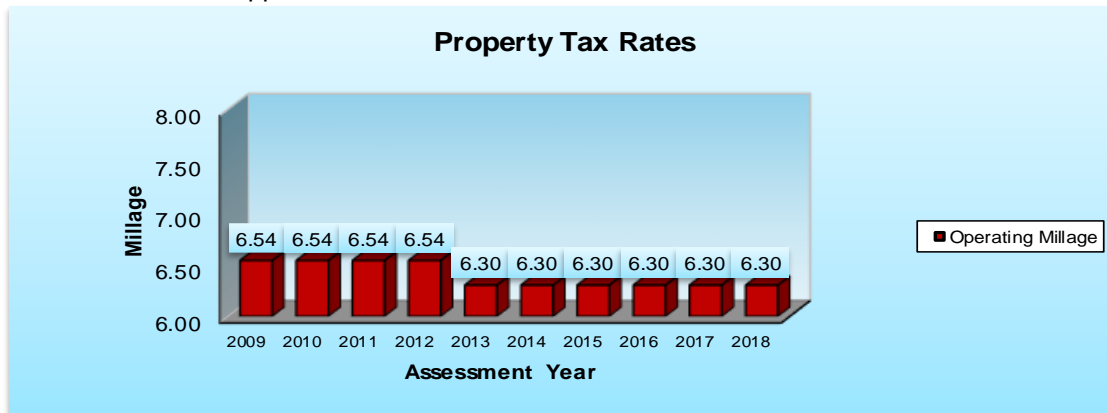
The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 95%.

During the current fiscal year, unassigned fund balance in the General Fund decreased to \$30 million. The unassigned fund balance of \$30 million is approximately equal to a little under two and a half months of the General Fund budgeted expenditures for fiscal year 2018-2019.

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 were reduced by almost 1/4 of a mill in 2013. The City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase while our revenue resources have not increased at the same rate and are more limited. During fiscal year 2017-2018, 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
SEPTEMBER 30, 2018

2018 Fiscal Year Accomplishments

During the 2017-2018 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 future land use for this area is as follows:
 - 4,395 Residential units
 - 1,651,680 Square Feet Retail/Commercial/Office
 - 7,623,000 Square Feet Industrial
 - 30 Acre Passive Park

- In October 2016, the City created two Transit Oriented Districts (Hialeah Market Station TOD and Hialeah Transfer Station TOD) in the SE area of the City. This area was envisioned as a strategic location for redevelopment due to its proximity to the Miami International Airport, Midtown, Downtown Miami and the Brickell area. The Hialeah Transfer Station currently links the existing Tri-rail and Metrorail services and in the near future will be the node that will link the new coastal link (Downtown Miami-Biscayne Boulevard Corridor-Orlando) to the existing service. The intent of this district is to promote and encourage mobility and connectivity within the district as well as to and from transit stations for pedestrians, bicycles and automobiles. The TOD district is envisioned as a mixed use urban setting where cars will not be the only transportation option to go to work, school, shop, or amuse and recreation, entertainment and retail will be available to residents within walking distance of their homes. There are five projects processing building permits, four are for multifamily developments and one is for a new commercial development.

- The City created an Arts District, now named the Leah Arts District. Artists gathering in the area are furiously reinventing and enlivening this old warehouse district with colorful murals and special events that showcase Hialeah's artistic creations. The oldest remaining Deli restaurant in Miami is within the district and is currently under significant renovations by the new owner who is a recognized entrepreneur in the food industry. An existing brewery is in the permitting process to expand their operations by adding a testing and food area to their manufacturing operations. A proposal for a new multifamily development in the area has been recently approved by the City.

- Since 2015, ordinances rezoning properties for infill development and redevelopment granted the entitlements to build 2,967 new multifamily units to serve the population growth and housing demand. At the time of this report approximately 600 units have been built.

- The City in conjunction with Hialeah Housing Authority is finalizing the design of 80 affordable housing units in Seminola.

- Construction and Maintenance
 - Completed the Design and construction of the Don Quijote Plaza in April, 2018.
 - Completed the Phase 3 addition to the HEA Charter School in August, 2018.

- Street Department:
 - Completion of road construction, resurfacing projects, and median beautification/maintenance around the City.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

2018 Fiscal Year Accomplishments (Continued)

- Department of Public Works:
 - Fully implemented the 2017-2018 retail water and sewer rates as approved by the City Council.
 - Continued with the proper training of departmental staff.
 - Completed the 2018 Water Quality Report as required by Federal law and distributed the report both in English and Spanish to all customers by June 1, 2019.
 - Continued improvements to the City's sewer system in accordance with the MDDERM Consent Order.
 - Continued with sewer main lining program. These repairs and construction were completed using "trench-less" construction which is an extremely efficient and effective method of reconstructing sewer mains by not trenching or "digging" the streets of the city. By relining we decrease the amount of I/I that enters our system decreasing the amount of sewage that must be transported, treated and disposed and decreasing the demands on the Miami-Dade County regional system and treatment sewage plants.
 - Continued with the full operation of the R.O. Water Treatment Plant to serve the annexation areas as well as other areas in the northwest quadrant of the county.
 - Started construction of an additional 4 production wells for the R.O. Water Treatment Plant, buildings and appurtenances to be completed in FY 2018-19.
 - Completed design and construction for NW 142nd Street between NW 97th Avenue to NW 107 Avenue including the installation of water and sewer lines and pump stations.
 - Privatized recycling collection.

Future Outlook

- Construction and Maintenance:
 - Rehabilitation/Impact Windows/Roofs and Energy Efficiency upgrades to our affordable housing buildings.
 - Convert old Code Enforcement offices to a Gymnasium at City Hall
 - Remodeling and upgrades to the Ted Hendricks Stadium locker rooms and restrooms
 - Remodeling and upgrades to restrooms at Fire Stations 1, 4 and 7
 - Security fence and access controls to the main police headquarters
 - New roofs for City Hall and Police Training buildings
 - Structural repairs to the City Hall parking garage
- Recreation Department
 - Continue construction and completion of renovations and improvements at various City parks and recreational facilities.
- Streets Department
 - Continue with road construction and resurfacing projects around the City.
 - Continue median beautification/maintenance program.

CITY OF HIALEAH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Future Outlook (Continued)

- Department of Public Works:
 - Complete rehabilitation of eight sewage pump stations, including new force mains, to comply with MDDERM consent order.
 - Continue with sewer main lining program. These repairs and construction are to be completed in the final eight basins using “trench-less” construction which an extremely efficient and effective method of reconstructing sewer mains by not trenching or “digging” the streets of the city. By relining we decrease the amount of I/I that enters our system decreasing the amount of sewage that must be transported, treated and disposed and decreasing the demands on the Miami-Dade County regional system and treatment sewage plants.
 - Continue with the full production operations of the R.O. Water Treatment Plant and expand the operation from 7.5 MGD to 10.0 MGD.
 - Complete construction of four new production wells for the R.O. Water Treatment Plant.
 - Complete relocation of water lines and power to accommodate the planned interchange at NW 170 Street and NW 107th Avenue.

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, 2018

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 37,995,539	\$ 11,210,540	\$ 49,206,079
Investments	-	22,178,148	22,178,148
Receivables, net	30,244,742	25,166,309	55,411,051
Notes receivable	2,857,666	-	2,857,666
Net pension asset	2,517,214	-	2,517,214
Internal balances	6,990,088	(6,990,088)	-
Inventories	2,322,116	945,089	3,267,205
Prepays and other assets	2,372,611	5,536,427	7,909,038
Restricted assets:			
Cash, cash equivalents and investments	1,770,668	16,039,512	17,810,180
Other assets	-	2,100	2,100
Capital assets:			
Non-depreciable	33,494,583	7,973,603	41,468,186
Depreciable, net of depreciation	<u>219,070,608</u>	<u>194,342,823</u>	<u>413,413,431</u>
Total assets	<u>339,635,835</u>	<u>276,404,463</u>	<u>616,040,298</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amount on refunding	-	234,769	234,769
Pension	53,491,208	12,465,678	65,956,886
Advance contribution to pension	10,000,000	-	10,000,000
OPEB	<u>17,028,595</u>	<u>3,111,803</u>	<u>20,140,398</u>
Total deferred outflows of resources	<u>80,519,803</u>	<u>15,812,250</u>	<u>96,332,053</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	8,491,089	30,972,343	39,463,432
Due to other governments	2,667,968	-	2,667,968
Accrued interest	444,264	-	444,264
Unearned revenue	2,037,108	35,000	2,072,108
Liabilities payable from restricted assets	-	15,008,908	15,008,908
Non-current liabilities:			
Due within one year	18,095,157	3,927,319	22,022,476
Due in more than one year	<u>662,383,560</u>	<u>164,920,163</u>	<u>827,303,723</u>
Total liabilities	<u>694,119,146</u>	<u>214,863,733</u>	<u>908,982,879</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	4,413,184	-	4,413,184
Pension	6,371,249	1,158,556	7,529,805
OPEB	<u>23,522,371</u>	<u>4,622,771</u>	<u>28,145,142</u>
Total deferred inflows of resources	<u>34,306,804</u>	<u>5,781,327</u>	<u>40,088,131</u>
<u>NET POSITION</u>			
Net investment in capital assets	186,890,190	145,315,155	332,205,345
Restricted:			
Public safety	1,213,326	-	1,213,326
Human services	1,076,086	-	1,076,086
Unrestricted	<u>(497,449,914)</u>	<u>(73,743,502)</u>	<u>(571,193,416)</u>
Total net position	<u>\$ (308,270,312)</u>	<u>\$ 71,571,653</u>	<u>\$ (236,698,659)</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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	\$ 55,258,339	\$ 25,618,187	\$ 11,086,343	\$ 4,042,133	\$ (14,511,676)	\$ -	\$ (14,511,676)
Police	53,485,325	677,410	1,434,565	-	(51,373,350)	-	(51,373,350)
Fire	46,936,520	4,749,781	11,621	1,024,111	(41,151,007)	-	(41,151,007)
Streets	13,202,250	2,345,404	8,269,334	8,354,604	5,767,092	-	5,767,092
Recreation and community services	11,652,746	1,347,900	1,676,200	1,098,963	(7,529,683)	-	(7,529,683)
Interest on long term debt	4,025,439	-	-	-	(4,025,439)	-	(4,025,439)
Total governmental activities	<u>184,560,619</u>	<u>34,738,682</u>	<u>22,478,063</u>	<u>14,519,811</u>	<u>(112,824,063)</u>	<u>-</u>	<u>(112,824,063)</u>
Business-type activities:							
Water and sewer	73,079,627	70,388,195	-	33,168	-	(2,658,264)	(2,658,264)
Solid waste	7,318,709	18,218,239	-	-	-	10,899,530	10,899,530
Stormwater	5,495,126	3,670,891	-	-	-	(1,824,235)	(1,824,235)
Total business-type activities	<u>85,893,462</u>	<u>92,277,325</u>	<u>-</u>	<u>33,168</u>	<u>-</u>	<u>6,417,031</u>	<u>6,417,031</u>
	<u>\$ 270,454,081</u>	<u>\$ 127,016,007</u>	<u>\$ 22,478,063</u>	<u>\$ 14,552,979</u>	<u>(112,824,063)</u>	<u>6,417,031</u>	<u>(106,407,032)</u>
General revenues:							
Property taxes					57,462,494	-	57,462,494
Utility taxes					22,883,815	-	22,883,815
Franchise fees on gross receipts					16,190,910	-	16,190,910
Intergovernmental revenues not restricted to specific program					33,823,674	-	33,823,674
Unrealized loss on investments					-	(215,998)	(215,998)
Gain on disposal of capital assets					165,426	43,575	209,001
Unrestricted interest					224,407	347,074	571,481
Transfers					(366,407)	366,407	-
Total general revenues					<u>130,384,319</u>	<u>541,058</u>	<u>130,925,377</u>
Change in net position					17,560,256	6,958,089	24,518,345
Net position - beginning (as restated, see Note 19)					(325,830,568)	64,613,564	(261,217,004)
Net position - ending					<u>\$ (308,270,312)</u>	<u>\$ 71,571,653</u>	<u>\$ (236,698,659)</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 35,565,726	\$ 2,429,813	\$ 37,995,539
Receivables, net	16,594,580	13,650,162	30,244,742
Due from other funds	27,334,073	31,898,799	59,232,872
Inventories	2,322,116	-	2,322,116
Prepays	718,000	1,654,611	2,372,611
Notes receivable	2,857,666	-	2,857,666
Restricted cash, cash equivalents, and investments	-	1,770,668	1,770,668
Total assets	<u>\$ 85,392,161</u>	<u>\$ 51,404,053</u>	<u>\$ 136,796,214</u>

<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Advance contribution to pension	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>

<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 4,756,166	\$ 3,734,923	\$ 8,491,089
Compensated absences payable	1,658,803	-	1,658,803
Self-insurance claims payable	389,008	-	389,008
Due to other funds	35,360,733	16,882,051	52,242,784
Unearned revenue	<u>2,861,405</u>	<u>2,033,369</u>	<u>4,894,774</u>
Total liabilities	<u>45,026,115</u>	<u>22,650,343</u>	<u>67,676,458</u>

<u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	3,757,951	655,233	4,413,184
Unavailable revenues	<u>-</u>	<u>1,625,585</u>	<u>1,625,585</u>
Total deferred inflows of resources	<u>3,757,951</u>	<u>2,280,818</u>	<u>6,038,769</u>

<u>FUND BALANCES</u>			
Nonspendable	5,897,782	1,654,611	7,552,393
Restricted	3,517,760	31,055,772	34,573,532
Committed	1,770,751	3,875,091	5,645,842
Assigned	5,600,000	-	5,600,000
Unassigned	<u>29,821,802</u>	<u>(10,112,582)</u>	<u>19,709,220</u>
Total fund balances	<u>46,608,095</u>	<u>26,472,892</u>	<u>73,080,987</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 95,392,161</u>	<u>\$ 51,404,053</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	252,565,191
Long-term liabilities, including bonds payable, are not due and payable in the current period	(90,675,001)
Compensated absences	(22,906,700)
Due to other governments	(2,667,968)
Claims payable	(45,740,243)
Accrued interest	(444,264)
Net pension asset	2,517,214
Net pension liability	(199,952,759)
Deferred outflows - pensions	53,491,208
Deferred inflows - pensions	(6,371,249)
Deferred outflows - OPEB	17,028,595
Deferred inflows - OPEB	(23,522,371)
Deferred inflows of resources in governmental funds are used to offset accounts receivable not expected to be received within 60 days of year end. These receivables are a component of net position in the statement of net position	1,625,585
Notes receivable-long term	2,857,666
OPEB liability	<u>(319,156,203)</u>
Net position of governmental activities	<u>\$ (308,270,312)</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, 2018

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 57,462,494	\$ -	\$ 57,462,494
Charges for services	1,865,566	6,961,785	8,827,351
Fines and forfeitures	2,223,699	314,466	2,538,165
Franchise fees	15,102,349	1,088,561	16,190,910
Impact fees	-	970,464	970,464
Intergovernmental	33,823,674	34,082,230	67,905,904
Investment income	204,699	19,708	224,407
Licenses and permits	7,614,495	9,944,945	17,559,440
Other revenues	3,607,214	2,023,621	5,630,835
Utility taxes	22,883,815	-	22,883,815
Total revenues	<u>144,788,005</u>	<u>55,405,780</u>	<u>200,193,785</u>
Expenditures:			
Current:			
General government	4,181,192	12,153,316	16,334,508
Police	53,289,663	1,013,508	54,303,171
Fire	43,062,086	3,888,213	46,950,299
911 communications	3,880,184	513,211	4,393,395
Streets	95	4,947,105	4,947,200
Grants and human services	-	8,828,260	8,828,260
State housing initiative program	-	734,948	734,948
City Clerk's office	1,386,980	-	1,386,980
Office of Management and Budget	419,851	-	419,851
Office of the Mayor	593,914	-	593,914
Communications and special events	699,089	-	699,089
Milander center	1,014,757	-	1,014,757
Employee retirement	591,734	-	591,734
Library	1,572,147	-	1,572,147
Code compliance	691,122	-	691,122
Finance	1,673,282	-	1,673,282
Business tax division	1,058,538	-	1,058,538
Information technology	1,944,261	-	1,944,261
Fleet maintenance	3,426,246	-	3,426,246
Construction and maintenance	2,836,215	-	2,836,215
Parks and recreation	9,958,094	547,989	10,506,083
Public works	-	667,832	667,832
Planning and zoning	613,696	-	613,696
Education and community services	1,781,983	-	1,781,983
Law	1,238,551	-	1,238,551
Risk management	414,915	-	414,915
Human resources	948,150	-	948,150
Capital outlay	2,809,833	12,375,083	15,184,916
Debt service:			
Principal	-	4,704,962	4,704,962
Interest	-	3,712,445	3,712,445
Total expenditures	<u>140,086,578</u>	<u>54,086,872</u>	<u>194,173,450</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>4,701,427</u>	<u>1,318,908</u>	<u>6,020,335</u>
Other financing sources (uses):			
Proceeds from disposal of capital assets	165,426	-	165,426
Issuance of debt	3,517,760	-	3,517,760
Transfers in	-	1,240,730	1,240,730
Transfers out	(1,228,309)	(12,421)	(1,240,730)
Total other financing sources (uses)	<u>2,454,877</u>	<u>1,228,309</u>	<u>3,683,186</u>
Net change in fund balances	7,156,304	2,547,217	9,703,521
Fund balances - beginning	<u>39,451,791</u>	<u>23,925,675</u>	<u>63,377,466</u>
Fund balances - ending	<u>\$ 46,608,095</u>	<u>\$ 26,472,892</u>	<u>\$ 73,080,987</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, 2018

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

Net change in fund balances - total governmental funds (Page 22) \$ 9,703,521

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	\$ 15,184,916	
Depreciation expense	<u>(15,357,444)</u>	
Net adjustment		(172,528)

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	(536,911)	
Other adjustments	<u>592,472</u>	
Net adjustment		55,561

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	136,079	
Unavailable revenue - CITT funds	<u>1,625,585</u>	
		1,761,664

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>(3,517,760)</u>	
Principal payments:		
Notes payable	4,433,832	
Capital leases	<u>271,130</u>	
	<u>4,704,962</u>	
Net adjustment		1,187,202

Cash pension contributions reported in the funds were less than calculated pension expense on the statement of activities (459,193)

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 due to OPEB	(6,493,776)	
Decrease in OPEB liability	13,080,433	
Decrease in accrued interest	8,644	
Increase in claims payable	(217,093)	
Amortization of bond discount/premium	(321,638)	
Increase in compensated absences	<u>(572,541)</u>	
Net adjustment		<u>5,484,029</u>

Change in net position of governmental activities (Page 20) \$ 17,560,256

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Water and Sewers Utility <u>System</u>	Solid Waste Utility <u>System</u>	Stormwater Utility <u>System</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 7,904,716	\$ 3,305,824	\$ -	\$ 11,210,540
Investments	22,178,148	-	-	22,178,148
Customers accounts receivable, net	19,236,611	-	-	19,236,611
Interfund interest receivable	2,234,600	-	-	2,234,600
Other receivables	4,267,506	1,662,192	-	5,929,698
Due from other funds	28,869	3,003,630	4,458,472	7,490,971
Inventories	945,089	-	-	945,089
Prepays	5,291,937	-	244,490	5,536,427
Restricted assets:				
Cash, cash equivalents and investments	16,039,512	-	-	16,039,512
Other assets	2,100	-	-	2,100
Total current assets	<u>78,129,088</u>	<u>7,971,646</u>	<u>4,702,962</u>	<u>90,803,696</u>
Non-current assets:				
Interfund loan receivable	19,000,000	-	-	19,000,000
Capital assets, not being depreciated	7,529,534	444,069	-	7,973,603
Capital assets, net of accumulated depreciation	166,350,177	3,833,719	24,158,927	194,342,823
Total capital assets, net	<u>192,879,711</u>	<u>4,277,788</u>	<u>24,158,927</u>	<u>221,316,426</u>
Total assets	<u>271,008,799</u>	<u>12,249,434</u>	<u>28,861,889</u>	<u>312,120,122</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	6,357,607	5,325,773	782,298	12,465,678
OPEB	1,711,001	1,400,802	-	3,111,803
Deferred amount on refunding	-	-	234,769	234,769
Total deferred outflows of resources	<u>8,068,608</u>	<u>6,726,575</u>	<u>1,017,067</u>	<u>15,812,250</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
SEPTEMBER 30, 2018

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 27,676,638	\$ 3,067,967	\$ 227,738	\$ 30,972,343
Current portion of self-insurance claims payable	981,768	392,470	28,060	1,402,298
Current portion of loans payable	1,154,686	-	962,999	2,117,685
Current portion of compensated absences	275,728	60,342	25,826	361,896
Interfund Interest payable	-	2,234,600	-	2,234,600
Due to other funds	4,256,888	6,224,003	-	10,480,891
	<u>34,345,708</u>	<u>11,979,382</u>	<u>1,244,623</u>	<u>47,569,713</u>
Current liabilities payable from restricted assets:				
DERM payable	5,190,811	-	-	5,190,811
Due to other funds	4,000,168	-	-	4,000,168
Other payables	18,208	-	-	18,208
Customer deposits	9,799,889	-	-	9,799,889
Total current liabilities payable from restricted assets	<u>19,009,076</u>	<u>-</u>	<u>-</u>	<u>19,009,076</u>
Total current liabilities	<u>53,354,784</u>	<u>11,979,382</u>	<u>1,244,623</u>	<u>66,578,789</u>
Non-current liabilities:				
Revolving loan	1,149,054	-	-	1,149,054
Loan payable	42,777,588	-	11,191,713	53,969,301
Interfund loan payable	-	19,000,000	-	19,000,000
Unearned revenues	-	35,000	-	35,000
Net pension liability	20,098,159	16,461,350	2,751,534	39,311,043
Self-insurance claims payable	2,803,046	2,934,187	129,355	5,866,588
OPEB liability	32,068,216	26,254,338	4,400,123	62,722,677
Compensated absences payable	1,483,591	324,391	138,958	1,946,940
Total non-current liabilities	<u>100,379,654</u>	<u>65,009,266</u>	<u>18,611,683</u>	<u>184,000,603</u>
Total liabilities	<u>153,734,438</u>	<u>76,988,648</u>	<u>19,856,306</u>	<u>250,579,392</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension	592,324	485,141	81,091	1,158,556
OPEB	2,363,483	1,934,991	324,297	4,622,771
Total deferred inflows of resources	<u>2,955,807</u>	<u>2,420,132</u>	<u>405,388</u>	<u>5,781,327</u>
<u>NET POSITION</u>				
Net investment in capital assets	128,798,383	4,277,788	12,238,984	145,315,155
Unrestricted	<u>(6,411,221)</u>	<u>(64,710,559)</u>	<u>(2,621,722)</u>	<u>(73,743,502)</u>
Total net position	<u>\$ 122,387,162</u>	<u>\$ (60,432,771)</u>	<u>\$ 9,617,262</u>	<u>\$ 71,571,653</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, 2018

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
Operating revenues:				
Metered water sales	\$ 21,254,038	\$ -	\$ -	\$ 21,254,038
Sanitary sewer service	42,192,176	-	-	42,192,176
Sanitation fees	-	17,671,288	-	17,671,288
Stormwater fees	-	-	3,670,891	3,670,891
Other	<u>6,941,981</u>	<u>546,951</u>	<u>-</u>	<u>7,488,932</u>
Total operating revenues	<u>70,388,195</u>	<u>18,218,239</u>	<u>3,670,891</u>	<u>92,277,325</u>
Operating expenses:				
Operating, administrative and maintenance (1)	65,297,816	6,813,789	2,543,591	74,655,196
Depreciation	<u>5,445,720</u>	<u>271,348</u>	<u>2,331,063</u>	<u>8,048,131</u>
Total operating expenses	<u>70,743,536</u>	<u>7,085,137</u>	<u>4,874,654</u>	<u>82,703,327</u>
Operating income (loss)	<u>(355,341)</u>	<u>11,133,102</u>	<u>(1,203,763)</u>	<u>9,573,998</u>
Non-operating revenues (expenses):				
Unrealized loss on investments	(215,998)	-	-	(215,998)
Gain on disposal of capital assets	19,450	24,125	-	43,575
Investment Income	334,043	13,031	-	347,074
Interest expense	<u>(2,336,091)</u>	<u>(233,572)</u>	<u>(620,472)</u>	<u>(3,190,135)</u>
Net non-operating revenues (expenses)	<u>(2,198,596)</u>	<u>(196,416)</u>	<u>(620,472)</u>	<u>(3,015,484)</u>
Gain (loss) before contributions	(2,553,937)	10,936,686	(1,824,235)	6,558,514
Capital contributions	33,168	-	366,407	399,575
Change in net position	(2,520,769)	10,936,686	(1,457,828)	6,958,089
Net position, beginning	<u>147,394,706</u>	<u>(49,689,660)</u>	<u>14,471,341</u>	<u>112,176,387</u>
Prior period adjustment	<u>(22,486,775)</u>	<u>(21,679,797)</u>	<u>(3,396,251)</u>	<u>(47,562,823)</u>
Beginning of year - as restated (see Note 19)	<u>124,907,931</u>	<u>(71,369,457)</u>	<u>11,075,090</u>	<u>64,613,564</u>
Net position, ending	<u>\$ 122,387,162</u>	<u>\$ (60,432,771)</u>	<u>\$ 9,617,262</u>	<u>\$ 71,571,653</u>

(1) - See Note 1, paragraph 19.

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 65,240,658	\$ 17,510,381	\$ 4,031,465	\$ 86,782,504
Cash received from others	344,777	-	-	344,777
Cash paid for interfund services used	-	-	(214,228)	(214,228)
Cash payments to suppliers	(47,338,610)	(12,736,977)	(1,517,645)	(61,593,232)
Cash payments to employees	(8,620,523)	(4,966,435)	(842,364)	(14,429,322)
Net cash provided by (used in) operating activities	<u>9,626,302</u>	<u>(193,032)</u>	<u>1,457,228</u>	<u>10,890,498</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(17,185,172)	24,124	-	(17,161,048)
Interest paid	(2,348,413)	-	(525,292)	(2,873,705)
Capital contributions	33,168	-	-	33,168
Payments on long-term debt	(1,120,847)	-	(931,935)	(2,052,782)
Net cash provided by (used in) capital and related financing activities	<u>(20,621,264)</u>	<u>24,124</u>	<u>(1,457,227)</u>	<u>(22,054,367)</u>
Cash flows from investing activities:				
Purchase of investment securities	(115,454)	-	-	(115,454)
Interest received on investments	100,472	13,031	-	113,503
Net cash provided by (used in) investing activities	<u>(14,982)</u>	<u>13,031</u>	<u>-</u>	<u>(1,951)</u>
Net increase (decrease) in cash and cash equivalents	(11,009,944)	(155,877)	-	(11,165,820)
Cash and cash equivalents, beginning	<u>34,954,172</u>	<u>3,461,700</u>	<u>-</u>	<u>38,415,872</u>
Cash and cash equivalents, ending	<u>\$ 23,944,228</u>	<u>\$ 3,305,824</u>	<u>\$ -</u>	<u>\$ 27,250,052</u>
Cash and cash equivalents per statement of net position:				
Unrestricted	\$ 7,904,716	\$ 3,305,824	\$ -	\$ 11,210,540
Restricted - current	16,039,512	-	-	16,039,512
	<u>\$ 23,944,228</u>	<u>\$ 3,305,824</u>	<u>\$ -</u>	<u>\$ 27,250,052</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Totals
Reconciliation of operating loss to net cash provided by operating activities:				
Operating income (loss)	\$ (355,341)	\$ 11,133,102	\$ (1,203,763)	\$ 9,573,998
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,445,720	271,348	2,331,063	8,048,131
Amortization	13,162	-	(58,602)	(45,440)
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	1,391,269	-	-	1,391,269
Other receivables	(343,314)	(829,864)	198,682	(974,496)
Due from other funds	1,607,474	270,091	(1,157,628)	719,937
Prepays	(1,302,536)	-	-	(1,302,536)
Other assets	707,977	-	-	707,977
Inventories	(24,543)	-	-	(24,543)
Deferred outflows	(181,135)	1,614,778	(545,515)	888,128
Increase (decrease) in:				
Accounts payable and accrued liabilities	990,720	(274,707)	142,456	858,469
Self insurance claims payable	928,038	(2,486,027)	(22,923)	(1,580,912)
Compensated absences payable	177,551	(146,510)	43,467	74,508
OPEB liability	2,532,006	(1,144,186)	478,731	1,866,551
Deferred inflows	2,087,025	1,492,908	335,776	3,915,709
Net pension liability	(3,273,518)	(8,663,202)	947,185	(10,989,535)
Due to other funds	(594,789)	(1,430,763)	(31,701)	(2,057,253)
Customer deposits	(179,464)	-	-	(179,464)
Total adjustments	<u>9,981,643</u>	<u>(11,326,134)</u>	<u>2,660,991</u>	<u>1,316,500</u>
Net cash provided by (used in) operating activities	<u>\$ 9,626,302</u>	<u>\$ (193,032)</u>	<u>\$ 1,457,228</u>	<u>\$ 10,890,498</u>
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets from developers	\$ -	\$ -	\$ 366,407	\$ 366,407
Decrease in fair value of investments	<u>\$ 100,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,544</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

	<u>Pension Trust</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>20,918,998</u>
Securities lending cash collateral	<u>19,034,899</u>
Receivables:	
Other receivables	215,853
Employer and employee contributions	259,996
Accrued interest and dividends	1,654,764
Investments sold	<u>12,142</u>
Total receivables	<u>2,142,755</u>
Investments, at fair value:	
U.S. Treasury bonds and notes	59,077,400
Asset backed securities	11,263,542
Mortgage backed securities	74,210,954
Real estate investment trusts	14,776,517
Corporate bonds and notes	95,086,147
Municipal bonds	983,750
Limited partnerships	17,424,970
Mutual funds	26,940,635
Common stocks	<u>396,867,186</u>
Total investments	<u>696,631,101</u>
Loans to members	<u>8,863,589</u>
Total assets	<u>747,591,342</u>
<u>LIABILITIES AND NET POSITION</u>	
Obligations under securities lending	19,034,899
Investments purchased	6,483
Accounts payable and accrued liabilities	<u>211,448</u>
Total liabilities	<u>19,252,830</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Advance contribution from City	<u>10,000,000</u>
Net position restricted for pensions	<u>\$ 718,338,512</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, 2018

	<u>Pension Trust</u>
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 30,597,177
Employee	9,873,238
State	<u>461,877</u>
Total contributions	<u>40,932,292</u>
Investment income:	
Net appreciation in fair value of investments	48,858,373
Investment earnings	<u>15,090,190</u>
Total investment income	63,948,563
Less investment expenses	<u>1,976,136</u>
Net investment income	<u>61,972,427</u>
Total additions	<u>102,904,719</u>
<u>DEDUCTIONS</u>	
Pension benefits	59,841,196
Refunds of contributions	14,968,598
DROP benefits	640,835
Administrative expenses	<u>753,184</u>
Total deductions	<u>76,203,813</u>
Net increase	26,700,906
Net position restricted for pensions:	
Beginning of year	<u>691,637,606</u>
End of year	<u>\$ 718,338,512</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 oversight committee which was established by City Ordinance 08-48, which 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 Board of Directors, 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, 2018. The June 30, 2018 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 2018, the City provided an operating grant of approximately \$167,000 to this organization.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

General Fund

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

The City reports the following major proprietary funds:

Water and Sewers Utility System Fund

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Solid Waste Utility System Fund

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

Stormwater Utility System Fund

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Implementation of Governmental Accounting Standards Board Statement

During the fiscal year ended September 30, 2018, the City implemented the following GASB Statement that had an impact on the financial statements:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

As a result of the implementation of this standard it was determined that the opening net position of the governmental and business-type activities be restated as of October 1, 2017 (see Note 19).

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

5. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension, advance contributions, other post-employment benefits and deferred amounts on refunding that qualify for reporting in this category in the amount of \$65,956,886, \$10,000,000, \$20,140,398 and \$234,769, 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, other post-employment benefits, and business tax receipts that qualify for reporting in this category in the amount of \$7,529,805, 28,145,142 and \$4,413,184.

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

6. Unearned Revenues - Unearned revenues at the government-wide level, governmental funds and proprietary funds are reported when the City receives resources that do not meet the criteria for revenue recognition.
7. Compensated Absences - City employees are granted vacation and sick leave in varying amounts based on length of service and the department which the employee services. The City's vacation and sick leave policy is to permit employees to accumulate earned but unused sick pay benefits. Such leave is accrued and reported as a fund liability when it is probable that the City will compensate the employee with expendable available financial resources. Vacation and sick leave is accrued when incurred in proprietary funds and reported as a fund liability. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
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, 2018, 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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2018, 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.
 - Committed
Amounts that can be used only for specific purposes determined by a formal action of the City Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. Ordinances and resolutions are equally binding and are the highest level of decision making authority.
 - Assigned
Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the City Council who has the authority to assign, modify or rescind amounts to be used for specific purposes. This is delineated in the policy approved by the Council. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type, Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.
 - Unassigned
This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance (Continued)

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Fund Balances:			
Nonspendable:			
Prepays	\$ 718,000	\$ 1,654,611	\$ 2,372,611
Notes receivable	2,857,666	-	2,857,666
Inventories	2,322,116	-	2,322,116
Restricted:			
General government	3,517,760	-	3,517,760
Public safety	-	1,213,326	1,213,326
Human services	-	29,842,446	29,842,446
Committed:			
Fleet maintenance	1,364,691	-	1,364,691
General government	323,952	50,954	374,906
Human services	18,513	1,359,723	1,378,236
Hurricane debris	-	76,009	76,009
Parks and recreation	32,874	134,649	167,523
Public safety	30,721	198,642	229,363
Road improvements	-	2,055,114	2,055,114
Assigned:	5,600,000	-	5,600,000
Unassigned:	<u>29,821,802</u>	<u>(10,112,582)</u>	<u>19,709,220</u>
Total Fund Balances	<u>\$ 46,608,095</u>	<u>\$ 26,472,892</u>	<u>\$ 73,080,987</u>

Fund Balances:			
Nonspendable	\$ 5,897,782	\$ 1,654,611	\$ 7,552,393
Restricted	3,517,760	31,055,772	34,573,532
Committed	1,770,751	3,875,091	5,645,842
Assigned	5,600,000	-	5,600,000
Unassigned	<u>29,821,802</u>	<u>(10,112,582)</u>	<u>19,709,220</u>
Total Fund Balances	<u>\$ 46,608,095</u>	<u>\$ 26,472,892</u>	<u>\$ 73,080,987</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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2018, there was no rebatable arbitrage required to be recorded.
15. Employee Benefit Plans - The City provides two separate defined benefit pension plans for its employees and elected officials at September 30, 2018. 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 plan is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The City is financing the post employee benefits on a pay-as-you go basis. The OPEB plan does not issue separate financial statements. There were no assets accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

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

CITY OF HIALEAH, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

19. Fund Deficits - The following fund had a deficit in the amount indicated as of September 30, 2018:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$ 60,432,771

The Solid Waste Utility System fund had a prior year ending fund deficit of \$49.7 million. This amount was restated by \$21.7 million due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* for a total beginning as restated deficit of \$71.4 million.

As the City continues the transition from municipal services to private services, which began in November 2015, amounts applicable to the Solid Waste Utility System for employee related liabilities continue to decline which is consistent with the decline in employee count. For the fiscal year 2017-2018 the change in net position for the Solid Waste Utility System was \$10.9 million. This change is inclusive of credits in expenses for reductions in workers compensation of approximately \$1.9 million, other post-employment benefits of approximately \$610 thousand, and pension expense (GASB 68) of approximately \$6.1 million. The City's business-type activity funds continue to have significant fluctuations in operating income/losses due to adjustments and changes in actuarially determined long term liabilities.

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 has also privatized recycling collection services, and is completing the transition to the private sector of this program. Given the current monthly retail rate for solid waste services of \$29.99/House-Hold/month it is projected that program revenues when properly adjusted should cover operating expenses. The City anticipates annual CPI adjustments to the residential monthly fees in FY 2019. Financial estimates, as adjusted by CPI, show the fund achieving net operating surpluses of \$1.7 million during the period of FY 17-18 to FY 21-22, after accounting for debt service payments to the Water and Sewers Utility System Fund starting in FY 20-21 as approved by the City Council in December 13, 2016.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

20. Excess of Expenditures over Appropriations - For fiscal year ended September 30, 2018, expenditures exceeded appropriations in the following departments of the General Fund:

	Final <u>Budget</u>	<u>Actual</u>	Amount in Excess of Final Budget
Fire	\$ 42,124,200	\$ 43,062,086	\$ 937,886
Risk management	348,300	414,915	66,615
Human resources	871,700	948,150	76,450
Office of Management and Budget	418,000	419,851	1,851
Communications and special events	768,310	857,639	89,329
Finance	1,638,400	1,674,790	36,390
Business tax division	1,016,800	1,066,090	49,290
Streets	-	95	95

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

21. Excess of Expenditures over Appropriations - For fiscal year ended September 30, 2018, expenditures exceeded appropriations in the following non-major governmental funds:

	Final <u>Budget</u>	<u>Actual</u>	Amount in Excess of Final Budget
Emergency Solutions Grant Fund	\$ 199,376	\$ 209,565	\$ 10,189
Children's Trust Fund	905,998	970,997	64,999
Emergency Disaster Fund	-	5,982,029	5,982,029
Urban Area Security Grants Fund	486,400	599,462	113,062
Police Grant Fund	157,957	225,469	67,512
E-911 Wireless Fund	480,600	532,473	51,873
Affordable Housing Fund	2,610,700	2,614,652	3,952
The Children's Trust Step Ahead Fund	298,799	306,010	7,211
Law Enforcement Trust Federal Fund	35,150	36,124	974
CITT Surtax - Hialeah Circulator Fund	2,218,000	2,288,961	70,961
ECS & Library Grant Fund	112,522	115,089	2,567
Garden of the Arts Fund	-	6,586	6,586
HEA Charter School Expansion Fund	2,300,000	2,449,943	149,943
NW 102 Ave. Street Roadway Improvement (JPA) Fund	-	1,681,374	1,681,374

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018 was 6.3018 mills per \$1,000 of assessed valuation.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - City

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Vanguard-Bond	\$ 5,522,802	\$ -	\$ -	\$ 5,522,802	\$ -
FMIT-Bond	22,178,148	2,093,550	20,084,598	-	-
Total	\$ 27,700,950	\$ 2,093,550	\$ 20,084,598	\$ 5,522,802	\$ -

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

As of September 30, 2018, the City's investments consisted of the following:

		<u>Fitch Rating</u>
0-2 Year High Quality Bond	\$ 2,093,550	AAA/V1
1-3 Year High Quality Bond	2,112,676	AAA/V2
Intermediate High Quality Bond	8,993,878	AAA/V3
Broad Market High Quality Fund	8,978,044	AA/V4
Total	\$ 22,178,148	

		<u>Fitch Rating</u>
Inter-Term Bond Index Adm	\$ 3,593,283	AA
Short-Term Corp Bnd Ix Ad	1,063,901	A
Inter-Term Corp Bond	860,679	BBB
Prime Money Mkt Fund	4,939	A
Total	\$ 5,522,802	

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans

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

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

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

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

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

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

Rate of Return - For the year ended September 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.17% and 7.09% for the PERS and EORS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculations are determined on a monthly basis.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

As of September 30, 2018, the Plans had the following investments:

<u>City of Hialeah Employees' Retirement System</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</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	\$ 59,077,400	\$ 28,030,400	\$ 23,980,095	\$ 7,066,905	\$ -
Corporate Bonds and Notes	95,086,147	1,375,449	45,225,063	48,485,635	-
Municipal Bonds	983,750	496,660	487,090	-	-
Mortgage Backed Securities	74,210,954	1,106	722,068	1,754,948	71,832,832
Asset Backed Securities	11,263,542	-	11,263,542	-	-
Sub-total	<u>240,621,793</u>	<u>\$ 29,903,615</u>	<u>\$ 81,677,858</u>	<u>\$ 57,307,488</u>	<u>\$ 71,832,832</u>

Real estate investment trusts	14,191,283
Limited Partnership	17,424,970
Mutual Funds	15,166,362
Common stocks	396,867,186
Total Fair Value	<u>\$ 684,271,594</u>

<u>Elected Officials Retirement Plan</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</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	\$ 5,522,802	\$ -	\$ 5,522,802	\$ -	\$ -
Sub-total	<u>5,522,802</u>	<u>\$ -</u>	<u>\$ 5,522,802</u>	<u>\$ -</u>	<u>\$ -</u>

Vanguard-equity funds	6,251,471
Real Estate Investment Trusts	585,234
Total Fair Value	<u>\$ 12,359,507</u>

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

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

As of September 30, 2018, 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	\$ 59,077,400	N/A
Asset backed securities	3,024,302	Aaa
Asset backed securities	1,591,004	Aa2
Asset backed securities	6,648,235	NR
Mortgage backed securities	6,741,295	Aaa
Mortgage backed securities	1,419,824	Aa3
Mortgage backed securities	66,049,836	NR
Municipals	487,090	A1
Municipals	496,660	Aa2
Corporate bonds and notes	11,371,095	A1
Corporate bonds and notes	17,695,073	A2
Corporate bonds and notes	17,996,286	A3
Corporate bonds and notes	1,776,773	Aa3
Corporate bonds and notes	1,711,745	Aaa
Corporate bonds and notes	2,453,166	Ba1
Corporate bonds and notes	11,934,777	Baa1
Corporate bonds and notes	13,454,521	Baa2
Corporate bonds and notes	15,872,656	Baa3
Corporate bonds and notes	820,055	NR
Total	<u>\$240,621,793</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, 2018, no investments in any one issuer represented 5% or more of the total of the City's investments.

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments - Pension Plans (Continued)

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

<u>Currency</u>	<u>International Equities</u>
Canadian Dollar	\$ 1,113,756
Danish Krone	617,331
Euro Currency	12,131,325
Hong Kong Dollar	2,695,461
Japanese Yen	6,125,716
Norwegian Krone	382,359
Pound Sterling	5,103,222
Singapore Dollar	462,163
Swedish Krona	108,293
Swiss Franc	1,664,411
	\$ 30,404,037

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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 4 - SECURITIES LENDING TRANSACTIONS (Continued)

- 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, 2018, such investment pool had an average duration of 69 days and an average weighted final maturity of 10 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, 2018, 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, 2018, was \$19,034,899. The \$19,034,899 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 \$19,034,899 for obligations under security lending.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, 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	\$ 22,178,148	\$ -	22,178,148
Total Investments by fair value level	<u>\$ 22,178,148</u>	<u>\$ -</u>	<u>\$ 22,178,148</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, 2018, the Elected Officials Retirement System had the following investments within the fair value hierarchy:

<u>Investments by fair value level</u>	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>
Equity Mutual Funds	\$ 6,609,517	\$ 6,609,517	-
Bond Mutual Funds	5,164,756	5,164,756	-
Real Estate Investment Trusts	585,234	-	585,234
Total Investments by fair value level	<u>\$ 12,359,507</u>	<u>\$ 11,774,273</u>	<u>\$ 585,234</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
SEPTEMBER 30, 2018

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

As of September 30, 2018, 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	\$ 396,867,186	\$ 396,867,186	-
U.S Treasuries	59,077,400	-	59,077,400
Corporate Bonds	95,086,147	-	95,086,147
Municipal Bonds	983,750	-	983,750
Mortgage Backed Securities	74,210,954	-	74,210,954
Asset Backed Securities	11,263,542	-	11,263,542
Mutual Funds	15,166,362	-	15,166,362
Real Estate Investment Trusts	14,191,283	14,191,283	-
Sub total investments by fair value level	<u>666,846,624</u>	<u>411,058,469</u>	<u>255,788,155</u>
 <u>Investments measured at the net asset value (NAV)*</u>			
Limited Partnerships	17,424,970		
Money market funds (exempt)	19,719,122		
Total investments by fair value level	<u>\$ 703,990,716</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
SEPTEMBER 30, 2018

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)	\$ 10,106,457	6,648,150	Quarterly	95 Days
Limited Partnerships (2)	7,036,721	-	Monthly	5 Days
Limited Partnerships (3)	<u>281,792</u>	-	Monthly	95 Days
Total investments measured at NAV	<u>\$ 17,424,970</u>			

(1) *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.

(2) *Limited Partnerships*. Aims to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts with investment management professionals specializing in various alternative investment strategies.

(3) *Limited Partnerships*. Aims to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts with investment management professionals specializing in various alternative investment strategies.

NOTE 6 - RECEIVABLES

Receivables as of September 30, 2018 for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water & Sewer	Solid Waste	Nonmajor Governmental Funds	Total
Receivables:					
Billed	\$ -	\$ 14,544,978	\$ -	\$ 2,039,433	\$ 16,584,411
Unbilled	-	7,222,946	-	-	7,222,946
Franchise and utility	5,263,863	-	-	-	5,263,863
State and local shared	1,483,034	3,747,435	-	12,299,472	17,529,941
Grants	243,931	-	-	847,494	1,091,425
Other	6,701,619	520,070	1,662,192	30,337	8,914,218
Sales taxes	<u>2,902,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,902,133</u>
Gross receivables	16,594,580	26,035,429	1,662,192	15,216,736	59,508,937
Less: allowance for uncollectibles	-	2,531,312	-	1,566,574	4,097,886
Net total receivables	<u>\$ 16,594,580</u>	<u>\$ 23,504,117</u>	<u>\$ 1,662,192</u>	<u>\$ 13,650,162</u>	<u>\$ 55,411,051</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 6 – RECEIVABLES (Continued)

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 net of uncollectible amounts. The amount charged to the provision related to revenues of the current period was \$5,669,258.

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

Grants and other unearned revenues	\$ 469,319
State Housing Initiative Program (SHIP)	1,567,789
Notes receivable (see note 7)	<u>2,857,666</u>
	<u>\$ 4,894,774</u>

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, 2018 were:

Long-term receivable	\$ 3,531,153
Less present value	<u>(673,487)</u>
Present value of future receivable payments	<u>\$ 2,857,666</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 - NOTE RECEIVABLE (Continued)

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, 2018. No allowance against the note receivable is deemed necessary at September 30, 2018. 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.

NOTE 8 - INTERFUND ACTIVITY

The amounts due to/from other funds at September 30, 2018 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 27,334,073	\$ 35,360,733
Non-Major Governmental Funds	31,898,799	16,882,051
Major Proprietary Type Funds		
Water and Sewer	28,869	8,257,056
Solid Waste	3,003,630	6,224,003
Stormwater	4,458,472	-
Total Major Proprietary Type Funds	7,490,971	14,481,059
	\$ 66,723,843	\$ 66,723,843

- 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 fund are for receivables collected by the water and 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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 8 - INTERFUND ACTIVITY (Continued)

As of September 30, 2018, major fund and non-major fund activity was as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 1,228,309
Non-Major Governmental Funds		12,421
Non-Major Governmental Funds	1,240,730	-
	\$ 1,240,730	\$ 1,240,730

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.

On June 9, 2015 the Council approved an amended resolution approving the terms of the unsecured promissory note to memorialize the interfund loan from the Water & Sewer Fund of the Public Works Department (the "Lender") to the Solid Waste Fund of the Public Works Department (the "Borrower"), in the amount of \$19,000,000, for the purpose of financing the internal transfer of assets from the City's General Fund (the "Transferor") to the Solid Waste Fund (the "Transferee") of the Public Works Department. Whereas, the Water & Sewer Fund of the Public Works Department loaned the sum of \$19,000,000 to the Solid Waste Fund of the Public Works Department to pay the fair market value of the assets to the City's General Fund. The note calls for interest to accrue from January 1, 2014 to March 1, 2021 at an annual rate of 2.5%. The interest accrual for September 30, 2018 was \$233,572. The agreement calls for quarterly payments of principal and interest of \$521,876 commencing on March 1, 2021 and concluding on September 1, 2033.

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

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018:

Water and Sewers Fund	
Customers' deposit - cash and investments	\$ 11,346,695
Derm Fees	4,324,989
Other restricted assets	<u>369,928</u>
Total restricted cash water and sewers fund	<u>16,041,612</u>
Governmental Funds	
Special Revenue Funds	
Rescue Transportation	841,553
Fire Prevention	225,795
Law Enforcement Trust - State	184,611
Law Enforcement Trust - Federal	62,734
Home Investment Partnership	455,975
Total Governmental Funds	<u>1,770,668</u>
Total restricted assets	<u>\$ 17,812,280</u>

NOTE 11 - CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2018 is as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Ending <u>Balance</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 29,694,984	\$ -	\$ -	\$ -	\$ 29,694,984
Construction in Progress	6,164,786	538,740	-	(2,903,927)	3,799,599
Total capital assets not being depreciated	<u>35,859,770</u>	<u>538,740</u>	<u>-</u>	<u>(2,903,927)</u>	<u>33,494,583</u>
Capital assets being depreciated:					
Buildings	127,635,590	3,867,047	-	-	131,502,637
Improvements other than buildings	27,735,748	169,182	-	70,384	27,975,314
Furniture, fixtures, machinery and equipment - Charter School	1,684,481	159,680	-	-	1,844,161
Furniture, fixtures, machinery and equipment	54,255,806	5,307,708	(1,170,004)	1,323,841	59,717,351
Infrastructure	298,687,357	4,239,242	-	1,509,702	304,436,301
Total capital assets being depreciated	<u>509,998,982</u>	<u>13,742,859</u>	<u>(1,170,004)</u>	<u>2,903,927</u>	<u>525,475,764</u>
Less accumulated depreciation for:					
Buildings	38,478,904	2,964,532	-	-	41,443,436
Improvements other than buildings	22,376,489	806,491	-	-	23,182,980
Furniture, fixtures, machinery and equipment - Charter School	1,131,909	196,680	-	-	1,328,589
Furniture, fixtures, machinery and equipment	44,106,922	3,003,822	(1,170,004)	-	45,940,740
Infrastructure	186,123,492	8,385,919	-	-	194,509,411
Total accumulated depreciation	<u>292,217,716</u>	<u>15,357,444</u>	<u>(1,170,004)</u>	<u>-</u>	<u>306,405,156</u>
Total capital assets being depreciated, net	<u>217,781,266</u>	<u>(1,614,585)</u>	<u>-</u>	<u>2,903,927</u>	<u>219,070,608</u>
Governmental activities capital assets, net	<u>\$ 253,641,036</u>	<u>\$ (1,075,845)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,565,191</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 11 - CAPITAL ASSETS (Continued)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Ending <u>Balance</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 4,202,141	\$ -	\$ -	\$ -	\$ 4,202,141
Construction in progress	-	3,771,462	-	-	3,771,462
Total capital assets not being depreciated	<u>4,202,141</u>	<u>3,771,462</u>	<u>-</u>	<u>-</u>	<u>7,973,603</u>
Capital assets being depreciated:					
Buildings and utility plant	68,978,143	988,950	-	-	69,967,093
Improvements other than buildings	353,533	-	-	-	353,533
Machinery and equipment	10,611,960	-	(293,938)	-	10,318,022
Infrastructure	<u>267,248,832</u>	<u>12,810,618</u>	<u>-</u>	<u>-</u>	<u>280,059,450</u>
Total capital assets being depreciated	<u>347,192,468</u>	<u>13,799,568</u>	<u>(293,938)</u>	<u>-</u>	<u>360,698,098</u>
Less accumulated depreciation for:					
Buildings and utility plant	8,046,959	1,719,478	-	-	9,766,437
Improvements other than buildings	322,114	1,650	-	-	323,764
Machinery and equipment	9,919,898	256,345	(293,938)	-	9,882,305
Infrastructure	<u>140,312,111</u>	<u>6,070,658</u>	<u>-</u>	<u>-</u>	<u>146,382,769</u>
Total accumulated depreciation	<u>158,601,082</u>	<u>8,048,131</u>	<u>(293,938)</u>	<u>-</u>	<u>166,355,275</u>
Total capital assets being depreciated, net	<u>188,591,386</u>	<u>5,751,437</u>	<u>-</u>	<u>-</u>	<u>194,342,823</u>
Business-type activities capital assets, net	<u>\$ 192,793,527</u>	<u>\$ 9,522,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,316,426</u>

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

Governmental activities:	
General government	\$ 3,116,043
Police	882,888
Fire	1,457,753
Streets	8,423,014
Recreation	<u>1,477,746</u>
Total depreciation expense - governmental activities	<u>\$ 15,357,444</u>
Business-type activities:	
Water and sewer	\$ 5,445,720
Solid waste	271,348
Stormwater	<u>2,331,063</u>
Total depreciation expense - business-type activities	<u>\$ 8,048,131</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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>
2019	\$ 68,146	\$ 279	\$ 68,425

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			
<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,920,682	\$ 36,529	\$ 1,957,211	2019	\$ 479,999	\$ 9,132	\$ 489,131

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

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

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

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

Governmental Activities				Business - type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2019	1,316,000	1,163,530	2,479,530	2019	329,000	290,883	619,883
2020	1,368,000	1,110,890	2,478,890	2020	342,000	277,723	619,723
2021	1,436,000	1,042,490	2,478,490	2021	359,000	260,623	619,623
2022	1,508,000	970,690	2,478,690	2022	377,000	242,673	619,673
2023	1,584,000	895,290	2,479,290	2023	396,000	223,823	619,823
2024-2028	9,088,000	3,305,480	12,393,480	2024-2028	2,272,000	826,370	3,098,370
2029-2033	11,032,000	1,368,800	12,400,800	2029-2033	2,758,000	342,200	3,100,200
	<u>\$ 27,332,000</u>	<u>\$ 9,857,170</u>	<u>\$ 37,189,170</u>		<u>\$ 6,833,000</u>	<u>\$ 2,464,293</u>	<u>\$ 9,297,293</u>

3. Revolving Loan - On May 11, 2001, the City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection for the purpose of providing financial assistance for planning and designing water and sewer system improvements. As of September 30, 2017, the project has been completed and the City has withdrawn \$2,779,844 for the project. The loan shall be repaid in 18 semiannual loan payments beginning September 15, 2007, which is based on the total amount owed. The amount due as of September 30, 2018 was \$1,149,054, which includes capitalized interest and other costs.

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

Fiscal Year End	Principal	Interest	Total
2019	139,686	31,288	170,975
2020	143,635	27,340	170,975
2021	147,695	23,280	170,975
2022	151,870	19,104	170,975
2023	156,164	14,810	170,975
2024-2026	410,004	17,432	427,437
	<u>\$ 1,149,054</u>	<u>\$ 133,256</u>	<u>\$ 1,282,310</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

4. Affordable Housing Note, Series 2011 - On March 23, 2011 City issued the City of Hialeah Affordable Housing Note, Series 2011 (the TD Bank Note) in the principal amount of \$14,489,840 to refund and extend the maturity of the Amended and Restated Bond Anticipation Refunding Note, Series 2010 and pay-off the mortgage payable due to the Miami-Dade Housing Agency. The transaction resulted in an economic gain of approximately \$115,740. The proceeds of the Series 2010 note were used for the purpose of financing the construction of a 300-unit affordable housing project in the City of Hialeah. The TD Bank Note is secured by a pledge of net rental income and a covenant to budget and appropriate non-ad valorem revenues sufficient to pay the principal and interest due on the note for the fiscal year. At September 30, 2018, the TD Bank Note had an outstanding balance of \$11,600,624.

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

Fiscal Year End	Principal	Interest	Total
2019	455,854	500,725	956,579
2020	476,151	480,428	956,579
2021	497,352	459,227	956,579
2022	519,496	437,083	956,579
2023	542,626	413,952	956,579
2024-2028	3,097,782	1,685,112	4,782,894
2029-2033	3,851,628	931,266	4,782,894
2034-2036	2,159,736	127,241	2,286,977
	<u>\$ 11,600,624</u>	<u>\$ 5,035,034</u>	<u>\$ 16,635,659</u>

5. Florida Municipal Loan Council Revenue Bond Series 2011D- Loan Payable - On May 1, 2011, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,235,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2011D, for construction, expansion and improvements of the City's sewer treatment plant. The loan has an outstanding balance of \$45,220,000 and calls for annual principal payments due on October 1, commencing on October 1, 2012 through October 1, 2041 and semi-annual interest payments commencing on October 1, 2011 at varying rates of interest ranging from 3.0% to 5.5%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. The City has pledged the net revenues (gross revenues after reduction of the cost of operation and maintenance of the project). There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2018.

Annual debt service requirements to maturity for the Series 2011D note payable are as follows:

Fiscal Year End	Principal	Interest	Total
2019	1,015,000	2,286,188	3,301,188
2020	1,050,000	2,253,200	3,303,200
2021	1,105,000	2,200,700	3,305,700
2022	1,150,000	2,156,500	3,306,500
2023	1,195,000	2,110,500	3,305,500
2024-2028	6,835,000	9,700,225	16,535,225
2029-2033	8,800,000	7,756,263	16,556,263
2034-2038	11,435,000	5,152,775	16,587,775
2039-2042	11,650,000	1,645,325	13,295,325
	<u>\$ 44,235,000</u>	<u>\$ 35,261,675</u>	<u>\$ 79,496,675</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - LONG-TERM DEBT (Continued)

Notes Payable (Continued)

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

The Series 2015A bonds has an outstanding balance of \$25,000,000 and calls for annual principal payments due on December 1, commencing on December 1, 2020 through December 2, 2035 and semi-annual interest payments commencing on June 1, 2016 at varying rates of interest ranging from 2.0% to 5.0%. The Series 2015B bonds has an outstanding balance of \$19,680,000 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, 2018.

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

Governmental Activities			
Fiscal Year End	Principal	Interest	Total
2019	-	1,088,561	1,088,561
2020	1,145,000	1,073,349	2,218,349
2021	1,180,000	1,040,102	2,220,102
2022	1,220,000	1,001,002	2,221,002
2023	1,265,000	957,150	2,222,150
2024-2028	7,100,000	3,991,857	11,091,857
2029-2033	8,870,000	2,227,760	11,097,760
2034-2035	4,220,000	219,607	4,439,607
	\$ 25,000,000	\$ 11,599,387	\$ 36,599,387

Governmental Activities			
Fiscal Year End	Principal	Interest	Total
2019	616,000	762,360	1,378,360
2020	636,000	737,320	1,373,320
2021	668,000	707,900	1,375,900
2022	700,000	673,700	1,373,700
2023	736,000	637,800	1,373,800
2024-2028	4,292,000	2,582,100	6,874,100
2029-2033	5,488,000	1,365,600	6,853,600
2034-2035	2,608,000	132,000	2,740,000
	\$ 15,744,000	\$ 7,598,780	\$ 23,342,780

Business - type Activities			
Fiscal Year End	Principal	Interest	Total
2019	154,000	190,590	344,590
2020	159,000	184,330	343,330
2021	167,000	176,975	343,975
2022	175,000	168,425	343,425
2023	184,000	159,450	343,450
2024-2028	1,073,000	645,525	1,718,525
2029-2033	1,372,000	341,400	1,713,400
2034-2035	652,000	33,000	685,000
	\$ 3,936,000	\$ 1,899,695	\$ 5,835,695

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 - LONG-TERM DEBT (Continued)

Capital Leases

The City has entered into various lease agreements; a transit bus in the amount of \$340,400, a fire ladder truck in the amount of \$633,827, twenty (20) Zoll Series X manual defibrillators in the amount of \$423,920, and computer software in the amount of \$1,305,606.

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

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

	<u>Governmental Activities</u>
Equipment	\$ 1,729,526
Vehicles	1,340,741
Less: accumulated depreciation	<u>(752,174)</u>
	<u>\$ 2,318,093</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 522,413	\$ 100,391	\$ 622,804
2020	522,726	108,371	631,097
2021	395,086	92,794	487,880
2022	335,381	80,427	415,808
2023	346,235	69,573	415,808
2024-2028	<u>1,868,680</u>	<u>172,358</u>	<u>2,041,038</u>
	<u>\$ 3,990,521</u>	<u>\$ 623,914</u>	<u>\$ 4,614,435</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018:

	October 1, 2017	Additions	Reductions	September 30, 2018	Due Within One Year
Governmental Activities					
<i>Revenue Bonds:</i>					
Capital Improvement Revenue Refunding 2012	337,525	-	(269,379)	68,146	68,146
FMLC 2012A	28,596,000	-	(1,264,000)	27,332,000	1,316,000
Special Obligation Revenue Bonds, Series 2015A	25,000,000	-	-	25,000,000	-
Special Obligation Refunding Revenue Bonds, Series 2015B	16,336,000	-	(592,000)	15,744,000	616,000
<i>Notes:</i>					
Bank of America (Refi 1999 Bonds)	3,792,422	-	(1,871,740)	1,920,682	1,920,682
TD Bank (Refi Suntrust Loan)	12,037,338	-	(436,714)	11,600,624	455,854
Total bonds and notes payable	<u>86,099,285</u>	<u>-</u>	<u>(4,433,833)</u>	<u>81,665,452</u>	<u>4,376,682</u>
<i>Less deferred amounts:</i>					
Discount	(7,572)	-	5,050	(2,522)	(2,522)
Premium	1,490,972	-	(92,283)	1,398,689	92,283
Premium (2012A)	1,810,116	-	(120,674)	1,689,442	120,674
Premium (2015B)	<u>2,047,150</u>	<u>-</u>	<u>(113,731)</u>	<u>1,933,419</u>	<u>113,731</u>
	<u>5,340,666</u>	<u>-</u>	<u>(321,638)</u>	<u>5,019,028</u>	<u>324,166</u>
 Bonds and notes payable net	 <u>91,439,951</u>	 <u>-</u>	 <u>(4,755,471)</u>	 <u>86,684,480</u>	 <u>4,700,848</u>
<i>Capital leases</i>					
JP Morgan Chase (Defibrillators)	81,744	-	(81,744)	-	-
U.S. Bancorp. Govt. Leasing and Finance, Inc.	270,224	-	(64,939)	205,285	66,653
Leasing 2, Inc. (E-One Typhoon 78' Aerial)	391,923	-	(124,447)	267,476	127,846
Banc of America Public Capital (Radio equip)	-	3,517,760	-	3,517,760	327,914
Total capital leases	<u>743,891</u>	<u>3,517,760</u>	<u>(271,130)</u>	<u>3,990,521</u>	<u>522,413</u>
Claims payable	45,912,158	13,681,382	(13,464,289)	46,129,251	9,021,888
Compensated absences	23,992,962	12,969,037	(12,396,496)	24,565,503	3,850,008
OPEB liability	334,103,187	-	(14,946,984)	319,156,203	-
Net pension liability	<u>215,286,656</u>	<u>-</u>	<u>(15,333,897)</u>	<u>199,952,759</u>	<u>-</u>
	619,294,963	26,650,419	(56,141,666)	589,803,716	12,871,896
 Total Governmental activities	 <u>711,478,805</u>	 <u>30,168,179</u>	 <u>(61,168,267)</u>	 <u>680,478,717</u>	 <u>18,095,157</u>
Business-Type Activities					
Revolving loan	1,284,898	-	(135,844)	1,149,054	139,686
Bank of America (refi of FMLC 1999 Bond)	947,934	-	(467,935)	479,999	479,999
FMLC 2011D	45,220,000	-	(985,000)	44,235,000	1,015,000
FMLC 2012A	7,149,000	-	(316,000)	6,833,000	329,000
Special Obligation Refunding Revenue Bonds, Series 2015B	<u>4,084,000</u>	<u>-</u>	<u>(148,000)</u>	<u>3,936,000</u>	<u>154,000</u>
Total bonds and loans payable	<u>58,685,832</u>	<u>-</u>	<u>(2,052,779)</u>	<u>56,633,053</u>	<u>2,117,685</u>
<i>Less deferred amounts:</i>					
Discount	(315,888)	-	13,159	(302,729)	(13,162)
Premium (2012A)	452,531	-	(30,169)	422,362	30,169
Premium (2015B)	<u>511,787</u>	<u>-</u>	<u>(28,433)</u>	<u>483,354</u>	<u>28,433</u>
	<u>648,430</u>	<u>-</u>	<u>(45,443)</u>	<u>602,987</u>	<u>45,440</u>
 Bonds and loans payable net	 <u>59,334,262</u>	 <u>-</u>	 <u>(2,098,222)</u>	 <u>57,236,040</u>	 <u>2,163,125</u>
Claims payable	8,849,798	920,817	(2,501,729)	7,268,886	1,402,298
OPEB liability	60,856,126	1,866,551	-	62,722,677	-
Net pension liability	50,300,578	-	(10,989,535)	39,311,043	-
Compensated absences	<u>2,234,328</u>	<u>1,022,764</u>	<u>(948,256)</u>	<u>2,308,836</u>	<u>361,896</u>
	122,240,830	3,810,132	(14,439,520)	111,611,442	1,764,194
 Total Business-type activities	 <u>181,575,092</u>	 <u>3,810,132</u>	 <u>(16,537,742)</u>	 <u>168,847,482</u>	 <u>3,927,319</u>

* Opening balance was restated. See Note 19 for further details.

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
SEPTEMBER 30, 2018

NOTE 13 - RISK MANAGEMENT

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

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

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

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

The following is a summary of changes in claims payable for the year ended September 30, 2018:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning	\$ 54,761,956	\$ 55,614,957	\$ 56,873,000
Incurred claims (including IBNR)	14,602,199	15,496,407	18,015,514
Claims payments	<u>(15,966,018)</u>	<u>(16,349,408)</u>	<u>(19,273,557)</u>
Unpaid claims, ending	<u>\$ 53,398,137</u>	<u>\$ 54,761,956</u>	<u>\$ 55,614,957</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

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

Hialeah Branch Courthouse Lease

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Charter School Agreements

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

The City has entered into an agreement with Academica Dade LLC to provide administrative and educational services for HEA. The agreement began on July 1, 2018 and ends on June 30, 2021, with an option for renewal for two additional years.

Water and Sewers Fund- Agreements with Miami-Dade County

In 2008, the City Council approved a 20 year agreement with Miami-Dade County (the "County") providing for the rendition of water service to the City by the County and the purchase of treated water from the County until 2027. In 2011, the City of Hialeah entered into a 20 year agreement with the County to provide wastewater treatment and disposal services until 2029. Rates paid by the City of Hialeah vary depending and costs incurred by the County. The charges to operations under these agreements for the year ended September 30, 2018 were \$10,341,329 for water services and \$26,558,224 for wastewater treatment and disposal services.

Water and Sewers Fund- Administrative Consent Agreement

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

Joint Participation Agreement- Reverse Osmosis Water Treatment Plant

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

The 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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

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

The County has provided in excess of \$55 million during the construction phase of the project. In 2011, the City issued the \$48,235,000 Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) to fund its share of the costs to construct the Plant. The schedule below provides a reconciliation of the capital expenses as of September 30, 2018 and the total contributions from the County and the City.

	October 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	September 30, <u>2018</u>
Land	\$ 3,300,000	\$ -	\$ -	\$ 3,300,000
RO Plant	<u>51,087,143</u>	<u>1,224,059</u>	<u>-</u>	<u>52,311,202</u>
	<u>\$ 54,387,143</u>	<u>\$ 1,224,059</u>	<u>\$ -</u>	<u>\$ 55,611,202</u>
Other Receivables - Miami Dade County	<u>\$ 3,924,192</u>	<u>\$ 4,060,750</u>	<u>\$ (4,237,507)</u>	<u>\$ 3,747,435</u>
Total Contributed by Miami Dade County				
Contributions to the City	\$ 46,482,577			
Due from Miami Dade County	3,747,435			
50% Share of interest income earned	731,190			
50% Share of value of the land	1,650,000			
50% Share of grants from SFWMD	<u>3,000,000</u>			
	<u>\$ 55,611,202</u>			

Construction Commitments

At September 30, 2018, the City had in process various construction projects that were not completed with a remaining balance totaling approximately \$10,800,000. Funding of these projects is to be made primarily through tax revenues, fees and grants.

Litigation

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

Tax-Exempt Bonds

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

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Hialeah Association of Fire Fighters

On January 7, 2019, the Hialeah Association of Fire Fighters, Local 1102, International Association of Fire Fighters, as Plaintiff, filed its Petition for Declaratory Judgment against the City in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida. The Petition alleges that an Ordinance enacted by the City Council of the City on September 25, 2018, amending Chapter 70 of the City's Code, which establishes the City's Pension Plan, effects a termination of the City's Pension Plan triggering certain obligations, rights and procedures required by state law. Further, the Petition alleges that Ordinance unconstitutionally impairs the obligations of contract, and reduces the value of accrued benefits for vested plan participants while undermining the financial security of the Plaintiffs' pensions.

The Plaintiff seeks a Declaratory Judgment that the Ordinance effectively terminates the City's Pension Plan such that certain obligations, rights and procedures specified by Florida law in the event of a plan termination apply. In the alternative, Plaintiff seeks a declaration that the Ordinance unconstitutionally impairs the obligations of contract in violation of Article I, Section 10 of the Florida Constitution.

The City has been advised by counsel that it has adequate defenses to the allegations of the Plaintiff, that the Ordinance amending the Pension Plan does not terminate the Pension Plan, and that the prospective benefit changes to the Pension Plan are lawful.

Board of Trustees Union-sponsored Health Plan

The City has been sued by the Trustees of the Board of a union-sponsored health plan that enrolls City retirees, among others, and individual retirees. The City Code provides that the City will pay the cost of health insurance coverage for City retirees under certain conditions and limitations. The Plaintiffs contend that the City has underpaid. The suit seeks back payments and an adjustment going forward. The case is in discovery phase. The City intends to explore the possibility of a counterclaim and to seek summary judgement on Plaintiffs' claim. The claim is still undefined and the case has not advanced. The City intends to vigorously defend this case.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

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.

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, 2018, no action has been filed in this matter.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2016.

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

Inactive plan members:	
Beneficiaries currently receiving benefits	1,482
Entitled to benefits but not yet receiving them	145
Active plan members	<u>939</u>
Total	<u><u>2,566</u></u>

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 5.25% as of September 30, 2018). Such loans are limited to and fully secured by the respective member's annuity savings account. Loan payments are deducted directly from the member's bi-weekly payroll.
3. Administrative Expenses - Administrative expenses incurred by the Plans are absorbed by the City.
4. Funding Requirements - The contribution requirements of the Plan members and the City are established and may be amended by the Employees' Retirement System Board of Trustees.
 - Plan Members Contribution
 Firefighters must contribute 7% of their basic compensation per year into the Annuity Savings Fund. All other members may contribute between 0% and 7% of their basic compensation per year into the Annuity Savings Fund, with the exception that the other members may redirect some of these contributions to satisfy additional contribution requirements. All members not eligible for normal retirement on the date the ordinance took effect will also be required to make the following additional contributions:

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Employees' Retirement System (Continued)

- Plan Members Contribution – (Continued)
 - Non-Police Officers and Firefighters must contribute 5.00% of pensionable compensation from May 15, 2014 to September 30, 2014 and 4.00% of pensionable compensation from October 1, 2014 forward except that it drops to 3.00% if the funded ratio is between 80% to 100% and 0% if it is 100% funded.
 - Firefighters must contribute 5.00% of pensionable compensation from October 1, 2013 to September 30, 2014 (4.00% of pensionable compensation if hired on or after November 15, 2013) and 4.00% of pensionable compensation from October 1, 2014 forward except that it drops to 3.00% if the funded ratio is between 80% to 100% and 0% if it is 100% funded.
 - Police Officers must contribute 5.00% of pensionable compensation from March 2, 2014 to September 30, 2014 (4.00% of pensionable compensation if hired on or after March 2, 2014) and 4.00% of pensionable compensation from October 1, 2014 forward except that it drops to 3.00% if the funded ratio is between 80% to 100% and 0% if it is 100% funded.

- 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, 2018.

5. Net Pension Liability - The City’s net pension liability of \$239,263,802 was measured as of September 30, 2017, (GASB 68 measurement date).

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Employees' Retirement System (Continued)

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

Measurement Date:	September 30, 2018	September 30, 2017
Actuarial Valuation:	October 1, 2017	October 1, 2016
Interest rates:		
Single Discount rate	8.0%	8.0%
Inflation rate	2.3%	2.3%
Salary Increases	3.0% - 9.0%	3.0% - 9.0%

Mortality table

Mortality Rate Healthy Lives Police Officers and Firefighters:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives Police Officers and Firefighters:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

Mortality Rate Healthy Lives General Employees:

Mortality Rate Healthy Lives General Employees:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives General Employees:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives: Female 60% RP2000 Disabled Female set forward two years/ 40% Annuitant White Collar with no setback, no projection scale. Male 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 2018 and 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2018</u>	<u>2017</u>
Domestic Equity	50%	7.25%	7.10%
International Equity	5%	7.25%	7.40%
Domestic Bonds	40%	3.25%	2.10%
Other	<u>5%</u>	4.50%	4.20%
Total	<u>100%</u>		

8. Rate of Return - For the fiscal years ended September 30, 2018 and 2017, the annual money-weighted rate of return on Plan investments, net of investment expense, was 9.17% and 11.22%, 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 2018 and 2017 was 7.80% and 8.00% respectively. 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.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Employees' Retirement System (Continued)

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, 2017	\$ 856,668,657	\$ 591,081,423	\$ 265,587,234
Changes for the year:			
Service Cost	8,302,554	-	8,302,554
Interest	65,295,454	-	65,295,454
Change in Annuity Savings Fund	3,594,508	-	3,594,508
Change in Annuity Reserve Fund	48,248,469	-	48,248,469
Change of benefit terms	(15,079,464)	-	(15,079,464)
Differences between expected and actual experience	17,047,994	-	17,047,994
Changes of assumptions	-	-	-
Contributions - Employer	-	29,197,532	(29,197,532)
Contributions - State	-	461,877	(461,877)
Contributions - Employee	-	2,152,895	(2,152,895)
Contributions - Buy Back	2,569,143	2,569,143	-
Contributions - Annuity Savings Fund	-	3,594,508	(3,594,508)
Benefit payments, including refunds of employee contributions	(67,397,153)	(67,397,153)	-
Revision in methodology to include Annuity Reserve Fund	-	48,248,469	(48,248,469)
Administrative expense	-	-	-
New changes	<u>62,581,505</u>	<u>88,904,937</u>	<u>(26,323,432)</u>
Reporting period ending at September 30, 2018	<u>\$ 919,250,162</u>	<u>\$ 679,986,360</u>	<u>\$ 239,263,802</u>

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

73.97%

Covered payroll

\$ 55,447,024

Net pension liability as a percentage of
covered payroll

431.52%

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018	\$ 919,250,162	\$ 679,986,360	\$ 239,263,802
Changes for the year:			
Service Cost	7,202,768	-	7,202,768
Interest	70,617,995	-	70,617,995
Change in Annuity Savings Fund	3,399,514	-	3,399,514
Differences between expected and actual experience	21,250,857	-	21,250,857
Changes of assumptions	33,984,415	-	33,984,415
Change of benefit terms	(6,194,034)	-	(6,194,034)
Contributions - Employer	-	43,832,274	(43,832,274)
Contributions - State	-	461,877	(461,877)
Contributions - Employee	-	2,792,321	(2,792,321)
Contributions - Buy Back	3,658,285	3,658,285	-
Net investment income	-	61,184,032	(61,184,032)
Benefit payments, including refunds of employee contributions	(75,067,920)	(75,067,920)	-
Administrative expense	-	(734,099)	734,099
New changes	<u>58,851,880</u>	<u>36,126,770</u>	<u>22,725,110</u>
Reporting period ending at September 30, 2019	<u>\$ 978,102,042</u>	<u>\$ 716,113,130</u>	<u>\$ 261,988,912</u>
Plan fiduciary net position as a percentage of the total pension liability		73.21%	
Covered payroll		\$ 51,863,886	
Net pension liability as a percentage of covered payroll		505.15%	

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Employees' Retirement System (Continued)

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 7.80% and 8.00% respectively, 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 or 1-percentage-point higher:

	1% Decrease 6.80%	Current Discount Rate 7.80%	1% Increase 8.80%
September 30, 2018	\$ 348,929,249	\$ 261,988,912	\$ 188,705,326
	7.00%	8.00%	9.00%
September 30, 2017	\$ 321,464,874	\$ 239,263,802	\$ 169,830,541

12. Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

13. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2018, the City will recognize pension expense of \$26,109,069. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences Between Expected and Actual Experience	\$ 22,004,271	\$ -
Changes of Assumptions	10,867,235	-
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	-	7,051,467
Employer and State Contributions subsequent to the measurement date	40,894,637	-
	<u>\$ 73,766,143</u>	<u>\$ 7,051,467</u>

The deferred outflow of resources, resulting from the City's contribution to the Plan subsequent to the measurement date of September 30, 2017 in the amount of \$40,894,637 will be recognized as a reduction of the City's net pension liability in the fiscal year ended September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	
2019	\$ 15,583,088
2020	16,127,794
2021	(1,367,243)
2022	(4,523,600)
2023	-
Thereafter	-
Total	<u>\$ 25,820,039</u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Employees' Retirement System (Continued)

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.

Effective September 25, 2018 current Police Officer DROP Members have the option to extend their DROP period an additional two (2) years for a total DROP participation of five (5) years.

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, 2018, there were forty six (46) DROP participants and their fair value of DROP investment was \$6,035,088 which is included in the Plan's net position.

Elected Officials' Retirement System

1. Plan Description - The City of Hialeah Elected Officials' Retirement System (EORS) is a single employer defined benefit pension plan administered by the City of Hialeah. The EORS was established by City Ordinance effective June 1998. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All qualified elected officials and city attorneys are eligible to participate in the plan. The Plan does not issue a stand-alone financial report. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council. The latest available actuarial valuation is as of October 1, 2017.

Membership in the Plan as of October 1, 2017 consisted of the following:

Inactive plan members:	
Beneficiaries currently receiving benefits	9
Entitled to benefits but not yet receiving them	6
Active plan members	10
Total	25

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Elected Officials' Retirement System (Continued)

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, 2018.

The actual contribution from the City for active members were actuarially determined using the actuarial valuation as of October 1, 2016 for the year ended September 30, 2018.

4. Net Pension Asset - The Plan's net pension asset of \$2,517,214 was measured as of September 30, 2017 (GASB 68 measurement date).

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Elected Officials' Retirement System (Continued)

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

Measurement Date:	September 30, 2018	September 30, 2017
Actuarial Valuation:	October 1, 2017	October 1, 2016
Interest rates:		
Single Discount rate	6.00%	6.00%
Inflation rate	2.75%	2.75%
Salary Increases	8.00%	8.00%
 Mortality table	<p>For healthy male participants during employment, RP 2000 Combined Male Healthy Participant Mortality Table, with 50% Blue Collar Adjustment / 50% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants during employment, RP 2000 Combined Female Healthy Participant Mortality Table, with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.</p> <p>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.</p>	
	<p>For healthy male participants post employment, RP 2000 Annuitant Male Mortality Table, with 50% Blue Collar Adjustment / 50% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants post employment, RP 2000 Annuitant Female Mortality Tables with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.</p>	

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 2018 and 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2018</u>	<u>2017</u>
Domestic Equity	45%	10.63%	9.59%
International Equity	10%	5.57%	5.43%
Fixed Income	30%	6.06%	6.55%
Cash	15%	2.98%	3.37%
	100%		

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Elected Officials' Retirement System (Continued)

7. Rate of Return - For the fiscal years ended September 30, 2018 and 2017, the annual money-weighted rate of return on Plan investments, net of investment expense, was 7.09% and 10.60%, 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 2018 and 2017 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	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a)-(b)
Reporting period ending at September 30, 2017	\$ 8,731,968	\$ 10,768,950	\$ (2,036,982)
Changes for the year:			
Service Cost	160,470	-	160,470
Interest	527,684	-	527,684
Differences between expected and actual experience	10,202	-	10,202
Changes of assumptions	80,686		80,686
Contributions - Employer	-	155,257	(155,257)
Contributions - Employee	-	22,297	(22,297)
Net investment income	-	1,112,500	(1,112,500)
Benefit payments, including refunds of employee contributions	(377,185)	(377,185)	-
Administrative expense	-	(30,780)	30,780
New changes	401,857	882,089	(480,232)
Reporting period ending at September 30, 2018	\$ 9,133,825	\$ 11,651,039	\$ (2,517,214)

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

127.56%

Covered payroll

\$ 695,295

Net pension asset as a percentage of
covered payroll

-362.04%

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018	\$ 9,133,825	\$ 11,651,039	\$ (2,517,214)
Changes for the year:			
Service Cost	163,244	-	163,244
Interest	547,961	-	547,961
Differences between expected and actual experience	53,554	-	53,554
Contributions - Employer	-	164,417	(164,417)
Contributions - Employee	-	22,231	(22,231)
Net investment income	-	690,662	(690,662)
Benefit payments, including refunds of employee contributions	(435,881)	(435,881)	-
Administrative expense	-	(30,780)	30,780
New changes	328,878	410,649	(81,771)
Reporting period ending at September 30, 2019	<u>\$ 9,462,703</u>	<u>\$ 12,061,688</u>	<u>\$ (2,598,985)</u>

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

127.47%

Covered payroll

\$ 695,295

Net pension asset as a percentage of covered payroll

-373.80%

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, 2018	\$ (1,448,107)	\$ (2,598,985)
September 30, 2017	\$ (1,386,585)	\$ (2,517,214)	\$ (3,450,470)

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Elected Officials' Retirement System (Continued)

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

For the year ended September 30, 2018, the EORS will recognize pension expense of \$(180,101). At September 30, 2018, 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	\$ 4,201	\$ -
Changes of Assumptions	33,224	-
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	-	478,337
Employer Contributions subsequent to the measurement date	<u>164,417</u>	<u>-</u>
	<u>\$ 201,842</u>	<u>\$ 478,337</u>

The deferred outflow of resources, resulting from the City's contribution to the Plan subsequent to the measurement date of September 30, 2017 in the amount of \$164,417 will be recognized as an increase of the City's net pension asset in the fiscal year ended September 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	
2019	\$(101,348)
2020	(61,997)
2021	(182,912)
2022	(94,655)
2023	-
Thereafter	<u>-</u>
Total	<u><u>\$(440,912)</u></u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Elected Officials' Retirement System (Continued)

12. Statement of net position and statement of changes in net position - The statement of net position and statement of changes in net position for the Elected Officials' Retirement System as of September 30, 2018 are presented below:

STATEMENT OF NET POSITION

<u>ASSETS</u>	
Cash and cash equivalents	\$ -
Investments, at fair value:	
Mutual funds	11,774,273
Real estate investment trusts	<u>585,234</u>
Total assets	<u><u>\$ 12,359,507</u></u>
<u>LIABILITIES AND NET POSITION</u>	
Accounts payable and accrued liabilities	<u>\$ 134,125</u>
Net position restricted for pensions	<u><u>\$ 12,225,382</u></u>

STATEMENT OF CHANGES IN NET POSITION

<u>ADDITIONS</u>	
Contributions - City	\$ 164,417
Contributions - Member	23,118
Net investment income (loss)	<u>788,367</u>
Total additions	\$ 975,902
<u>DEDUCTIONS</u>	
Pension benefits	382,474
Administrative Expenses	<u>19,085</u>
Net increase	574,343
Net position restricted for pensions	
Beginning of year	<u>11,651,039</u>
Ending	<u><u>\$ 12,225,382</u></u>

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018.

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, 2018 were approximately \$544,000.

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Hialeah sponsors a single-employer defined benefit OPEB plan. Retirees who meet certain age and service requirements may elect coverage for themselves and dependents. Self-funded and fully insured options are available. The employer currently charges no contribution for retirees with single coverage, and the single funding rate for double (employee plus spouse) coverage. Self-funded management retirees pay less for double coverage. Disabled contributions vary between plans. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Program Members

Current full-time, part-time employees hired prior to April 1, 2012 and scheduled to work in excess of an average of 29 hours per week along with eligible former employees (including eligible dependents) of the City of Hialeah.

Normal Retirement

Eligibility conditions for retiree health care benefits are as follows:

- Elected Officials - completion of eight (8) years of service.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

Normal Retirement (Continued)

- Members of the City of Hialeah Employees' Retirement System (defined benefit plan):
 1. Members hired before January 27, 1970, the earlier of (a) age 50 with at least 10 years of service and (b) completion of 20 years of service. – No longer applicable because all current actives are hired after January 1, 1974.
 2. Members hired on or after January 27, 1970 but before January 1, 1974, the earlier of (a) age 55 with at least 15 years of service and (b) completion of 20 years of service. – No longer applicable because all current actives are hired after January 1, 1974.
 3. Members hired on or after January 1, 1974, age plus service equal to at least 70 and completion of at least 20 years of service.
 4. Firefighter members hired on or after November 15, 2013, age plus service equal to at least 76 and completion of at least 20 years of service.
 5. Police Officer members hired on or after March 2, 2014, age plus service equal to at least 76 and completion of at least 20 years of service.

Members of the City of Hialeah Employees' Retirement Plan (money purchase plan) - attainment of age 59.5.

Early Retirement

Eligibility conditions for retiree health care benefits are as follows:

- General Employees, age 55 and completion of at least 10 years of service.
- Firefighters and Police Officers, age 50 and completion of at least 10 years of service.

Deferred Retirement

Members who terminate employment for reasons other than retirement, disability or death are not eligible for retiree health care benefits.

Death in Service Retirement

Covered spouses and dependents of active members who die prior to retirement are eligible to continue coverage through COBRA - maximum 36 months.

Spouses of deceased Firefighters and Police Officers whose death was the result from a violent act in line of duty - benefit fully subsidized for life (or remarriage).

Disability Retirement

Member must be totally and permanently incapacitated for duty in member's classified position as an employee of the City. No age or service requirement for job related - at least ten years of service requirement for non-job related.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

Spouse and Dependent Coverage

Spouses and qualified dependents of retired employees are eligible to receive retiree health care benefits. In the event of the retiree's death, covered spouses and dependents may elect to continue coverage for as long as they would have been eligible had the retiree survived, by payment of the premium for such spouse or eligible dependent.

Retiree Contributions

- Members of the City of Hialeah Employees' Retirement Plan (money purchase plan) pay full cost for coverage for themselves and any eligible dependents.
- Elected Officials - City pays cost of health insurance premium for the retiree's individual coverage - retiree pays the difference between the active rate for any spouse and / or dependent coverage and the active employee only rate.
- Members of the City of Hialeah Employees' Retirement System (defined benefit plan):
 - Employees hired on or before October 10, 2006 - City pays health insurance premium for the retiree's individual coverage.
 - Employees hired after October 10, 2006 - City pays the same amount as active employees for individual coverage until age 65. At age 65 and thereafter, if member eligible and enrolled in Medicare Part A and Part B - City pays retiree's individual coverage for the retiree only.
 - Members may include coverage for spouse and / or other eligible dependents by payment of full premium for such spouse and / or other eligible dependents. However, retired Management employees pay the difference between the active rate for spouse and / or dependent coverage and the active employee only rate.
 - Notwithstanding the above, members (other than Police Officer and Firefighters members) who retire on or after March 25, 2014 prior to attaining eligibility for normal retirement pay premium for coverage for themselves and any eligible dependents.
- Disabled retirees in the City of Hialeah Employees' Retirement System (defined benefit plan):
 - Disabled members hired on or before to October 10, 2006 - City pays the cost of individual health insurance coverage.
 - Disabled members hired after October 10, 2006 pay the same amount as active employees for individual coverage until age 65. At age 65 and thereafter, if member eligible and enrolled in Medicare Part A and Part B - City pays retiree's individual coverage for the retiree only.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

Retiree Contributions (Continued)

- Job related
 - Option (1): Retiree receives 75% of average compensation for three years of membership and pays full premium for spouse and / or other eligible dependents.
 - Option (2): Retiree receives 66-2/3% of average compensation for three years of membership and pays active rate for spouse and / or other eligible dependents.
 - Enhanced disability benefits: Retiree receives 75% of average compensation of three years of membership and pays active rate for spouse and / or other eligible dependents.
 - Retired Management employees pay difference between active rate for spouse and / or dependent coverage and active employee only rate.
- Not job related
 - Retiree pays premium for spouse and / or other eligible dependents; however, retiree receives a credit towards payment of premium based on the following criteria:

Total monthly income from City	Credit amount
From zero (\$0) to \$2,000	75%
Greater than \$2,000 to \$3,250.	50%
Greater than \$3,250 to \$4,500.	25%

- Firefighters or Police Officers with a disability resulting from a catastrophic line of duty injury - benefit fully subsidized for life for member, spouse and eligible dependents.
- Any retirees who get the cost of individual health coverage paid for by the City pay difference between the Premier option premium and the Base option premium if they elect the Premier option in the self- insured plan.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits Provided (Continued)

Medicare-Eligible Provisions

Retirees are not required to enroll in Medicare Part A or Part B, but coverage under the Program becomes secondary upon eligibility for Medicare. If an eligible retiree does not enroll for coverage under Medicare Part A or Part B, the Claims Administrator will calculate benefits as if the retiree were enrolled in both Medicare Part A and Part B and full claims for benefits have been paid.

The City offers a Medicare Advantage plan in lieu of the other health plans offered by the City. This plan is the default plan for members eligible for Medicare. Members must opt out of this plan to continue in another plan offered by the City. The City pays the full single premium for retirees who are covered under the Medicare Advantage plan.

Dental and Vision Coverage

Retired employees are eligible to continue dental and vision coverage by paying 100% of the premium. Claims do not vary significantly by age. Therefore, there is no City liability for dental and vision benefits under GASB requirements.

Life Insurance

The City provides the following life insurance benefits to all members who elect medical coverage.

	Under age 65	Age 65 and above
Management Employees – Retired on or after 7/1/2002	\$ 100,000	\$ 25,000
Management Employees – Retired 11/1/1980 – 6/30/2002	\$ 50,000	\$ 12,500
Other Employees	\$ 10,000	\$ 2,000

Changes in Provisions since Prior Valuation

None

Employees Covered by Benefit Terms

As of October 1, 2017 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,361
Active plan members	<u>1,092</u>
Total	<u><u>2,453</u></u>

Total OPEB Liability

The City's total OPEB liability of \$381,878,880 was based on the measurement date of September 30, 2017, and was determined by an actuarial valuation on that date.

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

The total OPEB liability was determined using the following actuarial methods and assumptions applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	10/1/2017
Actuarial Cost Method	Entry Age Level Percent of Pay
Inflation	2.75%
Discount Rate	3.50%
Salary Increase	3.00% to 9.00%, depending on the member's employment group
Mortality	Healthy members based on various RP-2000 mortality tables with varying Collar adjustments and generational mortality improvements with Scale BB. Disabled Firefighters and Police Officers based on a 60% / 40% blend of RP-2000 Disabled mortality tables setback 4 years for males and set forward 2 years for females and RP-2000 Annuitant mortality tables with White Collar adjustment and no projected improvements. Disabled General Employees based on RP-2000 Disabled mortality tables setback 4 years for males and set forward 2 years for females and no projected improvements.
Healthcare Cost Trend Rates	Based on the Getzen Model starting at 6.0% gradually decreasing to an ultimate rate of 4.4% in 2040.
Expenses	Administrative expenses are included in the per capita health costs.
Other Information	Changes in assumptions and other inputs include the change in the discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017. This change is reflected in the schedule of changes in total OPEB liability.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Service Cost	10,715,811
Interest	12,388,409
Differences between expected and actual experience	(36,940,499)
Changes of assumptions	12,853,978
Benefit payments	(12,098,132)
Net change in total OPEB liability	(13,080,433)
Total OPEB liability - beginning	<u>\$ 394,959,313</u>
Total OPEB liability - ending	<u><u>\$ 381,878,880</u></u>
Covered-employee payroll	\$ 64,886,940
Total OPEB liability as a percentage of covered-employee payroll	588.53%

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to the Changes in the Discount Rate Assumption - The following presents the total OPEB liability of the City, calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%):

Current Discount		
1% Decrease 2.50%	Rate 3.50%	1% Increase 4.50%
\$ 459,449,749	\$ 381,878,880	\$ 322,268,118

Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rate Assumption - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 3.40%) or 1-percentage-point higher (7.00% decreasing to 5.40%):

Current Healthcare Cost		
1% Decrease 5.00% to 3.40%	Trend Rate 6.00% to 4.40%	1% Increase 7.00% to 5.40%
\$ 319,840,242	\$ 381,878,880	\$ 463,088,582

For the year ended September 30, 2018, the City recognized OPEB expense of \$17,395,745. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$28,145,141
Changes of Assumptions	9,793,507	-
	\$ 9,793,507	\$28,145,141

Projected deferred outflow for amounts paid by the City for OPEB benefits and administrative expenses subsequent to the measurement date, will be recognized as OPEB expense in the fiscal year ended September 30, 2019:

Projected OPEB benefits	\$10,552,522
Projected administrative expenses	27,138
Total deferred outflow	\$10,579,660

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future OPEB expenses as follows:

Year ended September 30,	
2019	\$ (5,734,887)
2020	(5,734,887)
2021	(5,734,887)
2022	(1,146,973)
2023	-
Thereafter	-
Total	\$ (18,351,634)

CITY OF HIALEAH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 18 - SUBSEQUENT EVENTS

On June 7, 2019, the City Council resolved the impasse between the City and firefighter employees represented by IAFF Local 1102, adopting the Mayor's proposals on certain disputed articles particularly involving a reduction to pension benefits. The new pension benefits provide for a lower benefit multiplier, increased normal retirement age, the elimination of cost of living adjustments, calculation of benefits based on base pay only and on average final compensation for the highest five years. In addition, all plan members must contribute an additional 6% of pay to the plan. All plan members are 100% vested in accrued pension benefits earned prior to the effective date of the plan changes. The benefits accrued prior to the effective date of the plan changes are frozen until the member retires and is eligible to receive the frozen benefits pursuant to the provisions of the proposed plan amendments. The effective date of the plan changes will be the date of adoption of an ordinance amending the plan by the City Council. Based on state collective bargaining laws, it may be several weeks or months before the changes to the pension plan imposed can be implemented by ordinance of the Council.

NOTE 19 - RESTATEMENT

The implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, as stated in Note 1, resulted in the October 1, 2017 beginning net position of the governmental and business-type activities being restated to eliminate the prior year net OPEB liability and record the opening OPEB liability.

Beginning Net Position, Governmental Activities

Beginning net position, as previously recorded	\$ (84,082,886)
Eliminate prior year net OPEB liability	\$ 92,355,505
Record opening OPEB liability per GASB Statement No. 75	<u>(334,103,187)</u>
Beginning net position, as restated	<u><u>\$ (325,830,568)</u></u>

Beginning Net Position, Business-Type Activities

Beginning net position, as previously recorded	\$ 112,176,387
Eliminate prior year net OPEB liability	<u>13,293,303</u>
Record opening OPEB liability per GASB Statement No. 75	<u>(60,856,126)</u>
Beginning net position, as restated	<u><u>\$ 64,613,564</u></u>

Beginning Net Position, Water and Sewers Fund

Beginning net position, as previously recorded	\$ 147,394,706
Eliminate prior year net OPEB liability	\$ 7,049,435
Record opening OPEB liability per GASB Statement No. 75	<u>(29,536,210)</u>
Beginning net position, as restated	<u><u>\$ 124,907,931</u></u>

Beginning Net Position, Solid Waste Utility System Fund

Beginning net position, as previously recorded	\$ (49,689,660)
Eliminate prior year net OPEB liability	\$ 5,718,727
Record opening OPEB liability per GASB Statement No. 75	<u>(27,398,524)</u>
Beginning net position, as restated	<u><u>\$ (71,369,457)</u></u>

Beginning Net Position, Stormwater Utility System

Beginning net position, as previously recorded	\$ 14,471,341
Eliminate prior year net OPEB liability	\$ 525,141
Record opening OPEB liability per GASB Statement No. 75	<u>(3,921,392)</u>
Beginning net position, as restated	<u><u>\$ 11,075,090</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF HIALEAH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 56,875,838	\$ 56,875,838	\$ 57,462,494	\$ 586,656
Charges for services	1,797,400	1,797,400	1,865,566	68,166
Fines and forfeitures	1,432,700	1,432,700	2,223,699	790,999
Franchise fees	14,900,000	14,900,000	15,102,349	202,349
Impact fees	-	-	-	-
Intergovernmental	31,601,900	31,601,900	33,823,674	2,221,774
Investment income	1,962	1,962	204,699	202,737
Licenses and permits	6,303,600	6,303,600	7,614,495	1,310,895
Other revenues	3,386,600	3,392,100	3,607,214	215,114
Utility taxes	22,200,000	22,200,000	22,883,815	683,815
Total revenues	<u>138,500,000</u>	<u>138,505,500</u>	<u>144,788,005</u>	<u>6,282,505</u>
Expenditures:				
Current:				
Police	56,186,700	55,951,615	55,033,129	918,486
Fire	42,124,200	42,124,200	43,062,086	(937,886)
911 Communications division	4,509,400	4,512,900	3,880,184	632,716
Fleet maintenance	3,470,500	3,470,500	3,426,246	44,254
Construction and maintenance	3,227,700	3,227,700	2,836,215	391,485
Parks and recreation	11,215,300	11,284,900	10,152,812	1,132,088
Planning and zoning	787,500	787,500	633,734	153,766
Education and community services	2,361,700	2,363,700	1,795,621	568,079
Law	1,430,000	1,430,000	1,248,432	181,568
Risk management	348,300	348,300	414,915	(66,615)
Human resources	871,700	871,700	948,150	(76,450)
City Clerk's office	1,423,400	1,423,399	1,387,529	35,870
Office of Management and Budget	418,000	418,000	419,851	(1,851)
Office of the Mayor	641,100	641,100	593,914	47,186
Communications and special events	515,100	768,310	857,639	(89,329)
Milander center	881,900	1,058,900	1,014,757	44,143
Employee retirement	699,100	699,100	591,734	107,366
Library	1,683,300	1,683,300	1,588,349	94,951
Code compliance	773,600	773,600	691,122	82,478
Finance	1,638,400	1,638,400	1,674,790	(36,390)
Business tax division	1,016,800	1,016,800	1,066,090	(49,290)
General government	4,809,300	4,962,448	4,429,471	532,977
Streets	-	-	95	(95)
Information technology	2,267,000	2,403,000	2,339,713	63,287
Total expenditures	<u>143,300,000</u>	<u>143,859,372</u>	<u>140,086,578</u>	<u>3,772,794</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	165,426	165,426
Issuance of debt	-	-	3,517,760	3,517,760
Transfers in	2,100,000	2,100,000	-	(2,100,000)
Transfers out	(800,000)	(246,128)	(1,228,309)	(982,181)
Appropriation of prior year fund balance	3,500,000	3,500,000	-	(3,500,000)
Total financing sources (uses)	<u>4,800,000</u>	<u>5,353,872</u>	<u>2,454,877</u>	<u>(2,898,995)</u>
Net change in fund balance	-	-	7,156,304	7,156,304
Fund balances - beginning	-	-	39,451,791	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,608,095</u>	

See note to budgetary comparison schedule.

CITY OF HIALEAH, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2018

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 \$559,372 for the General Fund, \$8,500 for the Streets Fund, \$3,650,989 for the CDBG Fund, \$362,266 for the Law Enforcement Trust - State Fund, \$199,376 for the Emergency Solutions Grant Fund, \$398,606 for the Rescue Transportation Fund, \$4,320,625 for the Home Investment Partnership Fund, \$97,437 for the Park Impact Fees and Grants Fund, \$343,900 for the CITT Surtax Fund, \$129,957 for the Police Grant Fund, \$1,821,970 for the S.H.I.P. Fund, \$35,150 for the Law Enforcement Trust – Federal Fund, \$41,954 for the EMS County Grant Fund, \$9,000 for the CITT Surtax – Hialeah Circulator Fund, \$106,522 for the ECS & Library Grants Fund, \$472,925 for the Building Division Fund, \$598,622 for the City of Hialeah Education Academy Fund, \$1,568,500 for the Elderly Housing 300 Unit Fund, \$500,000 for the HEA Charter School Expansion Fund, and \$350,037 for the Parks Project Fund.

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 THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Measurement date	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability				
Service cost	\$ 8,302,554	\$ 8,887,641	\$ 9,104,164	\$ 8,982,779
Interest	65,295,454	62,786,218	61,082,848	60,285,831
Change in annuity savings fund	3,594,508	4,032,235	3,887,151	4,064,028
Change in annuity reserve fund	48,248,469	-	-	-
Change in benefit terms	(15,079,464)	-	-	-
Difference between actual & expected experience	17,047,994	13,256,782	10,359,527	-
Changes of assumptions	-	21,734,473	-	-
Contributions - buy back	2,569,143	907,919	975,579	1,182,367
Benefit payments, including refunds of employee contributions	<u>(67,397,153)</u>	<u>(61,753,388)</u>	<u>(66,047,848)</u>	<u>(63,299,504)</u>
Net change in total pension liability	62,581,505	49,851,880	19,361,421	11,215,501
Total pension liability - beginning	<u>856,668,657</u>	<u>806,816,777</u>	<u>787,455,356</u>	<u>776,239,855</u>
Total pension liability - ending (a)	<u>\$ 919,250,162</u>	<u>\$ 856,668,657</u>	<u>\$ 806,816,777</u>	<u>\$ 787,455,356</u>
Plan fiduciary net position				
Contributions - employer	\$ 29,197,532	\$ 26,327,799	\$ 27,382,906	\$ 25,769,253
Contributions - state	461,877	461,877	461,877	461,877
Contributions - member	2,152,895	2,433,031	2,132,259	1,587,095
Contributions - buy back	2,569,143	907,919	975,579	1,182,367
Contributions - annuity savings fund	3,594,508	4,032,235	3,887,151	4,064,028
Net investment income	70,077,666	48,674,393	2,881,487	58,702,102
Benefit payments, including refunds of employee contributions	(67,397,153)	(61,753,388)	(66,047,848)	(63,299,504)
Revision to methodology to include annuity reserve fund	48,248,469	-	-	-
Net change in plan fiduciary net position	88,904,937	21,083,866	(28,326,589)	28,467,218
Plan fiduciary net position - beginning	<u>591,081,423</u>	<u>569,997,557</u>	<u>598,324,146</u>	<u>569,856,928</u>
Plan fiduciary net position - ending (b)	<u>\$ 679,986,360</u>	<u>\$ 591,081,423</u>	<u>\$ 569,997,557</u>	<u>\$ 598,324,146</u>
Net pension liability - ending (a) - (b)	\$ 239,263,802	\$ 265,587,234	\$ 236,819,220	\$ 189,131,210
Plan fiduciary net position as a percentage of total pension liability	73.97%	69.00%	70.65%	75.98%
Covered payroll	\$ 55,447,024	\$ 54,783,012	\$ 57,948,210	\$ 22,672,786
Net pension liability as a percentage of covered payroll	431.52%	484.80%	408.67%	834.18%

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

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

Fiscal Year Ending <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%
2017	29,659,409	29,659,409	-	55,447,024	53.49%
2018	30,894,637	40,894,637	(10,000,000)	51,863,886	78.85%

* Total covered payroll for fiscal year ending September 30.

Notes to the Schedule of Contributions

Valuation Date 10/1/2016

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, 2016, 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 1.0% per year.

Remaining Amortization 30 years (as of 10/01/2016)

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

Inflation 2.3% per year

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	9.17%	11.22%	8.08%	0.46%	10.22%

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

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

Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Measurement date	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability				
Service cost	\$ 160,470	\$ 169,969	\$ 214,225	\$ 278,300
Interest	527,684	504,307	502,980	490,346
Difference between actual & expected experience	10,202	(332,714)	(237,890)	(76,666)
Changes of assumptions	80,686	-	-	-
Benefit payments, including refunds of employee contributions	<u>(377,185)</u>	<u>(354,923)</u>	<u>(281,298)</u>	<u>(230,929)</u>
Net change in total pension liability	401,857	(13,361)	198,017	461,051
Total pension liability - beginning	<u>8,731,968</u>	<u>8,745,329</u>	<u>8,547,312</u>	<u>8,086,261</u>
Total pension liability - ending (a)	<u>\$ 9,133,825</u>	<u>\$ 8,731,968</u>	<u>\$ 8,745,329</u>	<u>\$ 8,547,312</u>
Plan fiduciary net position				
Contributions - City	\$ 155,257	\$ 203,796	\$ 304,126	\$ 305,000
Contributions - member	22,297	21,718	21,453	15,655
Net investment income	1,112,500	1,030,248	(11,419)	918,376
Benefit payments, including refunds of employee contributions	(377,185)	(354,923)	(281,298)	(230,929)
Administrative expense	<u>(30,780)</u>	<u>(25,428)</u>	<u>(5,925)</u>	<u>(9,718)</u>
Net change in plan fiduciary net position	882,089	875,411	26,937	998,384
Plan fiduciary net position - beginning	<u>10,768,950</u>	<u>9,893,539</u>	<u>9,866,602</u>	<u>8,868,218</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,651,039</u>	<u>\$ 10,768,950</u>	<u>\$ 9,893,539</u>	<u>\$ 9,866,602</u>
Net pension liability - ending (a) - (b)	\$ (2,517,214)	\$ (2,036,982)	\$ (1,148,210)	\$ (1,319,290)
Plan fiduciary net position as a percentage of total pension liability	127.56%	123.33%	113.13%	115.44%
Covered payroll	\$ 695,295	\$ 688,294	\$ 872,761	\$ 1,001,519
Net pension liability as a percentage of covered payroll	-362.04%	-295.95%	-131.56%	-131.73%

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

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

Fiscal Year Ending <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>
2009	299,852	500,000	(200,148)	1,200,461	41.65%
2010	356,028	500,000	(143,972)	1,206,773	41.43%
2011	313,841	313,841	-	1,113,794	28.18%
2012	280,405	280,405	-	1,048,795	26.74%
2013	312,403	312,403	-	1,085,310	28.78%
2014	288,521	305,000	(16,479)	1,001,519	30.45%
2015	304,126	304,126	-	872,761	34.85%
2016	203,796	203,796	-	688,294	29.61%
2017	155,257	155,257	-	695,295	22.33%
2018	164,417	164,417	-	695,295	23.65%

* Total covered payroll for fiscal year ending September 30.

Notes to the Schedule of Contributions

Valuation Date 10/1/2017

Notes Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Entry Age Normal

Method

Amortization Level dollar amount, closed

Method

Amortization 15 years

Period

Asset Valuation Smoothed market value

Method

Inflation 2.75%

Salary 8.00%

Increases

Investment 6.00%

Rate of Return

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.

Mortality For healthy male participants during employment, RP 2000 Combined Male Healthy Participant Mortality Table, with 50% Blue Collar Adjustment / 50% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants during employment, RP 2000 Combined Female Healthy Participant Mortality Table, with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

For healthy male participants post employment, RP 2000 Annuitant Male Mortality Table, with 50% Blue Collar Adjustment / 50% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants post employment, RP 2000 Annuitant Female Mortality Tables with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.09%	10.65%	10.66%	0.19%	10.4%

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

CITY OF HIALEAH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED

Reporting period ending		<u>9/30/2018</u>
Measurement date		10/1/2017
Total OPEB Liability		
Service cost	\$	10,715,811
Interest		12,388,409
Difference between actual & expected experience		(36,940,499)
Changes of assumptions		12,853,978
Benefit payments		<u>(12,098,132)</u>
Net change in total OPEB liability		<u>(13,080,433)</u>
Total OPEB liability - beginning		<u>394,959,313</u>
Total OPEB liability - ending	\$	<u>381,878,880</u>
Covered payroll	\$	64,886,940
Total OPEB liability as a percentage of covered-employee payroll		588.53%

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.

COMBINING AND INDIVIDUAL FUND STATEMENTS

GENERAL FUND

CITY OF HIALEAH, FLORIDA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2018
(WITH COMPARATIVE INFORMATION FOR SEPTEMBER 30, 2017)

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 35,565,726	\$ 39,773,704
Receivables, net	16,594,580	16,545,041
Due from other funds	27,334,073	22,278,707
Inventories	2,322,116	1,865,370
Prepays	718,000	718,000
Notes receivable	<u>2,857,666</u>	<u>2,721,587</u>
Total assets	<u>\$ 85,392,161</u>	<u>\$ 83,902,409</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Advance contribution to pension	<u>10,000,000</u>	<u>-</u>
 <u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 4,756,166	\$ 5,237,058
Compensated absences payable	1,658,803	1,423,644
Self-insurance claims payable	389,008	414,776
Due to other funds	35,360,733	30,930,980
Deferred revenue	2,861,405	2,728,051
Other liabilities	<u>-</u>	<u>122,808</u>
Total liabilities	<u>45,026,115</u>	<u>40,857,317</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Business license tax	<u>3,757,951</u>	<u>3,593,301</u>
 <u>FUND BALANCES</u>		
Nonspendable	5,897,782	5,304,957
Restricted	3,517,760	-
Committed	1,770,751	2,116,128
Assigned	5,600,000	-
Unassigned	<u>29,821,802</u>	<u>32,030,706</u>
Total fund balances	<u>46,608,095</u>	<u>39,451,791</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 95,392,161</u>	<u>\$ 83,902,409</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.

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

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

(Continued)

Park Impact Fees and Grants – 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.

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.

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

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.

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

(Continued)

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.

Building Division 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.

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

NONMAJOR GOVERNMENTAL FUNDS

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.

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.

CITT Surtax Transportation 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.

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.

Elderly Housing 300 Units Fund - This fund was established to account for revenues and expenditures from the State of Florida Department of Economic Opportunity (“DEO”) grant for facility improvements to four (4) City-owned elderly housing buildings containing (300) units of elderly-occupied affordable housing.

W. 76th St. from 28th to 31th Ave. MDC – (JPA) – This fund was established to account for revenues and expenditures for funds 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 Ave. & 76th ST. Drainage MDC – (JPA) – This fund was established to account for revenues and expenditures for funds received from Miami Dade County, Florida through a Joint Participation Agreement (JPA) to construct improvements to the drainage of West 24th Avenue t and West 76th. Street.

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

HEA Charter School Expansion Fund - This fund was established to account for revenues and expenditures for funds received from the State of Florida Department of Education and the City of Hialeah Educational Academy for the charter school expansion project.

N.W. 142 St. Roadway Improvement Fund – (JPA) - This fund was established to account for revenues and expenditures for funds received from Miami Dade County, Florida through a Joint Participation Agreement (JPA) to construct roadway, water and sewer improvements to Northwest 142nd Street from 97th Avenue to 107th Avenue.

N.W. 102 Ave. from 138 St. to 145 Pl. Fund – (JPA) - This fund was established to account for revenues and expenditures for funds received from Miami Dade County, Florida through a Joint Participation Agreement (JPA) to construct road improvements to Northwest 102nd Avenue from 138th Street to 145th Place.

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.

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

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2018

	Special Revenue											
	Streets Fund	CDBG Fund	Law Enforcement Trust - State Fund	E-911 Non-Wireless Fund	Emergency Solutions Grant Fund	Fire Prevention Fund	Rescue Transportation Fund	Emergency Disaster Fund	Home Investment Partnership Fund	Park Impact Fees and Grants Fund	The Children's Trust Fund	Urban Area Security Grants Fund
ASSETS												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	516,229	280,739	-	49,405	69,658	10,764	475,355	-	16,771	18,440	137,160	84,921
Due from other funds	660,682	433,598	13,603	202,917	-	755,779	-	-	229,087	5,263,550	-	-
Restricted cash and cash equivalents	-	-	184,611	-	-	225,795	841,553	-	455,975	-	-	-
Total assets	1,176,911	714,337	198,214	252,322	69,658	992,338	1,316,908	-	701,833	5,281,990	137,160	84,921
LIABILITIES												
Accounts payable and accrued liabilities	108,714	66,415	57,752	3,405	14,855	99,409	327,509	511,489	-	227,701	4,563	-
Due to other funds	-	2,666	-	-	54,803	-	648,819	7,086,445	-	-	132,597	84,921
Unearned revenues	-	80,901	-	-	-	-	-	-	245,733	51,691	-	-
Total liabilities	108,714	149,982	57,752	3,405	69,658	99,409	976,328	7,597,934	245,733	279,392	137,160	84,921
DEFERRED INFLOWS OF RESOURCES												
Local business tax	-	-	-	-	-	655,233	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	655,233	-	-	-	-	-	-
FUND BALANCES												
Fund balances:												
Restricted	1,061,877	549,211	140,462	241,692	-	232,476	242,637	-	(636,461)	4,867,949	-	-
Committed	6,320	15,144	-	7,225	70,334	5,220	97,943	76,009	1,092,561	134,649	464	4,525
Unassigned	-	-	-	-	(70,334)	-	-	(7,673,943)	-	-	(464)	(4,525)
Total fund balances	1,068,197	564,355	140,462	248,917	-	237,696	340,580	(7,597,934)	456,100	5,002,598	-	-
Total liabilities and fund balances	\$ 1,176,911	\$ 714,337	\$ 198,214	\$ 252,322	\$ 69,658	\$ 992,338	\$ 1,316,908	\$ -	\$ 701,833	\$ 5,281,990	\$ 137,160	\$ 84,921

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2018

	Special Revenue														
	CITT Surtax Fund	Police Grant Fund	S.H.I.P Fund	E-911 Wireless Fund	Affordable Housing Fund	The Children's Trust Step Ahead Fund	Law Enforcement Trust - Federal Fund	CITT - Surtax Hialeah Circulator Fund	Streets 3 Cents Optional Gas tax Fund	21st Century Academic Achievers Grant Fund	21st Century Steam Ahead Grant Fund	ECS and Library Grant Fund	Building Division Fund	City of Hialeah Education Academy Fund	
ASSETS															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 896,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,532,994
Receivables, net	-	45,196	-	282,792	600	45,483	-	723,937	172,063	59,207	60,088	-	29,735	15,479	
Due from other funds	24,478	38,700	1,614,116	74,069	-	-	27	1,590,682	816,620	-	-	113,444	20,067,447	-	
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	-	676,649	
Restricted cash and cash equivalents	-	-	-	-	-	-	62,734	-	-	-	-	-	-	-	
Total assets	24,478	83,896	1,614,116	356,861	897,419	45,483	62,761	2,314,619	988,683	59,207	60,088	113,444	20,097,182	2,225,122	
LIABILITIES															
Accounts payable and accrued liabilities	24,478	683	46,327	12,448	130,525	1,090	38,029	66,829	16,713	-	1,215	38,625	145,926	317,413	
Due to other funds	-	-	-	-	766,894	44,393	-	-	-	59,207	58,873	-	-	-	
Unearned revenues	-	83,213	1,567,789	-	-	-	-	-	-	-	-	4,042	-	-	
Total liabilities	24,478	83,896	1,614,116	12,448	897,419	45,483	38,029	66,829	16,713	59,207	60,088	42,667	145,926	317,413	
DEFERRED INFLOWS OF RESOURCES															
Unavailable revenues	-	-	-	-	-	-	-	325,117	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	-	-	325,117	-	-	-	-	-	-	
FUND BALANCES															
Fund balances:															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	676,649	
Restricted	-	-	-	331,327	-	-	24,732	1,784,974	971,868	-	-	70,775	19,900,302	1,231,060	
Committed	19,122	310	-	13,086	4,637	-	-	137,699	102	369	893	2	50,954	-	
Unassigned	(19,122)	(310)	-	-	(4,637)	-	-	-	-	(369)	(893)	-	-	-	
Total fund balances	-	-	-	344,413	-	-	24,732	1,922,673	971,970	-	-	70,777	19,951,256	1,907,709	
Total liabilities and fund balances	\$ 24,478	\$ 83,896	\$ 1,614,116	\$ 356,861	\$ 897,419	\$ 45,483	\$ 62,761	\$ 2,314,619	\$ 988,683	\$ 59,207	\$ 60,088	\$ 113,444	\$ 20,097,182	\$ 2,225,122	

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2018

	Debt Service
	CITT
	Surtax
	Transportation
	<u>Fund</u>
<u>ASSETS</u>	
Receivables, net	\$ 2,640,881
Prepays	<u>977,962</u>
Total assets	<u><u>3,618,843</u></u>
<u>LIABILITIES</u>	
Liabilities:	
Due to other funds	\$ <u>1,540,875</u>
Total liabilities	<u>1,540,875</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable revenues	<u>1,300,468</u>
Total deferred inflows of resources	<u>1,300,468</u>
<u>FUND BALANCES</u>	
Fund balances:	
Nonspendable	977,962
Unassigned	<u>(200,462)</u>
Total fund balances	<u>777,500</u>
Total liabilities and fund balances	<u><u>\$ 3,618,843</u></u>

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018

	Capital Projects										Total Non-Major Governmental Funds
	Garden of the Arts Fund	Elderly Housing 300 Units Fund	W. 76 St. 28 to 31 Ave. MDC (JPA) Fund	W. 24 Ave. and 76 St. Drainage MDC (JPA) Fund	N.W. 97 Ave. Road Improvement (JPA) Fund	HEA Charter school Expansion Fund	N.W. 142 St. Roadway Improvement (JPA) Fund	N.W. 102 Ave. 138 St. to 145 Pl. MDC (JPA) Fund	W. 24 Ave 60 to 68 St. MDC (JPA) Fund	Parks Project Fund	
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,429,813
Receivables, net	-	1,225,783	1,335,926	1,869,250	818,585	318,827	1,681,374	106,789	191,558	367,167	13,650,162
Due from other funds	-	-	-	-	-	-	-	-	-	-	31,898,799
Prepays	-	-	-	-	-	-	-	-	-	-	1,654,611
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	1,770,668
Total assets	-	1,225,783	1,335,926	1,869,250	818,585	318,827	1,681,374	106,789	191,558	367,167	51,404,053
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	-	1,222,797	50,929	-	-	7,923	191,161	-	-	-	3,734,923
Due to other funds	-	2,986	1,284,997	1,869,250	818,585	310,904	1,490,213	106,789	191,558	326,276	16,882,051
Unearned revenues	-	-	-	-	-	-	-	-	-	-	2,033,369
Total liabilities	-	1,222,797	1,335,926	1,869,250	818,585	318,827	1,681,374	106,789	191,558	326,276	22,650,343
DEFERRED INFLOWS OF RESOURCES											
Local business tax	-	-	-	-	-	-	-	-	-	-	655,233
Unavailable revenues	-	-	-	-	-	-	-	-	-	-	1,625,585
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	2,280,818
FUND BALANCES											
Fund balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	1,654,611
Restricted	-	-	-	-	-	-	-	-	-	40,891	31,055,772
Committed	-	245,653	-	-	-	-	1,891,870	-	-	-	3,875,091
Unassigned	-	(245,653)	-	-	-	-	(1,891,870)	-	-	-	(10,112,582)
Total fund balances	-	-	-	-	-	-	-	-	-	40,891	26,472,892
Total liabilities and fund balances	\$ -	\$ 1,225,783	\$ 1,335,926	\$ 1,869,250	\$ 818,585	\$ 318,827	\$ 1,681,374	\$ 106,789	\$ 191,558	\$ 367,167	\$ 51,404,053

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue											
	Streets Fund	CDBG Fund	Law Enforcement Trust - State Fund	E-911 Non-Wireless Fund	Emergency Solutions Grant Fund	Fire Prevention Fund	Rescue Transportation Fund	Emergency Disaster Fund	Home Investment Partnership Fund	Park Impact Fees and Grants Fund	The Children's Trust Fund	Urban Area Security Grants Fund
Revenues:												
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,629,749	\$ 2,895,949	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	314,466	-	-	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	215,911	-	-	754,553	-	-
Intergovernmental	2,954,992	1,865,770	-	217,411	209,565	-	547,426	-	495,621	359,207	891,871	476,685
Investment income	-	-	73	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues	145,878	-	-	-	-	-	8,172	11,793	-	13,418	1,147	-
Total revenues	3,100,870	1,865,770	314,539	217,411	209,565	1,629,749	3,667,458	11,793	495,621	1,127,178	893,018	476,685
Expenditures:												
Current:												
General government	-	1,139,290	-	169,536	-	-	-	3,071,691	-	-	-	-
Police	-	-	158,868	-	-	-	-	450,668	-	-	-	225,046
Fire	-	-	-	-	-	1,426,554	2,387,142	74,517	-	-	-	-
911 communications	-	-	-	-	-	-	-	-	-	-	-	-
Streets	1,861,455	-	-	-	-	-	-	1,162,046	-	-	-	-
Grants and human services	-	-	-	-	209,565	-	-	1,350	495,746	68,101	970,997	-
Parks and recreation	-	-	-	-	-	-	-	547,989	-	-	-	-
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	667,832	-	-	-	-
Capital outlay	188,696	949,967	81,689	-	-	-	1,293,721	5,936	-	740,817	-	342,303
Debt service:												
Principal	-	-	-	-	-	-	475,569	-	-	-	-	-
Interest	-	-	-	-	-	-	15,051	-	-	-	-	-
Total expenditures	2,050,151	2,089,257	240,557	169,536	209,565	1,426,554	4,171,483	5,982,029	495,746	808,918	970,997	567,349
Excess (deficiency) of revenues over expenditures	1,050,719	(223,487)	73,982	47,875	-	203,195	(504,025)	(5,970,236)	(125)	318,260	(77,979)	(90,664)
Other financing sources (uses):												
Transfers in	-	223,487	-	-	-	-	-	-	456,225	-	77,979	90,664
Transfers out	-	-	-	-	-	-	(12,421)	-	-	-	-	-
Total other financing sources (uses)	-	223,487	-	-	-	-	(12,421)	-	456,225	-	77,979	90,664
Net change in fund balance	1,050,719	-	73,982	47,875	-	203,195	(516,446)	(5,970,236)	456,100	318,260	-	-
Fund balances, beginning	17,478	564,355	66,480	201,042	-	34,501	857,026	(1,627,698)	-	4,684,338	-	-
Fund balances, ending	\$ 1,068,197	\$ 564,355	\$ 140,462	\$ 248,917	\$ -	\$ 237,696	\$ 340,580	\$ (7,597,934)	\$ 456,100	\$ 5,002,598	\$ -	\$ -

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue														City of Hialeah Education Academy Fund	
	CITT Surtax Fund	Police Grant Fund	S.H.I.P Fund	E-911 Wireless Fund	Affordable Housing Fund	The Children's Trust Step Ahead Fund	Law Enforcement Trust - Federal Fund	EMS County Grant Fund	CITT - Surtax Hialeah Circulator Fund	Streets 3 Cents Optional Gas tax Fund	21st Century Academic Achievers Grant Fund	21st Century Steam Ahead Grant Fund	ECS and Library Grant Fund	Building Division Fund		
Revenues:																
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 2,358,858	\$ -	\$ -	\$ -	\$ 65,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,568.00
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	1,956,263	164,482	707,490	677,350	-	304,667	60,856	11,621	2,142,447	1,067,475	374,720	379,677	105,890	-	6,385,947	
Investment income	-	-	-	-	-	-	-	-	258	-	-	-	-	-	-	19,377
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	9,944,945	-	-
Other revenues	-	-	-	-	377	-	-	-	137,038	519,399	670	618	-	16,550	-	18,618
Total revenues	1,956,263	164,482	707,490	677,350	2,359,235	304,667	60,856	11,621	2,345,404	1,586,874	375,390	380,295	105,890	9,961,495	6,435,510	
Expenditures:																
Current:																
General government	-	-	-	-	1,658,073	-	-	-	1,869,588	-	-	-	-	3,852,353	-	-
Police	-	177,952	-	-	-	-	974	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
911 communications	-	-	-	513,211	-	-	-	-	-	-	-	-	-	-	-	-
Streets	1,256,265	-	-	-	-	-	-	-	-	667,339	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	306,010	-	-	-	-	387,920	395,928	111,402	-	5,881,241	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State housing initiative program	-	-	734,948	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	699,998	47,517	-	19,262	-	-	35,150	41,954	347,300	-	-	-	3,687	1,256,352	159,680	-
Debt service:																
Principal	-	-	-	-	436,714	-	-	-	64,939	-	-	-	-	-	-	-
Interest	-	-	-	-	519,865	-	-	-	7,134	-	-	-	-	-	-	-
Total expenditures	1,956,263	225,469	734,948	532,473	2,614,652	306,010	36,124	41,954	2,288,961	667,339	387,920	395,928	115,089	5,108,705	6,040,921	
Excess (deficiency) of revenues over expenditures	-	(60,987)	(27,458)	144,877	(255,417)	(1,343)	24,732	(30,333)	56,443	919,535	(12,530)	(15,633)	(9,199)	4,852,790	394,589	
Other financing sources (uses):																
Transfers in	-	60,987	27,458	-	255,417	1,343	-	12,421	-	-	12,530	15,633	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	60,987	27,458	-	255,417	1,343	-	12,421	-	-	12,530	15,633	-	-	-	-
Net change in fund balance	-	-	-	144,877	-	-	24,732	(17,912)	56,443	919,535	-	-	(9,199)	4,852,790	394,589	
Fund balances, beginning	-	-	-	199,536	-	-	-	17,912	1,866,230	52,435	-	-	79,976	15,098,466	1,513,120	
Fund balances, ending	\$ -	\$ -	\$ -	\$ 344,413	\$ -	\$ -	\$ 24,732	\$ -	\$ 1,922,673	\$ 971,970	\$ -	\$ -	\$ 70,777	\$ 19,951,256	\$ 1,907,709	

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Debt Service	
	Revenue Bond Series 2015A Fund	CITT Surtax Transportation Fund
Revenues:		
Franchise fees	\$ 1,088,561	\$ -
Intergovernmental	-	5,843,528
Other revenues	-	500,000
Total revenues	1,088,561	6,343,528
Expenditures:		
Current:		
General government	-	56,932
Debt service:		
Principal	-	3,727,740
Interest	1,088,561	2,081,834
Total expenditures	1,088,561	5,866,506
Excess (deficiency) of revenues over expenditures	-	477,022
Net change in fund balance	-	477,022
Fund balances, beginning	-	300,478
Fund balances, ending	\$ -	\$ 777,500

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Capital Projects								Total Non-Major Governmental Funds
	Garden of the Arts Fund	Elderly Housing 300 Units Fund	W. 76 St. 28 to 31 Ave. MDC (JPA) Fund	N.W. 97 Ave. Road Improvement (JPA) Fund	HEA Charter school Expansion Fund	N.W. 142 St. Roadway Improvement (JPA) Fund	N.W. 102 Ave. 138 St. to 145 Pl. MDC (JPA) Fund	Parks Project Fund	
Revenues:									
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,961,785
Fines and forfeitures	-	-	-	-	-	-	-	-	314,466
Franchise fees	-	-	-	-	-	-	-	-	1,088,561
Impact Fees	-	-	-	-	-	-	-	-	970,464
Intergovernmental	-	1,225,783	168,078	554,835	1,800,000	1,681,374	106,789	344,410	34,082,230
Investment income	-	-	-	-	-	-	-	-	19,708
Licenses and permits	-	-	-	-	-	-	-	-	9,944,945
Other revenues	-	-	-	-	649,943	-	-	-	2,023,621
Total revenues	<u>-</u>	<u>1,225,783</u>	<u>168,078</u>	<u>554,835</u>	<u>2,449,943</u>	<u>1,681,374</u>	<u>106,789</u>	<u>344,410</u>	<u>55,405,780</u>
Expenditures:									
Current:									
General government	6,586	2,925	-	55,990	134,083	29,480	106,789	-	12,153,316
Police	-	-	-	-	-	-	-	-	1,013,508
Fire	-	-	-	-	-	-	-	-	3,888,213
911 communications	-	-	-	-	-	-	-	-	513,211
Streets	-	-	-	-	-	-	-	-	4,947,105
Grants and human services	-	-	-	-	-	-	-	-	8,828,260
Parks and recreation	-	-	-	-	-	-	-	-	547,989
Public works	-	-	-	-	-	-	-	-	667,832
State housing initiative program	-	-	-	-	-	-	-	-	734,948
Capital outlay	-	1,222,858	168,078	498,845	2,315,860	1,651,894	-	303,519	12,375,083
Debt service:									
Principal	-	-	-	-	-	-	-	-	4,704,962
Interest	-	-	-	-	-	-	-	-	3,712,445
Total expenditures	<u>6,586</u>	<u>1,225,783</u>	<u>168,078</u>	<u>554,835</u>	<u>2,449,943</u>	<u>1,681,374</u>	<u>106,789</u>	<u>303,519</u>	<u>54,086,872</u>
Excess (deficiency) of revenues over expenditures	<u>(6,586)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,891</u>	<u>1,318,908</u>
Other financing sources (uses):									
Transfers in	6,586	-	-	-	-	-	-	-	1,240,730
Transfers out	-	-	-	-	-	-	-	-	(12,421)
Total other financing sources (uses)	<u>6,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,228,309</u>
Net change in fund balance	-	-	-	-	-	-	-	40,891	2,547,217
Fund balances, beginning	-	-	-	-	-	-	-	-	23,925,675
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,891</u>	<u>\$ 26,472,892</u>

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Streets Fund				CDBG Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Intergovernmental	\$ 2,726,900	\$ 2,735,400	\$ 2,954,992	\$ 219,592	\$ -	\$ 2,931,103	\$ 1,865,770	\$ (1,065,333)
Other revenues	-	-	145,878	145,878	-	-	-	\$ -
Total revenues	<u>2,726,900</u>	<u>2,735,400</u>	<u>3,100,870</u>	<u>365,470</u>	<u>-</u>	<u>2,931,103</u>	<u>1,865,770</u>	<u>(1,065,333)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	719,886	-	(719,886)
Transfers in	-	-	-	-	-	-	223,487	223,487
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>719,886</u>	<u>223,487</u>	<u>(496,399)</u>
Total revenues and other financing sources	<u>2,726,900</u>	<u>2,735,400</u>	<u>3,100,870</u>	<u>365,470</u>	<u>-</u>	<u>3,650,989</u>	<u>2,089,257</u>	<u>(1,561,732)</u>
Expenditures:								
General government	-	-	-	-	-	1,439,460	1,139,290	300,170
Streets	2,412,081	2,455,054	1,861,455	593,599	-	-	-	-
Capital outlay	314,819	280,346	188,696	91,650	-	2,211,529	949,967	1,261,562
Total expenditures	<u>2,726,900</u>	<u>2,735,400</u>	<u>2,050,151</u>	<u>685,249</u>	<u>-</u>	<u>3,650,989</u>	<u>2,089,257</u>	<u>1,561,732</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>1,050,719</u>	<u>1,050,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	-	-	17,478		-	-	564,355	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,197</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,355</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Law Enforcement Trust - State Fund				E-911 Non-Wireless Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Fines and forfeitures	\$ -	\$ 362,266	\$ 314,466	\$ (47,800)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	240,000	240,000	217,411	(22,589)
Investment income	-	-	73	73	-	-	-	-
Total revenues	-	362,266	314,539	(47,727)	240,000	240,000	217,411	(22,589)
Expenditures:								
General government	-	-	-	-	240,000	240,000	169,536	70,464
Police	-	251,873	158,868	93,005	-	-	-	-
Capital outlay	-	110,393	81,689	28,704	-	-	-	-
Total expenditures	-	362,266	240,557	121,709	240,000	240,000	169,536	70,464
Net change in fund balance	-	-	73,982	\$ 73,982	-	-	47,875	\$ 47,875
Fund balances - beginning	-	-	66,480		-	-	201,042	
Fund balances - ending	\$ -	\$ -	\$ 140,462		\$ -	\$ -	\$ 248,917	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Emergency Solutions Grant 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:								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 1,700,000	\$ 1,700,000	\$ 1,629,749	\$ (70,251)
Intergovernmental	-	199,376	209,565	10,189	-	-	-	-
Total revenues	-	199,376	209,565	10,189	1,700,000	1,700,000	1,629,749	(70,251)
Expenditures:								
Fire	-	-	-	-	1,700,000	1,700,000	1,426,554	273,446
Grants and human services	-	199,376	209,565	(10,189)	-	-	-	-
Total expenditures	-	199,376	209,565	(10,189)	1,700,000	1,700,000	1,426,554	273,446
Net change in fund balance	-	-	-	\$ -	-	-	203,195	\$ 203,195
Fund balances - beginning	-	-	-		-	-	34,501	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 237,696	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Rescue Transportation Fund				Emergency Disaster Fund			
	Budgeted Amounts			Variance with Final Budget Positive Negative	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Charges for services	\$ 3,225,000	\$ 3,225,000	\$ 2,895,949	\$ (329,051)	\$ -	\$ -	\$ -	\$ -
Impact fees	270,000	270,000	215,911	(54,089)	-	-	-	-
Intergovernmental	471,000	471,000	547,426	76,426	-	-	-	-
Other revenues	5,000	5,000	8,172	3,172	-	-	11,793	11,793
Total revenues	<u>3,971,000</u>	<u>3,971,000</u>	<u>3,667,458</u>	<u>(303,542)</u>	<u>-</u>	<u>-</u>	<u>11,793</u>	<u>11,793</u>
Other financing sources:								
Appropriation of prior year fund balance	-	398,606	-	(398,606)	-	-	-	-
Total other financing sources	<u>-</u>	<u>398,606</u>	<u>-</u>	<u>(398,606)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>3,971,000</u>	<u>4,369,606</u>	<u>3,667,458</u>	<u>(702,148)</u>	<u>-</u>	<u>-</u>	<u>11,793</u>	<u>11,793</u>
Expenditures:								
General government	-	-	-	-	-	-	3,071,691	(3,071,691)
Police	-	-	-	-	-	-	450,668	(450,668)
Fire	2,738,800	2,563,222	2,387,142	176,080	-	-	74,517	(74,517)
Streets	-	-	-	-	-	-	1,162,046	(1,162,046)
Grants and human services	-	-	-	-	-	-	1,350	(1,350)
Parks and recreation	-	-	-	-	-	-	547,989	(547,989)
Public Works	-	-	-	-	-	-	667,832	(667,832)
Capital outlay	741,500	1,315,684	1,293,721	21,963	-	-	5,936	(5,936)
Debt service	490,700	490,700	490,620	80	-	-	-	-
Total Expenditures	<u>3,971,000</u>	<u>4,369,606</u>	<u>4,171,483</u>	<u>198,123</u>	<u>-</u>	<u>-</u>	<u>5,982,029</u>	<u>(5,982,029)</u>
Other financing (uses):								
Transfers out	-	-	(12,421)	(12,421)	-	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(12,421)</u>	<u>(12,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing (uses)	<u>3,971,000</u>	<u>4,369,606</u>	<u>4,183,904</u>	<u>185,702</u>	<u>-</u>	<u>-</u>	<u>(5,970,236)</u>	<u>(5,982,029)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(516,446)</u>	<u>\$ (516,446)</u>	<u>-</u>	<u>-</u>	<u>(5,970,236)</u>	<u>\$ (5,970,236)</u>
Fund balances - beginning	-	-	857,026		-	-	(1,627,698)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,580</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,597,934)</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Home Investment Partnership Fund				Park Impact Fees and Grants Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Impact fees	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 754,553	\$ (245,447)
Intergovernmental	-	3,864,525	495,621	(3,368,904)	33,300	110,492	359,207	248,715
Other revenues	-	-	-	-	9,600	29,845	13,418	(16,427)
Total revenues	-	3,864,525	495,621	(3,368,904)	1,042,900	1,140,337	1,127,178	(13,159)
Other financing sources:								
Transfers in	-	456,100	456,225	125	-	-	-	-
Total other financing sources	-	456,100	456,225	125	-	-	-	-
Total revenues and other financing sources	-	4,320,625	951,846	(3,368,779)	1,042,900	1,140,337	1,127,178	(13,159)
Expenditures:								
Grants and human services	-	2,515,210	495,746	2,019,464	42,900	100,559	68,101	32,458
Capital outlay	-	1,805,415	-	1,805,415	1,000,000	1,039,778	740,817	298,961
Total expenditures	-	4,320,625	495,746	3,824,879	1,042,900	1,140,337	808,918	331,419
Net change in fund balance	-	-	456,100	\$ 456,100	-	-	318,260	\$ 318,260
Fund balances - beginning	-	-	-	-	-	-	4,684,338	-
Fund balances - ending	\$ -	\$ -	\$ 456,100	-	\$ -	\$ -	\$ 5,002,598	-

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	The Children's Trust Fund				Urban Area Security Grants Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Intergovernmental	\$ 884,700	\$ 905,998	\$ 891,871	\$ (14,127)	\$ 465,000	\$ 465,000	\$ 476,685	\$ 11,685
Other revenues	-	-	1,147	1,147	-	-	-	-
Total revenues	<u>884,700</u>	<u>905,998</u>	<u>893,018</u>	<u>(12,980)</u>	<u>465,000</u>	<u>465,000</u>	<u>476,685</u>	<u>11,685</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	-	-	-
Transfers in	<u>52,300</u>	<u>-</u>	<u>77,979</u>	<u>77,979</u>	<u>21,400</u>	<u>21,400</u>	<u>90,664</u>	<u>69,264</u>
Total other financing sources	<u>52,300</u>	<u>-</u>	<u>77,979</u>	<u>77,979</u>	<u>21,400</u>	<u>21,400</u>	<u>90,664</u>	<u>69,264</u>
Total revenues and other financing sources	<u>937,000</u>	<u>905,998</u>	<u>970,997</u>	<u>64,999</u>	<u>486,400</u>	<u>486,400</u>	<u>567,349</u>	<u>80,949</u>
Expenditures:								
Grants and human services	937,000	905,998	970,997	(64,999)	-	-	-	-
Police	-	-	-	-	140,551	155,250	225,046	(69,796)
Capital outlay	-	-	-	-	<u>345,849</u>	<u>331,150</u>	<u>342,303</u>	<u>(11,153)</u>
Total expenditures	<u>937,000</u>	<u>905,998</u>	<u>970,997</u>	<u>(64,999)</u>	<u>486,400</u>	<u>486,400</u>	<u>567,349</u>	<u>(80,949)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	CITT Surtax 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:								
Intergovernmental	\$ 913,400	\$ 1,257,300	\$ 1,956,263	\$ 698,963	\$ 28,000	\$ 157,957	\$ 164,482	\$ 6,525
Total revenues	<u>913,400</u>	<u>1,257,300</u>	<u>1,956,263</u>	<u>698,963</u>	<u>28,000</u>	<u>157,957</u>	<u>164,482</u>	<u>6,525</u>
Other financing sources:								
Appropriation of prior year fund balance	840,600	840,600	-	(840,600)	-	-	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,987</u>	<u>60,987</u>
Total other financing sources	<u>840,600</u>	<u>840,600</u>	<u>-</u>	<u>(840,600)</u>	<u>-</u>	<u>-</u>	<u>60,987</u>	<u>60,987</u>
Total revenues and other financing sources	<u>1,754,000</u>	<u>2,097,900</u>	<u>1,956,263</u>	<u>(141,637)</u>	<u>28,000</u>	<u>157,957</u>	<u>225,469</u>	<u>67,512</u>
Expenditures:								
Police	-	-	-	-	28,000	111,765	177,952	(66,187)
Streets	1,154,000	1,354,000	1,256,265	97,735	-	-	-	-
Capital outlay	<u>600,000</u>	<u>743,900</u>	<u>699,998</u>	<u>43,902</u>	<u>-</u>	<u>46,192</u>	<u>47,517</u>	<u>(1,325)</u>
Total expenditures	<u>1,754,000</u>	<u>2,097,900</u>	<u>1,956,263</u>	<u>141,637</u>	<u>28,000</u>	<u>157,957</u>	<u>225,469</u>	<u>(67,512)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 60,987</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	S.H.I.P. Fund				E-911 Wireless Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Intergovernmental	\$ -	\$ 1,821,970	\$ 707,490	\$ (1,114,480)	\$ 420,000	\$ 420,000	\$ 677,350	\$ 257,350
Other revenues	-	-	-	-	-	-	-	-
Total revenues	-	1,821,970	707,490	(1,114,480)	420,000	420,000	677,350	257,350
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	60,600	60,600	-	(60,600)
Transfers in	-	-	27,458	27,458	-	-	-	-
Total other financing sources	-	-	27,458	27,458	60,600	60,600	-	(60,600)
Total revenues and other financing sources	-	1,821,970	734,948	(1,087,022)	480,600	480,600	677,350	196,750
Expenditures:								
911 Communications	-	-	-	-	280,600	280,600	513,211	(232,611)
State housing initiative program	-	1,821,970	734,948	1,087,022	-	-	-	-
Capital Outlay	-	-	-	-	200,000	200,000	19,262	180,738
Total expenditures	-	1,821,970	734,948	1,087,022	480,600	480,600	532,473	(51,873)
Net change in fund balance	-	-	-	\$ -	-	-	144,877	144,877
Fund balances - beginning	-	-	-		-	-	199,536	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 344,413	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Affordable Housing Fund				The 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:								
Charges for services	\$ 2,332,000	\$ 2,332,000	\$ 2,358,858	26,858	\$ -	\$ -	\$ -	-
Intergovernmental	-	-	-	-	305,400	298,799	304,667	5,868
Other revenues	-	-	377	377	-	-	-	-
Total revenues	<u>2,332,000</u>	<u>2,332,000</u>	<u>2,359,235</u>	<u>27,235</u>	<u>305,400</u>	<u>298,799</u>	<u>304,667</u>	<u>5,868</u>
Other financing sources:								
Transfers in	<u>278,700</u>	<u>278,700</u>	<u>255,417</u>	<u>(23,283)</u>	-	-	1,343	1,343
Total other financing sources	<u>278,700</u>	<u>278,700</u>	<u>255,417</u>	<u>(23,283)</u>	-	-	1,343	1,343
Total revenues and other financing sources	<u>2,610,700</u>	<u>2,610,700</u>	<u>2,614,652</u>	<u>3,952</u>	<u>305,400</u>	<u>298,799</u>	<u>306,010</u>	<u>7,211</u>
Expenditures:								
General government	1,654,120	1,654,120	1,658,073	(3,953)	-	-	-	-
Grants and human services	-	-	-	-	305,400	298,799	306,010	(7,211)
Capital Outlay	-	-	-	-	-	-	-	-
Principal	436,423	436,423	436,714	(291)	-	-	-	-
Interest	<u>520,157</u>	<u>520,157</u>	<u>519,865</u>	<u>292</u>	-	-	-	-
Total expenditures	<u>2,610,700</u>	<u>2,610,700</u>	<u>2,614,652</u>	<u>(3,952)</u>	<u>305,400</u>	<u>298,799</u>	<u>306,010</u>	<u>(7,211)</u>
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Law Enforcement Trust - Federal Fund				EMS County Grant Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Intergovernmental	\$ -	\$ 35,150	\$ 60,856	\$ 25,706	\$ -	\$ 11,621	\$ 11,621	\$ (11,621)
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>35,150</u>	<u>60,856</u>	<u>25,706</u>	<u>-</u>	<u>11,621</u>	<u>11,621</u>	<u>(11,621)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	17,912	-	(17,912)
Transfers in	-	-	-	-	-	12,421	12,421	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,333</u>	<u>12,421</u>	<u>(17,912)</u>
Total revenues and other financing sources	<u>-</u>	<u>35,150</u>	<u>60,856</u>	<u>25,706</u>	<u>-</u>	<u>41,954</u>	<u>24,042</u>	<u>(29,533)</u>
Expenditures:								
Police	-	-	974	(974)	-	-	-	-
Capital outlay	-	35,150	35,150	-	-	41,954	41,954	-
Total expenditures	<u>-</u>	<u>35,150</u>	<u>36,124</u>	<u>(974)</u>	<u>-</u>	<u>41,954</u>	<u>41,954</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>24,732</u>	<u>\$ 24,732</u>	<u>-</u>	<u>-</u>	<u>(17,912)</u>	<u>\$ (17,912)</u>
Fund balances - beginning	-	-	-	-	-	-	17,912	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,732</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, 2018

	CITT - Surtax Hialeah Circulator Fund				Streets 3 Cents Optional Gas Tax Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Charges for services	\$ 100,000	\$ 100,000	\$ 65,661	\$ (34,339)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,976,800	1,976,800	2,142,447	165,647	999,475	999,475	1,067,475	68,000
Investment income	500	500	258	(242)	-	-	-	-
Other revenues	105,000	105,000	137,038	32,038	417,525	417,525	519,399	101,874
Total revenues	<u>2,182,300</u>	<u>2,182,300</u>	<u>2,345,404</u>	<u>163,104</u>	<u>1,417,000</u>	<u>1,417,000</u>	<u>1,586,874</u>	<u>169,874</u>
Other financing sources:								
Appropriation of prior year fund balance	26,700	35,700	-	(35,700)	57,000	57,000	-	(57,000)
Total other financing sources	<u>26,700</u>	<u>35,700</u>	<u>-</u>	<u>(35,700)</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>	<u>(57,000)</u>
Total revenues and other financing sources	<u>2,209,000</u>	<u>2,218,000</u>	<u>2,345,404</u>	<u>127,404</u>	<u>1,474,000</u>	<u>1,474,000</u>	<u>1,586,874</u>	<u>112,874</u>
Expenditures:								
General Government	2,136,910	2,136,910	1,869,588	267,322	-	-	-	-
Streets	-	-	-	-	1,474,000	1,474,000	667,339	806,661
Capital outlay	-	9,000	347,300	(338,300)	-	-	-	-
Debt Service:								
Principal	64,939	64,939	64,939	-	-	-	-	-
Interest	7,151	7,151	7,134	17	-	-	-	-
Total expenditures	<u>2,209,000</u>	<u>2,218,000</u>	<u>2,288,961</u>	<u>(70,961)</u>	<u>1,474,000</u>	<u>1,474,000</u>	<u>667,339</u>	<u>806,661</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>56,443</u>	<u>\$ 56,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 919,535</u>	<u>\$ 919,535</u>
Fund balances - beginning	-	-	1,866,230		-	-	52,435	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,922,673</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 971,970</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	21st Century Academic Achievers Grant Fund				21st Century Steam Ahead 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:								
Intergovernmental	\$ 447,300	\$ 422,274	\$ 374,720	\$ (47,554)	\$ 435,700	\$ 400,760	\$ 379,677	\$ (21,083)
Other revenue	-	-	670	\$ 670	-	-	618	\$ 618
Total revenues	<u>447,300</u>	<u>422,274</u>	<u>375,390</u>	<u>(46,884)</u>	<u>435,700</u>	<u>400,760</u>	<u>380,295</u>	<u>(20,465)</u>
Other financing sources:								
Transfers in	-	25,026	12,530	(12,496)	-	34,940	15,633	(19,307)
Total other financing sources	<u>-</u>	<u>25,026</u>	<u>12,530</u>	<u>(12,496)</u>	<u>-</u>	<u>34,940</u>	<u>15,633</u>	<u>(19,307)</u>
Total revenues and other financing sources	<u>447,300</u>	<u>447,300</u>	<u>387,920</u>	<u>(59,380)</u>	<u>435,700</u>	<u>435,700</u>	<u>395,928</u>	<u>(39,772)</u>
Expenditures:								
Grants and human services	447,300	422,274	387,920	34,354	435,700	400,760	395,928	4,832
Capital outlay	-	25,026	-	25,026	-	34,940	-	34,940
Total expenditures	<u>447,300</u>	<u>447,300</u>	<u>387,920</u>	<u>59,380</u>	<u>435,700</u>	<u>435,700</u>	<u>395,928</u>	<u>39,772</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	ECS & Library Grant 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:								
Intergovernmental	\$ 6,000	\$ 80,913	\$ 105,890	\$ 24,977	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	4,742,500	4,742,500	9,944,945	\$ 5,202,445
Other revenues	-	-	-	-	20,000	20,000	16,550	\$ (3,450)
Total revenues	<u>6,000</u>	<u>80,913</u>	<u>105,890</u>	<u>24,977</u>	<u>4,762,500</u>	<u>4,762,500</u>	<u>9,961,495</u>	<u>5,198,995</u>
Other financing sources:								
Appropriation of prior year fund balance	-	31,609	-	(31,609)	2,100,000	2,572,925	-	(2,572,925)
Total other financing sources	<u>-</u>	<u>31,609</u>	<u>-</u>	<u>(31,609)</u>	<u>2,100,000</u>	<u>2,572,925</u>	<u>-</u>	<u>(2,572,925)</u>
Total revenues and other financing sources	<u>6,000</u>	<u>112,522</u>	<u>105,890</u>	<u>(6,632)</u>	<u>6,862,500</u>	<u>7,335,425</u>	<u>9,961,495</u>	<u>2,626,070</u>
Expenditures:								
General Government	-	-	-	-	3,653,544	4,171,942	3,852,353	319,589
Grants and human services	6,000	108,744	111,402	(2,658)	-	-	-	-
Capital outlay	-	3,778	3,687	91	1,108,956	1,535,218	1,256,352	278,866
Total expenditures	<u>6,000</u>	<u>112,522</u>	<u>115,089</u>	<u>(2,567)</u>	<u>4,762,500</u>	<u>5,707,160</u>	<u>5,108,705</u>	<u>598,455</u>
Other financing (uses):								
Transfers out	-	-	-	-	2,100,000	1,628,265	-	1,628,265
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100,000</u>	<u>1,628,265</u>	<u>-</u>	<u>1,628,265</u>
Total expenditures and other financing (uses)	<u>6,000</u>	<u>112,522</u>	<u>115,089</u>	<u>(2,567)</u>	<u>6,862,500</u>	<u>7,335,425</u>	<u>5,108,705</u>	<u>2,226,720</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(9,199)</u>	<u>\$ (9,199)</u>	<u>-</u>	<u>-</u>	<u>4,852,790</u>	<u>\$ 4,852,790</u>
Fund balances - beginning	-	-	79,976		-	-	15,098,466	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,777</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,951,256</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	City of Hialeah Education Academy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 10,000	\$ 10,000	\$ 11,568	\$ 1,568
Intergovernmental	6,222,817	6,372,393	6,385,947	\$ 13,554
Investment income	23,886	23,886	19,377	\$ (4,509)
Other revenues	11,665	11,665	18,618	\$ 6,953
Total revenues	<u>6,268,368</u>	<u>6,417,944</u>	<u>6,435,510</u>	<u>17,566</u>
Expenditures:				
Grants and human services	5,344,153	5,942,775	5,881,241	61,534
Capital outlay	<u>158,000</u>	<u>158,000</u>	<u>159,680</u>	<u>(1,680)</u>
Total expenditures	<u>5,502,153</u>	<u>6,100,775</u>	<u>6,040,921</u>	<u>59,854</u>
Net change in fund balance	<u>766,215</u>	<u>317,169</u>	<u>394,589</u>	<u>\$ 77,420</u>
Fund balances - beginning	-	-	1,513,120	
Fund balances - ending	<u>\$ 766,215</u>	<u>\$ 317,169</u>	<u>\$ 1,907,709</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Revenue Bond Series 2015A Fund				CITT Surtax Transportation Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Franchise fees	\$ 1,088,600	\$ 1,088,600	\$ 1,088,561	\$ (39)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	6,211,200	5,867,300	5,843,528	(23,772)
Other revenues	-	-	-	-	-	-	500,000	500,000
Total revenues	<u>1,088,600</u>	<u>1,088,600</u>	<u>1,088,561</u>	<u>(39)</u>	<u>6,211,200</u>	<u>5,867,300</u>	<u>6,343,528</u>	<u>476,228</u>
Expenditures:								
Debt Service:								
Principal	-	-	-	-	3,875,800	3,727,800	3,727,740	60
Interest	1,088,600	1,088,600	1,088,561	39	2,277,800	2,081,900	2,081,834	66
General government	-	-	-	-	57,600	57,600	56,932	668
Total expenditures	<u>1,088,600</u>	<u>1,088,600</u>	<u>1,088,561</u>	<u>39</u>	<u>6,211,200</u>	<u>5,867,300</u>	<u>5,866,506</u>	<u>794</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>477,022</u>	<u>\$ 477,022</u>
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>300,478</u>	
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,500</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Garden of the Arts Fund				Elderly Housing 300 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:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568,500	\$ 1,225,783	\$ (342,717)
Total revenues	-	-	-	-	-	1,568,500	1,225,783	(342,717)
Other financing sources:								
Transfers in	-	-	6,586	6,586	-	-	-	-
Total other financing sources	-	-	6,586	6,586	-	-	-	-
Total revenues and other financing sources	-	-	6,586	6,586	-	1,568,500	1,225,783	(342,717)
Expenditures:								
General government	-	-	6,586	(6,586)	-	100,000	2,925	97,075
Capital outlay	-	-	-	-	-	1,468,500	1,222,858	245,642
Total expenditures	-	-	6,586	(6,586)	-	1,568,500	1,225,783	342,717
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, 2018

	W. 76 St. - 28 to 31 Ave. - MDC (JPA) Fund				N.W. 97 Ave. Road Improvement Fund - (JPA) Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive <u>(Negative)</u>	<u>Budgeted Amounts</u>			Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Intergovernmental	\$ 276,000	\$ 276,000	\$ 168,078	\$ (107,922)	\$ 2,180,000	\$ 2,180,000	\$ 554,835	\$ (1,625,165)
Total revenues	<u>276,000</u>	<u>276,000</u>	<u>168,078</u>	<u>(107,922)</u>	<u>2,180,000</u>	<u>2,180,000</u>	<u>554,835</u>	<u>(1,625,165)</u>
Expenditures:								
General government	-	-	-	-	-	-	55,990	(55,990)
Capital outlay	<u>276,000</u>	<u>276,000</u>	<u>168,078</u>	<u>107,922</u>	<u>2,180,000</u>	<u>2,180,000</u>	<u>498,845</u>	<u>1,681,155</u>
Total expenditures	<u>276,000</u>	<u>276,000</u>	<u>168,078</u>	<u>107,922</u>	<u>2,180,000</u>	<u>2,180,000</u>	<u>554,835</u>	<u>1,625,165</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning	-	-	-		-	-	-	
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	HEA Charter School Expansion Fund				N.W. 142 St. Roadway Improvement - (JPA) Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Intergovernmental	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ -	\$ -	\$ -	\$ 1,681,374	\$ 1,681,374
Other revenues	-	500,000	649,943	149,943	-	-	-	-
Total revenues	<u>1,800,000</u>	<u>2,300,000</u>	<u>2,449,943</u>	<u>149,943</u>	<u>-</u>	<u>-</u>	<u>1,681,374</u>	<u>1,681,374</u>
Expenditures:								
General government	47,000	98,000	134,083	(36,083)	-	-	29,480	(29,480)
Capital outlay	<u>1,753,000</u>	<u>2,202,000</u>	<u>2,315,860</u>	<u>(113,860)</u>	<u>-</u>	<u>-</u>	<u>1,651,894</u>	<u>(1,651,894)</u>
Total expenditures	<u>1,800,000</u>	<u>2,300,000</u>	<u>2,449,943</u>	<u>(149,943)</u>	<u>-</u>	<u>-</u>	<u>1,681,374</u>	<u>(1,681,374)</u>
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances, beginning	-	-	-		-	-	-	
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	N.W. 102 Ave. - 138 St. to 145 Pl. Fund				Parks Project Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Intergovernmental	\$ -	\$ -	\$ 106,789	\$ 106,789	\$ -	\$ 350,037	\$ 344,410	\$ (5,627)
Total revenues	<u>-</u>	<u>-</u>	<u>106,789</u>	<u>106,789</u>	<u>-</u>	<u>350,037</u>	<u>344,410</u>	<u>(5,627)</u>
Expenditures:								
General government	-	-	106,789	(106,789)	-	-	-	-
Capital outlay	-	-	-	-	-	350,037	303,519	46,518
Total expenditures	<u>-</u>	<u>-</u>	<u>106,789</u>	<u>(106,789)</u>	<u>-</u>	<u>350,037</u>	<u>303,519</u>	<u>46,518</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>40,891</u>	<u>\$ 40,891</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>\$ 40,891</u>	

FIDUCIARY FUNDS

CITY OF HIALEAH, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

	Employees' Retirement System	Elected Officials' Retirement System	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 20,918,998	\$ -	\$ 20,918,998
Securities lending cash collateral	19,034,899	-	19,034,899
Receivables:			
Accrued interest	1,325,845	-	1,325,845
Accrued dividends	328,919	-	328,919
Other receivables	215,853	-	215,853
Contributions	259,996	-	259,996
Investments sold	12,142	-	12,142
Total receivables	<u>2,142,755</u>	<u>-</u>	<u>2,142,755</u>
Investments, at fair value:			
U.S. Treasury bonds and notes	59,077,400	-	59,077,400
Asset backed securities	11,263,542	-	11,263,542
Mortgage backed securities	74,210,954	-	74,210,954
Real estate investment trusts	14,191,283	585,234	14,776,517
Corporate bonds and notes	95,086,147	-	95,086,147
Municipal bonds	983,750	-	983,750
Limited partnerships	17,424,970	-	17,424,970
Mutual funds	15,166,362	11,774,273	26,940,635
Common stocks	396,867,186	-	396,867,186
Total investments	<u>684,271,594</u>	<u>12,359,507</u>	<u>696,631,101</u>
Loans to members	8,863,589	-	8,863,589
Total assets	<u>735,231,835</u>	<u>12,359,507</u>	<u>747,591,342</u>
<u>LIABILITIES AND NET POSITION</u>			
Obligations under securities lending	19,034,899	-	19,034,899
Investments purchased	6,483	-	6,483
DROP payable	-	-	-
Accounts payable and accrued liabilities	77,323	134,125	211,448
Total liabilities	<u>19,118,705</u>	<u>134,125</u>	<u>19,252,830</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advance contribution from City	10,000,000	-	10,000,000
Net position restricted for pensions	<u>\$ 706,113,130</u>	<u>\$ 12,225,382</u>	<u>\$ 718,338,512</u>

CITY OF HIALEAH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Employees' Retirement System	Elected Officials' Retirement System	<u>Total</u>
ADDITIONS			
Contributions:			
Employer	\$ 30,432,760	\$ 164,417	\$ 30,597,177
Employee	9,850,120	23,118	9,873,238
State	461,877	-	461,877
Total contributions	<u>40,744,757</u>	<u>187,535</u>	<u>40,932,292</u>
Investment income:			
Net appreciation in fair value of investments	48,348,655	509,718	48,858,373
Investment income	<u>14,777,078</u>	<u>313,112</u>	<u>15,090,190</u>
Total investment income	63,125,733	822,830	63,948,563
Less investment expenses	<u>1,941,673</u>	<u>34,463</u>	<u>1,976,136</u>
Net investment income	<u>61,184,060</u>	<u>788,367</u>	<u>61,972,427</u>
Total additions	<u>101,928,817</u>	<u>975,902</u>	<u>102,904,719</u>
DEDUCTIONS			
Pension benefits	59,458,722	382,474	59,841,196
Refunds of contributions	14,968,598	-	14,968,598
DROP benefits	640,835	-	640,835
Administrative expenses	<u>734,099</u>	<u>19,085</u>	<u>753,184</u>
Total deductions	<u>75,802,254</u>	<u>401,559</u>	<u>76,203,813</u>
Net increase	26,126,563	574,343	26,700,906
Net position restricted for pensions:			
Beginning of year	<u>679,986,567</u>	<u>11,651,039</u>	<u>691,637,606</u>
End of year	<u>\$ 706,113,130</u>	<u>\$ 12,225,382</u>	<u>\$ 718,338,512</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.

<u>Contents</u>	<u>Page</u>
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. These schedules include:</i>	129-132
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	133-136
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>	137-139
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>	140-141
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>	142-144

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$203,538,055	\$211,733,799	\$212,133,537	\$194,882,428	\$211,571,226	\$200,596,082	\$ 200,597,075	\$ 190,609,888	\$ 186,457,794	\$ 186,890,190
Restricted	6,277,482	6,144,155	12,466,327	4,187,495	7,703,518	5,526,978	8,735,410	18,654,864	23,084,772	2,289,412
Unrestricted	<u>(86,739,623)</u>	<u>(106,165,039)</u>	<u>(133,288,201)</u>	<u>(138,778,621)</u>	<u>(157,186,806)</u>	<u>(152,392,602)</u>	<u>(262,072,904)</u>	<u>(270,877,972)</u>	<u>(293,625,452)</u>	<u>(497,449,914)</u>
Total governmental activities net position	<u>123,075,914</u>	<u>111,712,915</u>	<u>91,311,663</u>	<u>60,291,302</u>	<u>62,087,938</u>	<u>53,730,458</u>	<u>(52,740,419)</u>	<u>(61,613,220)</u>	<u>(84,082,886)</u>	<u>(308,270,312)</u>
Business-type activities:										
Invested in capital assets, net of related debt	103,874,020	123,881,159	75,538,974	121,429,175	116,770,648	107,240,971	124,884,318	126,879,211	133,579,865	145,315,155
Restricted	-	-	40,562,646	5,213,862	-	-	-	-	-	-
Unrestricted	<u>37,501,753</u>	<u>30,323,471</u>	<u>30,136,654</u>	<u>44,149,697</u>	<u>45,934,610</u>	<u>47,347,915</u>	<u>(8,636,198)</u>	<u>(17,762,837)</u>	<u>(21,403,478)</u>	<u>(73,743,502)</u>
Total business-type activities net position	<u>141,375,773</u>	<u>154,204,630</u>	<u>146,238,274</u>	<u>170,792,734</u>	<u>162,705,258</u>	<u>154,588,886</u>	<u>116,248,120</u>	<u>109,116,374</u>	<u>112,176,387</u>	<u>71,571,653</u>
Total government:										
Invested in capital assets, net of related debt	307,412,075	335,614,958	287,672,511	316,311,603	328,341,874	307,837,053	325,481,393	317,489,099	320,037,659	332,205,345
Restricted	6,277,482	6,144,155	53,028,973	9,401,357	7,703,518	5,526,978	8,735,410	18,654,864	23,084,772	2,289,412
Unrestricted	<u>(49,237,870)</u>	<u>(75,841,568)</u>	<u>(103,151,547)</u>	<u>(94,628,924)</u>	<u>(111,252,196)</u>	<u>(105,044,687)</u>	<u>(270,709,102)</u>	<u>(288,640,809)</u>	<u>(315,028,930)</u>	<u>(571,193,416)</u>
Total government net position	<u>\$264,451,687</u>	<u>\$265,917,545</u>	<u>\$237,549,937</u>	<u>\$231,084,036</u>	<u>\$224,793,196</u>	<u>\$208,319,344</u>	<u>\$ 63,507,701</u>	<u>\$ 47,503,154</u>	<u>\$ 28,093,501</u>	<u>\$ (236,698,659)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:										
Reserved	\$ 2,325,307	\$ 1,625,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	21,738,986	19,058,565	-	-	-	-	-	-	-	-
Nonspendable	*	-	1,429,186	1,678,708	2,175,058	2,174,224	2,164,713	2,206,606	5,304,957	5,897,782
Restricted	*	-	-	-	-	-	-	-	-	3,517,760
Committed	*	-	192,686	82,338	105,440	-	-	99,606	2,116,128	1,770,751
Assigned	*	-	-	-	-	-	-	-	-	5,600,000
Unassigned	*	-	12,368,373	12,234,370	10,622,538	15,391,325	12,199,265	35,133,349	32,030,706	29,821,802
Total general fund	<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>	<u>\$ 39,451,791</u>	<u>\$ 46,608,095</u>
All other governmental funds:										
Reserved										
Encumbrances	\$ 294,643	\$ 84,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	-	28,702	-	-	-	-	-	-	-	-
Public safety	1,173,854	954,844	-	-	-	-	-	-	-	-
Capital projects	4,560,605	3,902,174	-	-	-	-	-	-	-	-
Debt service	543,023	1,287,137	-	-	-	-	-	-	-	-
Unreserved										
Undesignated, reported in:										
Special revenue funds	3,268,881	3,121,877	-	-	-	-	-	-	-	-
Nonspendable	*	-	43,221	1,002,607	29,785	977,963	984,876	1,199,528	1,240,869	1,654,611
Restricted	*	-	12,466,327	4,187,495	7,703,518	7,643,865	8,554,067	18,654,864	23,108,042	31,055,772
Committed	*	-	174,865	997,467	-	1,985,353	997,128	805,666	6,073,476	3,875,091
Unassigned	*	-	(618,391)	20,131	(2,129,354)	(1,586,881)	20,032	(466,364)	(6,496,712)	(10,112,582)
Total all other governmental funds	<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>	<u>\$ 23,925,675</u>	<u>\$ 26,472,892</u>

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

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

<u>Fiscal Year Ended September 30.</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
2009	\$ 10,126,361,853	554,764,657	7,711,059	10,688,837,569	6.5400
2010	8,940,547,673	538,044,784	10,027,214	9,488,619,671	6.5400
2011	7,222,367,199	520,988,608	7,357,864	7,750,713,671	6.5400
2012	6,744,572,176	531,432,543	10,363,835	7,286,368,554	6.5400
2013	6,695,064,915	523,612,469	5,972,673	7,224,650,057	6.3018
2014	6,416,539,571	549,698,400	5,474,876	6,971,712,847	6.3018
2015	6,755,960,917	544,953,380	6,117,639	7,307,031,936	6.3018
2016	7,304,727,801	546,751,824	7,304,728	7,858,784,353	6.3018
2017	7,973,545,871	552,723,556	7,380,269	8,533,649,696	6.3018
2018	8,928,454,641	564,251,782	7,643,215	9,500,349,638	6.3018

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

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

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

Fiscal Year	Direct Rate	Overlapping Rates (1)											Total Direct and Overlapping Rates
	City of Hialeah	Miami-Dade County		Miami-Dade County School Board			Water Management District	Special District	Okeechobee Basin	Children's Trust	Everglades C.P.		
		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage						Total School Millage	
2009	6.5400	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0345	0.0000	0.5000	0.0894	20.8164
2010	6.5400	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.5346	0.0345	0.0000	0.5000	0.0894	21.8200
2011	6.5400	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0345	0.0000	0.5000	0.0624	20.6058
2012	6.5400	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0345	0.0000	0.5000	0.0613	20.4899
2013	6.3018	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0345	0.0000	0.5000	0.0587	20.3498
2014	6.3018	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.1577	0.0345	0.1717	0.5000	0.0548	20.3114
2015	6.3018	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.1459	0.0320	0.1586	0.5000	0.0506	19.9178
2016	6.3018	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.1359	0.0320	0.1477	0.5000	0.0471	19.5534
2017	6.3018	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	0.1275	0.0320	0.1384	0.4673	0.0441	19.1720
2018	6.3018	4.6669	0.4644	5.1313	6.5040	0.2290	6.7330	0.1209	0.0320	0.1310	0.4415	0.0417	18.9332

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

2018				2009			
<u>Taxpayer</u>	<u>Net Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Net Assessed Value</u>	<u>Taxpayer</u>	<u>Net Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Net Assessed Value</u>
Florida Power & Light CO	\$ 180,998,169	1	2.51%	Lifemark Hospitals Inc.	\$ 174,506,068	1	1.84%
Palm Springs Mile Associates LTD	120,940,404	2	1.67%	Ashland Inc.	119,771,756	2	1.26%
Westland Mall LLC	85,400,000	3	1.18%	Palm Springs Mile Associates LTD	105,196,859	3	1.11%
Two Lakes Lennar LLC	67,356,590	4	0.93%	Westland Mills LLC	91,056,763	4	0.96%
PRII Centergate 1 LLC	62,885,000	5	0.87%	Airras Group Inc.	65,950,191	5	0.70%
Lifemark Hospitals Inc.	62,362,035	6	0.86%	77 Acres LLC	50,441,060	6	0.53%
PRII Centergate 2 LLC	38,084,988	7	0.53%	Gratigny Partners LTD	42,739,788	7	0.45%
SC Westland Promenade Ltd Prtshp	34,844,907	8	0.48%	Las Brisas LLC	37,988,733	8	0.40%
Countyline I LLC	31,090,469	9	0.43%	Bellsouth Telecommunications Inc.	37,648,417	9	0.40%
Ramos Holdings NO 4 LLP	31,044,002	10	0.43%	Royal Gardens Investments LLC	36,650,593	10	0.39%
	<u>\$ 715,006,564</u>		<u>9.89%</u>		<u>\$ 761,950,228</u>		<u>8.04%</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 <u>Fiscal Year</u>	Levied Taxes Collected within the Fiscal Year		Delinquent <u>Tax Collections</u>	Total Tax Collections	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2009	69,904,998	66,521,182	95.16%	810,759	67,331,941	96.32%
2010	62,055,573	55,475,555	89.40%	2,465,365	57,940,920	93.37%
2011	48,499,075	46,209,687	95.28%	2,008,135	48,217,821	99.42%
2012	47,652,850	43,747,005	91.80%	1,120,983	44,867,987	94.16%
2013	45,528,300	40,894,173	89.82%	793,648	41,687,821	91.56%
2014	43,934,340	39,589,518	90.11%	1,467,597	41,057,115	93.45%
2015	46,047,454	43,735,370	94.98%	1,351,690	45,087,060	97.91%
2016	49,524,487	47,012,819	94.93%	296,084	47,308,903	95.53%
2017	53,777,354	51,435,680	95.65%	1,516,908	52,952,588	98.47%
2018	59,869,303	57,462,494	95.98%	615,338	58,077,832	97.01%

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					<u>Total</u>	Percentage of Personal Income (1)	Per Capita (1)
	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Mortgage Payable</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>	<u>Revolving Loan</u>	<u>Capital Leases</u>	<u>Water Purchase Agreement</u>			
2009	2,047,751	107,553,325	334,426	85,444	-	-	1,875,810	-	-	111,896,756	1.55%	490
2010	1,864,063	102,418,870	527,519	117,969	-	-	1,705,629	-	-	106,634,050	1.48%	471
2011	1,672,177	100,102,352	596,872	117,969	-	-	52,070,567	-	-	154,559,937	2.14%	678
2012	1,471,927	88,242,884	143,267	-	-	57,668,324	1,910,149	-	-	149,436,551	2.09%	650
2013	-	79,970,161	72,425	-	-	64,620,036	1,791,969	-	-	146,454,591	1.93%	631
2014	-	75,661,198	398,279	-	-	63,097,659	1,670,450	-	-	140,827,586	2.14%	603
2015	-	70,719,903	1,252,121	-	-	61,572,579	1,545,497	-	-	135,090,100	1.91%	573
2016	-	90,403,639	1,323,955	-	-	59,261,246	1,417,014	-	-	152,405,854	2.20%	643
2017	75,610,191	15,829,760	743,891	-	57,101,430	947,934	1,284,901	-	-	151,518,107	2.19%	641
2018	73,163,174	13,521,306	3,990,521	-	55,606,990	479,999	1,149,054	-	-	147,911,044	2.01%	623

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, 2018
(amounts expressed in thousands)

<u>Government Unit</u>	2018		
	Net Debt <u>Outstanding</u>	Estimated Percentage <u>Applicable (1)</u>	Amount Applicable to the City of <u>Hialeah</u>
Miami-Dade County School Board	\$ 982,581	3.49%	\$ 34,292
Miami-Dade County	<u>1,700,151</u>	3.49%	<u>59,335</u>
Subtotal, Overlapping Debt	2,682,732		93,627
City of Hialeah Direct Debt	<u>90,675</u>	100%	<u>90,675</u>
Total Direct and Overlapping Debt	<u>\$ 2,773,407</u>		<u>\$ 184,302</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			
	Fees (d)	Debt Service			Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service			Rescue Transportation Fees (a)	Debt Service		
		Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
2009	-	-	-	N/A	40,702,131	39,699,976	1,002,155	-	-	N/A	2,763,685	175,840	94,730	10.21
2010	-	-	-	N/A	56,463,162	46,051,730	10,411,432	-	-	N/A	3,324,801	183,688	86,882	12.29
2011	-	-	-	N/A	47,536,277	48,531,832	(995,555)	-	-	N/A	2,956,713	270,570	78,674	8.47
2012	-	-	-	N/A	48,361,859	45,883,620	2,478,239	310,000	2,401,538	0.91	3,658,191	200,250	70,320	13.52
2013	-	-	-	N/A	49,265,671	41,497,509	7,768,162	320,000	2,392,088	2.86	4,051,551	-	-	N/A
2014	-	-	-	N/A	58,913,986	52,358,264	6,555,722	580,000	2,387,288	2.21	4,369,019	-	-	N/A
2015	-	-	-	N/A	60,673,488	49,821,433	10,852,055	850,000	2,369,888	3.37	3,252,298	-	-	N/A
2016	10,352,230	725,000	2,086,361	3.68	68,123,313	63,663,376	4,459,937	955,000	2,344,388	1.35	4,551,882	-	-	N/A
2017	10,615,985	740,000	2,068,011	3.78	66,890,275	66,622,825	267,450	985,000	2,315,738	0.08	4,628,672	-	-	N/A
2018	10,397,532	770,000	2,041,511	3.70	70,558,858	67,633,907	2,924,951	1,015,000	2,286,188	0.89	3,667,458	-	-	N/A

Source: City of Hialeah Finance Department

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

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

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

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2009	228,157	7,230,067	31,689	42	29,370	14.5%
2010	226,419	7,183,822	31,728	41	29,685	15.9%
2011	227,962	7,227,763	31,706	38	34,194	12.6%
2012	229,969	7,151,116	31,096	41	38,794	9.2%
2013	231,941	7,606,737	32,796	43	28,912	10.3%
2014	233,394	6,571,208	28,155	42	25,239	5.6%
2015	235,563	7,057,703	29,961	42	25,623	6.3%
2016	237,069	6,934,031	29,249	43	25,348	5.7%
2017	236,387	6,914,083	29,249	43	29,437	5.1%
2018	237,523	7,366,063	31,012	44	30,214	3.9%

Sources:

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

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

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Palmetto General Hospital	1,635	1	1.64%	1,635	2	1.78%
City of Hialeah	1,492	2	1.49%	1,800	1	1.96%
United Parcel Service	1,119	3	1.12%	1,119	3	1.22%
Hialeah Hospital	1,032	4	1.03%	1,032	5	1.12%
Publix Super Markets	771	5	0.77%	816	6	0.89%
Larkin Community Hospital Palm Springs Campus	683	6	0.68%	611	7	0.66%
Sedano's Super Markets	545	7	0.55%	573	8	0.62%
Bullet Line	450	8	0.45%	-	-	0.00%
Bank of America	378	9	0.38%	378	10	0.41%
Hialeah Nursing and Rehabilitation Center	377	10	0.38%	-	-	0.00%
Winn Dixie Super Markets	-	-	0.00%	1,054	4	1.15%
Yellow Stone Group	-	-	-	434	9	0.47%
Total	<u>8,482</u>		<u>8.48%</u>	<u>9,452</u>		<u>10.29%</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of employees:										
Mayor's office	12	10	8	5	3	3	4	5	6	6
Communications & special events	11	8	1	-	-	-	-	-	-	-
Information systems	14	14	14	12	12	12	10	9	9	9
Community development:										
Planning and zoning	13	8	10	9	7	7	7	6	5	5
Building	31	17	19	22	19	19	22	25	21	27
License	10	7	5	8	8	8	9	9	10	11
Code compliance	10	7	7	9	9	9	10	10	10	10
Office of Management & Budget	16	15	12	20	3	3	3	3	3	4
City Clerk's office	10	8	3	5	4	4	4	4	17	16
Law	13	10	11	10	10	9	8	10	9	11
Risk management	13	14	14	3	3	3	3	3	4	4
Police:										
Police officers	365	312	327	303	290	276	264	251	284	272
Civilians	150	121	105	75	56	70	67	75	87	86
Fire:										
Firefighters	265	241	199	254	245	235	238	229	229	236
Civilians	58	55	44	35	19	28	18	18	18	21
911 Communications	-	43	47	44	38	39	41	43	29	50
Milander	-	-	-	-	-	-	-	-	4	6
Special events	-	-	-	-	-	-	-	-	7	10
Education & community services	33	32	27	35	29	29	34	45	78	85
Library	30	24	17	15	15	15	17	17	23	24
Recreation and community services	92	81	76	79	71	70	75	70	131	142
Streets	32	23	34	19	17	17	28	31	25	29
Stormwater	20	13	13	9	9	9	9	13	12	13
Fleet	48	31	33	35	37	37	31	30	29	29
Circulator	7	5	5	-	-	-	-	-	-	-
Construction and maintenance	58	30	30	36	39	39	33	35	31	34
Solid waste	113	85	74	68	62	62	42	26	23	11
Human resources	10	9	7	8	8	9	7	7	8	8
Finance	15	14	16	13	19	19	15	26	20	22
Retirement	5	3	3	4	4	4	4	3	4	5
Grants and human services	40	38	35	33	32	32	8	4	4	9
Water and sewer	59	52	50	60	55	54	64	68	64	59
Water division	40	32	30	32	32	32	26	30	23	34
Sewer division	31	24	19	19	17	17	16	18	12	12
Total number of employees	<u>1,624</u>	<u>1,386</u>	<u>1,295</u>	<u>1,279</u>	<u>1,172</u>	<u>1,170</u>	<u>1,117</u>	<u>1,123</u>	<u>1,239</u>	<u>1,300</u>

Source: City of Hialeah Human Resources Department 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 Development.

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety										
Police:										
Police calls for service	260,108	259,556	203,401	215,200	245,463	245,230	251,731	239,662	215,390	245,098
Parking violations	19,533	18,775	2,915	3,510	3,301	2,987	3,372	4,674	4,130	5,023
Traffic violations	88,550	91,051	73,423	77,900	78,751	77,253	85,141	83,050	71,252	79,113
Fire:										
Number of calls answered	32,350	34,425	32,992	33,755	35,455	42,250	43,494	43,850	43,195	40,709
Inspections	10,851	11,825	11,136	12,235	12,235	8,500	12,035	13,400	13,789	14,204
Planning and development:										
Business permits issued	9,215	9,185	9,205	8,815	8,716	6,421	7,583	15,022	9,402	16,083
Occupational licenses issued	18,058	17,225	18,318	18,449	18,915	19,019	19,041	19,575	21,420	23,272
Streets:										
Street resurfacing (miles)	7.8	8.1	7.4	10.1	11.5	12.0	7.9	13.7	19.7	6.8
Potholes repaired	420	310	310	295	285	208	154	294	215	227
Culture and recreation:										
Registrations for library programs	112,433	110,663	110,663	56,642	56,642	46,042	50,759	38,364	22,172	22,338
Community center admissions	154,388	155,658	154,763	145,100	144,302	146,525	146,750	147,500	146,500	148,202
Athletic field permits issued	47	41	41	65	63	134	90	76	47	26
Water and sewer:										
Active accounts - water and sewer	54,580	53,996	54,523	54,392	54,554	55,401	55,008	55,568	56,400	57,101
Average daily water consumption (thousands of gallons)	22,422	22,321	20,519	21,837	20,878	19,959	18,656	18,556	18,068	18,027
Average daily sewage treatment (thousands of gallons)	21,767	18,913	16,670	19,184	19,308	19,458	19,986	24,502	25,215	25,118
New connections	4,225	4,468	4,931	5,368	1,020	920	2,052	981	997	427
Water main breaks	115	102	177	193	195	200	57	108	248	847
Solid waste:										
Residential accounts	34,951	35,037	35,591	35,303	35,285	35,101	36,502	36,502	37,433	37,681
Commercial accounts	443	468	446	449	441	436	440	-	-	-
Refuse collected (tons/day)	398.8	405.3	358.0	365.0	225.0	193.0	141.6	254.0	324.0	211.1
Recyclables collected (tons/day)	12.7	13.5	14.2	14.9	21.0	27.0	45.2	45.2	29.0	21.3

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	378	386	398	402	229	238	215	225	218	214
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Fire apparatus vehicles	13	15	15	15	14	15	15	15	15	17
Emergency rescue vehicles	10	10	10	12	14	14	14	14	14	12
Streets:										
Miles of streets	493.1	493.1	493.1	493.1	450.6	455.0	475.6	475.6	475.6	475.6
Culture and recreation:										
Parks	27	27	27	27	27	27	27	27	27	27
Parks acreage	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5
Community center	3	3	3	3	3	3	3	3	3	3
Swimming pools	7	7	7	7	7	7	7	7	7	7
Tennis courts	26	26	26	26	26	26	26	26	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	2	2	2	2	2	2	2
Water mains (miles)	492	492	492	492	492	496	496	519	519	519
Fire hydrants	2,772	2,772	2,772	2,772	2,772	2,812	3,008	3,008	3,093	3,116
Storm sewers (miles)	88.2	88.2	88.2	88.2	88.2	92.3	84.3	84.3	84.3	95.2
Solid waste:										
Collection trucks	38	42	46	46	46	46	12	-	-	-
Recycle trucks	-	-	-	-	-	-	-	6	6	-

Sources: Various City departments

Note: Solid waste collection and recycling were outsourced during fiscal years 2016 and 2018 respectively.

COMPLIANCE SECTION



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, 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 27, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, as described in the accompanying schedule of findings and questioned cost that we consider to be a significant deficiency. The item is presented as item 2015-02.

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*.

City's Response to Finding

The City's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & García, LLP

Caballero Fierman Llerena & García, LLP

Coral Gables, Florida

June 27, 2019

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Hialeah, Florida's (the "City") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the City's major federal programs and state projects for the fiscal year ended September 30, 2018. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards and the Uniform Guidance and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, City of Hialeah, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2018.

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.

Report on Internal Control over Compliance (Continued)

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 27, 2019

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>				
Community Development Block Grant	14.218	B-14MC-12-0008	85,690	85,690
Community Development Block Grant	14.218	B-15MC-12-0008	345,641	345,641
Community Development Block Grant	14.218	B-16MC-12-0008	519,009	573,602
Community Development Block Grant	14.218	B-17MC-12-0008	<u>541,992</u>	<u>823,097</u>
			<u>1,492,332</u>	<u>1,828,030</u>
HOME Investment Partnership	14.239	M-11-MC-12-0207	102,859	136,893
HOME Investment Partnership	14.239	M-12-MC-12-0207	102,371	102,371
HOME Investment Partnership	14.239	M-13-MC-12-0207	100,236	100,236
HOME Investment Partnership	14.239	M-14-MC-12-0207	104,046	104,046
HOME Investment Partnership	14.239	M-15-MC-12-0207	-	24,771
HOME Investment Partnership	14.239	M-16-MC-12-0207	-	<u>27,304</u>
			<u>409,512</u>	<u>495,621</u>
Emergency Shelter Grant	14.231	E-16-MC-12-00008	69,644	69,644
Emergency Shelter Grant	14.231	E-17-MC-12-00008	<u>127,686</u>	<u>139,921</u>
			<u>197,330</u>	<u>209,565</u>
			<u>2,099,174</u>	<u>2,533,216</u>
<i>Total U.S. Department of Housing and Urban Development</i>				
<i>U.S. Department of Justice</i>				
Equitable Sharing Funds	16.922	N/A	-	28,224
Equitable Sharing Funds - Other Agencies	16.922	N/A	-	<u>7,900</u>
			-	<u>36,124</u>
<i>Total U.S. Department of Justice</i>				
			<u>2,099,174</u>	<u>2,569,340</u>
<i>Subtotal Direct Programs</i>				
<i>Executive Office of the President</i>				
Pass-Through Program Monroe County Sherriff's Office				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G17MI0001A	-	<u>24,360</u>
			-	<u>24,360</u>
<i>Total Executive Office of the President</i>				

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

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Pass- Through Program from:				
State of Florida Department of Education				
21st Century Community Learning Centers - Academic Achievers	84.287	13B-2448B-8CCC2	-	315,513
21st Century Community Learning Centers - Academic Achievers	84.287C	13B-2449B-9CCC2	-	59,207
21st Century Community Learning Centers - Steam Ahead	84.287	13B-2448B-8CCC1	-	319,589
21st Century Community Learning Centers - Steam Ahead	84.287C	13B-2449B-9CCC1	-	60,088
Total U.S. Department of Education - Through the State of Florida Department of Education			<u>-</u>	<u>754,397</u>
Pass-Through Program from:				
Florida Department of Transportation - Highway Planning and Construction				
University of South Florida	20.205	G0Y79	-	24,560
Total U.S. Department of Transportation - Through the Florida Department of Transportation			<u>-</u>	<u>24,560</u>
Pass-Through Program from:				
Florida Division of Emergency Management				
Urban Areas Security Initiatives (UASI) (2016)	97.067	17-DS-V9-11-23-02-346	-	411,822
Urban Areas Security Initiatives (UASI) (2017)	97.067	18-DS-X3-11-23-02-376	-	64,863
Assistance to Firefighters Grant	97.044	EMW-2015-FO-06763	-	177,663
Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management			<u>-</u>	<u>654,348</u>
Pass-Through Program from:				
State of Florida Office of the Attorney General				
Victims of Crimes Act (VOCA)	16.575	VOCA-2017-City of Hialeah-00490	-	34,118
Total U.S. Department of Justice - Through the State of Florida Office of the Attorney General			<u>-</u>	<u>34,118</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>2,099,174</u>	<u>4,061,123</u>

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

CITY OF HIALEAH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2018

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Passed Through to Recipients</u>	<u>Expenditures</u>
Florida Housing Finance Corporation				
State Housing Initiative Partnership Program	40.901	N/A	-	707,490
Total Florida Housing Finance Corporation			-	707,490
Florida Department of State - Division of Libraries and Information Services				
State Aid to Libraries (2016-17)	45.030	17-ST-32	-	24,187
State Aid to Libraries (2017-18)	45.030	18-ST-32	-	44,913
Total Florida Department of State - Division of Libraries and Information Services			-	69,100
Florida Department of Elder Affairs				
Alliance for Aging - Meals for the Elderly	65.009	LSP 2017-2018-KL1734	1,160,778	1,161,618
Alliance for Aging - Meals for the Elderly	65.009	LSP 2018-2019-KL1734	309,768	309,768
Alliance for Aging - Meals for the Elderly	65.009	LSP 2016-2017-KL1634	-	36,900
Total Florida Department of Elder Affairs			1,470,546	1,508,286
Florida Department of Economic Opportunity				
(300) Units of Elderly-Occupied Affordable Housing	40.038	HL102	-	1,225,783
Total Florida Department of Economic Opportunity			-	1,225,783
Florida Department of Education				
City of Hialeah - Fixed Capital Outlay Project	48.131	TAPS 18A124	-	1,800,000
Total Florida Department of Education			-	1,800,000
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 1,470,546	5,310,659

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

CITY OF HIALEAH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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, 2018. 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	\$ 1,492,332
HOME Investment Partnership	14.239	\$ 409,512
Emergency Shelter Grant	14.231	\$ 197,330

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

<u>Program Title</u>	<u>State CSDA Number</u>	<u>Provided</u>
Alliance for Aging - Meals for the Elderly	65.009	\$ 1,470,546

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, 2018

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?	<u>X</u> yes	_____	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	_____
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Identification of major programs:

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
Community Development Block Grant	14.239
<u>State Financial Assistance Project</u>	<u>State CFSA No.</u>
(300) Units of Elderly-Occupied Affordable Housing	40.038
City of Hialeah - Fixed Capital Outlay Project	48.131

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?	<u>X</u> yes	_____ no
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CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES

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

Criteria:

Governments are required to maintain positive unrestricted fund net position.

Condition:

During our testing of the enterprise funds we noted that the Water and Sewer fund, and the Stormwater fund had operating losses of \$355,341, \$1,203,763, respectively. In the prior year the Water and Sewer fund Solid Waste fund and the Stormwater fund incurred operating losses.

Cause:

The deficit is a result of operating losses.

Effect:

The Enterprise Fund's unrestricted net position is in a deficit and the City is required to submit a deficit elimination plan.

Recommendation:

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

View of Responsible Officials and Planned Corrective Actions:

The City completed a five-year Utility Rate Study in March 2016. The study recommended that water and sewer rates be adjusted to account for anticipated increases in operational costs, capital expenditures and conserve existing reserves. At that time only, a CPI increase and a MDC pass through sewer increase were implemented. In FY 2017-2018 rates have been adjusted to account for additional anticipated increases. For FY 2019-2020 the City will consider additional adjustments to the water and sewer rates to cover large ongoing capital expenditures needed to meet the requirements of the Consent Agreement between MDC and the City. In addition, sewer wholesale charges increased after a MDC sewer meter replacement program was completed the previous year. The City is disputing an over-charge of \$5.5M due to increase sewer flows even after completing a substantial I/I reduction lining project citywide. The City and the County have undertaken a six-month study to determine the accuracy of the MDC sewer meter readings and come to an agreement over the disputed charges.

The Solid Waste Fund experienced an operating loss in FY 2016 of \$3,634,844 while the City proceeded with the privatization of the entire program as a cost reducing measure. In FY 2016 the City privatized the disposal of garbage and bulky waste reducing disposal costs by \$1.4M from the previous year. Operating losses in FY 2017 were reduced to \$2,069,717 while the City continues to operate the collection of recyclables. In FY 2018 the City adjusted for the first time since 1984 the residential SW fees by CPI. It also completed the privatization of the collection of recyclable materials. It is expected that in FY 2019 given the implemented reduction in force, decreased recycle collection costs and adjustments to the residential fees that the SW program operating losses be substantially reduced and or eliminated pending the full effect of the privatization of the entire SW program that started in November 2015. There was a delay in the transfer of employees from Solid Waste to Water and Sewer as part of the privatization effort, and that delay also contributed significantly to the operating losses for FY 2015-16, 2016-17 and 2017-18.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES (CONTINUED)

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

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

As the City continues the transition from municipal services to private services, which began in November 2015, amounts applicable to the Solid Waste Utility System for employee related liabilities continue to decline which is consistent with the decline in employee count. For the fiscal year 2017-2018 the change in net position for the Solid Waste Utility System was \$10.9 million. This change is inclusive of credits in expenses for reductions in workers compensation of approximately \$1.9 million, other post-employment benefits of approximately \$610 thousand, and pension expense (GASB 68) of approximately \$6.1 million. The City's business-type activity funds continue to have significant fluctuations in operating income/losses due to adjustments and changes in actuarially determined long term liabilities.

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

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

- None

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- None

CITY OF HIALEAH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

PRIOR YEAR COMMENTS AND STATUS

FINANCIAL STATEMENTS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2017 schedule of findings and questioned costs.

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

- None

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

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

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

- None

STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- None



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

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 27, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 27, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There was one recommendation made in the preceding annual financial audit report that is being repeated. Item 2015-02 (originally reported in 2014) has been revised and repeated.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

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

Financial Condition and Management (continued)

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

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

Additional Matters

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

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 27, 2019



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

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

We have examined City of Hialeah's (the City) compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on City of Hialeah's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on City's compliance with specified requirements. In our opinion, the City complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018.

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 27, 2019

