

**CITY OF HIALEAH, FLORIDA**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

# **CITY OF HIALEAH, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared by:

Finance Department

# CITY OF HIALEAH, FLORIDA

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## INTRODUCTORY SECTION

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**Carlos Hernandez**  
Mayor

**Luis Gonzalez**  
Council President

**Katharine Cue-Fuente**  
Council Vice President



Council Members

**Isis Garcia-Martinez**  
**Jose F. Caragol**  
**Vivian Casals-Muñoz**  
**Lourdes Lozano**  
**Paul B. Hernandez**

# City of Hialeah

May 31, 2016

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, 2015. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The City of Hialeah's financial statements have been audited by Alberni Caballero & Fierman, LLP Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hialeah's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditors' 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 235,000 residents.

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

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

In the past year, home taxable values in the City of Hialeah have increased approximately 4.8% based on the Miami Dade County Property Appraiser's Office assessments. The City continues to maintain a stable economic base despite the negative impacts of property tax reform and a slowing housing market being felt nationwide. 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 three (3) years. The following discussion is intended to demonstrate the growth and vitality of the City and to address the challenges and concerns of the near future.

**Annexation Area** - In 2005 the City of Hialeah annexed from Miami Dade County an area located along the northwest corner of the City of Hialeah between Highway I-75 and the Florida Turnpike lying directly to the west of City. The Annexation Area consists of 1,890 acres of land, of which, a third has been designated for residential use and two-thirds have been designated for commercial and industrial use. As part of the inter-local agreement between the City and Miami-Dade County, the City will provide the necessary regional pre-development infrastructure, including: water and sewer services, road improvements, and regional recreational facilities. The Annexation Area will provide continued strong economic growth to the City of Hialeah by expanding its revenue base and maximizing the land use within its borders. At the time of this report, 400 new single-family homes have been constructed in the annexation area, with an additional 400 homes expected in 2016.

## **MAJOR INITIATIVES AND PROGRAMS**

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

The City of Hialeah has completed the design and construction of several projects for the necessary water, sewer and roadway infrastructure in the annexation area; this work continues to date. The City continues to repair and modernize sewer pump stations 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 Public Works Department is also working on lining the City's sewer lines to avoid infiltration of ground water into underground pipes, which increases the volume of waste water. Completion of these projects will reduce expenses in the long-run by reducing the amount paid by the City sewage transmission, collection and treatment fees.

Through successful leveraging of State, Federal and County grants, the City has added senior housing units, improved the top-performing City of Hialeah Educational Academy, completed the state of the art Emergency Operations Center to enhance our emergency response to natural and manmade disasters, and opened the Garden of the Arts Park, providing residents access to artwork by world renowned artists.

## **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, 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. Upon request of the Mayor, the City Council may transfer, at any time, any part of an unencumbered balance of an appropriation within a department. Upon 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, 2014. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the eighth 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 2015 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, Alborni Caballero & Fierman, LLP. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Hialeah's finances.

Respectfully submitted,



Carlos Hernandez  
Mayor



Christopher Chiocca, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Hialeah  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

**CITY OF HIALEAH, FLORIDA**

**List of Elected City Officials**

**September 30, 2015**

**Strong Mayor Form of Government**

**CITY COUNCIL**

**Carlos Hernandez, Mayor**

**Luis Gonzalez, Council President**

**Katharine Cue-Fuente, Council Vice President**

**Isis Garcia-Martinez**

**Jose F. Caragol**

**Vivian Casals-Muñoz**

**Lourdes Lozano**

**Paul B. Hernandez**

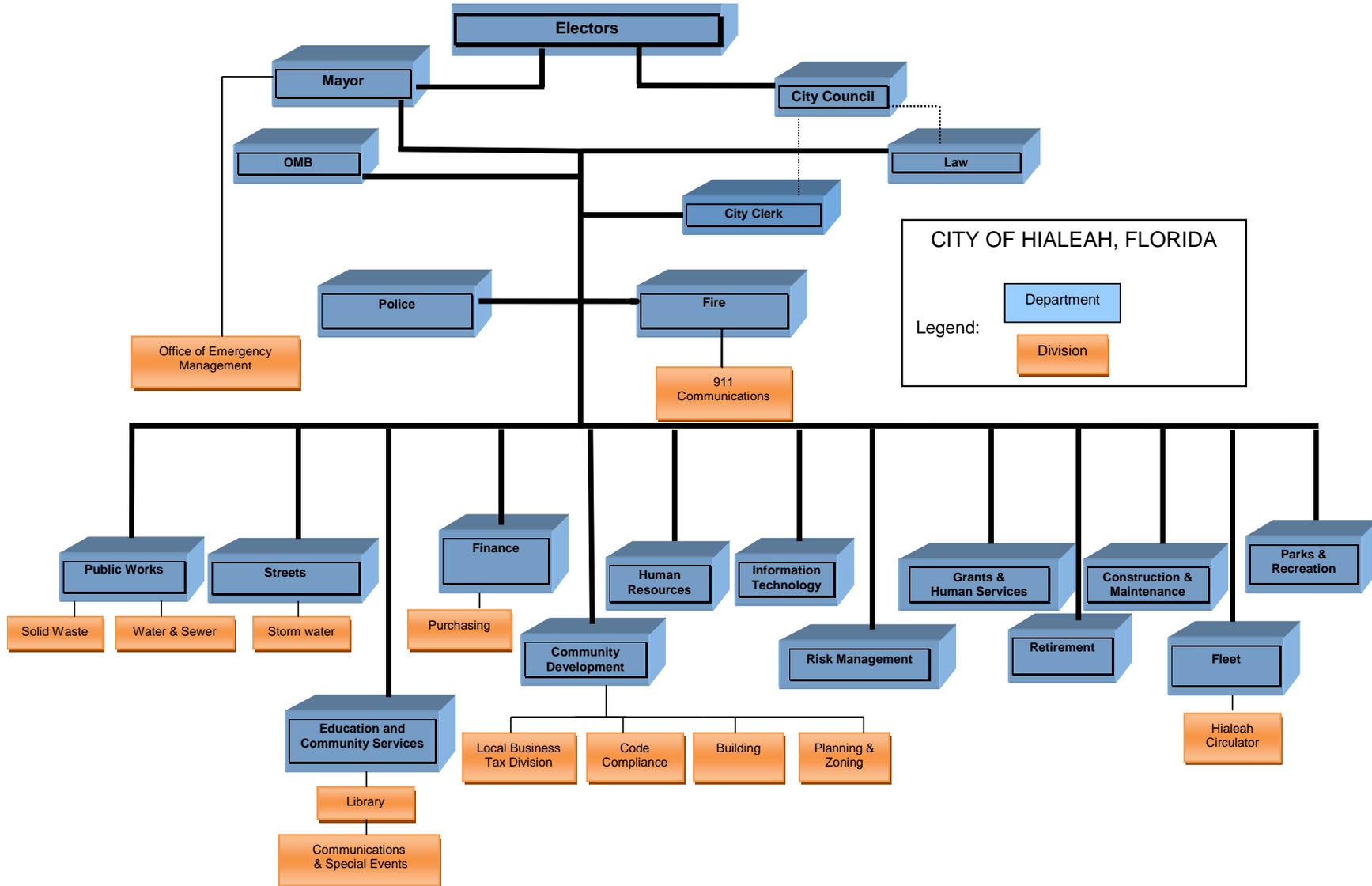
Prepared by:

Finance Department and Administration

# CITY OF HIALEAH, FLORIDA

ORGANIZATIONAL CHART

SEPTEMBER 30, 2015



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## FINANCIAL SECTION

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INDEPENDENT  
AUDITORS' REPORT

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hialeah, Florida (the "City") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as of October 1, 2014. As further discussed in Note 19, the opening net position has been restated due to the implementation of this new standard.

Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16 and Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios – Employees' Retirement System, Schedule of Contributions – Employees' Retirement System, Schedule of Investment Returns – Employees' Retirement System, Schedule of Changes in Net Pension Liability and Related Ratios – Elected Officials' Retirement System, Schedule of Contributions – Elected Officials' Retirement System and Schedule of Investment Returns – Elected Officials' Retirement System on pages 85 through 92, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical section and schedule of expenditures of federal awards and state financial assistance projects, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and Chapter 10.550, Rules of the Auditor General are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of expenditures of federal awards and state financial assistance projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of expenditures of federal awards and state financial assistance projects are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Alberni, Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP  
Coral Gables, Florida  
May 31, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Hialeah, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City of Hialeah's Governmental and Business-type funds exceed its liabilities and deferred inflows at the close of the most recent fiscal year by \$63 million.
- Net position of the City's governmental activities decreased by 9% (\$4.6 million) from \$48.5 million deficit for last fiscal year as restated, compared to \$53.1 million deficit in the current fiscal year. A decrease in the net position for fiscal 2015 of \$4.6 million was due primarily to the net change of increases in OPEB liability offset by a reduction of \$3.0 million in claims payable. The beginning net position for the governmental activities was restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68).
- Net position of the City's business-type activities increased by 3% (\$3.7 million) from \$112.5 million for last year as restated, compared to \$116.2 million in the current fiscal year. The beginning net position for the business-type activities was restated due to the implementation of GASB 68.
- The implementation of GASB 68 as stated in Note 1 resulted in a restatement of the beginning net position for governmental activities and business type activities. The respective net position was restated to decrease the beginning net position by \$102.2 million and \$42.1 million relating to net pension liability (asset), and pension deferred outflows and inflows as of October 1, 2014 (note 19).
- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$24.9 million, a decrease of approximately \$1.6 million.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$11.9 million, or 83% of the total General Fund Balance. The non-spendable fund balance was \$2.1 million which represents inventory and prepaid expenses which are amounts that are not spendable in nature. The committed amount of \$264 thousand is for future expenditures determined by a formal action of the City Council. The \$11.9 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 and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

The business type activities of the City include solid waste, water and sewer and storm-water operations. The government-wide financial statements can be found on pages 17-18 of this report.

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

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

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

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

The City adopts an annual appropriated budget for its General Fund and other governmental funds. Budgetary comparison statements have been provided for the General Fund and governmental funds with legally adopted budgets to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 19-21 of this report.

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

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, water and sewer and storm-water operations, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 22-26 of this report.

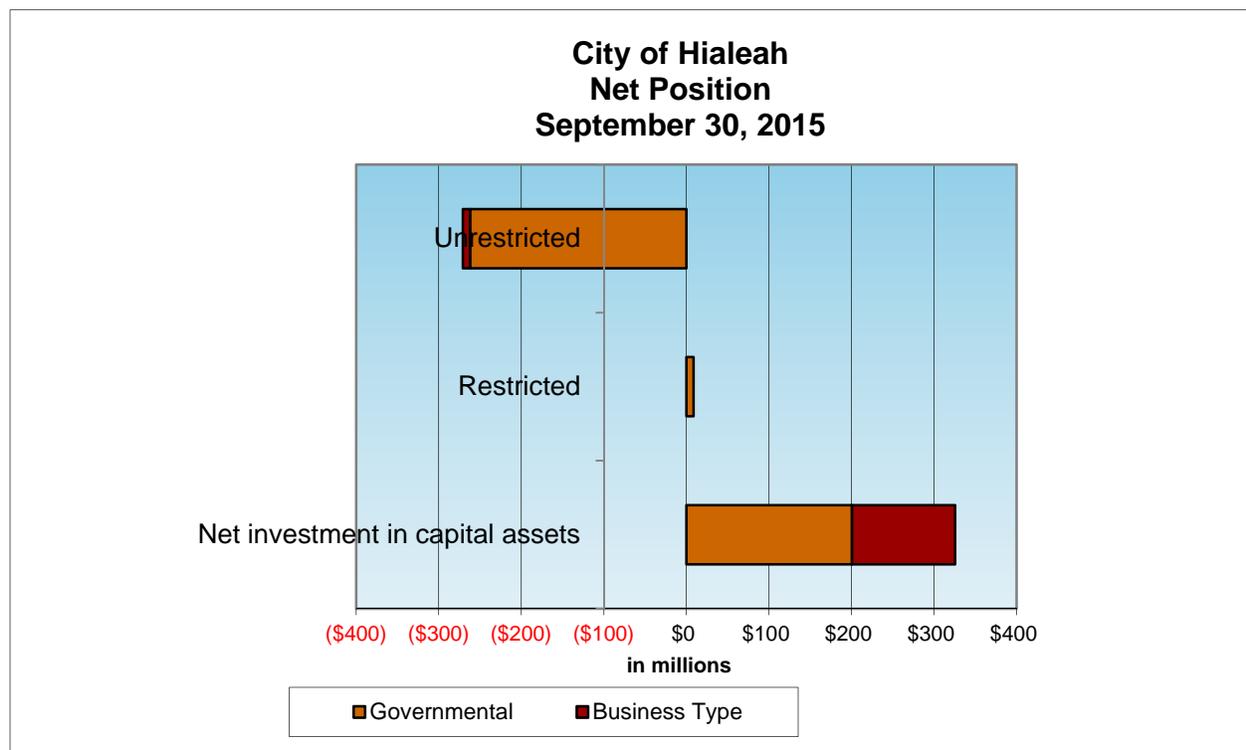
**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29-84 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 benefits to its employees. Required supplementary information can be found on pages 85-92 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 93-122 of this report.

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Hialeah, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63 million at the close of the most recent fiscal year. This is a 69% decrease compared to last year's net position of \$208 million. This was primarily due to the implementation of GASB 68 as stated in Note 1 and 19 which resulted in a restatement of the beginning net position for governmental activities and business type activities.



CITY OF HIALEAH - NET POSITION						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2015</u>	<u>Activities</u>	<u>Activities</u>	<u>2014</u>
Current and other assets	\$ 58,245,272	\$ 59,547,403	\$ 117,792,675	\$ 64,581,800	\$ 59,608,419	\$ 124,190,219
Restricted assets	2,445,299	14,726,079	17,171,378	1,337,378	13,168,384	14,505,762
Capital assets, net	<u>272,194,099</u>	<u>188,173,053</u>	<u>460,367,152</u>	<u>276,655,559</u>	<u>191,196,745</u>	<u>467,852,304</u>
Total assets	<u>332,884,670</u>	<u>262,446,535</u>	<u>595,331,205</u>	<u>342,574,737</u>	<u>263,973,548</u>	<u>606,548,285</u>
Deferred Outflows of Resources	<u>22,100,919</u>	<u>5,586,113</u>	<u>27,687,032</u>	-	-	-
Long-term liabilities	350,273,408	119,214,677	469,488,085	239,585,181	81,675,414	321,260,595
Other liabilities	<u>45,119,615</u>	<u>30,232,347</u>	<u>75,351,962</u>	<u>46,985,922</u>	<u>27,709,248</u>	<u>74,695,170</u>
Total liabilities	<u>395,393,023</u>	<u>149,447,024</u>	<u>544,840,047</u>	<u>286,571,103</u>	<u>109,384,662</u>	<u>395,955,765</u>
Deferred Inflows of Resources	<u>12,707,985</u>	<u>2,337,504</u>	<u>15,045,489</u>	<u>2,273,176</u>	-	<u>2,273,176</u>
Net Position						
Net investment in capital assets	200,222,075	124,884,318	325,106,393	200,596,082	122,274,496	322,870,578
Restricted	9,434,217	-	9,434,217	7,643,866	-	7,643,866
Unrestricted	<u>(262,771,711)</u>	<u>(8,636,198)</u>	<u>(271,407,909)</u>	<u>(154,509,490)</u>	<u>32,314,390</u>	<u>(122,195,100)</u>
Total net assets	<u>\$ (53,115,419)</u>	<u>\$ 116,248,120</u>	<u>\$ 63,132,701</u>	<u>\$ 53,730,458</u>	<u>\$ 154,588,886</u>	<u>\$ 208,319,344</u>

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

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is considered unrestricted net position and that amount is a negative \$271.4 million. This figure illustrates that if all liabilities became due at this point in time, total assets would be insufficient to cover all 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 9% (\$4.6 million) from \$48.5 million deficit from last fiscal year as restated, compared to \$53.1 million deficit in the current fiscal year. See detailed explanation under Financial Highlights.

Net position of the City's business-type activities increased 3% (\$3.7 million) from \$112.4 million for last fiscal year as restated, compared to \$116.2 million in the current fiscal year. See detailed explanation under Financial Highlights.

CITY OF HIALEAH - CHANGES IN NET POSITION						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2015</u>	<u>Activities</u>	<u>Activities</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 27,582,617	\$ 78,731,750	\$ 106,314,367	\$ 24,987,843	\$ 73,171,642	\$ 98,159,485
Operating grants & contributions	22,839,837	-	22,839,837	24,576,496	-	24,576,496
Capital grants & contributions	13,347,879	172,378	13,520,257	9,019,257	502,578	9,521,835
General Revenues:						
Property taxes	43,735,370	-	43,735,370	41,424,199	-	41,424,199
Utility taxes	22,248,582	-	22,248,582	22,487,398	-	22,487,398
Franchise fees on gross receipts	16,584,895	-	16,584,895	15,370,782	-	15,370,782
Intergovernmental revenue	26,939,103	-	26,939,103	25,094,317	-	25,094,317
Unrealized gain on investments	-	504,463	504,463	-	414,486	414,486
Gain (loss) on disposal of capital assets	55,529	-	55,529	(1,434,185)	-	(1,434,185)
Unrestricted interest	17,656	669,909	687,565	7,600	475,934	483,534
Total revenues	<u>173,351,468</u>	<u>80,078,500</u>	<u>253,429,968</u>	<u>161,533,707</u>	<u>74,564,640</u>	<u>236,098,347</u>

Expenses:						
General government	53,669,065	-	53,669,065	72,876,508	-	72,876,508
Police	53,872,287	-	53,872,287	43,375,725	-	43,375,725
Fire	43,511,619	-	43,511,619	38,604,552	-	38,604,552
Streets	12,459,595	-	12,459,595	11,842,353	-	11,842,353
Recreation & community service	11,540,708	-	11,540,708	10,239,608	-	10,239,608
Interest on long-term debt	2,924,134	-	2,924,134	3,179,767	-	3,179,767
Water & sewer	-	57,129,636	57,129,636	-	49,789,756	49,789,756
Solid waste	-	13,310,272	13,310,272	-	15,552,864	15,552,864
Stormwater	-	5,877,241	5,877,241	-	5,299,992	5,299,992
Total expenses	<u>177,977,408</u>	<u>76,317,149</u>	<u>254,294,557</u>	<u>180,118,513</u>	<u>70,642,612</u>	<u>250,761,125</u>
Transfers	-	-	-	15,033,525	(15,033,525)	-
Change in net position	(4,625,940)	3,761,351	(864,589)	(3,551,281)	(11,111,497)	(14,662,778)
Net position-beginning as restated	(48,489,479)	112,486,769	63,997,290	57,281,739	165,700,383	222,982,122
Net position-ending	<u>\$ (53,115,419)</u>	<u>\$ 116,248,120</u>	<u>\$ 63,132,701</u>	<u>\$ 53,730,458</u>	<u>\$ 154,588,886</u>	<u>\$ 208,319,344</u>

**Governmental activities** - Governmental activities decreased the City's net position by \$4.6 million. This change in the net position for fiscal 2015 of \$4.6 million was due primarily to the net change of increases in OPEB liability offset by a reduction of \$3.0 million in claims payable. The implementation of GASB 68 as stated in Note 1 resulted in a restatement of the beginning net position for the governmental activities as of October 1, 2014 (note 19).

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

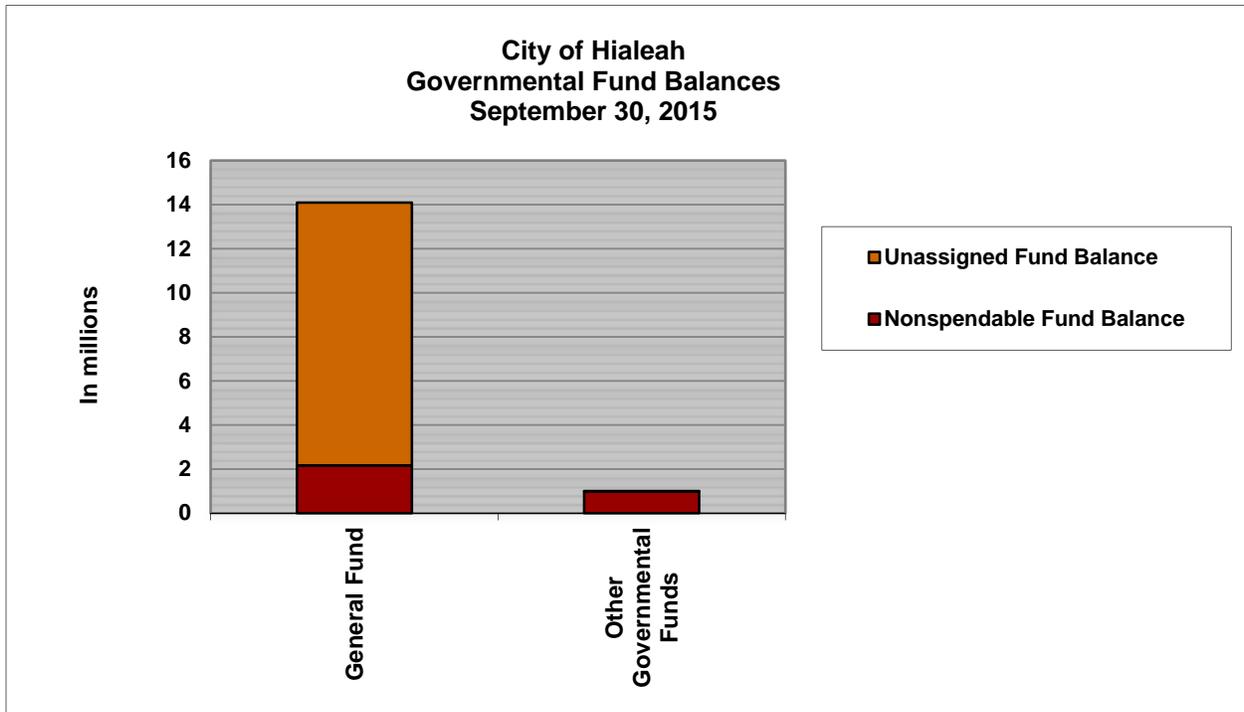
Revenues in ad valorem taxes increased by approximately \$2.3 million in the current fiscal year; this was due to an increase in the assessed property values within the City by the Miami-Dade County Property Appraisers' Office. This continues to be a challenge for the City of Hialeah to maintain the high level of services while the City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase. Yet despite these issues, the City of Hialeah remains determined to maintain its promise not to raise taxes and in fact it maintained the City's millage rate of 6.3018 from the prior will remain the same for the coming fiscal year.

**Business-type activities** - Net position of the City's business-type activities increased by \$3.8 million in the current fiscal year. The implementation of GASB 68 as stated in Note 1 resulted in a restatement of the beginning net position for the business type activities as of October 1, 2014 (see Note 19). Current year operating income for the Solid Waste fund of \$2.1 million was due to the 2014 privatization of trash collection within the fund to lease the building and a portion of the land 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.

**Financial Analysis of the City's Funds**

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

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



As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (both assigned, committed and nonspendable) of \$24.9 million, a decrease of approximately \$1.7 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 98-101 of this report.

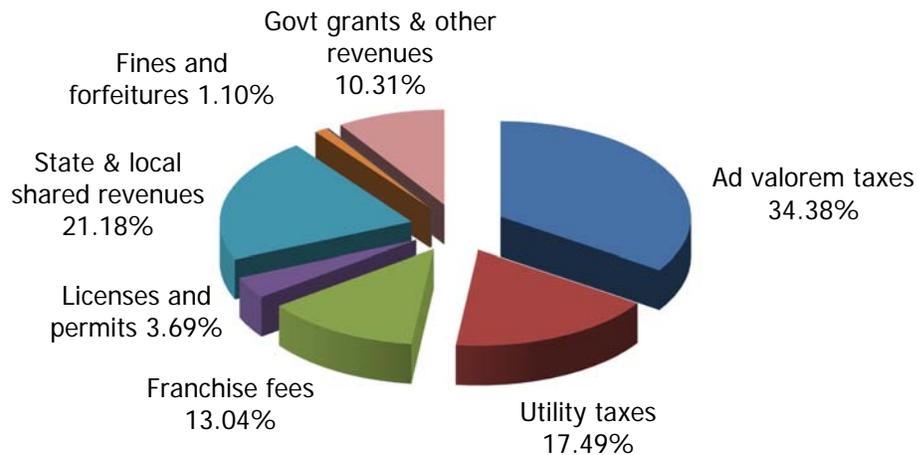
Unassigned fund balance in the amount of \$11.9 million in the General Fund constitutes amount which is available for spending as explained earlier under Financial Highlights. The remainder of fund balance is *non-spendable* to indicate it is not available for spending because they are in non-spendable form (i.e. inventory and prepaid expenses) and committed is for future expenditures determined by a formal action of the City Council.

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

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

<u>Revenue Sources</u>	<u>2015 Amount</u>	<u>2015 Percent of Total</u>	<u>2014 Amount</u>	<u>2014 Percent of Total</u>	<u>Amount Incr (Decr) from Prior Year</u>	<u>Percent Incr -Decr from Prior Year</u>
Ad valorem taxes	\$ 43,735,370	34.38%	\$ 41,424,199	34.21%	\$ 2,311,171	5.58%
Utility taxes	22,248,582	17.49%	22,487,398	18.57%	(238,816)	-1.06%
Franchise fees	16,584,895	13.04%	15,370,782	12.69%	1,214,113	7.90%
Licenses and permits	4,693,089	3.69%	4,853,204	4.01%	(160,115)	-3.30%
State & local shared revenues	26,939,103	21.18%	25,094,317	20.72%	1,844,786	7.35%
Fines and forfeitures	1,396,354	1.10%	1,328,469	1.10%	67,885	5.11%
Interest	17,487	0.01%	7,498	0.01%	9,989	133.22%
Gov. grants & other revenues	11,606,010	9.12%	10,516,737	8.69%	1,089,273	10.36%
Total	\$ 127,220,890	100%	\$ 121,082,604	100%	\$ 6,138,286	5.07%

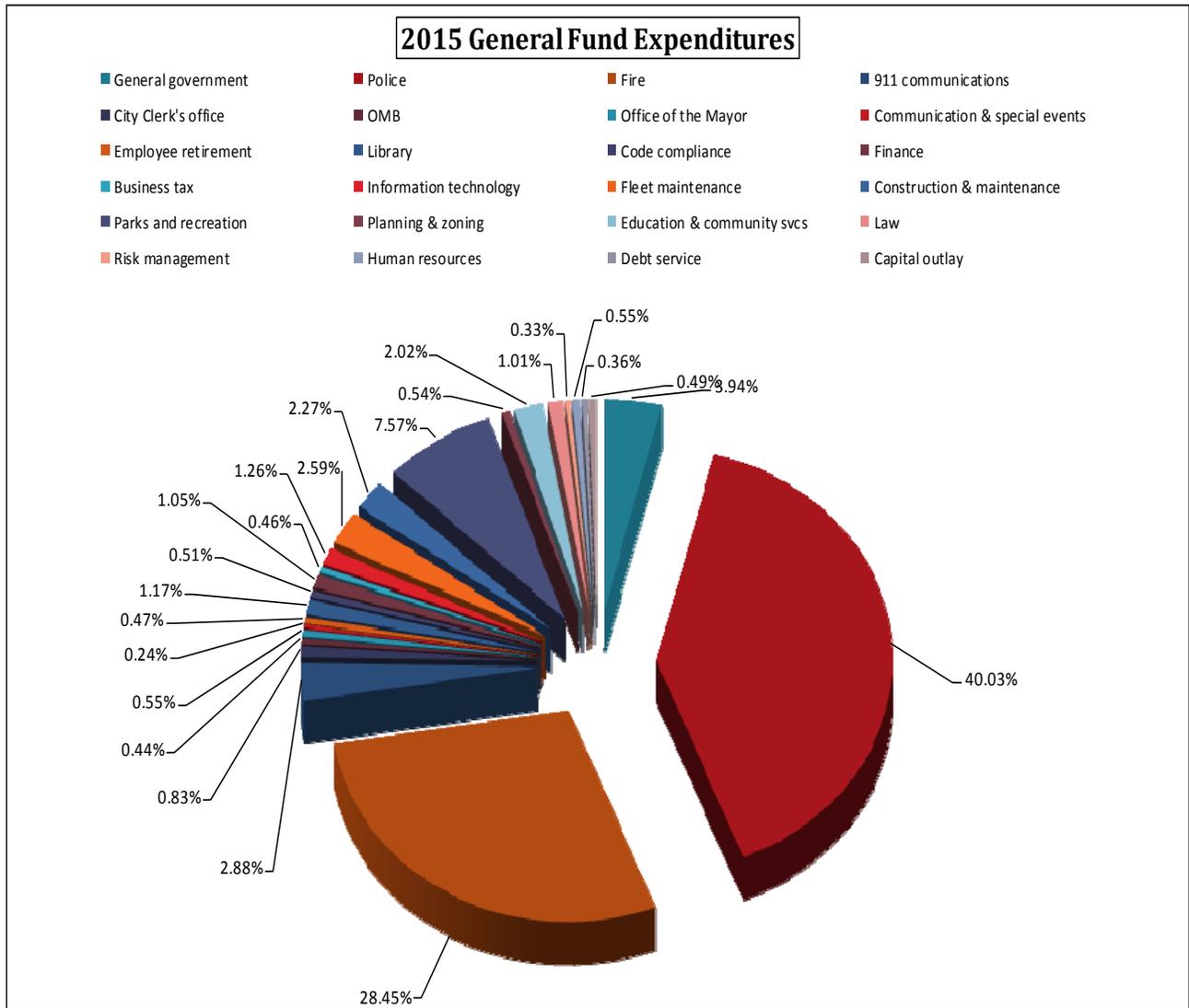
### 2015 General Fund Revenues



Total General Fund revenues increased by \$6.1 million or 5% in fiscal year 2015. There were increases of \$2.3 million in ad valorem taxes, \$1.2 million in franchise fees, \$1.8 million in state and local shared revenues and \$1.0 million in government grants and other revenues.

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>	2015		2014		Amount Incr (Decr) from <u>Prior Year</u>	Percent Incr -Decr from Prior Year
	<u>2015</u>	Percent of <u>Total</u>	<u>2014</u>	Percent of <u>Total</u>		
General government	\$ 5,055,587	3.94%	\$ 26,520,903	20.78%	\$ (21,465,316)	-80.94%
Police	51,375,766	40.03%	39,772,491	31.16%	11,603,275	29.17%
Fire	36,511,575	28.45%	30,648,389	24.01%	5,863,186	19.13%
911 communications	3,692,776	2.88%	3,432,867	2.69%	259,909	7.57%
City Clerk's office	1,071,420	0.83%	658,140	0.52%	413,280	62.80%
OMB	560,939	0.44%	461,476	0.36%	99,463	21.55%
Office of the Mayor	699,883	0.55%	927,025	0.73%	(227,142)	-24.50%
Communication & special events	304,392	0.24%	221,436	0.17%	82,956	37.46%
Employee retirement	604,903	0.47%	632,686	0.50%	(27,783)	-4.39%
Library	1,495,749	1.17%	1,241,652	0.97%	254,097	20.46%
Code compliance	658,107	0.51%	447,571	0.35%	210,536	47.04%
Finance	1,352,174	1.05%	1,032,730	0.81%	319,444	30.93%
Business tax	589,707	0.46%	429,010	0.34%	160,697	37.46%
Information technology	1,615,686	1.26%	1,532,664	1.20%	83,022	5.42%
Fleet maintenance	3,321,279	2.59%	2,286,994	1.79%	1,034,285	45.22%
Construction & maintenance	2,909,965	2.27%	2,034,254	1.59%	875,711	43.05%
Parks and recreation	9,712,104	7.57%	8,442,246	6.61%	1,269,858	15.04%
Planning & zoning	695,584	0.54%	528,781	0.41%	166,803	31.54%
Education & community svcs	2,589,164	2.02%	2,451,185	1.92%	137,979	5.63%
Law	1,291,022	1.01%	1,216,909	0.95%	74,113	6.09%
Risk management	428,350	0.33%	826,743	0.65%	(398,393)	-48.19%
Human resources	700,530	0.55%	731,129	0.57%	(30,599)	-4.19%
Debt service	461,193	0.36%	213,704	0.17%	247,489	115.81%
Capital outlay	633,069	0.49%	958,573	0.75%	(325,504)	-33.96%
Total	<u>\$ 128,330,924</u>	100.00%	<u>\$ 127,649,558</u>	100.00%	<u>\$ 681,366</u>	0.53%



In fiscal year 2015, total General Fund expenditures increased by \$681 thousand or .5 % as compared to the prior year. Expenditures remained fairly consistent with the 2014 fiscal year.

**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 \$8.6 million deficit. Unrestricted net position at the end of the fiscal year for the Water and Sewer Fund, Solid Waste Fund and Stormwater Utility Fund totaled to \$39.4 million and a deficit of \$47.9 and \$178 thousand, respectively. The implementation of GASB 68 as stated in Note 1 resulted in a restatement of the beginning net position for the business type activities as of October 1, 2014 (see Note 19).

**General Fund Budgetary Highlights**

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

- Utility taxes collected were higher than budgeted were in part due to the fact that the budget is based on a 95% of projected collections. In addition, collections were higher due to an increase amount in consumption.
- Franchise fees collected were higher than budgeted in part due to the newly implemented water and wastewater payment in lieu of franchise fee from the sale of water and wastewater service to all customers. This new fee was established in fiscal year 2014; however, the fee was in place for the entire fiscal year under audit fiscal year 2015.
- State and local-shared revenues were greater than budgeted due to an increase in Sales tax revenue, which is a major part of this revenue source.
- Total General Fund expenditures were higher than budgeted figures by \$9.8 million or 8%.

Differences between the *original budget* and the *final amended budget* for expense accounts increased by \$670 thousand, an increase of less than ½ of 1%.over the original budget.

**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, 2015 totals \$461 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 1.5%.

CITY OF HIALEAH - CAPITAL ASSETS (NET OF DEPRECIATION)						
	September 30, 2015			September 30, 2014		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Land	\$ 29,694,984	\$ 4,202,141	\$ 33,897,125	\$ 29,694,983	\$ 4,202,141	\$ 33,897,124
Construction in progress	4,006,995	1,388,927	5,395,922	1,253,014	52,801,174	54,054,188
Buildings and utility plants	94,357,762	60,106,435	154,464,197	95,643,736	7,993,787	103,637,523
Improvements other than buildings	6,996,970	-	6,996,970	7,660,538	-	7,660,538
Furniture, fixtures, machinery and equipment	12,031,357	1,357,831	13,389,188	11,455,236	1,439,806	12,895,042
Furniture, fixtures, machinery and equipment - Charter School	338,255	-	338,255	1,015,309	-	1,015,309
Infrastructure	124,767,776	121,117,719	245,885,495	129,932,743	124,759,837	254,692,580
Total capital assets	\$ 272,194,099	\$ 188,173,053	\$ 460,367,152	\$ 276,655,559	\$ 191,196,745	\$ 467,852,304

Additions and transfers to capital assets before depreciation for governmental activities equaled \$11.4 million. The following additions and transfers include the following items:

- Reconstruction and engineering services of various City street projects totaling approximately \$2 million that were completed during the current fiscal year and are reflected as additions to the infrastructure asset category once placed in service.
- Completion during fiscal year 2015 of the Hialeah Education Academy Charter School building expansion project and renovated Emergency Operations Center in the building asset category totaling approximately \$1.2 million and \$500 thousand, respectively.

- Continued construction and engineering services, in the asset category construction in progress, of several City street projects totaling approximately \$2.5 million not yet completed at the end of FY 2015.
- Additions in the asset category of machinery equipment were due primarily to the purchase various vehicles for various City departments, including one new Fire Engine for the Fire Dept., in the amount of approximately \$1.7 million for the current fiscal year.
- The above additions and transfers were offset by the transfer of an asset from construction in progress to infrastructure in the amount of approximately \$1.4 million due to completion and placement in service of the new Gardens of the Arts park in fiscal year 2015.

Additions and transfers to capital assets before depreciation for business type activities equaled \$58.5 million. The following additions and transfers include the following items:

- The above additions and transfers were offset by the transfer of an asset from construction in progress to buildings and utility plant in the amount of approximately \$52.8 million due to the placement in service of the reverse osmosis water treatment plant in fiscal year 2015.
- Continued additions to construction in progress and infrastructure to stormwater drainage installations and construction of several City roadways throughout the City totaling approximately \$600 thousand and 1 million, respectively.
- Upgrading or replacing of water and sewer lines, repairing and modernizing sewer pump stations around the City in accordance with the State of Florida and Miami-Dade County ongoing program totaling approximately \$2.2 million.

Additional information on the City's capital assets can be found in Note 10 starting on page 53 of this report.

**Long-term debt** - The City's net outstanding debt decreased by approximately \$20.1 million during the current fiscal year. The change was primarily the result of the implementation of GASB 68 (See Note 1 and 19). 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 54-62, Note 11.

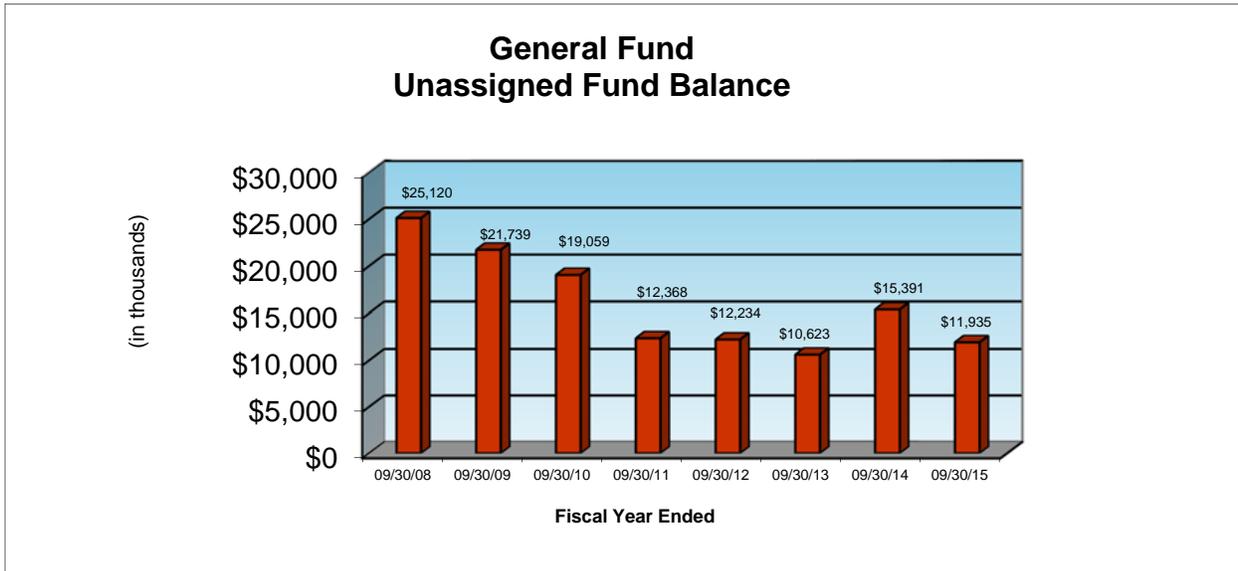
<b>CITY OF HIALEAH'S OUTSTANDING DEBT</b>			
		<u>2015</u>	<u>2014</u>
Bonds, loans and notes payable	\$	137,717,968	\$ 145,612,235
Capital leases		1,252,121	1,988,049
Other long-term debt		<u>353,898,234</u>	<u>365,377,541</u>
Total	\$	<u>492,868,323</u>	\$ <u>512,977,825</u>

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

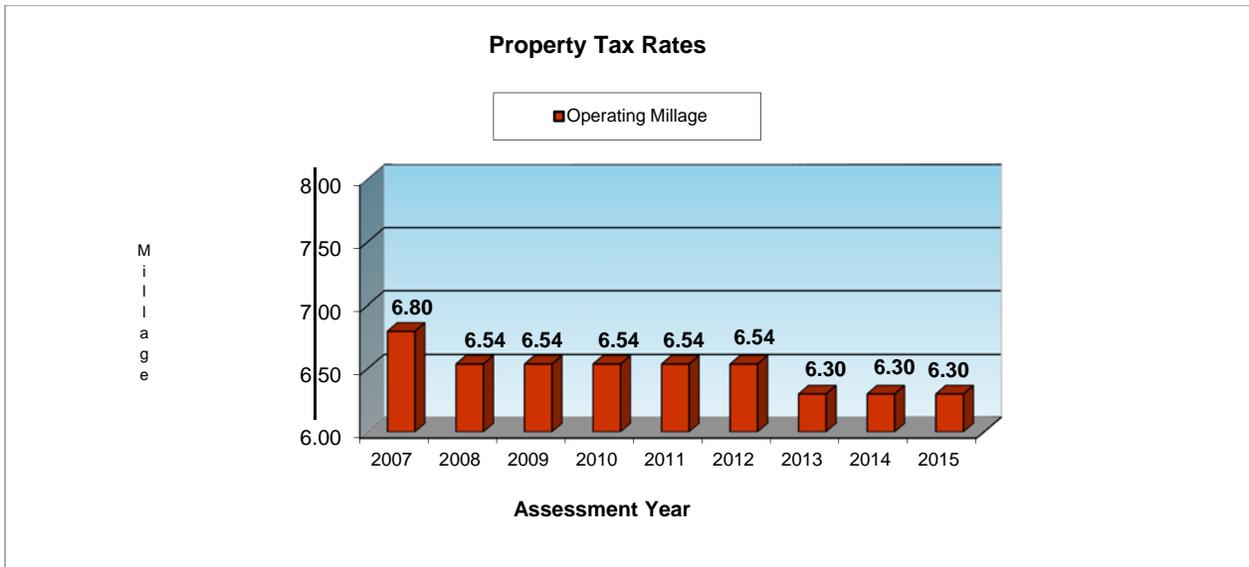
The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 95%.

During the current fiscal year, unassigned fund balance in the General Fund decreased to \$11.9 million. The unassigned fund balance of \$11.9 million is approximately equal to a little over one month of the General Fund budgeted expenditures for fiscal year 2015-2016.

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



In 1995, the State of Florida limited all local governments' ability to raise homestead assessed property value in any given year by 3% or cost of living, whichever is lower. As the following graph indicates, the City's property tax rates have been reduced by almost 3/4 of a mill since 2007. The City's operational expenditures, such as salaries, health insurance and pension contributions continue to increase while our revenue resources have become more and more limited. During fiscal year 2014-2015, 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.



## **2015 Fiscal Year Accomplishments**

During the 2014-2015 fiscal year, the City of Hialeah, has invested its revenues from all sources in a manner that reflects a vision towards the future. This investment will be enjoyed by the current residents of the City as well as future generations. The following list illustrates a sampling of our major accomplishments this year.

- The City has annexed 1,890 acres of land located in the Northwest section of the City and construction of the infrastructure system is underway. The proposed future land use for this area is as follows:
  - 4,395 Residential units
  - 1,651,680 Square Feet Retail/Commercial/Office
  - 7,623,000 Square Feet Industrial
  - 30 to 50 Acre Park
- Water and Sewer Department
  - Completed repairs and rehabilitation to sewage pump stations around the City
- Construction and Maintenance
  - Completed construction of the new Garden of the Arts cultural park
- Street Department
  - Completion of road construction and resurfacing projects around the City
  - Continue median beautification/maintenance program

## **Future Outlook**

- Water and Sewer Department
  - Continue with ongoing programs to upgrade Sewer Pump Stations
  - Continue with ongoing program of lining sewer lines throughout the City
  - Continue construction of the sanitary sewer system and the water distribution system to service the annexed area and to support development
- Streets Department
  - Continue with road construction and resurfacing projects around the City
  - Continue implementation of median beautification/maintenance program
- Recreation Department
  - Continue construction and completion of major renovations and improvements at various City parks and recreational facilities

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Hialeah's finances for all those with an interest in the City's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Christopher Chiocca, CPA, 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>.

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## BASIC FINANCIAL STATEMENTS

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# CITY OF HIALEAH, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 28,147,959	\$ 19,516,221	\$ 47,664,180
Investments	-	21,755,694	21,755,694
Receivables, net	18,351,787	18,274,472	36,626,259
Notes receivable	2,468,559	-	2,468,559
Net pension asset	1,319,290	-	1,319,290
Internal balances	4,808,088	(4,808,088)	-
Inventories	1,446,713	681,416	2,128,129
Prepays and other assets	1,702,876	4,127,688	5,830,564
Restricted assets:			
Cash, cash equivalents and investments	2,445,299	14,101,820	16,547,119
Other assets	-	624,259	624,259
Capital assets:			
Non-depreciable	33,701,979	5,591,068	39,293,047
Depreciable, net of depreciation	<u>238,492,120</u>	<u>182,581,985</u>	<u>421,074,105</u>
Total assets	<u>332,884,670</u>	<u>262,446,535</u>	<u>595,331,205</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions	<u>22,100,919</u>	<u>5,586,113</u>	<u>27,687,032</u>
 <u>LIABILITIES</u>			
Accounts payable and other current liabilities	25,012,368	13,782,376	38,794,744
Accrued interest	848,349	-	848,349
Unearned revenue	1,067,100	1,361,069	2,428,169
Liabilities payable from restricted assets	-	9,797,972	9,797,972
Other liabilities	102,490	-	102,490
Non-current liabilities:			
Due within one year	18,089,308	5,290,930	23,380,238
Due in more than one year	<u>350,273,408</u>	<u>119,214,677</u>	<u>469,488,085</u>
Total liabilities	<u>395,393,023</u>	<u>149,447,024</u>	<u>544,840,047</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	3,232,850	-	3,232,850
Pension expenses	<u>9,475,135</u>	<u>2,337,504</u>	<u>11,812,639</u>
	<u>12,707,985</u>	<u>2,337,504</u>	<u>15,045,489</u>
 <u>NET POSITION</u>			
Net investment in capital assets	200,222,075	124,884,318	325,106,393
Restricted:			
Capital projects	87,046	-	87,046
Public safety	886,467	-	886,467
Human services	8,460,704	-	8,460,704
Unrestricted	<u>(262,771,711)</u>	<u>(8,636,198)</u>	<u>(271,407,909)</u>
Total net position	<u>\$ (53,115,419)</u>	<u>\$ 116,248,120</u>	<u>\$ 63,132,701</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 53,669,065	\$ 21,314,845	\$ 14,615,276	\$ 1,519,321	\$ (16,219,623)	\$ -	\$ (16,219,623)
Police	53,872,287	772,604	1,777,899	12,149	(51,309,635)	-	(51,309,635)
Fire	43,511,619	4,425,659	-	453,789	(38,632,171)	-	(38,632,171)
Streets	12,459,595	428,722	5,052,551	8,519,224	1,540,902	-	1,540,902
Recreation and community services	11,540,708	640,787	1,394,111	2,843,396	(6,662,414)	-	(6,662,414)
Interest on long term debt	2,924,134	-	-	-	(2,924,134)	-	(2,924,134)
Total governmental activities	<u>177,977,408</u>	<u>27,582,617</u>	<u>22,839,837</u>	<u>13,347,879</u>	<u>(114,207,075)</u>	<u>-</u>	<u>(114,207,075)</u>
Business-type activities:							
Water and sewer	57,129,636	59,707,525	-	172,378	-	2,750,267	2,750,267
Solid waste	13,310,272	15,379,996	-	-	-	2,069,724	2,069,724
Stormwater	5,877,241	3,644,229	-	-	-	(2,233,012)	(2,233,012)
Total business-type activities	<u>76,317,149</u>	<u>78,731,750</u>	<u>-</u>	<u>172,378</u>	<u>-</u>	<u>2,586,979</u>	<u>2,586,979</u>
	<u>\$ 254,294,557</u>	<u>\$ 106,314,367</u>	<u>\$ 22,839,837</u>	<u>\$ 13,520,257</u>	<u>(114,207,075)</u>	<u>2,586,979</u>	<u>(111,620,096)</u>
General revenues:							
Property taxes					43,735,370	-	43,735,370
Utility taxes					22,248,582	-	22,248,582
Franchise fees on gross receipts					16,584,895	-	16,584,895
Intergovernmental revenues not restricted to specific program					26,939,103	-	26,939,103
Unrealized gain on investments					-	504,463	504,463
Gain on disposal of capital assets					55,529	-	55,529
Unrestricted interest					17,656	669,909	687,565
Total general revenues					<u>109,581,135</u>	<u>1,174,372</u>	<u>110,755,507</u>
Change in net position					(4,625,940)	3,761,351	(864,589)
Net position - beginning (as restated, see Note 19)					<u>(48,489,479)</u>	<u>112,486,769</u>	<u>63,997,290</u>
Net position - ending					<u>\$ (53,115,419)</u>	<u>\$ 116,248,120</u>	<u>\$ 63,132,701</u>

See notes to basic financial statements.

# CITY OF HIALEAH, FLORIDA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 26,631,946	\$ 1,516,013	\$ 28,147,959
Receivables, net	10,074,752	8,277,035	18,351,787
Due from other funds	16,783,197	9,736,944	26,520,141
Inventories	1,446,713	-	1,446,713
Prepays	718,000	984,876	1,702,876
Notes receivable	2,468,559	-	2,468,559
Restricted cash, cash equivalents and investments	696,707	1,748,592	2,445,299
Total assets	<u>\$ 58,819,874</u>	<u>\$ 22,263,460</u>	<u>\$ 81,083,334</u>
<u>LIABILITIES</u>			
Vouchers payable and accrued liabilities	\$ 23,612,421	\$ 1,399,947	\$ 25,012,368
Compensated absences payable	1,766,775	-	1,766,775
Self-insurance claims payable	801,058	-	801,058
Due to other funds	13,011,863	8,700,190	21,712,053
Unearned revenue	2,486,115	1,049,544	3,535,659
Other liabilities	102,490	-	102,490
Total liabilities	<u>41,780,722</u>	<u>11,149,681</u>	<u>52,930,403</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Local business tax	<u>2,675,174</u>	<u>557,676</u>	<u>3,232,850</u>
<u>FUND BALANCES</u>			
Nonspendable	2,164,713	984,876	3,149,589
Restricted	-	9,434,217	9,434,217
Committed	264,702	997,128	1,261,830
Unassigned	11,934,563	(860,118)	11,074,445
Total fund balances	<u>14,363,978</u>	<u>10,556,103</u>	<u>24,920,081</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,819,874</u>	<u>\$ 22,263,460</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			272,194,099
Long-term liabilities, including bonds payable, are not due and payable in the current period			(75,681,354)
Compensated absences			(16,966,694)
Claims payable			(45,281,990)
Accrued interest			(848,349)
Net pension asset			1,319,290
Net pension liability			(150,548,443)
Deferred outflows - pension contributions			22,100,919
Deferred inflows - pension expenses			(9,475,135)
Notes receivable-long term			2,468,559
OPEB Liability			(77,316,402)
Net position of governmental activities			<u>\$ (53,115,419)</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, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 43,735,370	\$ -	\$ 43,735,370
Utility taxes	22,248,582	-	22,248,582
Franchise fees	16,584,895	-	16,584,895
Licenses and permits	4,693,089	4,819,891	9,512,980
State and local shared revenues	26,939,103	16,043,811	42,982,914
Fines and forfeitures	1,396,354	934,838	2,331,192
Impact Fees	-	214,629	214,629
Interest	17,487	169	17,656
Government grants and other revenues	<u>11,606,010</u>	<u>24,061,711</u>	<u>35,667,721</u>
Total revenues	<u>127,220,890</u>	<u>46,075,049</u>	<u>173,295,939</u>
Expenditures:			
Current:			
General government	5,055,587	10,057,961	15,113,548
Police	51,375,766	478,893	51,854,659
Fire	36,511,575	4,772,676	41,284,251
911 communications	3,692,776	-	3,692,776
Streets	-	3,516,447	3,516,447
Grants and human services	-	7,317,707	7,317,707
State housing initiative program	-	246,754	246,754
Work Investment Act programs	-	685,851	685,851
City Clerk's office	1,071,420	-	1,071,420
Office of Management and Budget	560,939	-	560,939
Office of the Mayor	699,883	-	699,883
Communications and special events	304,392	-	304,392
Employee retirement	604,903	-	604,903
Library	1,495,749	-	1,495,749
Code compliance	658,107	-	658,107
Finance	1,352,174	-	1,352,174
Business tax division	589,707	-	589,707
Information technology	1,615,686	-	1,615,686
Fleet maintenance	3,321,279	-	3,321,279
Construction and maintenance	2,909,965	-	2,909,965
Parks and recreation	9,712,104	-	9,712,104
Planning and zoning	695,584	-	695,584
Education and community services	2,589,164	-	2,589,164
Law	1,291,022	-	1,291,022
Risk management	428,350	-	428,350
Human resources	700,530	-	700,530
Debt service:			
Principal	442,753	6,125,472	6,568,225
Interest	18,440	3,181,982	3,200,422
Capital outlay	<u>633,069</u>	<u>10,302,569</u>	<u>10,935,638</u>
Total expenditures	<u>128,330,924</u>	<u>46,686,312</u>	<u>175,017,236</u>
(Deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,110,034)</u>	<u>(611,263)</u>	<u>(1,721,297)</u>
Other financing sources (uses):			
Proceeds from disposal of capital assets	55,529	-	55,529
Transfers in	-	2,147,066	2,147,066
Transfers out	<u>(2,147,066)</u>	<u>-</u>	<u>(2,147,066)</u>
Total other financing sources (uses)	<u>(2,091,537)</u>	<u>2,147,066</u>	<u>55,529</u>
Net change in fund balances	(3,201,571)	1,535,803	(1,665,768)
Fund balances - beginning	<u>17,565,549</u>	<u>9,020,300</u>	<u>26,585,849</u>
Fund balances - ending	\$ <u>14,363,978</u>	\$ <u>10,556,103</u>	\$ <u>24,920,081</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, 2015

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

Net change in fund balances - total governmental funds (Page 20) \$ (1,665,768)

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	\$ 10,935,638	
Depreciation expense	<u>(16,000,541)</u>	
Net adjustment		(5,064,903)

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	(986,227)	
Other adjustments	<u>(627,227)</u>	
Net adjustment		(1,613,454)

The issuance of long-term debt (e.g., bonds, master 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:

Principal payments:		
Notes payable	5,803,722	
Capital leases	<u>735,928</u>	
	<u>6,539,650</u>	
Net adjustment		6,539,650

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

The details of the difference are as follows:

Increase in net pension liability	639,057	
Decrease in net pension asset	182,174	
Increase in OPEB liability	(6,386,620)	
Decrease in accrued interest	68,381	
Decrease in claims payable	2,932,166	
Amortization of bond discount/premium	207,907	
Increase in compensated absences	<u>\$ (464,530)</u>	
Net adjustment		<u>(2,821,465)</u>

Change in net position of governmental activities (Page 18)		<u>\$ (4,625,940)</u>
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**CITY OF HIALEAH, FLORIDA**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 19,191,534	\$ 324,687	\$ -	\$ 19,516,221
Investments	21,755,694	-	-	21,755,694
Customers accounts receivable	16,361,066	220,000	-	16,581,066
Interfund interest receivable	961,875	-	-	961,875
Other receivables	1,693,406	-	-	1,693,406
Due from other funds	561,142	3,712,251	3,936,701	8,210,094
Inventories	681,416	-	-	681,416
Prepays	3,883,198	-	244,490	4,127,688
Restricted assets:				
Cash and cash equivalents	14,101,820	-	-	14,101,820
Other assets	<u>624,259</u>	<u>-</u>	<u>-</u>	<u>624,259</u>
Total current assets	<u>79,815,410</u>	<u>4,256,938</u>	<u>4,181,191</u>	<u>88,253,539</u>
Non-current assets:				
Interfund loan receivable	19,000,000	-	-	19,000,000
Capital assets, not being depreciated	4,635,544	444,069	511,455	5,591,068
Capital assets, net of accumulated depreciation	<u>150,799,645</u>	<u>4,842,492</u>	<u>26,939,848</u>	<u>182,581,985</u>
Total capital assets, net	<u>174,435,189</u>	<u>5,286,561</u>	<u>27,451,303</u>	<u>207,173,053</u>
 Total assets	 <u>254,250,599</u>	 <u>9,543,499</u>	 <u>31,632,494</u>	 <u>295,426,592</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension contributions	<u>2,617,806</u>	<u>2,771,150</u>	<u>197,157</u>	<u>5,586,113</u>

(Continued)

# CITY OF HIALEAH, FLORIDA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS (Continued)

SEPTEMBER 30, 2015

	Water and Sewers Utility <u>System</u>	Solid Waste Utility <u>System</u>	Stormwater Utility <u>System</u>	<u>Total</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 12,657,687	\$ 1,059,996	\$ 64,693	\$ 13,782,376
Current portion of self-insurance claims payable	857,653	758,809	1,028,784	2,645,246
Current portion of loans payable	965,321	314,345	910,157	2,189,823
Current portion of compensated absences	255,645	168,624	31,592	455,861
Interfund Interest payable	-	961,875	-	961,875
Due to other funds	<u>2,538,935</u>	<u>4,681,450</u>	<u>2,219</u>	<u>7,222,604</u>
	<u>17,275,241</u>	<u>7,945,099</u>	<u>2,037,445</u>	<u>27,257,785</u>
Current liabilities payable from restricted assets:				
DERM payable	919,244	-	-	919,244
Due to other funds	5,795,578	-	-	5,795,578
Customer deposits	<u>8,878,728</u>	<u>-</u>	<u>-</u>	<u>8,878,728</u>
Total current liabilities payable from restricted assets	<u>15,593,550</u>	<u>-</u>	<u>-</u>	<u>15,593,550</u>
Total current liabilities	<u>32,868,791</u>	<u>7,945,099</u>	<u>2,037,445</u>	<u>42,851,335</u>
Non-current liabilities:				
Revolving loan	1,545,497	-	-	1,545,497
Loan payable	45,717,467	-	13,835,948	59,553,415
Interfund Loan payable	-	19,000,000	-	19,000,000
Unearned revenues, net	-	35,000	-	35,000
Unearned interest, net	1,326,069	-	-	1,326,069
Net pension liability	18,080,944	19,140,078	1,361,745	38,582,767
Self-insurance claims payable	3,283,460	3,424,402	1,436,844	8,144,706
OPEB liability	5,357,378	3,936,718	433,620	9,727,716
Compensated absences payable	<u>931,243</u>	<u>614,250</u>	<u>115,083</u>	<u>1,660,576</u>
Total non-current liabilities	<u>76,242,058</u>	<u>46,150,448</u>	<u>17,183,240</u>	<u>139,575,746</u>
Total liabilities	<u>109,110,849</u>	<u>54,095,547</u>	<u>19,220,685</u>	<u>182,427,081</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension expenses	1,095,418	1,159,586	82,500	2,337,504
<u>NET POSITION</u>				
Net investment in capital assets	107,206,904	4,972,216	12,705,198	124,884,318
Unrestricted	<u>39,455,234</u>	<u>(47,912,700)</u>	<u>(178,732)</u>	<u>(8,636,198)</u>
Total net position	<u>\$ 146,662,138</u>	<u>\$ (42,940,484)</u>	<u>\$ 12,526,466</u>	<u>\$ 116,248,120</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, 2015

	Water and Sewers Utility <u>System</u>	Solid Waste Utility <u>System</u>	Stormwater Utility <u>System</u>	<u>Total</u>
Operating revenues:				
Metered water sales	\$ 20,075,735	\$ -	\$ -	\$ 20,075,735
Sanitary sewer service	35,065,166	-	-	35,065,166
Sanitation fees	-	15,112,046	-	15,112,046
Stormwater fees	-	-	3,644,229	3,644,229
Other	<u>4,566,624</u>	<u>267,950</u>	-	<u>4,834,574</u>
Total operating revenues	<u>59,707,525</u>	<u>15,379,996</u>	<u>3,644,229</u>	<u>78,731,750</u>
Operating expenses:				
Operating, administrative and maintenance	48,109,924	12,111,716	3,502,970	63,724,610
Depreciation	<u>6,595,101</u>	<u>700,859</u>	<u>1,784,345</u>	<u>9,080,305</u>
Total operating expenses	<u>54,705,025</u>	<u>12,812,575</u>	<u>5,287,315</u>	<u>72,804,915</u>
Operating Income (Loss)	<u>5,002,500</u>	<u>2,567,421</u>	<u>(1,643,086)</u>	<u>5,926,835</u>
Non-operating revenues (expenses):				
Unrealized gain on investments	504,463	-	-	504,463
Interest income	669,909	-	-	669,909
Interest expense	<u>(2,424,611)</u>	<u>(497,697)</u>	<u>(589,926)</u>	<u>(3,512,234)</u>
Net non-operating revenues (expenses)	<u>(1,250,239)</u>	<u>(497,697)</u>	<u>(589,926)</u>	<u>(2,337,862)</u>
Gain (Loss) before contributions	3,752,261	2,069,724	(2,233,012)	3,588,973
Capital contributions	172,378	-	-	172,378
Change in net position	3,924,639	2,069,724	(2,233,012)	3,761,351
Net position - beginning (as restated, see Note 19)	<u>142,737,499</u>	<u>(45,010,208)</u>	<u>14,759,478</u>	<u>112,486,769</u>
Net position, ending	<u>\$ 146,662,138</u>	<u>\$ (42,940,484)</u>	<u>\$ 12,526,466</u>	<u>\$ 116,248,120</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Water and Sewers Utility <u>System</u>	Solid Waste Utility <u>System</u>	Stormwater Utility <u>System</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash received from customers	\$ 52,666,784	\$ 14,908,744	\$ 3,644,229	\$ 71,219,757
Cash received from others	4,566,624	267,950	1,754,012	6,588,586
Cash paid for interfund services used	(1,638,513)	(1,198,399)	(142,014)	(2,978,926)
Cash payments to suppliers	(42,392,172)	(13,152,548)	(1,780,370)	(57,325,090)
Cash payments to employees	<u>(9,918,720)</u>	<u>(3,621,602)</u>	<u>(760,624)</u>	<u>(14,300,946)</u>
Net cash provided by (used in) operating activities	<u>3,284,003</u>	<u>(2,795,855)</u>	<u>2,715,233</u>	<u>3,203,381</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(4,598,810)	-	(1,457,803)	(6,056,613)
Interest paid	(3,295,109)	-	(589,926)	(3,885,035)
Capital contributions	172,378	-	-	172,378
Payments on long-term debt	<u>(691,792)</u>	<u>(307,743)</u>	<u>(667,504)</u>	<u>(1,667,039)</u>
Net cash used in capital and related financing activities	<u>(8,413,333)</u>	<u>(307,743)</u>	<u>(2,715,233)</u>	<u>(11,436,309)</u>
Cash flows from investing activities:				
Purchase of investment securities	5,117,615	-	-	5,117,615
Interest received on investments	<u>183,034</u>	<u>-</u>	<u>-</u>	<u>183,034</u>
Net cash provided by investing activities	<u>5,300,649</u>	<u>-</u>	<u>-</u>	<u>5,300,649</u>
Net increase (decrease) in cash and cash equivalents	171,319	(3,103,598)	-	(2,932,279)
Cash and cash equivalents, beginning	<u>33,122,035</u>	<u>3,428,285</u>	<u>-</u>	<u>36,550,320</u>
Cash and cash equivalents, ending	<u>33,293,354</u>	<u>324,687</u>	<u>-</u>	<u>33,618,041</u>
Cash and cash equivalents per statement of net position:				
Unrestricted	19,191,534	324,687	-	19,516,221
Restricted - current	<u>14,101,820</u>	<u>-</u>	<u>-</u>	<u>14,101,820</u>
	<u>\$ 33,293,354</u>	<u>\$ 324,687</u>	<u>\$ -</u>	<u>\$ 33,618,041</u>

(Continued)

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	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)	\$ 5,002,500	\$ 2,567,421	\$ (1,643,086)	\$ 5,926,835
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	6,595,101	700,859	1,784,345	9,080,305
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(4,881,131)	(203,302)	-	(5,084,433)
Other receivables	(924,584)	-	-	(924,584)
Due from other funds	372,523	498,446	1,946,993	2,817,962
Prepays	-	-	(215,608)	(215,608)
Other assets	3,445,950	-	-	3,445,950
Inventories	(148)	-	-	(148)
Deferred outflows	(2,617,806)	(2,771,150)	(197,157)	(5,586,113)
Increase (decrease) in:				
Vouchers payable and accrued liabilities	766,314	490,227	(43,720)	1,212,821
Unearned revenue	(61,467)	-	-	(61,467)
Self insurance claims payable	(148,348)	(992,262)	1,299,513	158,903
Compensated absences payable	52,565	(57,471)	(38,891)	(43,797)
OPEB liability	767,163	811,912	57,537	1,636,612
Deferred inflows	1,095,418	1,159,586	82,500	2,337,504
Net pension liability	(1,649,264)	(1,745,874)	(124,212)	(3,519,350)
Due to other funds	(4,774,346)	(3,243,425)	(192,981)	(8,210,752)
Customer deposits	<u>243,563</u>	<u>-</u>	<u>-</u>	<u>243,563</u>
Total adjustments	<u>(1,718,497)</u>	<u>(5,363,276)</u>	<u>4,358,319</u>	<u>(2,723,454)</u>
Net cash provided by (used in) operating activities	\$ <u>3,284,003</u>	\$ <u>(2,795,855)</u>	\$ <u>2,715,233</u>	\$ <u>3,203,381</u>
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets from developers	\$ <u>172,378</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>172,378</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

SEPTEMBER 30, 2015

<u>ASSETS</u>	<u>Pension Trust</u>
Cash and cash equivalents	\$ 46,897,921
Securities lending cash collateral	98,811,261
Investments, at fair value:	
U.S. Treasury bonds and notes	51,326,858
U.S. Government securities	6,496,289
Asset backed securities	4,665,173
Mortgage backed securities	74,886,840
Real estate investment trusts	11,338,769
Corporate bonds and notes	84,683,542
Municipal bonds	1,001,915
Limited partnerships	7,559,208
Mutual funds	22,034,695
Common stocks	283,608,020
Receivables:	
Other receivables	58,557
Employer and employee contributions	17,065,924
Accrued interest and dividends	1,418,390
Investments sold	422,236
Loans to members	10,606,075
Total assets	<u>722,881,673</u>
 <u>LIABILITIES AND NET POSITION</u> 	
Obligations under securities lending	98,811,261
Due to retired participants	43,471,943
Investments purchased	441,712
Accounts payable and accrued liabilities	<u>265,660</u>
Total liabilities	<u>142,990,576</u>
Net position restricted for pensions	<u>\$ 579,891,097</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, 2015

	Pension <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 27,687,032
Employee	7,016,442
State	<u>461,877</u>
Total contributions	<u>35,165,351</u>
Investment income:	
Net depreciation in fair value of investments	(9,620,849)
Investment earnings	<u>13,855,484</u>
Total investment income	4,234,635
Less investment expenses	<u>1,370,491</u>
Net investment income	<u>2,864,144</u>
Total additions	<u>38,029,495</u>
DEDUCTIONS	
Pension benefits	51,902,587
Refunds of contributions	10,723,267
DROP benefits	<u>3,703,292</u>
Total deductions	<u>66,329,146</u>
Net decrease	(28,299,651)
Net position restricted for pensions:	
Beginning of year	<u>608,190,748</u>
End of year	<u>\$ 579,891,097</u>

See notes to basic financial statements.

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## NOTES TO BASIC FINANCIAL STATEMENTS

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# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. The Financial Reporting Entity

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

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

#### ***Blended Component Unit***

HEA is a charter school operating as a charter-school-municipality through a school charter agreement between the School Board of Miami Dade County, Florida and the City. HEA is governed by an Oversight Committee which was established by City Ordinance 08-48 and is composed of the City's Mayor and council members. The members of the oversight committee also serve as the HEA Board of Directors. HEA is included as a blended component unit because the City, through the oversight committee, approves the budget and oversees the HEA operations. Further, there is a direct financial benefit to the City. HEA has a fiscal year ending on June 30, 2015. The June 30, 2015 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 2015, the City appropriated an operating grant of approximately \$176,000 to this organization, of which \$176,000 was expended.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b. Government-Wide and Fund Financial Statements

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

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

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

#### 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.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

The **General 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:

The **Water and Sewers Utility System 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.

The **Solid Waste Utility System Fund** accounts for providing solid waste services to customers of the City.

The **Stormwater Utility System Fund** accounts for providing stormwater services to customers of the City.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government wide and proprietary fund financial statements. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent FASB guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### Implementation of Governmental Accountant Standards Board Statement

During the fiscal year ended September 30, 2015, the City implemented the following GASB Statement that had an impact on the financial statements:

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27.*

As a result of the implementation of this standard it was determined that the opening net position of the governmental activities, as of October 1, 2014, was to be restated (See note 19).

#### 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 the Plan's investment policies.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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)

##### 2. *Interfund Activity*

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

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

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

##### 3. *Inventories and Prepaid Items*

Inventories of the general fund are valued at cost determined on the first-in/first-out (FIFO) method, and consist of gasoline and expendable supplies available for consumption. Inventory acquired by the City is expensed when purchased (purchase method). Inventories are recorded on the balance sheet with a reservation of fund balance. Inventories of the water and sewers fund are valued at lower of cost (determined using the weighted average) or market and consist of pipe, valves, fittings and meters.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded – in both, the government-wide and fund financial statements – as prepaid items by recording an asset for the prepaid amount and recognizing the expenditure in the year such item is consumed (consumption method). Amounts reported in the governmental funds are offset by an equal reservation of fund balance in the fund financial statements. This is an indication that these components of current assets do not constitute available spending resources.

##### 4. *Capital Assets*

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**4. Capital Assets** (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Improvements other than buildings	15-25
Furniture, fixtures, machinery and equipment	5-15
Public domain and system infrastructure	50

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension contributions that qualify for reporting in this category on the government-wide statement of net position and statement of net position of the proprietary funds in the amount of \$27,687,032 and \$5,586,113, 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 expenses and unavailable revenues that qualify for reporting in this category in the amount of \$11,812,639 and \$3,232,850.

Pension contributions and expenses were recorded as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* as of October 1, 2014 (See Note 1).

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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)

##### 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, as well as issuance costs, 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, 2015, 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.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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)

##### 9. Net Position (Continued)

**Unrestricted net position** — This category includes all of the remaining net position that does not meet the definition of the other two categories.

##### 10. Net Position Flow Assumption

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

##### 11. Fund Balance

As of September 30, 2015, 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.

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**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)

**Unassigned** — This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepays	\$ 718,000	\$ 984,876	\$ 1,702,876
Inventories	1,446,713	-	1,446,713
Restricted:			
Capital projects	-	87,046	87,046
Public safety	-	886,467	886,467
Human services	-	8,460,704	8,460,704
Committed:			
Encumbrances	264,702	997,128	1,261,830
Unassigned:	<u>11,934,563</u>	<u>(860,118)</u>	<u>11,074,445</u>
Total Fund Balances	<u>\$ 14,363,978</u>	<u>\$ 10,556,103</u>	<u>\$ 24,920,081</u>
Fund Balances:			
Nonspendable	\$ 2,164,713	\$ 984,876	\$ 3,149,589
Restricted	-	9,434,217	9,434,217
Committed	264,702	997,128	1,261,830
Unassigned	<u>11,934,563</u>	<u>(860,118)</u>	<u>11,074,445</u>
Total Fund Balances	<u>\$ 14,363,978</u>	<u>\$ 10,556,103</u>	<u>\$ 24,920,081</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

(Continued)

### 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, 2015, 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, 2015. 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 14 for further information.

##### **16. Post-Employment Benefits Other Than Pensions (OPEB)**

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees are required to pay 100% of the premium rates where premiums are determined based upon a blended rates used for active employees and retirees. These premium rates were adjusted to reflect differing utilization rates by age and gender and the impact of the Medicare program on claim costs. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

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

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**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)

**17. Risk Management**

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

**18. Use of Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and 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 funds had deficits in the amounts indicated as of September 30, 2015:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$ 42,940,484
Special Revenue:	
Street Fund	471,759
Rescue Transport Fund	233,606

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### 19. Fund Deficits (Continued)

With the exception of the solid waste fund, these deficits are a result of expenses exceeding revenues or the deferral of revenues recognition. The City plans to eliminate these deficits by reducing costs, identifying other funding sources, using operating transfers, revisiting user charges, etc. in the near future.

The solid waste fund deficit as restated, \$45 million, decreased to \$42.9 million during the 2015 fiscal year primarily due to the net result of current year operations from the privatization of trash collection as well as restating the opening net position in order to record the opening net pension liability as a result of the implementation of GASB 68.

As discussed in Note 8, the purpose of the transfer of assets is related to the privatization of trash collection within the Solid Waste Fund. Based on the study performed by an independent consultant the City expects to generate an annual savings of approximately \$3 million for collection and disposal of solid waste. These savings will bring efficiencies and continued improvement in this fund that will eliminate the current deficit reported in the fund and pay down the loan.

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**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, 2015, expenditures exceeded appropriations in the following departments for the General Fund:

	Final <u>Budget</u>		<u>Actual</u>		Amount in Excess <u>of Final Budget</u>
Police	\$ 46,191,578	\$	51,486,151	\$	5,294,573
Fire	29,939,653		37,202,280		7,262,627
911 Communications Division	3,199,226		3,699,769		500,543
Fleet Maintenance	2,926,759		3,362,621		435,862
Construction and Maintenance	2,502,094		3,032,655		530,561
Recreation and Community Services	9,507,445		9,812,101		304,656
Planning and development	674,283		695,584		21,301
Office of Management and Budget	486,778		561,057		74,279
Office of the Mayor	626,749		701,867		75,118
Employee retirement	545,962		604,901		58,939
Library	1,456,854		1,506,585		49,731
Compliance division	533,295		662,888		129,593
Finance	1,231,161		1,360,170		129,009
Division of licenses	598,042		640,383		42,341
Information systems	2,153,966		2,185,050		31,084

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

For fiscal year ended September 30, 2015, expenditures exceeded appropriations in the following non-major governmental funds:

	Final <u>Budget</u>		<u>Actual</u>		Amount in Excess <u>of Final Budget</u>
Rescue Transportation Fund	\$ 4,019,107	\$	4,366,382	\$	347,275
Law Enforcement Trust - State Fund	466,961		670,068		203,107
Children's Trust Fund	934,550		1,028,287		93,737
Police Grant Fund	262,679		324,316		61,637
HEA Charter School Expansion Fund	518,500		1,257,419		738,919

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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, 2015 was 6.3018 mills per \$1,000 of assessed valuation.

### NOTE 3. DEPOSITS AND INVESTMENTS

#### *Deposits*

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

#### *Investments*

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

#### *Investments - City*

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 3. DEPOSITS AND INVESTMENTS** (Continued)

**Investments – City** (Continued)

<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>
Money Market	\$ 696,707	\$ -	\$ 696,707	\$ -	\$ -
Vanguard-Bond	5,285,651	-	-	5,285,651	-
FMIvT-Bond	21,755,694	-	4,112,550	17,643,144	-
Total	<u>\$ 27,738,052</u>	<u>\$ -</u>	<u>\$ 4,809,257</u>	<u>\$ 22,928,795</u>	<u>\$ -</u>

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

As of September 30, 2015, the City's investments consisted of the following:

		<u>Fitch Rating</u>
0-2 Year High Quality Bond	\$ 2,038,272	AAA/V1
1-3 Year High Quality Bond	2,074,278	AAA/V2
Intermediate High Quality Bond	8,818,394	AAA/V3
Broad Market High Quality Fund	8,824,750	AA/V4
Total	<u>\$ 21,755,694</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.

**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.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 3. DEPOSITS AND INVESTMENTS** (Continued)

***Investments – Pension Plans*** (Continued)

*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>Retirement System</u>	<u>Elected Officials'</u> <u>Retirement System</u>
Domestic Equity	50%	45%
International Equity	5%	10%
Domestic Bonds	40%	30%
Alternatives - Other	5%	0%
Cash	0%	15%
	100%	100%

***Rate of Return***

For the year ended September 30, 2015 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .46% and .19% 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

(Continued)

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments – Pension Plans* (Continued)

As of September 30, 2015, the Plans had the following investments:

##### City of Hialeah Employees'

##### Retirement System

<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>
U.S. Treasuries Bonds and Notes	\$ 51,326,858	\$ -	\$ 28,400,180	\$ 22,926,678	\$ -
U.S. Agencies/Instrumentalities	6,496,289	-	6,496,289	-	-
Corporate Bonds and Notes	84,683,542	11,401,576	47,828,904	24,118,829	1,334,233
Municipal Bonds	1,001,915	-	502,325	499,590	-
Mortgage Backed Securities	74,886,840	-	770,412	1,624,257	72,492,171
Asset Backed Securities	4,665,173	-	4,665,173	-	-
Sub-total	<u>223,060,617</u>	<u>\$ 11,401,576</u>	<u>\$ 88,663,283</u>	<u>\$ 49,169,354</u>	<u>\$ 73,826,404</u>
Real estate investment trusts	11,338,769				
Limited Partnership	7,559,208				
Mutual Funds	12,083,412				
Common stocks	<u>283,608,020</u>				
Total Fair Value	<u>\$ 537,650,026</u>				

##### Elected Officials Retirement Plan

<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 mutual funds	\$ 4,438,649	\$ -	\$ 4,438,649	\$ -	\$ -
Sub-total	<u>4,438,649</u>	<u>\$ -</u>	<u>\$ 4,438,649</u>	<u>\$ -</u>	<u>\$ -</u>
Vanguard-equity funds	5,512,626				
Total Fair Value	<u>\$ 9,951,275</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 (NRSP) – (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 NRSP. 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  
(Continued)

**NOTE 3. DEPOSITS AND INVESTMENTS** (Continued)

***Investments – Pension Plans*** (Continued)

As of September 30, 2015, 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	\$ 42,023,423	Aaa
U.S. Treasury bonds and notes	9,303,435	NR
U.S. Government securities	6,496,289	Aaa
Asset backed securities	3,580,333	Aaa
Asset backed securities	1,084,840	NR
Mortgage backed securities	2,077,909	Aaa
Mortgage backed securities	1,041,943	Aa3
Mortgage backed securities	71,766,988	NR
Municipals	502,325	Aa2
Municipals	499,590	A2
Corporate bonds and notes	12,964,797	A1
Corporate bonds and notes	14,009,026	A2
Corporate bonds and notes	16,080,943	A3
Corporate bonds and notes	2,656,623	Aa1
Corporate bonds and notes	2,126,853	Aa2
Corporate bonds and notes	534,685	Aa3
Corporate bonds and notes	472,315	Ba1
Corporate bonds and notes	633,641	Ba2
Corporate bonds and notes	12,696,059	Baa1
Corporate bonds and notes	14,157,619	Baa2
Corporate bonds and notes	7,750,879	Baa3
Corporate bonds and notes	600,102	NR
Total	<u>\$ 223,060,617</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, 2015, no investments in any one issuer represented 5% or more of the total of the City's investments.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

**NOTE 3. DEPOSITS AND INVESTMENTS** (Continued)

***Investments – Pension Plans*** (Continued)

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

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

Holdings Valued in U.S. Dollars

<u>Currency</u>	<u>International Equities</u>
CANADIAN DOLLAR	\$ 341,160
DANISH KRONE	322,907
EURO CURRENCY	9,177,892
HONG KONG DOLLAR	2,008,638
JAPANESE YEN	2,229,709
NORWEGIAN KRONE	458,528
POUND STERLING	5,040,536
SINGAPORE DOLLAR	794,609
SWEDISH KRONA	182,910
SWISS FRANC	1,738,615
	\$ 22,295,504

**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.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 4. SECURITIES LENDING TRANSACTIONS (Continued)

- c. Regulatory Oversight. The Fund is not registered with the Securities and Exchange Commission. State Street and the investment vehicles it sponsors (including the Fund) are subject to oversight by the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Plan's position in the Fund is equal to the value of the Fund shares.
- d. Involuntary Participation. There was no involuntary participation in an external investment pool by the Plan for the Fiscal Year.
- e. Necessary Information. Not Applicable.
- f. Income Assignment. No income from one fund was assigned to another fund by State Street during the fiscal year.

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

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

During the fiscal year, the Plan and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2015, such investment pool had an average duration of 3 days and an average weighted final maturity of 182 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, 2015, 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, 2015, was \$98,811,261. The \$98,811,261 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 \$98,811,261 for obligations under security lending.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 5. RECEIVABLES**

Receivables as of September 30, 2015 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	\$ -	\$ 15,037,478	\$ -	\$ 2,266,289	\$ 17,303,767
Unbilled	-	4,335,477	-	-	4,335,477
Franchise and utility	5,628,623	-	-	-	5,628,623
Intergovernmental	726,387	1,693,406	-	3,105,789	5,525,581
Grants	61,948	-	-	4,544,650	4,606,598
Other	969,876	143,682	220,000	1,723	1,335,281
Sales taxes	<u>2,687,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,687,918</u>
Gross receivables	10,074,752	21,210,043	220,000	9,918,450	41,423,245
Less: allowance for uncollectibles	<u>-</u>	<u>2,531,312</u>	<u>-</u>	<u>1,641,415</u>	<u>4,172,727</u>
Net total receivables	<u>\$ 10,074,752</u>	<u>\$ 18,678,731</u>	<u>\$ 220,000</u>	<u>\$ 8,277,035</u>	<u>\$ 37,250,518</u>

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

Revenues of the Rescue Transportation fund are reported gross of uncollectible amounts. The amount charged to the provision related to revenues of the current period was \$6,768,709.

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

Grants and other unearned revenues	\$ 422,604
State Housing Initiative Program (SHIP)	644,496
Notes receivable (see note 6)	<u>2,468,559</u>
	<u>\$ 3,535,659</u>

**NOTE 6. 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.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 6. NOTE RECEIVABLE (Continued)**

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:

1. Provides free tenant selection services to the City for City owned housing units,
2. 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
3. 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, 2015 were:

Long-term receivable	\$ 3,531,153
Less present value	<u>(1,062,594)</u>
Present value of future receivable payments	<u>\$ 2,468,559</u>

In connection with the construction of the Hialeah Housing Project mentioned above, the United States Department of Housing and Urban Development (“HUD”) has challenged the manner in which certain of the

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, 2015. No allowance against the note receivable is deemed necessary at September 30, 2015. The note receivable was also recorded in the City’s general fund and offset by unearned revenues since the proceeds of the receivables are not considered to be available to liquidate liabilities of the current period.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 7. INTERFUND ACTIVITY**

The amounts due to/from other funds at September 30, 2015 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 16,783,197	\$ 13,011,863
Non-Major Governmental Funds	9,736,944	8,700,190
Major Proprietary Type Funds		
Water and Sewer	561,142	8,334,513
Solid Waste	3,712,251	4,681,450
Stormwater	3,936,701	2,219
Total Major Proprietary Type Funds	8,210,094	13,018,182
	\$ 34,730,235	\$ 34,730,235

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

As of September 30, 2015, major fund and non-major fund activity was as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 2,147,066
Non-Major Governmental Funds	2,147,066	-
	\$ 2,147,066	\$ 2,147,066

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

**NOTE 8. INTERFUND LOAN**

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

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 8. INTERFUND LOAN (Continued)**

On June 9, 2015 the Council approved an amended resolution approving the terms of the unsecured promissory note to memorialize the interfund loan from the Water & Sewer Fund of the Public Works Department (the "Lender") to the Solid Waste Fund of the Public Works Department (the "Borrower"), in the amount of \$19,000,000, for the purpose of financing the internal transfer of assets from the City's General Fund (the "Transferor") to the Solid Waste Fund (the "Transferee") of the Public Works Department. Whereas, the Water & Sewer Fund of the Public Works Department loaned the sum of \$19,000,000 to the Solid Waste Fund of the Public Works Department to pay the fair market value of the assets to the City's General Fund. The note calls for interest to accrue from January 1, 2014 at an annual rate of 2.5% and equal quarterly payments of principal and interest of \$480,831 commencing on March 1, 2018 and concluding on September 1, 2030.

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

<b>Fiscal Year End</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 499,047	\$ 499,047
2017	-	511,523	511,523
2018	1,059,427	383,066	1,442,493
2019	1,443,437	479,887	1,923,324
2020	1,479,523	443,801	1,923,324
2021-2025	7,971,282	1,645,340	9,616,622
2026-2030	9,018,775	597,848	9,616,623
	<u>\$ 20,972,445</u>	<u>\$ 4,560,512</u>	<u>\$ 25,532,957</u>

**NOTE 9. RESTRICTED ASSETS**

Restricted assets consist of the cash restricted for debt service, capital projects, advances, public safety and customer deposits at September 30, 2015:

**Water and Sewers Fund**

Customers' deposit - cash and investments	\$ 10,207,865
Derm Fees	<u>3,893,955</u>
Total restricted cash water and sewers fund	<u>\$ 14,101,820</u>

**Other restricted assets**

Customer accounts - Derm Fee	<u>624,259</u>
Total other restricted assets water and sewers fund	<u>624,259</u>
Total restricted assets water and sewers fund	<u>\$ 14,726,079</u>

**Governmental Funds**

Special Revenue Funds	
Rescue Transportation	\$ 1,051,923
Fire Prevention	244,468
State Law Enforcement Trust	271,133
Federal Law Enforcement Trust	181,068
General Fund	<u>696,707</u>
Total Governmental Funds	<u>2,445,299</u>
Total restricted assets	<u>\$ 17,171,378</u>

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 10. CAPITAL ASSETS**

A summary of the City's capital assets at September 30, 2015 is as follows:

	Beginning				Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 29,694,984	\$ -	\$ -	\$ -	\$ 29,694,984
Construction in Progress	2,284,814	3,143,509	-	(1,421,328)	4,006,995
Total capital assets not being depreciated	<u>31,979,798</u>	<u>3,143,509</u>	<u>-</u>	<u>(1,421,328)</u>	<u>33,701,979</u>
Capital assets being depreciated:					
Buildings	125,241,710	1,713,425	-	-	126,955,135
Improvements other than buildings	26,103,014	702,246	-	-	26,805,260
Furniture, fixtures, machinery and equipment - Charter School	1,015,309	-	-	-	1,015,309
Furniture, fixtures, machinery and equipment	48,257,298	2,347,555	(804,582)	-	49,800,271
Infrastructure	289,831,161	2,042,676	-	1,421,328	293,295,165
Total capital assets being depreciated	<u>490,448,492</u>	<u>6,805,902</u>	<u>(804,582)</u>	<u>1,421,328</u>	<u>497,871,140</u>
Less accumulated depreciation for:					
Buildings	29,597,975	2,999,398	-	-	32,597,373
Improvements other than buildings	18,442,476	1,365,814	-	-	19,808,290
Furniture, fixtures, machinery and equipment - Charter School	677,054	-	-	-	677,054
Furniture, fixtures, machinery and equipment	35,567,138	3,006,358	(804,582)	-	37,768,914
Infrastructure	159,898,418	8,628,971	-	-	168,527,389
Total accumulated depreciation	<u>244,183,061</u>	<u>16,000,541</u>	<u>(804,582)</u>	<u>-</u>	<u>259,379,020</u>
Total capital assets being depreciated, net	<u>246,265,431</u>	<u>(9,194,639)</u>	<u>-</u>	<u>1,421,328</u>	<u>238,492,120</u>
Governmental activities capital assets, net	<u>\$ 278,245,229</u>	<u>\$ (6,051,130)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,194,099</u>
<b>Business-type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 4,202,141	\$ -	\$ -	\$ -	\$ 4,202,141
Construction in progress	52,801,173	1,388,927	-	(52,801,173)	1,388,927
Total capital assets not being depreciated	<u>57,003,314</u>	<u>1,388,927</u>	<u>-</u>	<u>(52,801,173)</u>	<u>5,591,068</u>
Capital assets being depreciated:					
Buildings and utility plant	11,191,235	798,627	-	52,801,173	64,791,035
Improvements to other than building	320,533	-	-	-	320,533
Machinery and equipment	13,878,125	369,885	(159,960)	-	14,088,050
Infrastructure	252,283,985	3,221,540	-	-	255,505,525
Total capital assets being depreciated	<u>277,673,878</u>	<u>4,390,052</u>	<u>(159,960)</u>	<u>52,801,173</u>	<u>334,705,143</u>
Less accumulated depreciation for:					
Buildings and utility plant	3,196,788	1,487,812	-	-	4,684,600
Improvements other than building	322,333	-	-	-	322,333
Machinery and equipment	12,438,462	727,547	(437,590)	-	12,728,419
Infrastructure	127,522,860	6,864,946	-	-	134,387,806
Total accumulated depreciation	<u>143,480,443</u>	<u>9,080,305</u>	<u>(437,590)</u>	<u>-</u>	<u>152,123,158</u>
Total capital assets being depreciated, net	<u>134,193,435</u>	<u>(4,690,253)</u>	<u>277,630</u>	<u>52,801,173</u>	<u>182,581,985</u>
Business-type activities capital assets, net	<u>\$ 191,196,749</u>	<u>\$ (3,301,326)</u>	<u>\$ 277,630</u>	<u>\$ -</u>	<u>\$ 188,173,053</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 10. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 3,124,376
Police	974,083
Fire	1,396,547
Streets	8,872,381
Recreation	1,633,154
Total depreciation expense - governmental activities	<u>\$ 16,000,541</u>
Business-type activities:	
Water and sewer	\$ 6,595,101
Solid waste	700,859
Stormwater	1,784,345
Total depreciation expense - business-type activities	<u>\$ 9,080,305</u>

### NOTE 11. 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.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 11. LONG-TERM DEBT (Continued)

#### *Revenue Bonds (Continued)*

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>
2016	\$ 260,685	\$ 12,556	\$ 273,241
2017	264,987	8,255	273,241
2018	269,359	3,882	273,241
2019	68,031	279	68,310
	<u>\$ 863,062</u>	<u>\$ 24,973</u>	<u>\$ 888,035</u>

#### *State of Florida Loan Payable*

In fiscal year 1977, the Water and Sewers Fund borrowed \$43,490,000 from the State of Florida toward the construction of the East Side Sewer System. Construction of the East Side Sewer System was completed during 1980. Interest on the loan from the State of Florida, amounting to approximately \$5,602,000, has been capitalized and included in construction costs and will be expensed over the estimated useful life of the system (50 years).

The loan agreement provides that the State will deposit the loan proceeds in a restricted, interest-bearing investment account to be used by the Water and Sewers Fund as debt service reserves and for future construction requirements. Interest earned on the construction funds during the time the East Side Sewer was being built, which is credited to the Water and Sewers Fund, has been deferred and is being amortized to income over the same period that the related capitalized interest is being expensed (50 years). At September 30, 2015, the unamortized deferred interest balance was \$1,326,069. The City paid off the State of Florida loan in 2008.

#### *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.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 11. LONG-TERM DEBT (Continued)**

**Notes Payable (Continued)**

**1) Bank of America Promissory Note (Continued)**

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

Governmental Activities				Business - type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2016	\$ 1,779,951	\$ 175,973	\$ 1,955,924	2016	\$ 444,988	\$ 43,993	\$ 488,981
2017	1,825,268	130,655	1,955,923	2017	456,317	32,664	488,981
2018	1,871,740	84,184	1,955,924	2018	467,935	21,046	488,981
2019	1,920,682	36,529	1,957,211	2019	479,994	9,133	489,127
	<u>\$ 7,397,641</u>	<u>\$ 427,342</u>	<u>\$ 7,824,983</u>		<u>\$ 1,849,234</u>	<u>\$ 106,836</u>	<u>\$ 1,956,070</u>

**2) Florida Municipal Loan Council Revenue Bond Series 2012A- Loan Payable**

On May 1, 2003, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,135,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2003A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$38,725,000 and calls for annual payments due on May 1, commencing on May 1, 2004 through May 1, 2033 and bears interest at varying rates ranging from 2.0% to 5.25%.

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

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

Governmental Activities				Business - type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2016	\$ 1,168,000	\$ 1,309,450	\$ 2,477,450	2016	\$ 292,000	\$ 327,363	\$ 619,363
2017	1,216,000	1,262,730	2,478,730	2017	304,000	315,683	619,683
2018	1,264,000	1,214,090	2,478,090	2018	316,000	303,523	619,523
2019	1,316,000	1,163,530	2,479,530	2019	329,000	290,883	619,883
2020	1,368,000	1,110,890	2,478,890	2020	342,000	277,723	619,723
2021-2025	7,936,000	4,457,450	12,393,450	2021-2025	1,984,000	1,114,363	3,098,363
2026-2030	9,832,000	2,567,700	12,399,700	2026-2030	2,458,000	641,925	3,099,925
2031-2033	6,880,000	557,600	7,437,600	2031-2033	1,720,000	139,400	1,859,400
	<u>\$ 30,980,000</u>	<u>\$ 13,643,440</u>	<u>\$ 44,623,440</u>		<u>\$ 7,745,000</u>	<u>\$ 3,410,860</u>	<u>\$ 11,155,860</u>

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 11. LONG-TERM DEBT (Continued)**

*Notes Payable (Continued)*

**3) Florida Municipal Loan Council Revenue Bond Series 2005- Loan Payable**

On February 15, 2005, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$29,090,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2005A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$23,195,000 and calls for annual payments due on February 1, commencing on February 1, 2006 through February 1, 2035 and bears interest at varying rates ranging from 3.0% to 5.0%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2015.

Annual debt service requirements to maturity for the Series 2005 note payable are as follows:

Governmental Activities				Business - type Activities			
Fiscal Year	Principal	Interest	Total	Fiscal Year	Principal	Interest	Total
2016	\$ 572,000	\$ 899,768	\$ 1,471,768	2016	\$ 143,000	\$ 224,942	\$ 367,942
2017	596,000	876,229	1,472,229	2017	149,000	219,057	368,057
2018	620,000	848,468	1,468,468	2018	155,000	212,117	367,117
2019	652,000	816,155	1,468,155	2019	163,000	204,039	367,039
2020	684,000	782,216	1,466,216	2020	171,000	195,554	366,554
2021-2025	3,980,000	3,338,597	7,318,597	2021-2025	995,000	834,649	1,829,649
2026-2030	5,044,000	2,253,313	7,297,313	2026-2030	1,261,000	563,328	1,824,328
2031-2035	6,408,000	849,024	7,257,024	2031-2035	1,602,000	212,256	1,814,256
	<u>\$ 18,556,000</u>	<u>\$ 10,663,769</u>	<u>\$ 29,219,769</u>		<u>\$ 4,639,000</u>	<u>\$ 2,665,942</u>	<u>\$ 7,304,942</u>

**4) Community Development Block Grant Section 108 Loan**

On June 14, 2000, the City executed a loan agreement with the U.S. Department of Housing and Urban Development (HUD) under HUD's Community Development Block Grant (CDBG) Section 108 Loan Program. The loan totaled \$4,400,000 and calls for semi-annual principal and interest payments at varying interest rates commencing on August 1, 2000 through August 1, 2019. The loan is payable to a bank as the trustee and registered holder of the note, guaranteed by HUD and collateralized by future CDBG funds granted to the City. The City granted all of the guaranteed loan funds to a local business to finance economic development activities, including the purchase of machinery and equipment for the local business warehousing and distributing facilities and corporate headquarters. A grant agreement was also executed with the local business and the City obtained a first priority security interest in the local business machinery and equipment as stipulated in the grant agreement. The City paid the local business \$4,000,000 of the loan amount and has designated the additional \$400,000 net of transaction fees in the City's CDBG special revenue fund. The outstanding balance on the loan of \$1,685,000 was paid off during fiscal year ended September 30, 2015.

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 11. LONG-TERM DEBT (Continued)**

*Notes Payable (Continued)*

**5) 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, 2015, 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, 2015 was \$1,545,497, which includes capitalized interest and other costs.

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

<b>Fiscal Year End</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 128,483	\$ 42,492	\$ 170,975
2017	132,113	38,861	170,975
2018	135,847	35,128	170,975
2019	139,686	31,288	170,975
2020	143,635	27,340	170,975
2021-2025	781,430	73,443	854,873
2026	84,304	1,184	85,487
	<u>\$ 1,545,497</u>	<u>\$ 249,737</u>	<u>\$ 1,795,234</u>

**6) 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, 2015, the TD Bank Note had an outstanding balance of \$12,855,712.

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

<b>Fiscal Year End</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 400,009	\$ 556,570	\$ 956,579
2017	417,819	538,759	956,579
2018	436,423	520,156	956,579
2019	455,854	500,725	956,579
2020	476,151	480,428	956,579
2021-2025	2,718,283	2,064,611	4,782,894
2026-2030	3,379,778	1,403,116	4,782,894
2031-2035	4,202,249	580,645	4,782,894
2036	369,145	5,510	374,655
	<u>\$ 12,855,712</u>	<u>\$ 6,650,520</u>	<u>\$ 19,506,231</u>

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 11. LONG-TERM DEBT** (Continued)

*Notes Payable (Continued)*

**7) 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 \$47,025,000 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, 2015.

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

<b>Fiscal Year End</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 850,000	\$ 2,369,888	\$ 3,219,888
2017	955,000	2,344,388	3,299,388
2018	985,000	2,315,738	3,300,738
2019	1,015,000	2,286,188	3,301,188
2020	1,050,000	2,253,200	3,303,200
2021-2025	5,990,000	10,540,188	16,530,188
2026-2030	7,545,000	8,997,625	16,542,625
2031-2035	9,760,000	6,807,850	16,567,850
2036-2040	12,735,000	3,865,400	16,600,400
2041-2042	6,140,000	511,225	6,651,225
	<u>\$ 47,025,000</u>	<u>\$ 42,291,688</u>	<u>\$ 89,316,688</u>

**8) Bank of America Public Capital Corp**

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

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

<b>Governmental Activities</b>				<b>Business - type Activities</b>			
<b>Fiscal Year End</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fiscal Year End</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	<u>\$ 67,488</u>	<u>\$ 1,198</u>	<u>\$ 68,686</u>	2016	<u>\$ 314,345</u>	<u>\$ 5,458</u>	<u>\$ 319,803</u>

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 11. LONG-TERM DEBT** (Continued)

**Capital Leases**

The City has entered into a lease agreement for Twenty (20) Zoll Series X Manual Defibrillators \$423,920. In addition, the City has entered into two lease agreement for computer software in the amount of \$1,954,025. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets section and the related liability in the governmental-wide financial statements.

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

	Governmental Activities
Defibrillators	\$ 423,920
Equipment	922,225
Construction in Progress	1,031,800
Less: accumulated depreciation	<u>(84,784)</u>
	<u>\$ 2,293,161</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 were:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 781,628	\$ 4,440	\$ 786,068
2017	388,749	2,592	391,341
2018	81,744	712	82,456
	<u>\$ 1,252,121</u>	<u>\$ 7,744</u>	<u>\$ 1,259,865</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 11. 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, 2015:

	Balance September 30, 2014 as restated	Additions	Reductions	Balance September 30, 2015	Due Within One Year
<b>Governmental activities:</b>					
CDBG Sec 108	\$ 1,685,000	\$ -	\$ (1,685,000)	\$ -	\$ -
FMLC 2005A Bond	19,108,000	-	(552,000)	18,556,000	572,000
FMLC 2012A Bond	32,104,000	-	(1,124,000)	30,980,000	1,168,000
Capital Improvement Revenue Bond 2012	1,119,515	-	(256,453)	863,062	260,685
TD Bank (refi bond anticipation loan)	13,238,670	-	(382,958)	12,855,712	400,009
Bank of America (refi of FMLC 1999 Bond)	9,133,399	-	(1,735,758)	7,397,641	1,779,951
Bank of America Promissory Note	135,041	-	(67,553)	67,488	67,488
Total bonds, loans and notes payable	<u>76,523,625</u>	<u>-</u>	<u>(5,803,722)</u>	<u>70,719,903</u>	<u>4,248,133</u>
Less deferred amounts:					
Discount	(22,722)	-	5,050	(17,672)	(5,050)
Premium	1,767,821	-	(92,283)	1,675,538	92,283
Premium(2012A) 80%	2,172,138	-	(120,674)	2,051,464	120,674
	<u>3,917,237</u>	<u>-</u>	<u>(207,907)</u>	<u>3,709,330</u>	<u>207,907</u>
Bonds, loans, and notes payable	<u>80,440,862</u>	<u>-</u>	<u>(6,011,629)</u>	<u>74,429,233</u>	<u>4,456,040</u>
Capital Leases					
JP Morgan Chase	398,279	-	(103,685)	294,594	105,501
Everbank	1,031,800	-	(375,200)	656,600	375,200
PNC equipment finance	557,970	-	(257,043)	300,927	300,927
Total capital leases	<u>1,988,049</u>	<u>-</u>	<u>(735,928)</u>	<u>1,252,121</u>	<u>781,628</u>
Claims payable	49,015,214	12,972,446	(15,904,612)	46,083,048	9,103,365
Compensated absences	18,268,939	11,462,593	(10,998,063)	18,733,469	3,748,275
OPEB liability	70,929,782	15,314,611	(8,927,991)	77,316,402	-
Net pension liability	164,280,810	-	(13,732,367)	150,548,443	-
Total Governmental activities	<u>\$ 384,923,656</u>	<u>\$39,749,650</u>	<u>\$(56,310,590)</u>	<u>\$ 368,362,716</u>	<u>\$ 18,089,308</u>
<b>Business-type activities:</b>					
Revolving loan	\$ 1,670,449	\$ -	\$ (124,952)	\$ 1,545,497	\$ 128,483
Bank of America (refi of FMLC 1999 Bond)	2,283,174	-	(433,940)	1,849,234	444,988
Bank of America Promissory Note	622,084	-	(307,739)	314,345	314,345
FMLC 2005A Bond	4,777,000	-	(138,000)	4,639,000	143,000
FMLC 2011D	47,605,000	-	(580,000)	47,025,000	850,000
FMLC 2012A	8,026,000	-	(281,000)	7,745,000	292,000
Total bonds, loans, and notes payable	<u>64,983,707</u>	<u>-</u>	<u>(1,865,631)</u>	<u>63,118,076</u>	<u>2,172,816</u>
Less deferred amounts:					
Discount	(355,374)	-	13,162	(342,212)	(13,162)
Premium	543,040	-	(30,169)	512,871	30,169
	<u>187,666</u>	<u>-</u>	<u>(17,007)</u>	<u>170,659</u>	<u>17,007</u>
Bonds, loans and notes payable	<u>65,171,373</u>	<u>-</u>	<u>(1,882,638)</u>	<u>63,288,735</u>	<u>2,189,823</u>
Claims payable	10,529,341	4,296,899	(4,036,288)	10,789,952	2,645,246
OPEB liability	8,091,104	3,924,465	(2,287,853)	9,727,716	-
Net pension liability	42,102,117	-	(3,519,350)	38,582,767	-
Compensated absences	2,160,234	1,044,935	(1,088,732)	2,116,437	455,861
Total Business-type activities	<u>\$ 128,054,169</u>	<u>\$ 9,266,299</u>	<u>\$(12,814,861)</u>	<u>\$ 124,505,607</u>	<u>\$ 5,290,930</u>

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 11. LONG-TERM DEBT** (Continued)

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

**NOTE 12. 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.

	2015	2014	2013
Unpaid claims, beginning	\$59,544,555	\$56,416,912	\$53,049,681
Incurred claims (including IBNR)	17,269,345	28,665,484	27,725,833
Claims payments	<u>(19,940,900)</u>	<u>(25,537,841)</u>	<u>(24,358,602)</u>
Unpaid claims, ending	<u>\$56,873,000</u>	<u>\$59,544,555</u>	<u>\$56,416,912</u>

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

***Grants***

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

***Hialeah Branch Courthouse Lease***

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 13. 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 21<sup>st</sup> 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 was ended on June 2014 and subsequently renewed for a period of 15 years by a mutual agreement of both parties

During 2011, the City executed a charter school agreement with the School Board of Miami-Dade County for the City of Hialeah Construction, Architecture, and Design Academy ("CAD"). The contract ends June 30, 2016.

The City has entered into an agreement with Academica Dade LLC to provide administrative and educational services for HEA. The agreement ended on June 2014 and was subsequently renewed for a term of three (3) years with an option for renewal for two additional years.

#### ***Water and Sewers Fund- Agreements with Miami-Dade County***

In 2008, the City Council approved a 20 year agreement with Miami-Dade County (the "County") providing for the rendition of water service to the City by the County and the purchase of treated water from the County until 2027. In 2011, the City of Hialeah entered into a 20 year agreement with the County to provide wastewater treatment and disposal services until 2029. Rates paid by the City of Hialeah vary depending on usage and costs incurred by the County. The charges to operations under these agreements for the year ended September 30, 2015 were \$8,681,103 for water services and \$19,701,629 for wastewater treatment and disposal services.

#### ***Water and Sewers Fund- Administrative Consent Agreement***

The Department of Water and Sewers (the "Department") entered into an "Administrative Consent Agreement" with the Miami-Dade County Department of Environmental Resources Management ("DERM") pursuant to Chapter 24, of the Miami-Dade County Code (the "MDCC"). DERM was subsequently renamed Miami-Dade County Department of Regulatory and Economic Resources, Division of Environmental Resources Management. Pursuant to this agreement the City has agreed to correct deficiencies for sixteen (16) pump stations within the City's sewer collection and transmission system that are not in conformance with the requirements of MDCC Chapter 24. The agreement required the City to have corrected all the deficiencies noted in the SESS Phase III Report by September 30, 2010. The City agreed with DERM for an extension until November 12, 2017 to correct all the deficiencies. Of the 16 basins identified in need of repairs the Department estimated that repairs will cost approximately \$24.1 million over 5 years to correct (depending on the complexity of the problems identified) to meet the requirements of the order.

## CITY OF HIALEAH, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

#### NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

##### ***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 shall operate to supply potable water to the Annexation Area of the City and upon agreement of the City and the County, to supply potable water to adjacent areas of unincorporated Miami-Dade County and Hialeah. At all times during the operation of the Plant, the County and City shall each receive 50% of the water production produced; however, either party will be able to purchase a portion of the other party's 50% share.

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

The County has and continues to contribute for 50% of the planning, design and construction and construction management (the "design and construction") costs for the Plant, in an amount not less than \$80 million, and the City has and continues to contribute for 50% of the design and construction costs of the Plant, in an amount not less than \$80 million based on an estimate. If the design and construction is accomplished for less than \$160 million, the County and the City shall bear half of such actual costs, and shall not be required to contribute amounts in excess of its share of the actual costs.

The County shall receive a credit for the fair market value of the land being conveyed by the County to the City that will be provided for the location of the Plant, minus 10 feet for right-of-way for the construction of NW 97 Avenue, minus 55 feet for right-of-way for the construction of NW 107 Avenue and minus 80 feet for right-of-way for the construction of NW 102 Avenue, as part of the County's contribution to the design and construction costs. To the extent that the City is liable for a wetlands mitigation payment, each party shall pay 50% of the amount of such payment. The City also receives a credit towards its contribution for administrative costs and financing costs as part of the City's contribution to the planning, design and construction costs. The County shall also receive a credit towards its contribution for its financing costs as part of the County's contribution to the planning, design and construction costs. Additional funds that exceed the total design and construction estimate of \$160 million and cost overruns shall be shared equally by the City and the County. If the City determines that design and construction of the Plant will or will likely require a County contribution in excess of \$80 million, the City shall advise the County of same in writing, within 30 calendar days of such determination.

The City and the County acknowledge that the \$160 million estimate for the design and construction of the Plant does not include additional capital costs for the procurement of additional land, if necessary. The City and the County shall share equally in these additional expenses, if necessary. In the event, that either the City or the County secure grants to design or construct the Plant, said grants shall be applied to the overall construction of the Plant, and the contribution required from each party shall be accordingly equally adjusted.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)**

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

The County provided \$9.5 million at the time the Agreement was executed and an additional \$500 thousand from General Obligation Bonds during the construction phase of the project. The County continues to provide incremental payments as set forth in the in the Cash Flow Agreement between the County and the City. In 2011, the City issued the \$48,235,000 Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) to fund its share of the costs to construct the Plant. The schedule below provides a reconciliation of the construction in progress as of September 30, 2015 and the total contributions from the County. As of September 30, 2015, the County's 50% ownership share of the Plant has been recorded as a contra account to the construction in progress totaling \$50,812,460.

	October 1, 2014	Additions	Deletions	Transfers	September 30, 2015
Construction in Progress - RO Plant	\$ 95,502,802	\$ 1,251,251	\$ -	\$ (95,502,802)	\$ 1,251,251
Land	3,300,000	-	-	-	3,300,000
RO Plant	-	1,571,667	-	46,101,401	47,673,068
Contra Account (Miami Dade County)	<u>(49,401,401)</u>	<u>(1,411,459)</u>	-	49,401,401	<u>(1,411,459)</u>
	<u>\$ 49,401,401</u>	<u>\$ 1,411,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,812,860</u>
Other Receivables - Miami Dade County	<u>\$ 281,947</u>	<u>\$ 1,411,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,693,406</u>
Total Contributed by Miami Dade County					
Advances to the City	\$ 45,431,670				
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>\$ 50,812,860</u>				

***Construction Commitments***

At September 30, 2015, the City had in process various construction projects that were not completed with a remaining balance totaling approximately \$7,683,578. Funding of these projects is to be made primarily through the proceeds of loans, tax revenues and grants.

***Litigation***

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

***Tax-Exempt Bonds***

As disclosed in Note 11 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 (Continued)

### NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

#### ***Unfair Labor Practice Charge***

On August 27, 2010, Florida Public Employees Council 79, American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) (collectively referred to as the Union) filed an unfair labor practice charge with the State of Florida Public Employees Relations Commission (PERC) alleging that the City violated Section 447.51(1)(a) and (c), Florida Statutes (2010), by the manner in which it conducted itself during the impasse resolution procedure. On March 4, 2011, PERC concluded that the City engaged in an unfair labor practice violating Section 447.51(1)(a) and (c), Florida Statutes (2010). The PERC order did not require the City to make a monetary reimbursement to the employees. On July 15, 2013, the Union filed an action in the Eleventh Judicial Circuit Court in Miami-Dade County against the City seeking to enforce the PERC Order of March 2011 requesting that the Court make the Union members whole for the economic changes and other benefits imposed by the City Council in 2010 and for attorney's fees and costs. On July 20, 2015, the Court ruled in favor of the Union. In August 2015, based on the agreement of the parties, the entry of judgment was ordered stayed for a period of 120 days to allow the parties an opportunity to explore settlement. The stay has been extended on two subsequent occasions for an additional 120 days. The parties have actively and in good faith discussed and continue to discuss settlement. As of September 30, 2015, there has been no final judgment rendered in this case.

#### ***Inima***

The City and Miami-Dade County, as parties to a joint participation agreement, contracted with GS Inima USA Construction Corporation (the "Company") for the design, construction and operation of a reverse osmosis water treatment plant. The City has not accepted the plant at this time. The Company has asserted claims against the City of \$4,006,980 and the City has claims against the company of approximately \$4,100,000 in delayed claims. The parties are in settlement discussions.

#### ***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 an 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, 2015, no action has been filed in this matter.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**NOTE 14. 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.

***Plan Description***

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

On May 22, 2012, the City passed Ordinance No. 2012-27, retroactively to April 1, 2012, closing membership to the Plan for all general employees hired after April 1, 2012. New employees will instead participate in a new defined contribution plan. The latest available actuarial valuation is as of October 1, 2014.

Membership in the Plan as of October 1, 2014 consisted of the following:

**Inactive Plan members**

Beneficiaries currently receiving benefits	1,365
Entitled to benefits but not yet receiving them	98

Active Plan members 1,113

Total 2,576

***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 (4.75% as of September 30, 2015). 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.

***Administrative Expenses***

Administrative expenses incurred by the Plans are absorbed by the City.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

#### **EMPLOYEES' RETIREMENT SYSTEM** (Continued)

##### ***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*

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

##### *City Contribution*

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

The City contributes at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. The Plan determined to use the "percentage of payroll contribution" method for the fiscal year ended September 30, 2015.

##### ***Net Pension Liability***

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by the October 1, 2014 actuarial valuation.

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS** (Continued)

**EMPLOYEES' RETIREMENT SYSTEM** (Continued)

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of October 1, 2013, using the following actuarial assumptions:

Inflation	3.0%
Salary increase	4.0% - 9.0%
Investment rate of return	8.0%

Pre-Retirement Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 15 years from valuation date.

Post-Retirement Healthy Mortality: RP-2000 Combined Mortality Table with a blue collar adjustment projected 7 years from valuation date.

Post-Retirement Disabled Mortality: RP-2000 Disabled Mortality Table.

**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 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	6.60%
International Equity	5%	7.13%
Domestic Bonds	40%	1.79%
Other	5%	4.97%
Total	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS** (Continued)

**EMPLOYEES' RETIREMENT SYSTEM** (Continued)

**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, 2013	\$ 776,239,855	\$ 569,856,928	\$ 206,382,927
Changes for the year:			
Service Cost	8,982,779	-	8,982,779
Interest	60,285,831	-	60,285,831
Differences between expected and actual experience	-	-	-
Contributions - Employer	-	25,769,253	(25,769,253)
Contributions - State	-	461,877	(461,877)
Contributions - Employee	-	1,587,095	(1,587,095)
Contributions - Buy Back	1,182,367	1,182,367	-
Contributions - Annuity Savings Fund	4,064,028	4,064,028	-
Net investment income	-	58,702,102	(58,702,102)
Benefit payments, including refunds of employee contributions	(63,299,504)	(63,299,504)	-
Administrative expense	-	-	-
New changes	<u>11,215,501</u>	<u>28,467,218</u>	<u>(17,251,717)</u>
Reporting period ending at September 30, 2014	<u>\$ 787,455,356</u>	<u>\$ 598,324,146</u>	<u>\$ 189,131,210</u>
Plan fiduciary net position as a percentage of the total pension liability		75.98%	
Covered employee payroll		\$ 22,672,786	
Net pension liability as a percentage of employee payroll		834.18%	

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM (Continued)**

***Sensitivity of the Net Pension Liability to the Changes in the Discount Rate***

The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%):

	1% Decrease	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
City's Net Pension Liability	\$ 263,802,678	\$ 189,131,210	\$ 125,805,594

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

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

For the year ended September 30, 2015, the City will recognize pension expense of \$19,975,890. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	-	11,458,355
Employer and State Contributions subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ 11,458,355</u>

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

Year ended September 30:	
2016	\$ (2,864,588)
2017	(2,864,589)
2018	(2,864,589)
2019	(2,864,589)
2020	-
Thereafter	-
Total	<u>\$ (11,458,355)</u>

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS** (Continued)

***EMPLOYEES' RETIREMENT SYSTEM*** (Continued)

***DROP Plan***

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

General employees who are members of the retirement system are prohibited from entering the DROP on or after April 2, 2012. As of September 30, 2015, there were thirty five (35) DROP participants and their fair value of DROP investment was \$2,222,076 which is included in the Plan's net position.

***ELECTED OFFICIALS' RETIREMENT SYSTEM***

***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, 2014.

Membership in the Plan as of October 1, 2014 consisted of the following:

Inactive Plan members	
Beneficiaries currently receiving benefits	9
Entitled to benefits but not yet receiving th	6
Active Plan members	<u>12</u>
Total	<u>27</u>

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)**

***ELECTED OFFICIALS' RETIREMENT SYSTEM*** (Continued)

***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.

***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, 2015.

The actual contribution from the City for active members were actuarially determined using the actuarial valuation as of October 1, 2013 for the year ended September 30, 2015.

***Net Pension Asset***

The Plan's net pension asset was measured as of September 30, 2014, and the total pension liability used to calculate the net pension asset was determined by the October 1, 2014 actuarial valuation.

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of October 1, 2014, using the following actuarial assumptions:

Inflation	3.0%
Salary increase	8.00%
Investment rate of return	6.0%

The RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with generational mortality improvements fully projected to each future valuation date with Scale AA.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS** (Continued)

***EMPLOYEES' RETIREMENT SYSTEM*** (Continued)

***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 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	8.50%
International Equity	3.60%
Fixed Income	1.79%
Cash	1.30%

***Discount Rate***

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HIALEAH, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**Changes in Net Pension Asset**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Reporting period ending at September 30, 2013	\$ 8,086,261	\$ 8,868,218	\$ (781,957)
Changes for the year:			
Service Cost	278,300	-	278,300
Interest	490,346	-	490,346
Differences between expected and actual experience	(76,666)	-	(76,666)
Contributions - Employer	-	305,000	(305,000)
Contributions - Employee	-	15,655	(15,655)
Contributions - Buy Back	-	-	-
Contributions - Annuity Savings Fund	-	-	-
Net investment income	-	918,376	(918,376)
Benefit payments, including refunds of employee contribution	(230,929)	(230,929)	-
Administrative expense	-	(9,718)	9,718
New changes	461,051	998,384	(537,333)
Reporting period ending at September 30, 2014	<u>\$ 8,547,312</u>	<u>\$ 9,866,602</u>	<u>\$ (1,319,290)</u>
Plan fiduciary net position as a percentage of the total pension liability		115.44%	
Covered employee payroll		\$ 1,001,519	
Net pension asset as a percentage of employee payroll		-131.73%	

**Sensitivity of the Net Pension Asset to the Changes in the Discount Rate**

The following presents the net pension asset of the Plan, calculated using the discount rate of 6.0%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%):

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
EORS Net Pension Asset	\$ (229,255)	\$ (1,319,290)	\$ (2,222,226)

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS** (Continued)

**EMPLOYEES' RETIREMENT SYSTEM** (Continued)

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

For the year ended September 30, 2015, the EORS will recognize pension expense of \$121,952. At September 30, 2015, the EORS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 47,179
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on the Pension Plan Investments	-	307,106
	<u>\$ -</u>	<u>\$ 354,285</u>

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

Year ended September 30:	
2016	\$ (106,264)
2017	(94,469)
2018	(76,777)
2019	(76,775)
2020	-
Thereafter	-
Total	<u>\$ (354,285)</u>

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS** (Continued)

**EMPLOYEES' RETIREMENT SYSTEM** (Continued)

The statement of net position and statement of changes in net position for the Elected Officials' Retirement System are presented below:

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	
Cash and cash equivalents	\$ 172,629
Contribution Receivable	21,453
Investments, at fair value: Mutual Funds	<u>9,951,283</u>
Total assets	<u>\$ 10,145,365</u>

<u>LIABILITIES AND NET POSITION</u>	
Accounts payable and accrued liabilities	<u>\$ 251,825</u>
Net position restricted for pensions	<u>\$ 9,893,540</u>

STATEMENT OF CHANGES IN NET POSITION  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

ADDITIONS	
Contributions - City	\$ 304,126
Contributions - Member	21,453
Net investment income (loss)	<u>(17,343)</u>
Total additions	\$ 308,236
DEDUCTIONS	
Pension benefits	<u>(281,298)</u>
Net increase	26,938
Net position restricted for pensions	
Beginning of year	<u>9,866,602</u>
Ending	<u>\$ 9,893,540</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 15. 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, 2015.

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, 2015 were approximately \$211,000.

### NOTE 16. OTHER POST EMPLOYMENT BENEFITS

#### *Plan Description*

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

#### *Funding Policy*

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

#### *Annual OPEB Cost and Net OPEB Obligation*

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 16. OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Annual OPEB Cost and Net OPEB Obligation (Continued)***

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

Annual required contribution	\$18,817,632
Interest on net OPEB obligation	3,160,835
Adjustment to annual required contribution	<u>(2,739,391)</u>
Annual OPEB cost	19,239,076
Contributions made	<u>(11,215,844)</u>
Increase in net OPEB obligation	8,023,232
Net OPEB obligation, beginning of year	<u>79,020,886</u>
Net OPEB obligation, end of year	<u><u>\$87,044,118</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$21,204,643	43.40%	\$70,969,564
9/30/2014	18,522,825	56.50%	79,020,886
9/30/2015	19,239,076	58.30%	87,044,118

***Funded Status and Funding Progress***

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
10/1/2009	\$ -	\$ 243,161,545	\$ 243,161,545	0.00%	\$ 83,673,089	290.60%
10/1/2011	-	309,613,913	309,613,913	0.00%	79,273,518	390.60%
10/1/2013	-	307,171,520	307,171,520	0.00%	64,338,529	477.40%

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 16. OTHER POST EMPLOYMENT BENEFITS (Continued)

#### ***Actuarial Methods and Assumptions***

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

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

In the October 1, 2013, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 4.5%. Both rates included a 3.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2013, was thirty (30) years.

### NOTE 17. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB 72 will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value accepted valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement is effective for the fiscal year ending September 30, 2016. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB 73 will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. This Statement is effective for the fiscal year ending September 30, 2016. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

## CITY OF HIALEAH, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### **NOTE 17. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED** (Continued)

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due. This Statement is effective for the fiscal year ending September 30, 2016. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

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

## CITY OF HIALEAH, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

#### **NOTE 17. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED** (Continued)

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement is effective for the fiscal year ending September 30, 2016. Management is currently evaluating the impact of the adoption of this statement on the City’s financial statements.

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

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is effective for the fiscal year ending September 30, 2017. Management is currently evaluating the impact of the adoption of this statement on the City’s financial statements.

## CITY OF HIALEAH, FLORIDA

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### **NOTE 17. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED** (Continued)

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement is effective for the fiscal year ending September 30, 2016. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

#### **NOTE 18. SUBSEQUENT EVENTS**

In December 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 2015 Bonds are special limited obligations of the City payable solely from and secured by a lien upon pledged Franchise Fee Revenues. Franchise Fee Revenues are defined in the Bond Ordinance to mean franchise fees levied and collected by the City, pursuant to Ordinance No. 07-55 (the "Electric Franchise Ordinance").

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

**NOTE 19. RESTATEMENT**

The implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as stated in Note 1 resulted in a restatement of the beginning net position for the government activities and business-type activities as of October 1, 2014.

**Beginning Net Position, Government Activities**

Beginning net position, as previously recorded	\$ 53,730,458
Record opening net pension liability per GASB Statement No. 68	(126,923,867)
Record opening deferred outflows per GASB Statement No. 68	26,074,253
Record opening net pension asset per GASB Statement No. 68	<u>(1,370,323)</u>
Beginning net position, as restated	<u>\$ (48,489,479)</u>

**Beginning Net Position, Business-Type Activities**

Beginning net position, as previously recorded	\$ 154,588,886
Record opening net pension liability per GASB Statement No. 68	<u>(42,102,117)</u>
Beginning net position, as restated	<u>\$ 112,486,769</u>

**Beginning Net Position, Water and Sewers Fund**

Beginning net position, as previously recorded	\$ 162,467,707
Record opening net pension liability per GASB Statement No. 68	<u>(19,730,208)</u>
Beginning net position, as restated	<u>\$ 142,737,499</u>

**Beginning Net Position, Solid Waste Utility System Fund**

Beginning net position, as previously recorded	\$ (24,124,256)
Record opening net pension liability per GASB Statement No. 68	<u>(20,885,952)</u>
Beginning net position, as restated	<u>\$ (45,010,208)</u>

**Beginning Net Position, Stormwater Utility System Fund**

Beginning net position, as previously recorded	\$ 16,245,435
Record opening net pension liability per GASB Statement No. 68	<u>(1,485,957)</u>
Beginning net position, as restated	<u>\$ 14,759,478</u>

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REQUIRED SUPPLEMENTARY INFORMATION  
(Other Than MD&A)

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**CITY OF HIALEAH, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Ad valorem taxes	\$ 42,301,100	\$ 43,745,100	\$ 43,735,370	\$ (9,730)
Utility taxes	20,520,000	20,520,000	22,248,582	1,728,582
Franchise fees	14,900,000	14,900,000	16,584,895	1,684,895
Licenses and permits	4,189,000	4,236,500	4,693,089	456,589
State and local shared revenues	25,221,000	25,221,000	26,939,103	1,718,103
Fines and forfeitures	964,000	990,174	1,396,354	406,180
Interest	2,500	2,500	17,487	14,987
Government grants and other revenues	11,902,400	11,055,430	11,606,010	550,580
Total revenues	<u>120,000,000</u>	<u>120,670,704</u>	<u>127,220,890</u>	<u>6,550,186</u>
Other financing sources				
Proceeds from disposal of capital assets	-	-	55,529	55,529
Total financing sources	<u>-</u>	<u>-</u>	<u>55,529</u>	<u>55,529</u>
 Total revenues and other financing sources	 <u>120,000,000</u>	 <u>120,670,704</u>	 <u>127,276,419</u>	 <u>6,605,715</u>
Expenditures:				
Current:				
Police	36,341,447	46,191,578	51,486,151	(5,294,573)
Fire	26,535,030	29,939,653	37,202,280	(7,262,627)
911 Communications division	3,162,226	3,199,226	3,699,769	(500,543)
Fleet maintenance	2,176,878	2,926,759	3,362,621	(435,862)
Construction and maintenance	2,050,098	2,502,094	3,032,655	(530,561)
Recreation and community services	8,288,083	9,507,445	9,812,101	(304,656)
Planning and development	535,411	674,283	695,584	(21,301)
Education and community services	2,582,966	2,715,719	2,616,378	99,341
Law	1,213,626	1,338,686	1,269,987	68,699
Risk management	776,699	795,147	449,384	345,763
Human resources	714,124	775,185	705,438	69,747
City Clerk's office	1,023,421	1,258,316	1,071,951	186,365
Office of Management and Budget	314,778	486,778	561,057	(74,279)
Office of the Mayor	491,749	626,749	701,867	(75,118)
Communications and special events	256,837	756,837	304,389	452,448
Employee retirement	524,962	545,962	604,901	(58,939)
Library	1,221,218	1,456,854	1,506,585	(49,731)
Compliance division	483,121	533,295	662,888	(129,593)
Finance	952,940	1,231,161	1,360,170	(129,009)
Division of licenses	480,542	598,042	640,383	(42,341)
General government	27,994,102	10,456,969	6,546,401	3,910,568
Information systems	<u>1,879,742</u>	<u>2,153,966</u>	<u>2,185,050</u>	<u>(31,084)</u>
Total expenditures	<u>120,000,000</u>	<u>120,670,704</u>	<u>130,477,990</u>	<u>(9,807,286)</u>
Net change in fund balance	-	-	(3,201,571)	16,413,001
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>17,565,549</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,363,978</u>	

See note to budgetary comparison schedule.

# CITY OF HIALEAH, FLORIDA

## NOTE TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2015

### 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 \$670,704 for the General Fund, \$992,763 for the Streets Fund, \$48,607 for the Rescue Transportation Fund, \$80,200 for the E-911 Non-Wireless Fund, \$466,961 for the Law Enforcement Trust- State Fund, \$200,078 for the Law Enforcement Trust- Federal Fund, \$ 103 for the Affordable Housing Fund, \$76,991 for the Children's Trust Fund, \$ 82,186 for the Children's Trust Step Ahead Fund, \$11,167 for the Streets 3 Cents Optional Gas Tax Fund, \$20,000 for the CITT Surtax - Hialeah Circulator Fund, \$34,350 for the City of Hialeah Education Academy Fund, \$262,679 for the Police Grant Fund, \$1,231,778 for the Park Grants and Impact Fees Fund, \$ 766,036 for the 21<sup>st</sup> Century Academic Achievers Grant Fund, \$ 787,663 for the 21<sup>st</sup> Century Steam Ahead Grant Fund, \$48,236 for the Building Division Fund, \$196,916 for the ECS & Library Grants Fund, \$33,673 for the CITT Surtax Transportation Fund, \$ 849,277 for the Garden of the Arts Fund, \$93,246 for the Road Construction – 2012 Bond Fund, \$ 18,500 for the Hialeah Educational Academy Expansion Fund, \$ 710,981 for the West 76 St. – 28 Ave to 31 Ave – MDC (JPA) Fund, \$ 109,500 for the West 16 Ave from 68-78 St - FDOT Fund, \$ 971,725 for West 24 Ave-60 to 68 St. – MDC (JPA) Fund, \$ 997,800 for the Park Projects Fund during fiscal year ended September 30, 2015.

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

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

Fiscal year ending September 30,	<u>2014</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 8,982,779
Interest	60,285,831
Change in Annuity Savings Fund	4,064,028
Contributions - Buy Back	1,182,367
Benefit Payments, Including Refunds of Employee Contributions	<u>(63,299,504)</u>
<b>Net Change in Total Pension Liability</b>	11,215,501
<b>Total Pension Liability - Beginning</b>	<u>776,239,855</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 787,455,356</u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 25,769,253
Contributions - State	461,877
Contributions - Member	1,587,095
Contributions - Buy Back	1,182,367
Contributions - Annuity Savings Fund	4,064,028
Net Investment Income	58,702,102
Benefit Payments, Including Refunds of Employee Contributions	<u>(63,299,504)</u>
Administrative Expense	-
Other	-
<b>Net Change in Plan Fiduciary Net Position</b>	28,467,218
<b>Plan Fiduciary Net Position - Beginning</b>	<u>569,856,928</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 598,324,146</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 189,131,210</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.98%
Covered Employee Payroll	\$ 22,672,786
Net Pension Liability as a Percentage of Covered Employee Payroll	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	\$ 25,640,942	\$ 27,844,783	(2,203,841)	\$ 22,672,786	122.81%

\* Total covered payroll for fiscal year ending September 30.

**Notes to the Schedule of Contributions**

**Valuation Date** 10/1/2012  
**Notes** Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

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

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

**Remaining Amortization Period** 30 years (as of 10/01/2012)

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

**Inflation** 3.5% per year

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

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

	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.46%	10.22%

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

**CITY OF HIALEAH, FLORIDA**

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

Fiscal year ending September 30,	<u>2014</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 278,300
Interest	490,346
Difference Between Actual & Expected Experience	(76,666)
Benefit Payments, Including Refunds of	
Member Contributions	<u>(230,929)</u>
<b>Net Change in Total Pension Liability</b>	461,051
<b>Total Pension Liability - Beginning</b>	<u>8,086,261</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 8,547,312</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - City	\$ 305,000
Contributions - Member	15,655
Net Investment Income	918,376
Benefit Payments, Including Refunds of	
Member Contributions	(230,929)
Administrative Expense	<u>(9,718)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	998,384
<b>Plan Fiduciary Net Position - Beginning</b>	<u>8,868,218</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 9,866,602</u></u>
<b>Net Pension Asset - Ending (a) - (b)</b>	\$ (1,319,290)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.44%
Covered Employee Payroll	\$ 1,001,519
Net Pension Liability as a Percentage of Covered Employee Payroll	-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>
2006	\$ 240,475	\$ 500,000	\$ (259,525)	\$ 1,043,850	47.90%
2007	263,369	500,000	(236,631)	986,381	50.69%
2008	288,006	500,000	(211,994)	1,116,589	44.78%
2009	299,852	500,000	(200,148)	1,200,461	41.65%
2010	356,028	500,000	(143,972)	1,206,773	41.43%
2011	313,841	313,841	-	1,113,794	28.18%
2012	280,405	280,405	-	1,048,795	26.74%
2013	312,403	312,403	-	1,085,310	28.78%
2014	288,521	305,000	(16,479)	1,001,519	30.45%
2015	304,126	304,126	-	857,758	35.46%

\* Total covered payroll for fiscal year ending September 30.

**Notes to the Schedule of Contributions**

**Valuation Date** 10/1/2014  
**Notes** Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method Entry Age Normal  
 Amortization Method Level dollar amount, closed  
 Amortization Period 15 years  
 Asset Valuation Method Smoothed market value  
 Inflation 3%  
 Salary Increases 8%  
 Investment Rate of 6%  
 Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.  
 Mortality The RP-2000 Combined Mortality Table was used, with separate rates for males and females with generational mortality improvement fully projected to each future valuation date with Scale AA.

**CITY OF HIALEAH, FLORIDA**

**ELECTED OFFICIALS' RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS**

	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	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.

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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GENERAL FUND

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**CITY OF HIALEAH, FLORIDA**

GENERAL FUND  
COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2015  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2014)

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 26,631,946	\$ 25,593,559
Investments	-	1,389,120
Receivables, net	10,074,752	10,879,757
Due from other funds	16,783,197	26,806,234
Inventories	1,446,713	1,456,224
Prepays	718,000	718,000
Notes receivable	2,468,559	2,351,009
Restricted cash, cash equivalents and investments	<u>696,707</u>	<u>-</u>
Total assets	<u>\$ 58,819,874</u>	<u>\$ 69,193,903</u>
 <u>LIABILITIES</u>		
Vouchers payable and accrued liabilities	\$ 23,612,421	\$ 24,356,019
Compensated absences payable	1,766,775	2,006,811
Self-insurance claims payable	801,058	535,556
Due to other funds	13,011,863	19,979,343
Deferred revenue	2,486,115	2,367,199
Other liabilities	<u>102,490</u>	<u>110,250</u>
Total liabilities	<u>41,780,722</u>	<u>49,355,178</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Business license tax	<u>2,675,174</u>	<u>2,273,176</u>
 <u>FUND BALANCES</u>		
Nonspendable	2,164,713	2,174,224
Committed	264,702	-
Unassigned	<u>11,934,563</u>	<u>15,391,325</u>
Total fund balances	<u>14,363,978</u>	<u>17,565,549</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,819,874</u>	<u>\$ 69,193,903</u>

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

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

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

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

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

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

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

**E-911 Wireless** – 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.

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

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds (Continued)

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

**South Florida Workforce** – This fund administers grant funds for the Hayes Program. These programs were established to prepare youth and adults facing serious barriers to employment for participation in labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.

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

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

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

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

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

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

**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.

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds (Continued)

**21<sup>st</sup> Century After School Grant** – 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 after-school and summer camp services to 150 students in grades 6-10 from non-English speaking low income families.

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

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

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

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

**Building Division** – 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.

### Debt Service Funds

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

**CITT Surtax Transportation** – 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.

**Fire Administration Building** – The City of Hialeah's Debt Service Fund accounts for the revenue bonds and related costs, which is funded by an operating transfer from Rescue Transportation User Fees Special Revenue Fund. The other debt service costs account for maintenance of the reserve account.

## NONMAJOR GOVERNMENTAL FUNDS

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### 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.

**Multi- Purpose Senior Center** – This fund was established for source of assistance for seniors and their families. It was granted by the Department of Elder Affairs- FI Grant.

**Garden of The Arts (GOB)** – This project was established to account for revenues and expenditures received from GOB to remodel a park with different cultural aspects located around the city.

**Milander Parking Garage** – This fund was established to account for revenues and expenditures received from Building Better Communities Bond Grant for the construction of a new parking garage that will be built to alleviate the parking congestions that will be created with the new arts center.

**Emergency Operation Center** – This fund was established to account for revenues and expenditures received from the Florida Division of Emergency Management, to support the newly created Emergency Operation Center (EOC).

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

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

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

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

**Parks Projects (GOB)** – This fund was established to account for revenues and expenditures received from GOB to update and renovate the playground at Benny Babcock Park. Upgrade and renovate the playground of the basketball court/ tennis courts/ multiuse court at James Bright Park, renovations to Milander Aquatic Center, Milander Park and Milander Recreation Center.

## NONMAJOR GOVERNMENTAL FUNDS

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### Capital Project Funds (Continued)

**W. 24<sup>th</sup> St. from 60<sup>th</sup> to 68<sup>th</sup> 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 24<sup>th</sup> Street from 60<sup>th</sup> to 68<sup>th</sup> Street.

**W. 16<sup>th</sup> Ave. from 68<sup>th</sup> to 78<sup>th</sup> St. FDOT**– This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the Local Agency Program (LAP) stimulus project) for the purpose of road reconstruction.

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2015

	Special Revenue									
	Street Fund	Rescue Transportation Fund	Fire Prevention Fund	E-911 Non-Wireless Fund	E-911 Wireless Fund	Metro Medical Response System Grant Fund	Law Enforcement Trust State Fund	Law Enforcement Trust Federal Fund	ECS & Library Grant Fund	CDBG Fund
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Receivables, net	507,342	624,874	1,723	91,865	85,449	-	-	-	-	21,350
Due from other funds	-	-	842,630	-	103,267	22,253	19,200	802	238,585	798,598
Prepays	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	1,051,923	244,468	-	-	-	271,133	181,068	-	-
Total assets	\$ 507,342	\$ 1,676,797	\$ 1,088,821	\$ 91,865	\$ 188,716	\$ 22,253	\$ 340,333	\$ 181,870	\$ 238,585	\$ 819,948
<b>LIABILITIES</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ 110,925	\$ 322,379	\$ 13,582	\$ -	\$ 6,751	\$ 22,253	\$ 59,550	\$ 17,847	\$ 5,659	\$ 21,349
Due to other funds	868,176	1,588,024	32,759	79,484	-	-	-	-	18,382	-
Unearned revenues	-	-	-	-	-	-	-	2,883	92,596	-
Total liabilities	979,101	1,910,403	46,341	79,484	6,751	22,253	59,550	20,730	116,637	21,349
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Local business tax	-	-	557,676	-	-	-	-	-	-	-
<b>FUND BALANCES</b>										
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	484,804	12,381	181,965	-	280,783	3,660	115,208	795,059
Committed	91,050	17,691	-	-	-	-	-	157,480	6,740	3,540
Unassigned	(562,809)	(251,297)	-	-	-	-	-	-	-	-
Total fund balances	(471,759)	(233,606)	484,804	12,381	181,965	-	280,783	161,140	121,948	798,599
Total liabilities and fund balances	\$ 507,342	\$ 1,676,797	\$ 1,088,821	\$ 91,865	\$ 188,716	\$ 22,253	\$ 340,333	\$ 181,870	\$ 238,585	\$ 819,948

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2015**

	Special Revenue														
	Home Investment Partnership Fund	Emergency Solution Grant Fund	Park Grants & Park Impact Fees Fund	Affordable Housing Fund	S.H.I.P. Fund	City of Hialeah Education Academy Fund	Children's Trust Fund	Children's Trust Step Ahead Fund	21st Century Academic Achievers Grant Fund	21st Century Steam Ahead Grant Fund	Urban Area Security Grants Fund	Police Grant Fund	CITT-Surtax Hialeah Circulator Fund	Streets 3 Cent Optional Gas Tax Fund	Building Division Fund
<b>ASSETS</b>															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 454,694	\$ -	\$ 1,011,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	48,130	48,569	-	1,930	28	21,327	126,443	30,807	89,810	185,129	72,408	151,277	464,733	180,605	5,566
Due from other funds	87,725	-	812,964	-	644,480	-	77,897	-	-	-	94,976	-	783,511	1,673,504	3,039,049
Prepays	-	-	-	-	-	6,914	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 135,855</b>	<b>\$ 48,569</b>	<b>\$ 812,964</b>	<b>\$ 456,624</b>	<b>\$ 644,508</b>	<b>\$ 1,039,560</b>	<b>\$ 204,340</b>	<b>\$ 30,807</b>	<b>\$ 89,810</b>	<b>\$ 185,129</b>	<b>\$ 167,384</b>	<b>\$ 151,277</b>	<b>\$ 1,248,244</b>	<b>\$ 1,854,109</b>	<b>\$ 3,044,615</b>
<b>LIABILITIES</b>															
Liabilities:															
Accounts payable and accrued liabilities	\$ 45,855	\$ 48,569	\$ 28,013	\$ 97,372	\$ 12	\$ 152,496	\$ 4,539	\$ 15,832	\$ 8,728	\$ 1,198	\$ 2,291	\$ 508	\$ 68,913	\$ 4,452	\$ 22,577
Due to other funds	-	-	-	268,510	-	-	199,801	14,975	81,082	183,931	165,093	135,866	36,769	52,115	24,183
Unearned revenues	90,000	-	116,166	88,500	644,496	-	-	-	-	-	-	14,903	-	-	-
<b>Total liabilities</b>	<b>135,855</b>	<b>48,569</b>	<b>144,179</b>	<b>454,382</b>	<b>644,508</b>	<b>152,496</b>	<b>204,340</b>	<b>30,807</b>	<b>89,810</b>	<b>185,129</b>	<b>167,384</b>	<b>151,277</b>	<b>105,682</b>	<b>56,567</b>	<b>46,760</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>															
Local business tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES</b>															
Fund balances:															
Nonspendable	-	-	-	-	-	6,914	-	-	-	-	-	-	-	-	-
Restricted	-	-	666,700	-	-	880,150	-	-	-	-	-	-	1,132,628	1,797,542	2,996,291
Committed	-	-	2,085	7,770	-	-	2,703	-	-	-	-	-	9,934	-	1,564
Unassigned	-	-	-	(5,528)	-	-	(2,703)	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>668,785</b>	<b>2,242</b>	<b>-</b>	<b>887,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,142,562</b>	<b>1,797,542</b>	<b>2,997,855</b>
<b>Total liabilities and fund balances</b>	<b>\$ 135,855</b>	<b>\$ 48,569</b>	<b>\$ 812,964</b>	<b>\$ 456,624</b>	<b>\$ 644,508</b>	<b>\$ 1,039,560</b>	<b>\$ 204,340</b>	<b>\$ 30,807</b>	<b>\$ 89,810</b>	<b>\$ 185,129</b>	<b>\$ 167,384</b>	<b>\$ 151,277</b>	<b>\$ 1,248,244</b>	<b>\$ 1,854,109</b>	<b>\$ 3,044,615</b>

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2015

	Debt Service		Capital Projects	
	CITT Surtax Transportation Fund	Fire Administration Building Fund	Garden of The Arts Fund (GOB)	Emergency Operation Center Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables, net	1,752,508	-	1,340,137	347,183
Due from other funds	-	230,405	-	-
Prepays	977,962	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total assets	\$ 2,730,470	\$ 230,405	\$ 1,340,137	\$ 347,183
<u>LIABILITIES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 46,131	\$ -	\$ 25,279	\$ -
Due to other funds	1,047,587	230,405	1,314,858	347,183
Unearned revenues	-	-	-	-
Total liabilities	1,093,718	230,405	1,340,137	347,183
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Local business tax	-	-	-	-
<u>FUND BALANCES</u>				
Fund balances:				
Nonspendable	977,962	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	658,790	-	-	-
Total fund balances	1,636,752	-	-	-
Total liabilities and fund balances	\$ 2,730,470	\$ 230,405	\$ 1,340,137	\$ 347,183

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2015

Capital Projects

	W. 76 St 28 to 31 Ave MDC (JPA) Fund	Road Construction 2012 Bond Fund	HEA Charter School Expansion Fund	Affordable Housing 180 Units Fund	GOB Parks Project Fund	W.24 Ave. 60 to 68 St. MDC (JPA) Fund	W.16 Ave. 68 to 78 St. FDOT Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,516,013
Receivables, net	355,711	-	500,000	84,042	888,493	206,375	43,221	8,277,035
Due from other funds	-	267,098	-	-	-	-	-	9,736,944
Prepays	-	-	-	-	-	-	-	984,876
Restricted cash and cash equivalents	-	-	-	-	-	-	-	1,748,592
<b>Total assets</b>	<b>\$ 355,711</b>	<b>\$ 267,098</b>	<b>\$ 500,000</b>	<b>\$ 84,042</b>	<b>\$ 888,493</b>	<b>\$ 206,375</b>	<b>\$ 43,221</b>	<b>\$ 22,263,460</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 180,052	\$ -	\$ 390	\$ 66,445	\$ -	\$ -	\$ 1,399,947
Due to other funds	355,711	-	500,000	83,652	822,048	206,375	43,221	8,700,190
Unearned revenues	-	-	-	-	-	-	-	1,049,544
<b>Total liabilities</b>	<b>355,711</b>	<b>180,052</b>	<b>500,000</b>	<b>84,042</b>	<b>888,493</b>	<b>206,375</b>	<b>43,221</b>	<b>11,149,681</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Local business tax	-	-	-	-	-	-	-	557,676
<b>FUND BALANCES</b>								
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	984,876
Restricted	-	87,046	-	-	-	-	-	9,434,217
Committed	-	447,605	-	211,388	19,920	-	17,658	997,128
Unassigned	-	(447,605)	-	(211,388)	(19,920)	-	(17,658)	(860,118)
<b>Total fund balances</b>	<b>-</b>	<b>87,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,556,103</b>
<b>Total liabilities and fund balances</b>	<b>\$ 355,711</b>	<b>\$ 267,098</b>	<b>\$ 500,000</b>	<b>\$ 84,042</b>	<b>\$ 888,493</b>	<b>\$ 206,375</b>	<b>\$ 43,221</b>	<b>\$ 22,263,460</b>

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue											
	Street Fund	Rescue Transportation Fund	Fire Prevention Fund	EMS County Grant Fund	E-911 Non-Wireless Fund	E-911 Wireless Fund	Metro Medical Response System Grant Fund	Law Enforcement Trust State Fund	Law Enforcement Trust Federal Fund	ECS & Library Grant Fund	CDBG Fund	South Florida Workforce Fund
<b>Revenues:</b>												
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and local shared revenues	2,986,159	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	737,462	197,376	-	-	-
Impact Fees	-	34,629	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	118	-	-	-
Government grants and other revenues	47,143	3,217,668	1,173,362	-	291,246	233,815	-	-	6,113	146,400	4,489,333	271,993
<b>Total revenues</b>	<u>3,033,302</u>	<u>3,252,297</u>	<u>1,173,362</u>	<u>-</u>	<u>291,246</u>	<u>233,815</u>	<u>-</u>	<u>737,462</u>	<u>203,607</u>	<u>146,400</u>	<u>4,489,333</u>	<u>271,993</u>
<b>Expenditures:</b>												
<b>Current:</b>												
General government	567,711	-	-	-	383,807	199,632	2,382	-	11,928	-	1,149,687	-
Police	-	-	-	-	-	-	-	317,267	-	-	-	-
Fire	-	3,906,568	724,381	2,093	-	-	-	-	-	-	-	-
Streets	2,467,811	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	133,289	-	-
S.H.I.P. expenses	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	685,851
Capital outlay	1,574,534	22,966	-	-	6,757	2,452	69,502	160,208	30,539	1,100	950,181	-
<b>Debt service:</b>												
Principal	-	411,391	-	-	-	-	-	192,593	-	-	1,726,521	-
Interest	-	25,457	-	-	-	-	-	-	-	-	66,532	-
<b>Total expenditures</b>	<u>4,610,056</u>	<u>4,366,382</u>	<u>724,381</u>	<u>2,093</u>	<u>390,564</u>	<u>202,084</u>	<u>71,884</u>	<u>670,068</u>	<u>42,467</u>	<u>134,389</u>	<u>3,892,921</u>	<u>685,851</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,576,754)</u>	<u>(1,114,085)</u>	<u>448,981</u>	<u>(2,093)</u>	<u>(99,318)</u>	<u>31,731</u>	<u>(71,884)</u>	<u>67,394</u>	<u>161,140</u>	<u>12,011</u>	<u>596,412</u>	<u>(413,858)</u>
<b>Other financing sources (uses):</b>												
Transfers in	-	-	-	-	-	9,091	71,884	-	-	-	202,187	413,858
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,091</u>	<u>71,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,187</u>	<u>413,858</u>
<b>Net change in fund balance</b>	<u>(1,576,754)</u>	<u>(1,114,085)</u>	<u>448,981</u>	<u>(2,093)</u>	<u>(99,318)</u>	<u>40,822</u>	<u>-</u>	<u>67,394</u>	<u>161,140</u>	<u>12,011</u>	<u>798,599</u>	<u>-</u>
<b>Fund balances, beginning</b>	<u>1,104,995</u>	<u>880,479</u>	<u>35,823</u>	<u>2,093</u>	<u>111,699</u>	<u>141,143</u>	<u>-</u>	<u>213,389</u>	<u>-</u>	<u>109,937</u>	<u>-</u>	<u>-</u>
<b>Fund balances, ending</b>	<u>\$ (471,759)</u>	<u>\$ (233,606)</u>	<u>\$ 484,804</u>	<u>\$ -</u>	<u>\$ 12,381</u>	<u>\$ 181,965</u>	<u>\$ -</u>	<u>\$ 280,783</u>	<u>\$ 161,140</u>	<u>\$ 121,948</u>	<u>\$ 798,599</u>	<u>\$ -</u>

**CITY OF HIALEAH, FLORIDA**  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(Continued)  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue														
	Home Investment Partnership Fund	Emergency Solution Grant Fund	Park Grants & Park Impact Fees Fund	Affordable Housing Fund	S.H.I.P. Fund	City of Hialeah Education Academy Fund	Children's Trust Fund	Children's Trust Step Ahead Fund	21st Century Academic Achievers Grant Fund	21st Century Steam Ahead Grant Fund	Urban Area Security Grants Fund	Police Grant Fund	CITT-Surtax Hialeah Circulator Fund	Streets 3 Cent Optional Gas Tax Fund	Building Division Fund
Revenues:															
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,819,891
State and local shared revenues	-	-	-	-	-	4,073,880	-	-	-	-	-	-	1,796,754	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact Fees	-	-	180,000	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	51	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	924,377	277,454	123,569	2,270,677	246,703	325,214	950,390	30,807	404,434	456,158	453,789	324,036	427,344	1,079,092	-
<b>Total revenues</b>	<b>924,377</b>	<b>277,454</b>	<b>303,569</b>	<b>2,270,677</b>	<b>246,754</b>	<b>4,399,094</b>	<b>950,390</b>	<b>30,807</b>	<b>404,434</b>	<b>456,158</b>	<b>453,789</b>	<b>324,036</b>	<b>2,224,098</b>	<b>1,079,092</b>	<b>4,819,891</b>
Expenditures:															
Current:															
General government	-	-	-	1,420,181	-	-	-	-	-	-	-	-	1,819,112	-	3,553,510
Police	-	-	-	-	-	-	-	-	-	-	-	161,626	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	139,634	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	1,048,636	-
Grants and human services	924,377	277,454	89,266	-	-	3,900,873	1,028,287	30,987	472,995	460,179	-	-	-	-	-
S.H.I.P. expenses	-	-	-	-	246,754	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	433,253	1,957	-	105,341	-	-	-	-	409,131	162,690	3,007	207,190	10,914
Debt service:															
Principal	-	-	-	383,191	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	573,388	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>924,377</b>	<b>277,454</b>	<b>522,519</b>	<b>2,378,717</b>	<b>246,754</b>	<b>4,006,214</b>	<b>1,028,287</b>	<b>30,987</b>	<b>472,995</b>	<b>460,179</b>	<b>548,765</b>	<b>324,316</b>	<b>1,822,119</b>	<b>1,255,826</b>	<b>3,564,424</b>
Excess (deficiency) of revenues over expenditures	-	-	(218,950)	(108,040)	-	392,880	(77,897)	(180)	(68,561)	(4,021)	(94,976)	(280)	401,979	(176,734)	1,255,467
Other financing sources (uses):															
Transfers in	-	-	20,627	465,111	-	-	77,897	180	66,377	4,021	94,976	280	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>20,627</b>	<b>465,111</b>	<b>-</b>	<b>-</b>	<b>77,897</b>	<b>180</b>	<b>66,377</b>	<b>4,021</b>	<b>94,976</b>	<b>280</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	(198,323)	357,071	-	392,880	-	-	(2,184)	-	-	-	401,979	(176,734)	1,255,467
Fund balances, beginning	-	-	867,108	(354,829)	-	494,184	-	-	2,184	-	-	-	740,583	1,974,276	1,742,388
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 668,785</b>	<b>\$ 2,242</b>	<b>\$ -</b>	<b>\$ 887,064</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,142,562</b>	<b>\$ 1,797,542</b>	<b>\$ 2,997,855</b>

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Debt Service		Capital Projects			
	CITT	Fire		Garden of	Milander	Emergency
	Surtax	Administration	Multi-Purpose	The Arts	Center	Operation
	Transportation	Building	Senior	Fund	Fund	Center
	Fund	Fund	Center Fund	(GOB)	Fund	Fund
Revenues:						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and local shared revenues	7,187,018	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Government grants and other revenues	-	-	-	1,961,096	-	727,693
Total revenues	<u>7,187,018</u>	<u>-</u>	<u>-</u>	<u>1,961,096</u>	<u>-</u>	<u>727,693</u>
Expenditures:						
Current:						
General government	526,883	-	-	-	182,460	22,398
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Streets	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-
State housing initiative program	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-
Capital outlay	-	-	-	1,961,096	5,769	708,731
Debt service:						
Principal	3,411,776	-	-	-	-	-
Interest	2,516,605	-	-	-	-	-
Total expenditures	<u>6,455,264</u>	<u>-</u>	<u>-</u>	<u>1,961,096</u>	<u>188,229</u>	<u>731,129</u>
Excess (deficiency) of revenues over expenditures	<u>731,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(188,229)</u>	<u>(3,436)</u>
Other financing sources (uses):						
Transfers in	-	230,405	23,379	-	193,238	3,436
Total other financing sources (uses)	<u>-</u>	<u>230,405</u>	<u>23,379</u>	<u>-</u>	<u>193,238</u>	<u>3,436</u>
Net change in fund balance	731,754	230,405	23,379	-	5,009	-
Fund balances, beginning	904,998	(230,405)	(23,379)	-	(5,009)	-
Fund balances, ending	<u>\$ 1,636,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 (Continued)  
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

Capital Projects

	W. 76 St- 28 to 31 Ave- MDC (JPA) Fund	Road Construction 2012 Bond Fund	HEA Charter School Expansion Fund	Affordable Housing 180 Units Fund	GOB Parks Project Fund	W.24 Ave. 60 to 68 St. MDC (JPA) Fund	W.16 Ave. 68 to 78 St. FDOT Fund	Total Non-Major Governmental Funds
<b>Revenues:</b>								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,819,891
State and local shared revenues	-	-	-	-	-	-	-	16,043,811
Fines and forfeitures	-	-	-	-	-	-	-	934,838
Impact Fees	-	-	-	-	-	-	-	214,629
Interest	-	-	-	-	-	-	-	169
Government grants and other revenues	580,303	-	987,300	54,841	882,300	605,219	91,842	24,061,711
<b>Total revenues</b>	<u>580,303</u>	<u>-</u>	<u>987,300</u>	<u>54,841</u>	<u>882,300</u>	<u>605,219</u>	<u>91,842</u>	<u>46,075,049</u>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	-	-	43,882	54,841	27,705	-	91,842	10,057,961
Police	-	-	-	-	-	-	-	478,893
Fire	-	-	-	-	-	-	-	4,772,676
Streets	-	-	-	-	-	-	-	3,516,447
Grants and human services	-	-	-	-	-	-	-	7,317,707
State housing initiative program	-	-	-	-	-	-	-	246,754
Work Investment Act programs	-	-	-	-	-	-	-	685,851
Capital outlay	580,303	221,597	1,213,537	-	854,595	605,219	-	10,302,569
<b>Debt service:</b>								
Principal	-	-	-	-	-	-	-	6,125,472
Interest	-	-	-	-	-	-	-	3,181,982
<b>Total expenditures</b>	<u>580,303</u>	<u>221,597</u>	<u>1,257,419</u>	<u>54,841</u>	<u>882,300</u>	<u>605,219</u>	<u>91,842</u>	<u>46,686,312</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(221,597)</u>	<u>(270,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(611,263)</u>
<b>Other financing sources (uses):</b>								
Transfers in	-	-	270,119	-	-	-	-	2,147,066
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>270,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,147,066</u>
<b>Net change in fund balance</b>	-	(221,597)	-	-	-	-	-	1,535,803
<b>Fund balances, beginning</b>	-	308,643	-	-	-	-	-	9,020,300
<b>Fund balances, ending</b>	<u>\$ -</u>	<u>\$ 87,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,556,103</u>

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Streets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
State and local shared revenues	\$ 2,799,731	\$ 3,792,494	\$ 2,986,159	\$ (806,335)
Government grants and other revenues	-	-	47,143	47,143
Total revenues	<u>2,799,731</u>	<u>3,792,494</u>	<u>3,033,302</u>	<u>(759,192)</u>
Other financing sources:				
Appropriation of prior year fund balance	1,341,272	1,341,272	-	(1,341,272)
Total other financing sources	<u>1,341,272</u>	<u>1,341,272</u>	<u>-</u>	<u>(1,341,272)</u>
Total revenues and other financing sources	<u>4,141,003</u>	<u>5,133,766</u>	<u>3,033,302</u>	<u>(2,100,464)</u>
Expenditures:				
General government	-	-	567,711	(567,711)
Streets	3,482,563	3,456,928	2,467,811	989,117
Capital outlay	658,440	1,676,838	1,574,534	102,304
Total expenditures	<u>4,141,003</u>	<u>5,133,766</u>	<u>4,610,056</u>	<u>523,710</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(1,576,754)</u>	<u>\$ (1,576,754)</u>
Fund balances - beginning	-	-	1,104,995	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (471,759)</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Rescue Transporation 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:								
Interest	\$ 500	\$ 500	\$ -	\$ (500)	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	<u>3,970,000</u>	<u>4,018,607</u>	<u>3,252,297</u>	(766,310)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,173,362</u>	173,362
Total revenues	<u>3,970,500</u>	<u>4,019,107</u>	<u>3,252,297</u>	(766,810)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,173,362</u>	173,362
Expenditures:								
Fire	3,755,163	3,754,549	3,906,568	(152,019)	1,000,000	1,000,000	724,381	275,619
Capital outlay	215,337	209,587	22,966	186,621	-	-	-	-
Debt service	-	54,971	436,848	(381,877)	-	-	-	-
Total expenditures	<u>3,970,500</u>	<u>4,019,107</u>	<u>4,366,382</u>	(347,275)	<u>1,000,000</u>	<u>1,000,000</u>	<u>724,381</u>	275,619
Net change in fund balance	-	-	<u>(1,114,085)</u>	<u>\$ (1,114,085)</u>	-	-	<u>448,981</u>	<u>\$ 448,981</u>
Fund balances - beginning	-	-	<u>880,479</u>		-	-	<u>35,823</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (233,606)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,804</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	E-911 Non-Wireless Fund				E-911 Wireless Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 340,000	\$ 340,000	\$ 291,246	\$ (48,754)	\$ 280,000	\$ 280,000	\$ 233,815	\$ (46,185)
Total revenues	<u>340,000</u>	<u>340,000</u>	<u>291,246</u>	<u>(48,754)</u>	<u>280,000</u>	<u>280,000</u>	<u>233,815</u>	<u>(46,185)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	80,200	-	(80,200)	-	-	-	-
Transfers in	-	-	-	-	-	-	9,091	9,091
Total other financing sources	<u>-</u>	<u>80,200</u>	<u>-</u>	<u>(80,200)</u>	<u>-</u>	<u>-</u>	<u>9,091</u>	<u>9,091</u>
Total revenues and other financing sources	<u>340,000</u>	<u>420,200</u>	<u>291,246</u>	<u>(128,954)</u>	<u>280,000</u>	<u>280,000</u>	<u>242,906</u>	<u>(37,094)</u>
Expenditures:								
General government	340,000	415,200	383,807	31,393	280,000	280,000	199,632	80,368
Capital outlay	-	5,000	6,757	(1,757)	-	-	2,452	(2,452)
Total expenditures	<u>340,000</u>	<u>420,200</u>	<u>390,564</u>	<u>29,636</u>	<u>280,000</u>	<u>280,000</u>	<u>202,084</u>	<u>77,916</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(99,318)</u>	<u>\$ (99,318)</u>	<u>-</u>	<u>-</u>	<u>40,822</u>	<u>\$ 40,822</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>111,699</u>		<u>-</u>	<u>-</u>	<u>141,143</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,381</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,965</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Law Enforcement Trust - Federal Fund				Law Enforcement Trust - State 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	\$ -	\$ 200,078	\$ 197,376	\$ (2,702)	\$ -	\$ 466,961	\$ 737,462	\$ 270,501
Interest	-	-	118	118	-	-	-	-
Government grants and other revenues	-	-	6,113	6,113	-	-	-	-
Total revenues	-	200,078	203,607	3,529	-	466,961	737,462	270,501
Expenditures:								
Police	-	12,058	11,928	130	-	306,753	317,267	(10,514)
Capital outlay	-	188,020	30,539	157,481	-	160,208	160,208	-
Debt service	-	-	-	-	-	-	192,593	(192,593)
Total expenditures	-	200,078	42,467	157,611	-	466,961	670,068	(203,107)
Net change in fund balance	-	-	161,140	\$ 161,140	-	-	67,394	\$ 67,394
Fund balances - beginning	-	-	-		-	-	213,389	
Fund balances - ending	\$ -	\$ -	\$ 161,140		\$ -	\$ -	\$ 280,783	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 SPECIAL REVENUE FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Affordable Housing Fund				Children's Trust Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 2,204,600	\$ 2,204,703	\$ 2,270,677	\$ 65,974	\$ 857,559	\$ 934,550	\$ 950,390	\$ 15,840
Total revenues	<u>2,204,600</u>	<u>2,204,703</u>	<u>2,270,677</u>	<u>65,974</u>	<u>857,559</u>	<u>934,550</u>	<u>950,390</u>	<u>15,840</u>
Other financing sources:								
Appropriation of prior year fund balance	256,018	256,018	-	(256,018)	-	-	-	-
Transfers in	-	-	465,111	465,111	-	-	77,897	77,897
Total other financing sources	<u>256,018</u>	<u>256,018</u>	<u>465,111</u>	<u>209,093</u>	<u>-</u>	<u>-</u>	<u>77,897</u>	<u>77,897</u>
Total revenues and other financing sources	<u>2,460,618</u>	<u>2,460,721</u>	<u>2,735,788</u>	<u>275,067</u>	<u>857,559</u>	<u>934,550</u>	<u>1,028,287</u>	<u>93,737</u>
Expenditures:								
General government	1,504,039	1,502,142	1,420,181	81,961	-	-	-	-
Grants and human services	-	-	-	-	857,559	934,550	1,028,287	(93,737)
Capital outlay	-	2,000	1,957	43	-	-	-	-
Debt service	956,579	956,579	956,579	-	-	-	-	-
Total expenditures	<u>2,460,618</u>	<u>2,460,721</u>	<u>2,378,717</u>	<u>82,004</u>	<u>857,559</u>	<u>934,550</u>	<u>1,028,287</u>	<u>(93,737)</u>
Net change in fund balance	-	-	357,071	\$ 357,071	-	-	-	\$ -
Fund balances - beginning	-	-	(354,829)		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 2,242		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 SPECIAL REVENUE FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Urban Area Security Grant Fund				Streets 3 Cents Optional Gas Tax Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 1,000,000	\$ 1,000,000	\$ 453,789	\$ (546,211)	\$ 2,521,826	\$ 2,532,993	\$ 1,079,092	\$ (1,453,901)
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>453,789</u>	<u>(546,211)</u>	<u>2,521,826</u>	<u>2,532,993</u>	<u>1,079,092</u>	<u>(1,453,901)</u>
Other financing sources:								
Transfers in	-	-	94,976	94,976	-	-	-	-
Total other financing sources	-	-	94,976	94,976	-	-	-	-
Total revenues and other financing sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>548,765</u>	<u>(451,235)</u>	<u>2,521,826</u>	<u>2,532,993</u>	<u>1,079,092</u>	<u>(1,453,901)</u>
Expenditures:								
Fire	124,227	124,227	139,634	(15,407)	-	-	-	-
Streets	-	-	-	-	2,521,826	2,532,993	1,255,826	1,277,167
Capital outlay	<u>875,773</u>	<u>875,773</u>	<u>409,131</u>	<u>466,642</u>	-	-	-	-
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>548,765</u>	<u>451,235</u>	<u>2,521,826</u>	<u>2,532,993</u>	<u>1,255,826</u>	<u>1,277,167</u>
Net change in fund balance	-	-	-	\$ -	-	-	(176,734)	\$ (176,734)
Fund balances - beginning	-	-	-		-	-	1,974,276	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797,542</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Metro Medical Response System Grant Fund				CITT Surtax - Hialeah Circulator Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
State and local shared revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,656,994	\$ 1,656,994	\$ 1,796,754	\$ 139,760
Government grants and other revenues	-	-	-	-	440,000	460,000	427,344	(32,656)
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,096,994</u>	<u>2,116,994</u>	<u>2,224,098</u>	<u>107,104</u>
Other financing sources:								
Appropriation of prior year fund balance	199,635	199,635	-	(199,635)	405,399	405,399	-	(405,399)
Transfers in	-	-	71,884	71,884	-	-	-	-
Total other financing sources	<u>199,635</u>	<u>199,635</u>	<u>71,884</u>	<u>(127,751)</u>	<u>405,399</u>	<u>405,399</u>	<u>-</u>	<u>(405,399)</u>
Total revenues and other financing sources	<u>199,635</u>	<u>199,635</u>	<u>71,884</u>	<u>(127,751)</u>	<u>2,502,393</u>	<u>2,522,393</u>	<u>2,224,098</u>	<u>(298,295)</u>
Expenditures:								
General government	67,000	67,000	2,382	64,618	2,502,393	2,522,393	1,819,112	703,281
Capital outlay	132,635	132,635	69,502	63,133	-	-	3,007	(3,007)
Total expenditures	<u>199,635</u>	<u>199,635</u>	<u>71,884</u>	<u>127,751</u>	<u>2,502,393</u>	<u>2,522,393</u>	<u>1,822,119</u>	<u>700,274</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>401,979</u>	<u>\$ 401,979</u>
Fund balances - beginning	-	-	-		-	-	740,583	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,562</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	City of Hialeah Education Academy Fund**				EMS County Grant Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
State and local shared revenues	\$ 4,179,978	\$ 4,381,974	\$ 4,073,880	\$ (308,094)	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	-	10,000	325,214	315,214	20,328	20,328	-	(20,328)
Total revenues	<u>4,179,978</u>	<u>4,391,974</u>	<u>4,399,094</u>	<u>7,120</u>	<u>20,328</u>	<u>20,328</u>	<u>-</u>	<u>(20,328)</u>
Expenditures:								
Fire	-	-	-	-	5,328	5,328	2,093	3,235
Grants and human services	3,889,194	3,934,544	3,900,873	33,671	-	-	-	-
Capital Outlay	150,000	139,000	105,341	33,659	15,000	15,000	-	15,000
Total expenditures	<u>4,039,194</u>	<u>4,073,544</u>	<u>4,006,214</u>	<u>67,330</u>	<u>20,328</u>	<u>20,328</u>	<u>2,093</u>	<u>18,235</u>
Net change in fund balance	<u>140,784</u>	<u>318,430</u>	<u>392,880</u>	<u>\$ 74,450</u>	<u>-</u>	<u>-</u>	<u>(2,093)</u>	<u>\$ (2,093)</u>
Fund balances - beginning	<u>392,095</u>	<u>30,802</u>	<u>494,184</u>		<u>-</u>	<u>-</u>	<u>2,093</u>	
Fund balances - ending	<u>\$ 532,879</u>	<u>\$ 349,232</u>	<u>\$ 887,064</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

\*\*Note: Balances are as of June 30, 2015.

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	21st Century Academic Achievers Fund				Police Grant Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 766,036	\$ 404,434	\$ (361,602)	\$ -	\$ 212,293	\$ 324,036	\$ 111,743
Total revenues	<u>-</u>	<u>766,036</u>	<u>404,434</u>	<u>(361,602)</u>	<u>-</u>	<u>212,293</u>	<u>324,036</u>	<u>111,743</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	50,386	-	(50,386)
Transfers in	-	-	66,377	66,377	-	-	280	280
Total other financing sources	<u>-</u>	<u>-</u>	<u>66,377</u>	<u>66,377</u>	<u>-</u>	<u>50,386</u>	<u>280</u>	<u>(50,106)</u>
Total revenues and other financing sources	<u>-</u>	<u>766,036</u>	<u>470,811</u>	<u>(295,225)</u>	<u>-</u>	<u>262,679</u>	<u>324,316</u>	<u>61,637</u>
Expenditures:								
General government	-	766,036	472,995	293,041	-	97,375	161,626	(64,251)
Capital Outlay	-	-	-	-	-	165,304	162,690	2,614
Total expenditures	<u>-</u>	<u>766,036</u>	<u>472,995</u>	<u>293,041</u>	<u>-</u>	<u>262,679</u>	<u>324,316</u>	<u>(61,637)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(2,184)</u>	<u>\$ (2,184)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>2,184</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, 2015

	Park Grants and Impact Fees Fund				Building Division Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 4,466,534	\$ 4,514,770	\$ 4,819,891	\$ 305,121
Impact fees	-		180,000	180,000	-	-	-	-
Government grants and other revenues	913,000	1,096,210	123,569	(972,641)	-	-	-	-
Total revenues	<u>913,000</u>	<u>1,096,210</u>	<u>303,569</u>	<u>(792,641)</u>	<u>4,466,534</u>	<u>4,514,770</u>	<u>4,819,891</u>	<u>305,121</u>
Other financing sources:								
Appropriation of prior year fund balance	-	1,014,100	-	(1,014,100)	-	-	-	-
Transfers in	-	34,468	20,627	(13,841)	-	-	-	-
Total other financing sources	<u>-</u>	<u>1,048,568</u>	<u>20,627</u>	<u>(1,027,941)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>913,000</u>	<u>2,144,778</u>	<u>324,196</u>	<u>(1,820,582)</u>	<u>4,466,534</u>	<u>4,514,770</u>	<u>4,819,891</u>	<u>305,121</u>
Expenditures:								
General government	913,000	949,796	89,266	860,530	4,466,534	4,511,370	3,553,510	957,860
Capital outlay	-	1,194,982	433,253	-	-	3,400	10,914	(7,514)
Total expenditures	<u>913,000</u>	<u>2,144,778</u>	<u>522,519</u>	<u>860,530</u>	<u>4,466,534</u>	<u>4,514,770</u>	<u>3,564,424</u>	<u>950,346</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(198,323)</u>	<u>\$ (960,052)</u>	<u>-</u>	<u>-</u>	<u>1,255,467</u>	<u>\$ 1,255,467</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>867,108</u>		<u>-</u>	<u>-</u>	<u>1,742,388</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668,785</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,997,855</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	ECS & Library Grants Fund				Children's Trust Step Ahead Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 107,718	\$ 278,794	\$ 146,400	\$ (132,394)	-	82,186	\$ 30,807	\$ (51,379)
Total revenues	<u>107,718</u>	<u>278,794</u>	<u>146,400</u>	<u>(132,394)</u>	<u>-</u>	<u>82,186</u>	<u>30,807</u>	<u>(51,379)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	25,840	-	(25,840)	-	-	-	-
Transfers in	-	-	-	-	-	-	180	180
Total other financing sources	<u>-</u>	<u>25,840</u>	<u>-</u>	<u>(25,840)</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>180</u>
Total revenues and other financing sources	<u>107,718</u>	<u>304,634</u>	<u>146,400</u>	<u>(158,234)</u>	<u>-</u>	<u>82,186</u>	<u>30,987</u>	<u>(51,199)</u>
Expenditures:								
Grants and human services	46,550	194,569	133,289	61,280	-	82,186	30,987	51,199
Capital outlay	61,168	110,065	1,100	-	-	-	-	-
Total expenditures	<u>107,718</u>	<u>304,634</u>	<u>134,389</u>	<u>61,280</u>	<u>-</u>	<u>82,186</u>	<u>30,987</u>	<u>51,199</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>12,011</u>	<u>\$ (96,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	-	-	109,937		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,948</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, 2015

	Home Investment Partnership 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:								
Government grants and other revenues	\$ -	\$ 4,119,466	\$ 924,377	\$ (3,195,089)	\$ -	\$ 787,663	\$ 456,158	\$ (331,505)
Total revenues	-	4,119,466	924,377	(3,195,089)	-	787,663	456,158	(331,505)
Other financing sources:								
Transfers in	-	-	-	-	-	-	4,021	4,021
Total other financing sources	-	-	-	-	-	-	4,021	4,021
Total revenues and other financing sources	-	4,119,466	924,377	(3,195,089)	-	787,663	460,179	(327,484)
Expenditures:								
Grants and human services	-	4,119,466	924,377	3,195,089	-	787,663	460,179	327,484
Total expenditures	-	4,119,466	924,377	3,195,089	-	787,663	460,179	327,484
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	CITT Surtax Transportation Fund				Fire Administration Building Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
State and local shared revenues	\$ 6,627,497	\$ 6,661,170	\$ 7,187,018	\$ 525,848	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>6,627,497</u>	<u>6,661,170</u>	<u>7,187,018</u>	<u>525,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Appropriation of prior year fund balance	685,983	685,983	-	(685,983)	273,242	273,242	-	(273,242)
Transfers in	-	-	-	-	-	-	230,405	230,405
Total other financing sources	<u>685,983</u>	<u>685,983</u>	<u>-</u>	<u>(685,983)</u>	<u>273,242</u>	<u>273,242</u>	<u>230,405</u>	<u>(42,837)</u>
Total revenues and other financing sources	<u>7,313,480</u>	<u>7,347,153</u>	<u>7,187,018</u>	<u>(160,135)</u>	<u>273,242</u>	<u>273,242</u>	<u>230,405</u>	<u>(42,837)</u>
Expenditures:								
General government	825,623	1,439,296	526,883	912,413	-	-	-	-
Debt Service	5,907,857	5,907,857	5,928,381	(20,524)	273,242	273,242	-	273,242
Capital outlay	580,000	-	-	-	-	-	-	-
Total expenditures	<u>7,313,480</u>	<u>7,347,153</u>	<u>6,455,264</u>	<u>891,889</u>	<u>273,242</u>	<u>273,242</u>	<u>-</u>	<u>273,242</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>731,754</u>	<u>\$ (1,052,024)</u>	<u>-</u>	<u>-</u>	<u>230,405</u>	<u>\$ (316,079)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>904,998</u>		<u>-</u>	<u>-</u>	<u>(230,405)</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,636,752</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, 2015

	Emergency Operations Center Fund				HEA Charter School Expansion Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 750,850	\$ 727,693	\$ (23,157)	\$ 500,000	\$ 518,500	\$ 987,300	\$ 468,800
Total revenues	<u>-</u>	<u>750,850</u>	<u>727,693</u>	<u>(23,157)</u>	<u>500,000</u>	<u>518,500</u>	<u>987,300</u>	<u>468,800</u>
Other financing sources:								
Transfers in	-	-	3,436	3,436	-	-	270,119	270,119
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,436</u>	<u>3,436</u>	<u>-</u>	<u>-</u>	<u>270,119</u>	<u>270,119</u>
Total revenues and other financing sources	<u>-</u>	<u>750,850</u>	<u>731,129</u>	<u>(19,721)</u>	<u>500,000</u>	<u>518,500</u>	<u>1,257,419</u>	<u>738,919</u>
Expenditures:								
General government	-	850	22,398	(21,548)	-	518,500	43,882	474,618
Capital Outlay	-	750,000	708,731	41,269	500,000	-	1,213,537	(1,213,537)
Total expenditures	<u>-</u>	<u>750,850</u>	<u>731,129</u>	<u>19,721</u>	<u>500,000</u>	<u>518,500</u>	<u>1,257,419</u>	<u>(738,919)</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, 2015

	Milander Center Fund				W. 16 Ave. 68 to 78 St. FDOT Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,500	\$ 91,842	\$ (17,658)
Total revenues	-	-	-	-	-	109,500	91,842	(17,658)
Other financing sources:								
Transfers in	-	-	193,238	193,238	-	-	-	-
Total other financing sources	-	-	193,238	193,238	-	-	-	-
Total revenues and other financing sources	-	-	193,238	193,238	-	109,500	91,842	(17,658)
Expenditures:								
General government	-	-	182,460	(182,460)	-	109,500	91,842	17,658
Capital Outlay	-	-	5,769	(5,769)	-	-	-	-
Total expenditures	-	-	188,229	(188,229)	-	109,500	91,842	17,658
Net change in fund balance	-	-	5,009	\$ 5,009	-	-	-	\$ -
Fund balances - beginning	-	-	(5,009)		-	-	-	
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, 2015**

	GOB Parks Project Fund				Multi- Purpose Senior Center Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 997,800	\$ 882,300	\$ (115,500)	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>997,800</u>	<u>882,300</u>	<u>(115,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Transfers in	-	-	-	-	-	-	23,379	23,379
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,379</u>	<u>23,379</u>
Total revenues and other financing sources	<u>-</u>	<u>997,800</u>	<u>882,300</u>	<u>(115,500)</u>	<u>-</u>	<u>-</u>	<u>23,379</u>	<u>23,379</u>
Expenditures:								
General government	-	49,553	27,705	21,848	-	-	-	-
Capital outlay	-	948,247	854,595	93,652	-	-	-	-
Total expenditures	<u>-</u>	<u>997,800</u>	<u>882,300</u>	<u>115,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>23,379</u>	<u>\$ 23,379</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>(23,379)</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
CAPITAL PROJECT FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Road Construction - 2012 Bond Fund				Garden of The Arts Fund (GOB)			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	93,246	\$ -	\$ (93,246)	\$ 1,148,350	1,997,627	\$ 1,961,096	\$ (36,531)
Total revenues	-	93,246	-	(93,246)	1,148,350	1,997,627	1,961,096	(36,531)
Other financing sources:								
Appropriation of prior year fund balance	1,370,665	1,370,665	-	(1,370,665)	601,650	601,650	-	(601,650)
Total other financing sources	1,370,665	1,370,665	-	(1,370,665)	601,650	601,650	-	(601,650)
Total revenues and other financing sources	1,370,665	1,463,911	-	(1,463,911)	1,750,000	2,599,277	1,961,096	(638,181)
Expenditures:								
Capital Outlay	1,370,665	1,463,911	221,597	1,242,314	1,750,000	2,599,277	1,961,096	638,181
Total expenditures	1,370,665	1,463,911	221,597	1,242,314	1,750,000	2,599,277	1,961,096	638,181
Net change in fund balance	-	-	(221,597)	\$ (221,597)	-	-	-	\$ -
Fund balances - beginning	-	-	308,643		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 87,046		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

	W.24 Ave. 60 to 68 St. MDC (JPA) Fund				W.76 St 28 to 31 Ave MDC (JPA) Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ -	\$ 971,725	\$ 605,219	\$ (366,506)	\$ -	710,981	\$ 580,303	\$ (130,678)
Total revenues	-	971,725	605,219	(366,506)	-	710,981	580,303	(130,678)
Other financing sources:								
Appropriation of prior year fund balance	971,602	971,602	-	(971,602)	769,920	769,920	-	(769,920)
Total other financing sources	971,602	971,602	-	(971,602)	769,920	769,920	-	(769,920)
Total revenues and other financing sources	971,602	1,943,327	605,219	(1,338,108)	769,920	1,480,901	580,303	(900,598)
Expenditures:								
Capital Outlay	971,602	1,943,327	605,219	1,338,108	769,920	1,480,901	580,303	900,598
Total expenditures	971,602	1,943,327	605,219	1,338,108	769,920	1,480,901	580,303	900,598
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, 2015**

	Affordable Housing 180 Units Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Government grants and other revenues	\$ -	\$ 54,841	\$ 54,841	\$ -
Total revenues	<u>-</u>	<u>54,841</u>	<u>54,841</u>	<u>-</u>
Expenditures:				
General government	-	54,841	54,841	-
Total expenditures	<u>-</u>	<u>54,841</u>	<u>54,841</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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## FIDUCIARY FUNDS

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# CITY OF HIALEAH, FLORIDA

## FIDUCIARY FUNDS COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2015

	<u>Employees'</u> <u>Retirement</u> <u>System</u>	<u>Elected</u> <u>Officials'</u> <u>Retirement</u> <u>System</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 46,725,292	\$ 172,629	\$ 46,897,921
Securities lending cash collateral	98,811,261	-	98,811,261
Receivables:			
Accrued interest	1,093,289	-	1,093,289
Accrued dividends	325,101	-	325,101
Other receivables	58,557	-	58,557
Contributions	17,044,471	21,453	17,065,924
Investments sold	422,236	-	422,236
Total receivables	<u>18,943,654</u>	<u>21,453</u>	<u>18,965,107</u>
Investments, at fair value:			
U.S. Treasury bonds and notes	51,326,858	-	51,326,858
U.S. Government securities	6,496,289	-	6,496,289
Asset backed securities	4,665,173	-	4,665,173
Mortgage backed securities	74,886,840	-	74,886,840
Real estate investment trusts	11,338,769	-	11,338,769
Corporate bonds and notes	84,683,542	-	84,683,542
Municipal bonds	1,001,915	-	1,001,915
Limited partnerships	7,559,208	-	7,559,208
Mutual funds	12,083,412	9,951,283	22,034,695
Common stocks	283,608,020	-	283,608,020
Total investments	<u>537,650,026</u>	<u>9,951,283</u>	<u>547,601,309</u>
Loans to members	10,606,075	-	10,606,075
Total assets	<u>712,736,308</u>	<u>10,145,365</u>	<u>722,881,673</u>
<u>LIABILITIES AND NET POSITION</u>			
Obligations under securities lending	98,811,261	-	98,811,261
Due to retired participants	43,471,943	-	43,471,943
Investments purchased	441,712	-	441,712
Accounts payable and accrued liabilities	13,835	251,825	265,660
Total liabilities	<u>142,738,751</u>	<u>251,825</u>	<u>142,990,576</u>
Net position restricted for pensions	<u>\$ 569,997,557</u>	<u>\$ 9,893,540</u>	<u>\$ 579,891,097</u>

## CITY OF HIALEAH, FLORIDA

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Employees'</u> <u>Retirement</u> <u>System</u>	<u>Elected</u> <u>Officials'</u> <u>Retirement</u> <u>System</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 27,382,906	\$ 304,126	\$ 27,687,032
Employee	6,994,989	21,453	7,016,442
State	461,877	-	461,877
Total contributions	<u>34,839,772</u>	<u>325,579</u>	<u>35,165,351</u>
Investment income:			
Net depreciation in fair value of investments	(9,421,223)	(199,626)	(9,620,849)
Investment earnings	13,637,019	218,465	13,855,484
Total investment income	4,215,796	18,839	4,234,635
Less investment expenses	1,334,309	36,182	1,370,491
Net investment income (loss)	2,881,487	(17,343)	2,864,144
Total additions	<u>37,721,259</u>	<u>308,236</u>	<u>38,029,495</u>
<b>DEDUCTIONS</b>			
Pension benefits	51,621,289	281,298	51,902,587
Refunds of contributions	10,723,267	-	10,723,267
DROP benefits	3,703,292	-	3,703,292
Total deductions	<u>66,047,848</u>	<u>281,298</u>	<u>66,329,146</u>
Net increase (decrease)	(28,326,589)	26,938	(28,299,651)
Net position restricted for pensions			
Beginning of year	<u>598,324,146</u>	<u>9,866,602</u>	<u>608,190,748</u>
End of year	<u>\$ 569,997,557</u>	<u>\$ 9,893,540</u>	<u>\$ 579,891,097</u>

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## STATISTICAL SECTION

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## 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>
<b>Financial Trends</b> <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>	<b>123-126</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>127-130</b>
<b>Debt Capacity</b> <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>	<b>131-133</b>
<b>Demographic and Economic Information</b> <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>	<b>134-135</b>
<b>Operating Information</b> <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>	<b>136-138</b>

**CITY OF HIALEAH, FLORIDA**

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 *
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 157,977,858	\$ 183,501,680	\$ 200,996,079	\$ 203,538,055	\$ 211,733,799	\$ 212,133,537	\$ 194,882,428	\$ 211,571,226	\$ 200,596,082	\$ 200,222,075
Restricted	1,723,358	14,206,203	7,778,905	6,277,482	6,144,155	12,466,327	4,187,495	7,703,518	7,643,866	9,434,217
Unrestricted	<u>(31,280,078)</u>	<u>(53,760,487)</u>	<u>(73,598,339)</u>	<u>(86,739,623)</u>	<u>(106,165,039)</u>	<u>(133,288,201)</u>	<u>(138,778,621)</u>	<u>(157,186,806)</u>	<u>(154,509,490)</u>	<u>(262,771,711)</u>
Total governmental activities net position	<u>128,421,138</u>	<u>143,947,396</u>	<u>135,176,645</u>	<u>123,075,914</u>	<u>111,712,915</u>	<u>91,311,663</u>	<u>60,291,302</u>	<u>62,087,938</u>	<u>53,730,458</u>	<u>(53,115,419)</u>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	106,282,295	79,156,300	88,351,287	103,874,020	123,881,159	75,538,974	121,429,175	116,770,648	122,274,496	124,884,318
Restricted	7,606,961	21,446,086	-	-	-	40,562,646	5,213,862	-	-	-
Unrestricted	<u>3,112,053</u>	<u>26,479,228</u>	<u>46,322,656</u>	<u>37,501,753</u>	<u>30,323,471</u>	<u>30,136,654</u>	<u>44,149,697</u>	<u>45,934,610</u>	<u>32,314,390</u>	<u>(8,636,198)</u>
Total business-type activities net position	<u>117,001,309</u>	<u>127,081,614</u>	<u>134,673,943</u>	<u>141,375,773</u>	<u>154,204,630</u>	<u>146,238,274</u>	<u>170,792,734</u>	<u>162,705,258</u>	<u>154,588,886</u>	<u>116,248,120</u>
<b>Total government:</b>										
Invested in capital assets, net of related debt	264,260,153	262,657,980	289,347,366	307,412,075	335,614,958	287,672,511	316,311,603	328,341,874	322,870,578	325,106,393
Restricted	9,330,319	35,652,289	7,778,905	6,277,482	6,144,155	53,028,973	9,401,357	7,703,518	7,643,866	9,434,217
Unrestricted	<u>(28,168,025)</u>	<u>(27,281,259)</u>	<u>(27,275,683)</u>	<u>(49,237,870)</u>	<u>(75,841,568)</u>	<u>(103,151,547)</u>	<u>(94,628,924)</u>	<u>(111,252,196)</u>	<u>(122,195,100)</u>	<u>(271,407,909)</u>
Total government net position	<u>\$ 245,422,447</u>	<u>\$ 271,029,010</u>	<u>\$ 269,850,588</u>	<u>\$ 264,451,687</u>	<u>\$ 265,917,545</u>	<u>\$ 237,549,937</u>	<u>\$ 231,084,036</u>	<u>\$ 224,793,196</u>	<u>\$ 208,319,344</u>	<u>\$ 63,132,701</u>

\* Net position as of October 1, 2014 was restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*

CITY OF HIALEAH, FLORIDA

CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 65,290,102	\$ 65,326,837	\$ 69,140,040	\$ 74,384,843	\$ 68,871,742	\$ 66,589,887	\$ 66,408,608	\$ 68,219,791	\$ 72,876,508	\$ 53,669,065
Police	37,743,976	42,209,396	47,982,487	46,859,988	46,206,703	47,628,629	43,670,286	43,377,962	43,375,725	53,872,287
Fire	28,371,023	32,354,377	38,058,400	38,524,121	40,660,842	43,122,832	39,712,334	39,443,585	38,604,552	43,511,619
Streets	13,049,483	12,593,306	14,561,927	13,865,386	14,581,951	14,965,763	12,935,254	11,985,507	11,842,353	12,459,595
Recreation and community services	12,357,830	13,128,189	16,045,320	13,262,701	10,852,844	10,765,871	10,441,684	10,665,547	10,239,608	11,540,708
Interest on long-term deb	5,187,625	5,491,719	5,559,726	5,421,745	5,155,341	5,155,170	3,081,789	4,538,607	3,179,767	2,924,134
Total governmental activities	162,000,039	171,103,824	191,347,900	192,318,784	186,329,423	188,228,151	176,249,956	178,230,999	180,118,513	177,977,408
<b>Business-type activities:</b>										
Water & sewer	37,231,951	36,259,160	38,888,103	39,571,242	43,158,697	45,302,229	52,462,058	45,991,989	49,789,756	57,129,636
Solid waste	15,144,955	14,715,629	15,349,165	14,743,134	15,047,591	15,832,635	15,415,099	18,232,547	15,552,864	13,310,272
Hialeah circulator	2,039,987	1,901,689	2,214,548	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	4,818,638	-	4,672,609	5,877,241
Total business-type activities	54,416,892	52,876,478	56,451,816	54,314,376	58,206,288	61,134,864	72,695,795	68,897,145	70,642,612	76,317,149
Total government expense:	\$ 216,416,931	\$ 223,980,302	\$ 247,799,716	\$ 246,633,160	\$ 244,535,711	\$ 249,363,015	\$ 248,945,751	\$ 247,128,144	\$ 250,761,125	\$ 254,294,557
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 18,884,163	\$ 10,990,136	\$ 15,978,981	\$ 16,545,856	\$ 13,747,204	\$ 15,711,906	\$ 17,233,277	\$ 20,356,002	\$ 18,589,161	\$ 21,314,845
Police	1,780,920	2,063,068	2,217,049	2,625,878	1,574,179	1,467,723	1,068,390	889,365	918,205	772,604
Fire	-	3,428,353	3,674,530	4,113,359	4,731,510	3,779,318	4,762,900	4,489,584	4,775,600	4,425,659
Streets	-	28,973	-	-	3,589,564	3,697,364	-	209,436	120,024	428,722
Recreation and community services	-	1,743,647	1,601,966	1,265,892	1,049,507	1,118,475	2,042,914	655,795	584,852	640,787
Operating grants and contributions	34,698,127	11,346,564	8,534,749	15,049,192	12,701,522	24,069,595	22,096,593	21,651,822	24,576,496	22,839,837
Capital grants and contribution:	-	22,174,756	14,978,580	13,323,168	31,827,725	15,486,278	27,170,059	26,000,214	9,019,257	13,347,879
Total governmental activities program revenue	55,363,210	51,775,497	46,985,855	52,923,345	69,221,211	65,330,659	74,364,133	74,252,218	58,583,595	63,770,333
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water & sewer	42,901,913	41,236,360	42,211,672	42,822,010	45,036,544	45,036,544	48,361,859	49,939,574	54,905,792	59,707,525
Solid waste	12,492,877	12,853,239	13,526,608	13,676,979	13,997,390	13,997,390	14,952,300	15,002,838	14,969,410	15,379,996
Hialeah circulator	1,924,770	1,947,693	1,897,338	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	3,550,573	3,633,314	3,296,440	3,644,229
Operating grants and contributions	457,207	-	-	-	-	-	-	-	-	-
Capital grants and contribution:	356,111	3,557,718	4,413,317	3,119,117	9,004,831	9,004,831	1,168,560	538,297	502,578	172,378
Total business-type activities program revenue	58,132,878	59,595,010	62,048,935	59,618,106	68,038,765	68,038,765	68,033,292	69,114,023	73,674,220	78,904,128
Total program revenues	\$ 113,496,088	\$ 111,370,507	\$ 109,034,790	\$ 112,541,451	\$ 137,259,976	\$ 133,369,424	\$ 142,397,425	\$ 143,366,241	\$ 132,257,815	\$ 142,674,461
<b>Net (expense) revenue:</b>										
Governmental activities	\$ (106,636,829)	\$ (119,328,327)	\$ (144,362,045)	\$ (139,395,439)	\$ (117,108,212)	\$ (122,897,492)	\$ (101,885,823)	\$ (103,978,781)	\$ (121,534,918)	\$ (114,207,075)
Business-type activities	3,715,986	6,718,532	5,597,119	5,303,730	9,832,477	6,903,901	(4,662,503)	216,878	3,031,608	2,586,979
Total net expense	\$ (102,920,843)	\$ (112,609,795)	\$ (138,764,926)	\$ (134,091,709)	\$ (107,275,735)	\$ (115,993,591)	\$ (106,548,326)	\$ (103,761,903)	\$ (118,503,310)	\$ (111,620,096)
<b>General revenues:</b>										
<b>Governmental activities:</b>										
<b>Taxes:</b>										
Property taxes	\$ 54,405,056	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595	\$ 44,867,987	\$ 41,687,822	\$ 41,424,199	\$ 43,735,370
Utility taxes	24,007,854	24,769,883	21,696,763	22,580,807	22,275,529	22,212,359	22,181,374	21,909,541	22,487,398	22,248,582
Franchise fees on gross receipts	-	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381	10,277,964	15,370,782	16,584,895
Intergovernmental revenue	35,372,486	34,202,926	32,202,844	26,285,985	19,773,241	21,521,902	21,875,813	23,733,372	25,094,317	26,939,103
Gain on disposal of capital assets	-	-	-	-	-	-	-	163,973	(1,434,185)	55,529
Unrestricted interest	2,413,802	2,402,998	992,459	172,565	49,530	22,944	6,254	14,745	7,600	17,656
Transfers	-	-	-	391,068	(1,576,750)	-	-	-	15,033,525	-
Total governmental activities	116,199,198	134,854,585	135,591,294	126,699,379	109,435,567	102,807,954	99,409,809	97,787,417	117,983,636	109,581,135
<b>Business-type activities:</b>										
Unrealized gain (loss) on investments	-	-	-	-	-	-	-	(401,464)	414,486	504,463
Unrestricted interest	2,598,140	3,361,773	1,995,210	1,929,614	1,419,630	720,906	672,616	85,110	475,934	669,909
Transfers	-	-	-	(391,068)	1,576,750	-	-	-	(15,033,525)	-
Total business-type activities	2,598,140	3,361,773	1,995,210	1,538,546	2,996,380	720,906	672,616	(316,354)	(14,143,105)	1,174,372
Total general revenues	\$ 118,797,338	\$ 138,216,358	\$ 137,586,504	\$ 128,237,925	\$ 112,431,947	\$ 103,528,860	\$ 100,082,425	\$ 97,471,063	\$ 103,840,531	\$ 110,755,507
<b>Change in net assets:</b>										
Governmental activities	\$ 9,562,369	\$ 15,526,258	\$ (8,770,751)	\$ (12,696,060)	\$ (7,672,645)	\$ (20,089,538)	\$ (2,476,014)	\$ (6,191,364)	\$ (3,551,282)	\$ (4,625,940)
Business-type activities	6,314,126	10,080,305	7,592,329	6,842,276	12,828,857	7,624,807	(3,989,887)	(99,476)	(11,111,497)	3,761,351
Total change in net position	\$ 15,876,495	\$ 25,606,563	\$ (1,178,422)	\$ (5,853,784)	\$ 5,156,212	\$ (12,464,731)	\$ (6,465,901)	\$ (6,290,840)	\$ (14,662,779)	\$ (864,589)

Note: The Hialeah Circulator Fund was converted to Special Revenue Fund in fiscal-year 2009 from an Enterprise Fund. Conversely, in fiscal-year 2012 the Stormwater Fund was converted from a Special Revenue Fund to an Enterprise Fund, see Note 7.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:										
Reserved	\$ 2,742,507	\$ 5,927,352	\$ 3,466,345	\$ 2,325,307	\$ 1,625,608	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	30,307,855	23,768,425	25,120,247	21,738,986	19,058,565	-	-	-	-	-
Nonspendable *	-	-	-	-	-	1,429,186	1,678,708	2,175,058	2,174,224	2,164,713
Restricted *	-	-	-	-	-	-	-	-	-	-
Committed *	-	-	-	-	-	192,686	82,338	105,440	-	264,702
Unassigned *	-	-	-	-	-	12,368,373	12,234,370	10,622,538	15,391,325	11,934,563
Total general fund	<u>\$ 33,050,362</u>	<u>\$ 29,695,777</u>	<u>\$ 28,586,592</u>	<u>\$ 24,064,293</u>	<u>\$ 20,684,173</u>	<u>\$ 13,990,245</u>	<u>\$ 13,995,416</u>	<u>\$ 12,903,036</u>	<u>\$ 17,565,549</u>	<u>\$ 14,363,978</u>
All other governmental funds:										
Reserved										
Encumbrances	\$ 3,351,691	\$ 4,345,683	\$ 831,483	\$ 294,643	\$ 84,917	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	-	28,702	-	-	-	-	-
Public safety	2,260,634	2,717,111	2,243,527	1,173,854	954,844	-	-	-	-	-
Capital projects	10,314,057	7,802,592	5,017,981	4,560,605	3,902,174	-	-	-	-	-
Debt service	665,696	686,500	517,397	543,023	1,287,137	-	-	-	-	-
Unreserved										
Undesignated, reported in:										
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Special revenue funds	3,384,753	797,136	(2,513,140)	3,268,881	3,121,877	-	-	-	-	-
Nonspendable *	-	-	-	-	-	43,221	1,002,607	29,785	977,963	984,876
Restricted *	-	-	-	-	-	12,466,327	4,187,495	7,703,518	7,643,866	9,434,217
Committed *	-	-	-	-	-	174,865	997,467	-	1,115,426	997,128
Unassigned *	-	-	-	-	-	(618,391)	20,131	(2,129,354)	(716,955)	(860,118)
Total all other governmental funds	<u>\$ 19,976,831</u>	<u>\$ 16,349,022</u>	<u>\$ 6,097,248</u>	<u>\$ 9,841,006</u>	<u>\$ 9,379,651</u>	<u>\$ 12,066,022</u>	<u>\$ 6,207,700</u>	<u>\$ 5,603,949</u>	<u>\$ 9,020,300</u>	<u>\$ 10,556,103</u>

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

**CITY OF HIALEAH, FLORIDA**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Ad valorem taxes	\$ 54,289,694	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595	\$ 44,867,987	\$ 41,687,822	\$ 41,424,199	\$ 43,735,370
Utility taxes	23,752,852	24,769,883	25,523,938	26,185,078	25,865,093	25,909,723	22,181,374	21,909,541	22,487,398	22,248,582
Franchise fees	11,098,497	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381	10,277,964	15,370,782	16,584,895
Licenses and permits	7,785,664	6,774,381	6,988,328	6,767,212	6,458,977	7,051,641	7,629,552	8,236,427	9,316,526	9,512,980
State and local shared revenues	35,372,486	34,277,457	32,376,186	31,721,302	30,518,499	33,595,019	34,760,063	37,373,455	40,112,007	42,982,914
Fines and forfeitures	1,780,919	2,001,490	2,217,049	2,067,047	1,465,851	1,860,247	3,350,685	1,942,897	2,025,007	2,331,192
Impact fees	-	-	-	-	-	-	-	-	1,087,068	214,629
Interest	2,594,270	2,402,998	992,459	172,565	49,530	22,944	6,254	14,745	7,600	17,656
Government grants and other revenues	34,813,492	41,541,262	33,779,960	34,772,591	46,869,457	40,648,290	50,301,393	50,432,811	31,137,305	35,667,721
<b>Total revenues</b>	<b>171,487,874</b>	<b>185,246,249</b>	<b>182,577,148</b>	<b>178,954,749</b>	<b>180,141,424</b>	<b>168,138,613</b>	<b>173,575,689</b>	<b>171,875,662</b>	<b>162,967,892</b>	<b>173,295,939</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	43,422,682	32,294,210	32,505,934	31,914,072	30,178,666	27,517,406	32,464,271	35,476,738	38,938,330	15,113,548
Police	37,491,043	40,605,970	42,039,964	41,726,150	42,215,617	41,846,335	40,470,429	38,871,981	40,484,346	51,854,659
Fire	27,735,665	30,821,396	33,991,275	34,770,078	34,668,940	35,432,307	34,244,222	33,527,289	34,611,104	41,284,251
911 communications	-	-	-	2,334,640	2,784,860	3,057,095	2,877,722	2,842,064	3,432,867	3,692,776
Streets	5,581,116	5,539,443	5,494,218	4,051,787	4,589,071	4,286,467	3,144,097	2,781,994	3,201,821	3,516,447
Grants and human services	1,064,881	2,446,509	2,146,882	2,773,003	5,968,055	6,923,729	5,170,883	5,326,027	6,104,005	7,317,707
State housing initiative programs	686,690	1,388,171	1,017,306	960,403	997,212	1,133,537	664,604	107,769	343,353	246,754
Work investment act programs	2,121,473	2,131,368	2,209,604	2,247,265	2,444,219	2,044,010	2,295,878	2,021,437	1,657,136	685,851
City Clerk's office	1,295,503	1,112,082	1,315,761	905,065	1,164,135	813,123	1,074,523	676,279	992,671	1,071,420
Office of Management and Budget	596,364	753,186	668,269	621,505	498,549	576,663	551,784	494,087	461,476	560,939
Office of the Mayor	675,196	714,702	655,965	662,240	637,840	532,856	416,047	441,278	557,105	699,883
Communications and special events	-	941,837	1,016,370	841,146	801,972	747,618	-	47,427	221,436	304,392
Employee retirement	483,995	455,229	519,634	489,769	537,162	463,361	501,114	636,543	632,686	604,903
Library	2,067,074	1,743,219	1,896,684	1,700,898	1,514,939	1,364,642	1,158,859	1,124,518	1,241,652	1,495,749
Code compliance	544,655	535,830	563,559	555,821	510,496	447,585	310,669	392,052	447,571	658,107
Finance	778,099	890,882	907,045	929,122	942,757	879,174	932,222	880,172	1,032,730	1,352,174
Business tax division	386,085	397,628	478,074	553,528	431,087	286,569	248,847	392,421	429,010	589,707
Information technology	887,225	1,109,924	1,446,964	1,676,906	1,439,308	1,608,553	1,405,939	1,358,607	1,532,664	1,615,686
Fleet maintenance	2,291,796	2,107,047	2,361,705	2,555,219	2,281,377	1,966,394	1,984,209	2,052,285	2,286,994	3,321,279
Construction and maintenance	2,656,957	2,876,541	3,123,798	4,464,077	3,648,104	3,268,194	2,169,116	2,178,352	2,034,254	2,909,965
Parks and recreation	11,313,187	10,399,244	9,991,115	10,096,913	8,940,825	8,402,552	8,480,480	8,504,481	8,442,246	9,712,104
Planning and zoning	2,630,981	3,135,389	2,939,020	2,506,832	2,368,498	1,909,454	476,241	484,169	528,781	695,584
Education and community services	-	1,675,303	1,969,595	2,056,599	1,856,244	1,750,844	2,166,341	2,171,059	2,451,185	2,589,164
Law	889,820	965,169	988,913	960,676	895,422	730,159	805,255	768,888	1,231,716	1,291,022
Risk management	432,882	578,003	716,475	732,041	991,704	877,824	976,285	819,238	847,325	428,350
Human resources	905,862	838,335	693,341	821,708	782,972	752,723	572,277	513,118	731,129	700,530
Other expenditures	-	-	-	-	-	-	-	-	-	-
<b>Debt service:</b>										
Principal	515,987	3,113,294	3,111,594	4,909,511	5,591,347	33,809,421	4,364,337	36,744,137	4,407,029	6,568,225
Interest	6,799,067	5,512,378	5,580,385	5,442,404	5,064,354	5,007,310	3,408,154	4,932,024	3,420,976	3,200,422
Debt issuance cost	-	-	-	-	-	-	-	630,913	-	-
<b>Capital outlay</b>	<b>30,479,617</b>	<b>42,096,354</b>	<b>33,261,658</b>	<b>19,259,020</b>	<b>22,198,239</b>	<b>14,650,952</b>	<b>22,198,021</b>	<b>23,867,900</b>	<b>8,586,286</b>	<b>10,935,638</b>
<b>Total expenditures</b>	<b>184,733,902</b>	<b>197,178,643</b>	<b>193,611,107</b>	<b>183,518,398</b>	<b>186,943,971</b>	<b>203,086,857</b>	<b>175,532,826</b>	<b>211,065,247</b>	<b>171,289,884</b>	<b>175,017,236</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(13,246,028)</b>	<b>(11,932,394)</b>	<b>(11,033,959)</b>	<b>(4,563,649)</b>	<b>(6,802,547)</b>	<b>(34,948,244)</b>	<b>(1,957,137)</b>	<b>(39,189,585)</b>	<b>(8,321,992)</b>	<b>(1,721,297)</b>
<b>Other financing sources (uses):</b>										
Premium on debt	-	-	-	-	-	-	-	-	-	-
Transfers in	4,388,554	6,475,276	1,714,930	3,419,660	1,397,618	67,768	3,258,319	38,555	19,781,358	2,147,066
Transfers out	(4,388,554)	(6,475,276)	(1,714,930)	(3,100,661)	(1,397,618)	(67,768)	(7,477,992)	(38,555)	(4,747,833)	(2,147,066)
Payment to refunded bond escrow agent	-	-	(2,610,000)	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	2,283,000	-	-	-	-	-	-	-
Proceeds from disposal of capital assets	-	-	-	-	4,800,000	-	-	163,973	4,076,089	55,529
Issuance of debt	10,030,000	4,950,000	-	3,466,113	459,788	31,252,400	323,659	37,329,481	423,920	-
<b>Total other financing sources (uses)</b>	<b>10,030,000</b>	<b>4,950,000</b>	<b>(327,000)</b>	<b>3,785,112</b>	<b>5,259,788</b>	<b>31,252,400</b>	<b>(3,896,014)</b>	<b>37,493,454</b>	<b>19,533,534</b>	<b>55,529</b>
<b>Net change in fund balances</b>	<b>\$ (3,216,028)</b>	<b>\$ (6,982,394)</b>	<b>\$ (11,360,959)</b>	<b>\$ (778,537)</b>	<b>\$ (1,542,759)</b>	<b>\$ (3,695,844)</b>	<b>\$ (5,853,151)</b>	<b>\$ (1,696,131)</b>	<b>\$ 11,211,542</b>	<b>\$ (1,665,768)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>4.74%</b>	<b>5.56%</b>	<b>5.42%</b>	<b>6.30%</b>	<b>6.47%</b>	<b>20.60%</b>	<b>5.07%</b>	<b>22.34%</b>	<b>4.81%</b>	<b>5.95%</b>

# 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>
2006	7,907,932,115	619,146,007	5,884,955	8,532,963,077	6.8000
2007	9,001,150,803	625,028,036	6,671,929	9,632,850,768	6.8000
2008	10,369,515,975	649,134,069	7,039,040	11,025,689,084	6.5400
2009	10,126,361,853	554,764,657	7,711,059	10,688,837,569	6.5400
2010	8,940,547,673	538,044,784	10,027,214	9,488,619,671	6.5400
2011	7,222,367,199	520,988,608	7,357,864	7,750,713,671	6.5400
2012	6,744,572,176	531,432,543	10,363,835	7,286,368,554	6.5400
2013	6,695,064,915	523,612,469	5,972,673	7,224,650,057	6.3018
2014	6,416,539,571	549,698,400	5,474,876	6,971,712,847	6.3018
2015	6,755,960,917	544,953,380	6,117,639	7,307,031,936	6.3018

*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	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage						
2006	6.8000	5.6150	0.2850	5.9000	7.6910	0.4140	8.1050	0.5970	0.0385	0.0000	0.4223	0.1000	21.9628
2007	6.8000	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0345	0.0000	0.4223	0.0894	20.6934
2008	6.5400	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0345	0.0000	0.4212	0.0894	20.5396
2009	6.5400	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0345	0.0000	0.5000	0.0894	20.8164
2010	6.5400	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.5346	0.0345	0.0000	0.5000	0.0894	21.8200
2011	6.5400	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0345	0.0000	0.5000	0.0624	20.6058
2012	6.5400	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0345	0.0000	0.5000	0.0613	20.4899
2013	6.3018	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0345	0.0000	0.5000	0.0587	20.3498
2014	6.3018	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.1577	0.0345	0.1717	0.5000	0.0548	20.3114
2015	6.3018	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.1459	0.0320	0.1586	0.5000	0.0506	19.9178

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

2015				2006			
Taxpayer	Net Assessed Value	Rank	Percent of Total City Net Assessed Value	Taxpayer	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
Florida Power & Light CO	\$ 173,024,552	1	2.39%	Lifemark Hospitals Inc.	\$ 158,191,753	1	2.16%
Palm Springs Mile Associates LTD	119,068,630	2	1.65%	Palm Springs Mile Associates LTD	95,362,160	3	1.30%
Westland Mall LLC	80,800,000	3	1.12%	Westland Mills LLC	82,544,000	4	1.13%
Lifemark Hospitals Inc.	59,430,002	4	0.82%	Ashland Inc.	108,574,471	2	1.49%
Centergate at Gratigny LLC	39,027,823	5	0.54%	Airras Group Inc.	61,596,260	5	0.84%
SC Westland Promenade Ltd Prtshp	32,562,691	6	0.45%	77 Acres LLC	47,111,019	6	0.64%
Bal Bay Management LLC	26,161,753	7	0.36%	Gratigny Partners LTD	38,744,109	7	0.53%
Tenet Hialeah Healthsystems Inc.	24,200,000	8	0.33%	Las Brisas LLC	35,480,775	8	0.49%
Bellsouth Telecommunications Inc.	23,468,089	9	0.32%	Bellsouth Telecommunications Inc.	34,466,630	9	0.47%
United Parcel Service Inc.	<u>23,366,860</u>	10	<u>0.32%</u>	Royal Gardens Investments LLC	<u>34,404,739</u>	10	<u>0.47%</u>
	<u>\$ 601,110,400</u>		<u>8.30%</u>		<u>\$ 696,475,916</u>		<u>9.52%</u>

Source: Miami-Dade County Property Appraisers Office.

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

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for <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>
2006	58,024,149	53,351,595	91.95%	423,624	53,775,219	92.68%
2007	65,503,385	60,909,886	92.99%	299,605	61,209,491	93.44%
2008	72,108,007	67,599,293	93.75%	779,007	68,378,300	94.83%
2009	69,904,998	66,521,182	95.16%	810,759	67,331,941	96.32%
2010	62,055,573	55,475,555	89.40%	2,465,365	57,940,920	93.37%
2011	48,499,075	46,209,687	95.28%	2,008,135	48,217,821	99.42%
2012	47,652,850	43,747,005	91.80%	1,120,983	44,867,987	94.16%
2013	45,528,300	40,894,173	89.82%	793,648	41,687,821	91.56%
2014	43,934,340	39,589,518	90.11%	1,467,597	41,057,115	93.45%
2015	46,047,454	43,735,370	94.98%	1,351,690	45,087,060	97.91%

Source: City of Hialeah Office of Management & Budget.

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

Fiscal Year Ended September 30,	Governmental Activities				Business-Type Activities					Total	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Notes Payable	Capital Leases	Mortgage Payable	Revenue Bonds	Notes Payable	Revolving Loan	Capital Leases	Water Purchase Agreement			
2006	2,780,000	109,930,000	252,391	103,841	465,000	2,305,000	1,021,188	-	514,546	117,371,966	1.47%	509
2007	2,610,000	112,010,000	185,047	97,891	465,000	1,185,000	2,158,254	-	352,832	119,064,024	1.43%	514
2008	2,223,591	109,035,000	113,992	91,761	-	-	2,047,309	-	176,416	113,688,069	1.38%	490
2009	2,047,751	107,553,325	334,426	85,444	-	-	1,875,810	-	-	111,896,756	1.55%	490
2010	1,864,063	102,418,870	527,519	117,969	-	-	1,705,629	-	-	106,634,050	1.48%	471
2011	1,672,177	100,102,352	596,872	117,969	-	-	52,070,567	-	-	154,559,937	2.14%	678
2012	1,471,927	88,242,884	143,267	-	-	57,668,324	1,910,149	-	-	149,436,551	2.09%	650
2013	-	79,970,161	72,425	-	-	64,620,036	1,791,969	-	-	146,454,591	1.93%	631
2014	-	75,661,198	398,279	-	-	63,097,659	1,670,450	-	-	140,827,586	2.14%	603
2015	-	70,719,903	1,252,121	-	-	61,572,579	1,545,497	-	-	135,090,100	1.91%	573

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, 2015

(amounts expressed in thousands)

<u>Government Unit</u>	2015		
	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to the City of Hialeah</u>
Miami-Dade County School Board	\$ 359,623	3.47%	\$ 12,479
Miami-Dade County	<u>1,364,122</u>	3.47%	<u>47,335</u>
Subtotal, Overlapping Debt	1,723,745		59,814
City of Hialeah Direct Debt	<u>133,778</u>	100%	<u>133,778</u>
Total Direct and Overlapping Debt	<u>\$ 1,857,523</u>		<u>\$ 193,592</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,	FMLC Bond Series 2011D						Rescue Transportation 2007 Revenue Bond			
	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Rescue Transportation Fees (a)	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2006	42,901,913	36,984,771	5,917,142	3,615,000	337,265	1.50	1,968,192	160,000	161,540	6.12
2007	41,236,360	36,154,466	5,081,894	1,585,000	138,400	2.95	2,394,917	170,000	152,900	7.42
2008	46,070,878	38,241,216	7,829,662	1,185,000	65,175	6.26	2,602,700	59,409	75,876	19.24
2009	40,702,131	39,699,976	1,002,155	-	-	N/A	2,763,685	175,840	94,730	10.21
2010	56,463,162	46,051,730	10,411,432	-	-	N/A	3,324,801	183,688	86,882	12.29
2011	47,536,277	48,531,832	(995,555)	-	-	N/A	2,956,713	270,570	78,674	8.47
2012	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	49,265,671	41,497,509	7,768,162	320,000	2,392,088	2.86	4,051,551	-	-	N/A
2014	58,913,986	52,358,264	6,555,722	580,000	2,387,288	2.21	4,369,019	-	-	N/A
2015	60,673,488	49,821,433	10,852,055	850,000	2,369,888	3.37	3,252,298	-	-	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 11.

**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>
2006	230,407	7,996,966	34,708	39	29,885	5.1%
2007	231,500	8,352,752	36,081	39	30,105	5.8%
2008	232,155	8,224,091	35,425	38	31,226	8.9%
2009	228,157	7,230,067	31,689	42	29,370	14.5%
2010	226,419	7,183,822	31,728	41	29,685	15.9%
2011	227,962	7,227,763	31,706	38	34,194	12.6%
2012	229,969	7,151,116	31,096	41	38,794	9.2%
2013	231,941	7,606,737	32,796	43	28,912	10.3%
2014	233,394	6,571,208	28,155	42	25,239	5.6%
2015	235,563	7,057,703	29,961	42	25,623	6.3%

*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>2015</u>			<u>2006</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>
City of Hialeah	1,755	1	1.85%	1,825	1	1.99%
Palmetto General Hospital	1,635	2	1.72%	1,681	2	1.83%
United Parcel Service	1,119	3	1.18%	1,152	3	1.25%
Hialeah Hospital	1,032	4	1.09%	1,040	4	1.13%
Winn Dixie Super Markets	931	5	0.98%	1,032	5	1.12%
Publix Super Markets	771	6	0.81%	882	6	0.96%
Palm Springs Hospital	611	7	0.64%	598	8	0.65%
Sedano's Super Markets	545	8	0.57%	552	9	0.60%
Bank of America	491	9	0.52%			0.00%
Bullet Line	450	10	0.47%			0.00%
Yellow Stone Group	-	-	-	435	10	0.47%
ABC Distributors	-	-	-	710	7	0.77%
	-	-	-	-	-	-
<b>Total</b>	<u>9,340</u>		<u>9.84%</u>	<u>9,907</u>		<u>10.78%</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Number of employees:										
Mayor's office	9	10	12	12	10	8	5	3	3	4
Communications & special events	8	11	11	11	8	1	-	-	-	-
Information systems	13	19	14	14	14	14	12	12	12	10
Community development:										
Planning and zoning	15	13	13	13	8	10	9	7	7	7
Building	26	31	31	31	17	19	22	19	19	22
License	9	8	10	10	7	5	8	8	8	9
Code compliance	12	12	9	10	7	7	9	9	9	10
Office of Management & Budget	10	13	17	16	15	12	20	3	3	3
City Clerk's office	8	8	11	10	8	3	5	4	4	4
Law	14	14	13	13	10	11	10	10	9	8
Risk management	8	15	13	13	14	14	3	3	3	3
Police:										
Police officers	372	372	358	365	312	327	303	290	276	264
Civilians	131	151	150	150	121	105	75	56	70	67
Fire:										
Firefighters	262	288	262	265	241	199	254	245	235	238
Civilians	51	59	58	58	55	44	35	19	28	18
911 Communications	-	-	-	-	43	47	44	38	39	41
Education & community services	15	28	30	33	32	27	35	29	29	34
Library	28	31	29	30	24	17	15	15	15	17
Recreation and community services	94	93	92	92	81	76	79	71	70	75
Streets	33	30	30	32	23	34	19	17	17	28
Stormwater	18	17	18	20	13	13	9	9	9	9
Fleet	46	47	48	48	31	33	35	37	37	31
Circulator	7	7	7	7	5	5	-	-	-	-
Construction and maintenance	52	54	53	58	30	30	36	39	39	33
Solid waste	122	126	115	113	85	74	68	62	62	42
Human resources	12	10	10	10	9	7	8	8	9	7
Finance	15	17	15	15	14	16	13	19	19	15
Retirement	4	5	5	5	3	3	4	4	4	4
Grants and human services	50	43	42	40	38	35	33	32	32	8
Water and sewer	57	57	58	59	52	50	60	55	54	64
Water division	40	39	38	40	32	30	32	32	32	26
Sewer division	31	30	30	31	24	19	19	17	17	16
Total number of employees	<u>1,572</u>	<u>1,658</u>	<u>1,602</u>	<u>1,624</u>	<u>1,386</u>	<u>1,295</u>	<u>1,279</u>	<u>1,172</u>	<u>1,170</u>	<u>1,117</u>

Source: City of Hialeah Human Resources Department

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

## CITY OF HIALEAH, FLORIDA

### OPERATING INDICATORS BY FUNCTION/PROGRAM

#### LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public safety										
Police:										
Police calls for service	224,546	222,425	223,101	260,108	259,556	203,401	215,200	245,463	370,506	367,942
Parking violations	11,514	12,325	11,925	19,533	18,775	2,915	3,510	3,301	2,987	3,372
Traffic violations	74,446	75,251	76,135	88,550	91,051	73,423	77,900	78,751	77,253	85,141
Fire:										
Number of calls answered	31,338	33,658	35,009	32,350	34,425	32,992	33,755	35,455	42,250	43,494
Inspections	13,035	17,947	22,921	10,851	11,825	11,136	12,235	12,235	8,500	12,035
Planning and development:										
Business permits issued	10,530	12,487	9,852	9,215	9,185	9,205	8,815	8,716	6,421	7,583
Occupational licenses issued	17,648	18,101	18,325	18,058	17,225	18,318	18,449	18,915	19,019	19,041
Streets:										
Street resurfacing (miles)	8.2	6.9	6.1	7.8	8.1	7.4	10.1	11.5	12.0	7.9
Potholes repaired	580	462	471	420	310	310	295	285	208	154
Culture and recreation:										
Registrations for library programs	118,054	119,645	122,398	112,433	110,663	110,663	56,642	56,642	46,042	50,759
Community center admissions	184,385	192,874	196,010	154,388	155,658	154,763	145,100	144,302	146,525	146,750
Athletic field permits issued	60	72	85	47	41	41	65	63	134	90
Water and sewer:										
Active accounts - water and sewer	55,265	54,640	54,400	54,580	53,996	54,523	54,392	54,554	55,401	55,008
Average daily water consumption (thousands of gallons)	23,606	21,325	20,015	22,422	22,321	20,519	21,837	20,878	19,959	18,656
Average daily sewage treatment (thousands of gallons)	24,026	25,178	24,985	21,767	18,913	16,670	19,184	19,308	19,458	19,986
New connections	6,910	4,698	4,355	4,225	4,468	4,931	5,368	1,020	920	2,052
Water main breaks	251	225	192	115	102	177	193	195	200	57
Solid waste:										
Residential accounts	35,567	35,621	36,780	34,951	35,037	35,591	35,303	35,285	35,101	36,502
Commercial accounts	422	443	452	443	468	446	449	441	436	440
Refuse collected (tons/day)	251.4	231.9	241.5	398.8	405.3	358.0	365.0	225.0	193.0	141.6
Recyclables collected (tons/day)	7.2	7.3	7.4	12.7	13.5	14.2	14.9	21.0	27.0	45.2

Sources: Various City departments

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

## CITY OF HIALEAH, FLORIDA

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

#### LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	4	5	5	5	5	5	5	5	5	5
Patrol units	191	282	315	378	386	398	402	229	238	215
Fire:										
Fire stations	7	8	8	8	8	8	8	8	8	8
Fire apparatus vehicles	12	12	13	13	15	15	15	14	15	15
Emergency rescue vehicles	8	9	10	10	10	10	12	14	14	14
Streets:										
Miles of streets	493.1	493.1	493.1	493.1	493.1	493.1	493.1	450.6	455.0	475.6
Culture and recreation:										
Parks	27	27	27	27	27	27	27	27	27	27
Parks acreage	255.0	255.0	255.0	223.5	223.5	223.5	223.5	223.5	223.5	223.5
Community center	3	3	3	3	3	3	3	3	3	3
Swimming pools	7	7	7	7	7	7	7	7	7	7
Tennis courts	23	23	21	26	26	26	26	26	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	1	1	2	2	2	2
Water mains (miles)	487	490	490	492	492	492	492	492	496	496
Fire hydrants	2,750	2,766	2,766	2,772	2,772	2,772	2,772	2,772	2,812	3,008
Storm sewers (miles)	84.3	88.2	88.2	88.2	88.2	88.2	88.2	88.2	92.3	84.3
Solid waste:										
Collection trucks	38	37	36	38	42	46	46	46	46	12

Sources: Various City departments

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## COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 31, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-01.

We also noted one other matter which we have reported in the accompanying schedule of findings and questioned costs as item 2015-02.

### **City of Hialeah, Florida's Responses to Findings**

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

### **Purpose of this Report**

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

*Alberni, Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP  
May 31, 2016  
Coral Gables, Florida



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**MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR  
GENERAL OF THE STATE OF FLORIDA**

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

**Reports on the Financial Statements**

We have audited the basic financial statements of City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 31, 2016.

**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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 31, 2016, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal City**

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

**Financial Condition**

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

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

#### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

#### **Other Matters**

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

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

#### **Purpose of this Letter**

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

*Alberni, Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP  
Coral Gables, Florida  
May 31, 2016



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined the City of Hialeah, Florida, (the "City") compliance with the requirements of Section 218.415 Florida Statutes during the fiscal year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

*Alberni, Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP  
Coral Gables, Florida  
May 31, 2016



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 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 City of Hialeah, Florida's compliance with the types of compliance requirements described in the OMB Circular A-133 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 City of Hialeah, Florida's (the "City") major federal programs and state projects for the year ended September 30, 2015. City of Hialeah, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, City of Hialeah, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2015.

## **Report on Internal Control over Compliance**

Management of City of Hialeah, Florida, 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 OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Alberni, Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP  
May 31, 2016  
Coral Gables, Florida

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Federal Agency/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grant Number	Expenditures
<b><i>U.S. Department of Housing and Urban Development</i></b>			
Community Development Block Grant	14.218	B-12MC-12-0008	309,557
Community Development Block Grant	14.218	B-13MC-12-0008	1,270,303
Community Development Block Grant	14.218	B-14MC-12-0008	<u>561,524</u>
			2,141,384
HOME Investment Partnership	14.239	M-09-MC-12-0207	108,853
HOME Investment Partnership	14.239	M-10-MC-12-0207	315,150
HOME Investment Partnership	14.239	M-11-MC-12-0208	313,964
HOME Investment Partnership	14.239	M-12-MC-12-0208	141,163
HOME Investment Partnership	14.239	M-13-MC-12-0208	<u>45,248</u>
			924,377
Emergency Shelter Grant	14.231	S-13-MC-12-0005	105,472
Emergency Shelter Grant	14.231	S-14-MC-12-0005	<u>171,981</u>
			277,453
			<u>3,343,214</u>
<b><i>Total U.S. Department of Housing and Urban Development</i></b>			
<b><i>U.S. Department of Justice</i></b>			
Equitable Sharing Funds	16.922	N/A	203,608
Edward Byrne Memorial Grant Program - 2013	16.738	2013-DJ-BX-0100	50,386
Edward Byrne Memorial Grant Program - 2014	16.738	2014-DJ-BX-006	<u>64,100</u>
			318,094
<b><i>Total U.S. Department of Justice</i></b>			
<b><i>Subtotal Direct Programs</i></b>			
			<u>3,661,308</u>
<b><i>U.S. Department of Agriculture</i></b>			
<i>Indirect Programs-Passed through the Florida Department of Health:</i>			
Child Care Food Program	10.558		3,844
			<u>3,844</u>
<b><i>Total U.S. Department of Agriculture</i></b>			
<b><i>Executive Office of the President</i></b>			
Pass-Through Program Monroe County Sherrif's Office			
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G14MI0001A	<u>19,200</u>
			19,200
<b><i>Total Executive Office of the President</i></b>			

(Continued)

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 PROJECTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
Pass-Through Program from: South Florida Workforce Investment Board: WIA Adult Program	17.258	WS-CC-PY'14-03-00	40,039 <u>40,039</u>
WIA Dislocated Worker Formula Grant	17.278	WS-CC-PY'14-03-00	44,647 <u>44,647</u>
Unemployment Insurance	17.225	WS-CC-PY'14-03-00	24,237 <u>24,237</u>
<b>Total U.S. Department of Labor Employment Training Administration- Through the South Florida Workforce Investment Board</b>			<u>108,923</u>
Pass-Through Program from: South Florida Workforce Investment Board: Temporary Assistance for Needy Families <b>Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board</b>	93.558	WS-CC-PY'14-03-00	107,018 <u>107,018</u>
Pass-Through Program from: Refugee and Entrant Assistance - Targeted Assistance Grants <b>Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board</b>	93.584	RET-DP-PY'13-05-2-00	14,231 <u>14,231</u>
Pass-Through Program from: South Florida Workforce Investment Board: Supplemental Nutrition Assistance Program <b>Total U.S. Department of Agriculture- Through the South Florida Workforce Investment Board</b>	10.551	WS-CC-PY'14-03-00	27,280 <u>27,280</u>
Pass-Through Program from: State of Florida Department of Education: 21st Century Community Learning Centers - Academic Achievers 21st Century Community Learning Centers - Steam Ahead <b>Total U.S. Department of Education - Through the State of Florida Department of Education</b>	84.287 84.287	13B-2445B-5CCC2 13B-2445B-5CCC1	403,848 450,963 <u>854,811</u>
Pass-Through Program from: The Florida Department of Law Enforcement: Edward Byrne Memorial Grant - County <b>Total U.S. Department of Homeland Security - Through the Florida Department of Law Enforcement</b>	16.738	2015-JAGC-DADE-27-R3-242	21,431 <u>21,431</u>
Pass-Through Program from: The Florida Department of Transportation - Highway Planning and Construction: West 16 Avenue from 68th to 78th Street <b>Total U.S. Department of Transportation - Through the Florida Department of Transportation</b>	20.205	AR-871	91,843 <u>91,843</u>
Pass-Through Program from: The Florida Division of Emergency Management: Metropolitan Medical Response (MMRS) Urban Areas Security Initiatives (UASI) ( 2013) Urban Areas Security Initiatives (UASI) ( 2014) <b>Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management</b>	97.067 97.067 97.067	COBK-233-01-0041 14-DS-I2-11-23-02-413 15-DS-P8-11-23-02-453	71,884 381,381 72,408 <u>525,673</u>
Pass-Through Program from: State of Florida Office of the Attorney General: Victims of Crimes Act (VOCA) <b>Total U.S. Department of Justice - Through the State of Florida Office of the Attorney General</b>	16.575	V209-14272	46,463 <u>46,463</u>
<b>TOTAL EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE</b>			<u>5,482,025</u>

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**  
(Continued)

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
<b>Florida Housing Finance Corporation</b>			
State Housing Initiative Partnership Program	52.901	N/A	100,972
State Housing Initiative Partnership Program	52.901	N/A	<u>145,782</u>
<b>Total Florida Housing Finance Corporation</b>			<u>246,754</u>
<b>Florida Department of State - Division of Libraries and Information Services</b>			
State Aid to Libraries	45.030	13-ST-32	<u>14,218</u>
<b>Total Florida Department of State - Division of Libraries and Information Services</b>			<u>14,218</u>
<b>Florida Department of Elder Affairs</b>			
Alliance for Aging - Meals for the Elderly	65.009	LSP 2014-2015-KL1434	890,843
Alliance for Aging - Meals for the Elderly	65.009	LSP 2015-2016-KL1534	<u>188,726</u>
<b>Total Florida Department of Elder Affairs</b>			<u>1,079,568</u>
<b>State of Florida Division of Emergency Management</b>			
Emergency Operation Center	31.064	15-MP-4B-11-23-02-174	<u>727,694</u>
<b>Total State of Florida Division of Emergency Management</b>			<u>727,694</u>
<b>Florida Department of Economic Opportunity</b>			
HEA Charter School Expansion	40.038	HL023	<u>487,300</u>
<b>Total Florida Department of Economic Opportunity</b>			<u>487,300</u>
			<u>\$ 2,555,533</u>

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 PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

### 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 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### NOTE 2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Provided</u>
Community Development Block Grant	14.218	<u>\$ 247,745</u>

### NOTE 3. 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**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

### **PRIOR YEAR COMMENTS AND STATUS**

#### **FINANCIAL STATEMENTS**

2014-01 Budget amendments (revised and included as 2015-01)

#### **OTHER MATTER**

2014-02 Solid Waste and Storm Water Fund Deficit (revised and included as 2015-02)

#### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

#### **STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

None.

# CITY OF HIALEAH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

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

#### Federal Awards Program and State Financial Assistance Projects

Internal control over major federal awards programs and state financial assistance projects:  
     Material weakness(es) identified? \_\_\_\_\_ yes   X   no  
     Significant deficiencies identified not considered to be material weakness? \_\_\_\_\_ yes   X   None reported

Type of auditors' report issued on compliance for major federal awards programs and state financial assistance projects: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) or Chapter 10.550, Rules of the Auditor General? \_\_\_\_\_ yes   X   no

Identification of major federal awards programs assistance projects and state financial assistance projects:

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
Community Development Block Grant/Entitlement Grants	14.218
Homeland Security Grants	97.067

<u>State Assistance Projects</u>	<u>State CFSA No.</u>
State Housing Initiative Partnership Program	52.901
State of Florida Division of Emergency Management	31.064
State of Florida Department of Economic Opportunity	40.038

Dollar threshold used to distinguish between Type A and Type B programs:	Federal	\$300,000
	State	\$300,000

Auditee qualified as low risk auditee for audit of federal awards programs?   X   yes \_\_\_\_\_ no

# CITY OF HIALEAH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

### SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES

#### NON COMPLIANCE

##### 2015-01 Budgeting and Budget Amendments

###### Criteria:

Florida Statutes section 166.241 states that the adopted budget must regulate expenditures of the municipality, and an officer of a municipal government may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget. In addition, Section 166.241(4), Florida Statutes (FS), provides that the governing body of each municipality at any time within a fiscal year or within 60 days following the end of the fiscal year may amend a budget for that year.

###### Condition:

The City incurred costs that were not approved as a formal budget amendment by the Council, creating expenditures in excess of budget. This is not in compliance with Florida Statutes section 166.241. The City overspent its general fund budget in total by approximately \$9.8 million primarily in the areas of Police (approximately \$5.3 million) and Fire (approximately \$7.3 million).

###### Cause:

The City did not prepare a final budget amendment in order to have these over expenditures approved by Council as allowed by the Florida Statutes.

###### Effect:

Without proper budget amendments, the City is not in compliance with Florida Statute section 166.241.

###### Recommendation:

We recommend that, in the future, the City track the budget to actual results throughout the year and prepare appropriate budget amendments prior to November 30<sup>th</sup> after their fiscal year-end.

###### View of Responsible Officials and Planned Corrective Actions:

Due to a timing issue with the realignment of accounts to a decentralized vs. centralized budget causing certain budgets to be over expended, an amendment to the budget did not occur within the 60 days as required by the State. We anticipate complying with the statutory reporting requirements as noted.

#### OTHER MATTER

##### 2015-02 Storm Water Fund Deficit

###### Condition:

During our testing of the enterprise funds we noted that the Storm Water fund had an operating loss of approximately \$1,643,086. In the prior year the fund also incurred an operating loss of \$1,374,769.

###### Recommendation:

We recommend that the City review its current charges for storm water services to ensure the fees cover the costs of operations and also continue to reduce costs of operations while maintaining quality of service.

# CITY OF HIALEAH, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

### **SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES** (Continued)

#### **OTHER MATTER** (Continued)

#### **2015-02 Storm Water Fund Deficit** (Continued)

##### **Current Year Status:**

The Storm Water fund had an operating loss of \$1,643,086 for the fiscal year ended September 30, 2015 compared to operating losses of \$1,374,769, \$558,007 and \$969,246 for the fiscal years ended September 30, 2014, 2013 and 2012, respectively.

##### **View of Responsible Officials and Planned Corrective Actions:**

We agree with the recommendation and will review the current charges for storm water services and look for enhanced efficiencies in its operations. It is to be noted that the fund's net position, ending fiscal year 2015, is in the positive.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

### **SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

None.

