

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2018
CITY OF HALLANDALE BEACH, FLORIDA



CITY OF HALLANDALE BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

PREPARED BY THE FINANCE DEPARTMENT

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CITY OF HALLANDALE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Introductory Section



May 31, 2019

Office of the City
Manager

Greg Chavarria
City Manager

Joy D. Adams
Mayor

Sabrina Javellana
Vice Mayor

Mike Butler
Commissioner

Michele Lazarow
Commissioner

Anabelle Lima-Taub
Commissioner

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To the Honorable Mayor, City Commissioners and Citizens of the City of Hallandale Beach, Florida.

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) for the City of Hallandale Beach, Florida (the “City”), for the fiscal year ended September 30, 2018. Florida law requires that every general-purpose local government publish a complete set of audited financial statements within nine months of the close of each fiscal year. The financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) of the United States of America.

The City has full responsibility for the reliability and the completeness of the information contained in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and activities of the City.

Mauldin & Jenkins LLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, are free of material misstatement. The independent auditors have issued an unmodified opinion on the City of Hallandale Beach's financial statements for the year ended September 30, 2018. The independent auditor's report is located at the front of the financial section of this report. The Police and Fire Pension Trust Fund was audited by other auditors.

The CAFR is used to assist in making economic, social and policy decisions, and to assist citizens in assessing accountability and transparency by:

- Assessing financial conditions and results of operations;
- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assisting in determining compliance with finance related laws, and rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of City operations

Pursuant to Government Accounting Standards Board (GASB) guidelines, the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion from the reporting entity's financial statements would be misleading or incomplete.

The following entities, for which the City is fiscally accountable, are required to be blended with the data of the primary government: Golden Isles Safe Neighborhood District. Three Islands Safe Neighborhood District and the Hallandale Beach Community Redevelopment Agency (HBCRA).

GAAP guidelines requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a 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 MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE CITY

The City of Hallandale Beach was incorporated in 1927 and is in the southeast corner of Broward County on the Atlantic Ocean. The City encompasses 4.4 square miles and has a population of 39,940 residents as of July 1, 2018. The City's demographics continue to change as younger families move to Hallandale Beach for its location and quality of life attributes. The American Community Survey showed that the median age was 45.5 in 2017. Tourism continues to play an important role in the City's economy, as the population swells to 50,000 during the winter season.

The City operates under the Commission-Manager form of government, including five elected officials (the Mayor and City Commission). The City Commission determines policy, adopts legislation, and approves the City's annual budget. The City Commission also appoints the two Charter Officers, which are the City Manager and the City Attorney. The City Manager serves as the Chief Executive Officer overseeing day-to-day operations, submits the proposed annual budget and carries out the established legislative policies.

The City provides a full range of municipal services as authorized by State Statute and City Charter. Services include public safety (police, fire, building inspections and code compliance), licenses and permits, streets maintenance, water, sewer, stormwater drainage, municipal cemetery, sanitation, human services, recreation, planning and zoning and general administrative services.

Mission Statement

"The City of Hallandale Beach is dedicated to enhancing the quality of life in our Community in a fiscally responsible manner by providing superior services that meet the needs of our Community as well as plan for their future needs through continued communication."

LOCAL ECONOMY

Florida growth rates are generally returning to more typical levels and continue to show progress. According to a February 7, 2018 presentation held by the Florida Legislature's Office of Economic and Demographic Research (EDR), Florida's economy will continue to experience growth. The Office of Economic and Demographic Research now projects that Florida's growth will average 2.3% per year for the 2018, 2019 and 2020 fiscal years. Personal income growth, one of the main factors used to measure the economic health of an individual state, was strong, driven in part by population growth. In 2018, Florida current-dollar GDP was \$1,036,323 million and ranked 4th in the United States. Florida real GDP grew 3.5 percent; the 2017-2018 national change was 2.9 percent.

Two key measures of employment are job growth and the unemployment rate. Florida's unemployment rate continues to drift downward. The state's unemployment rate went from 4.1% in September 2017 to 3.0% in September 2018. The City of Hallandale Beach unemployment rate has dropped from 4.3% in September 2017 to 3.2% in September 2018.

In 2018, the City recorded an increase in taxable values for the seventh consecutive year. This growth in taxable value is not reflective of the increased development activity in the City as numerous developments currently approved will be captured on the tax roll in the next few years.

MAJOR INITIATIVES

Economic Incentive

In 1996, the City Commission established the Hallandale Beach Community Redevelopment Agency (HBCRA) pursuant to Florida State Statute 163.356. The HBCRA is a Dependent Special District, representing approximately 76 percent of the City of Hallandale Beach. The City Commission serves as the HBCRA Board of Directors.

The HBCRA's primary goals are to guide quality growth by creating dynamic changes in the City's long-term livability, quality of life, and economic health. During the past few years, the HBCRA has undertaken many projects, plans and programs in order to help the City's residential and commercial sectors achieve positive growth. Tax Increment Financing has been used to incentivize the development of twenty (20) affordable homes, improvements to business establishments in the form of façade, interior and restaurant improvements, creating new two (2) Class A office buildings, attracting new businesses to the Fashion, Arts and Design District, and the development of a new streetscape project on NE 3rd Street.

The HBCRA's Residential Programs such as the First Time Homebuyer Program, the Neighborhood Improvement Program, Senior Mini Grant Program, Hurricane Shutter Program, Replacement Home Program, and the Enhanced Paint Program have served hundreds of residents since the program's inception. The program has helped to not only increase the availability of affordable housing in the area, but it has served to eliminate the factors that contribute to slum and blighted conditions.

Capital Outlay and Improvements

Main Fire Station Building and Emergency Operations Center: The City's Main Fire Station is over 40 years old and has outlived its useful life as well as exceeded the capacity and changes to the operations of the Fire Rescue Department. The new facility, funded through the issuance of revenue bonds, includes the City's Emergency Operations Center, four drive-through bays, Fire/Rescue Administrative Offices, Fire Inspection offices, training space, and living quarters. This 2 story, 24,640 square foot facility held its ribbon cutting ceremony on June 30, 2018.

Parks and Recreation Facilities: The City issued General Obligation Bonds in July 2016 to construct, renovate and improve the City's remaining parks and recreation facilities in accordance with the Parks Master Plan. The City's plan included a goal to complete the plan by fiscal year 2020. The parks included are Bluesten Park, Ingalls Park, Golden Isles Tennis Center, Sunrise Park, Historic Village, Chaves Lake and Sunset Park. Sunset Park redesign which includes walking trails, upgraded park furniture, new playground with rubberized surface and shade structures was completed in June 2017. Ingalls Park and Sunrise Park are estimated to be completed in fiscal year 2019.

Major Developments

Village at Atlantic Shores: Phase I - Project consists of a two- story commercial center. The project includes 31,144 square feet of retail and office space. Phase II – Project consists of a two-story building along North Federal Highway, a six-story building along NE 8th Street, and one-story building along NE 7th Street, with a total of a 37,684 square foot commercial center for small retail businesses, restaurants and office use along with associated parking and

landscaping. The project was administratively approved for Phase I on May 18, 2016 and Phase 2A on June 19, 2018 and the project is nearly completed. Building permits have been filed and are under review.

Village at Bluesten Park: Project consists of a three-story apartment building with 15 units per floor for a total of 45 units. The project was approved by City Commission on March 5, 2018. Building permits have been filed and are under review.

Southwest Drainage Project: It consists of drainage improvements designed to improve the overall flood conditions of the Southwest quadrant watershed. The proposed project is expected to reduce the property damages caused by flooding during major storm events and reduce the duration of street flooding conditions. This project includes improvements of stormwater conveyance systems that outfall into the existing Schaffer Canal, and construction of a stormwater pumping station that will discharge stormwater from the Schaffer Canal into injection wells via a proposed force main network. The scope of work includes the installation of a flood control gate, stormwater pumping station, injection wells, and storm drainage piping. This project is partially funded through the Hazard Mitigation Grant Program (HMGP) and is scheduled to be completed in fiscal year 2021.

N.E. 14 Avenue Enhancement and Landscaping Project: The purpose of this project is to improve safety, security, and comfort to the residents, and to improve functionality and affordability of City infrastructure. It consists of providing streetscape improvements including landscaping along the east and west sides of N.E. 14 Avenue, bike lanes, mid-block crosswalks, street furniture, sidewalk improvements, and pavement milling and resurfacing. This project was completed in fiscal year 2018.

Three Islands Reuse Irrigation Project: This project consists of the installation of an 8-inch reuse water line from Wiley Street (located in the City of Hollywood) to Scavo Park on Three Islands Boulevard, and the construction of a reuse water pumping station located within Scavo Park. The primary purpose of the project is to protect the aquifer by reducing the amount of water that is currently being withdrawn from the aquifer for irrigation purposes. Finding alternative methods to irrigate the large green spaces currently in the City of Hallandale Beach will assist considerably in limiting the amount of water withdrawn from the aquifer. In doing so, the City will be able to protect groundwater, which is one of its most valuable natural resources. This project was completed in fiscal year 2018.

Highlights of the Current Fiscal Year 2018

OB Johnson Teen Zone: The Parks and Recreation Department Teen Zone Program provides a combination of structure and supervision to reduce the chances that teens will make negative decisions regarding conduct and behavior. The Teen Zone is a drop-in program where teens 13 through 17 years can get homework assistance and recreational activities (i.e., play pool, ping pong, foosball, basketball, etc.). The Teen Zone program focuses on career development, academic enrichment, fitness, nutrition, education, and civic outreach to help them reach their full potential.

Hallandale Out of School Time (HOST): The Parks and Recreation Department Afterschool Program (HOST) promotes healthy lifestyle choices, combats childhood obesity and hunger, and promotes academic success and productive citizenship through special programs and activities. The state licensed program is a Fit2Play health, wellness, and Obesity Prevention Afterschool site where we work to make kids healthier in a fun way.

Senior Programming: The Parks and Recreation Department partners with the Aventura Hospital H2U and Memorial Seniors programs to provide free social and wellness programming for seniors, six days a week year-round at the Cultural Community Center. From MahJong to Zumba, our seniors stay active, independent, and engaged while participating in free social and wellness classes.

Water Safety Instruction: The Parks & Recreation Department's Aquatic Team provides water safety programs year-round at BF James Pool. Over 660 learn to swim sessions provided lifesaving water safety instruction to 285

participants in 2018. In addition, our water safety team provided instruction to 330 children through the Broward County Swim Central program the same year. The BF James Pool Water Safety team is making a difference in our community, one swim lesson at a time!

Park Maintenance: The Parks and Recreation Landscape and Maintenance Team ensure safe, beautiful, clean, and well-maintained parks throughout the City. From mowing to planting to aerating, our landscape team ensures safe, beautiful and well-maintained landscaping and athletic facilities. From trash clean up to safety inspections to facility repairs, our maintenance team ensures clean, safe, and well-maintained park facilities and beaches.

Special Events: The Parks and Recreation Special Events Division brings together people from all walks of lives through thirty special events throughout the year. Our Special Events provide opportunities for local businesses and organizations to reach and build a strong sense of community.

Community Rentals: The Parks and Recreation Department hosted more than 1100 rentals in 2018. From meetings to weddings, the Parks are gathering spots for our community. More than 54,800 people attended private and public events held at our unique facilities including the oldest schoolhouse in Broward County, the new Community Center at OB Johnson Park, and more.

FINANCIAL MANAGEMENT

Long-Term Financial Planning

Each year, the City Commission adopts a financial plan which projects revenue, expenditures and fund balances for major funds for the next five years. The plan is utilized as a tool to illustrate the various ad valorem and other revenue rates, as well as anticipated expenditure levels.

Accounting and Internal Control

City management and staff of the City are responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. The internal controls are designed to provide reasonable, but not absolute assurance regarding (1) safeguarding of assets against loss from unauthorized use or disposition and (2) reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Single Audit

As a recipient of federal, state, county and local financial assistance, the City is subject to an annual Single Audit in conformity with applicable federal and state laws. As part of the mandated Single Audit, tests are made to determine the adequacy of the internal controls, including the portion related to federal awards, as well as to determine that the City has complied with applicable laws and regulations. The internal control structure is subject to periodic evaluation by management and the City's external auditors.

The annual Single Audit is performed under the provisions of the Single Audit Act and U.S. Office of Management and Budget Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida. In fiscal year 2018 the state financial assistance expenditures did not meet the threshold for audit, pursuant to the Florida Single Audit Act. A separate Compliance Report includes the schedule of expenditures of federal awards, schedule of findings and questioned costs, and auditor's reports on the schedule, internal control and compliance with applicable laws and regulations.

Accounting and Budgetary Systems

The City maintains accounting and budgetary systems necessary to report financial information and to control the expenditure of public funds. The accounting systems are required by law to follow the account structure established by the State of Florida Department of Financial Services in order to assure consistency in the statewide consolidation of local financial information. A reporting by the City is made to the State each year in the State's required format.

Budgetary control for the City is exercised at the City Commission level. Florida law prohibits the expenditure of public funds in excess of budgetary amounts and requires that budgets be balanced. The City adopts annual budgets for the General, Special Revenue, and Enterprise Funds. The City also maintains a five-year Capital Improvement Program that is updated annually.

Proposed projects are prioritized, and available funds are allocated accordingly. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the category level within a fund. Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded as a reservation of budget) is used to further enhance budgetary control.

FINANCIAL POLICIES

Fund Balance Policies

Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition establishes various classifications of funds balance based on a hierarchy which details constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments. Fund balances can be classified as non-spendable, restricted, committed, assigned and unassigned. Committed fund balances can only be used for specific purposes determined by formal action of the City Commission through an ordinance or a resolution and may be changed or lifted only by the City Commission through the same formal action. Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. The intent to utilize these funds shall be expressed by the City Commission or may be delegated to the City Manager. Unassigned fund balance can be viewed as the net resources available at the end of the fiscal year.

During the fiscal year 2018 budget hearings, the City Commission established a utilization of reserves policy that sets a floor for reserves in the General Fund of 16% of that fund annual expenditures.

Debt Management

The City's primary objective in debt management is to keep the level of indebtedness within available resources and debt limitations established by state law. The City has a general obligation legal debt limitation not to exceed 10% of the total assessed valuation of the taxable property within the City's boundaries. The current calculated general obligation debt limit is \$540,569,7000. The City's general obligation debt for the fiscal year 2018, was \$105,573,471.

In March 2016, the City Commission approved Resolution No. 2016-42 adopting a written post- issuance compliance policy to ensure continued compliance and to identify and resolve any noncompliance that may occur or exist to preserve the tax-exempt status of tax advantaged obligations related to bonds, loans, lines of credit and leases.

Investment Policies

The City adopted a detailed written investment policy in October 2014, in accordance with Section 218.415, Florida Statutes, that applies to all cash and investments held or controlled by the City. The investment policy does not apply to City's funds related to the issuance of debt and to funds not under investment control of the City, such as the Police, Firefighter and the Employees' Pension Funds. The primary objective of the investment program is the safety of the principal of those funds and the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. Return on Investment is of lesser importance compared to the safety and liquidity objectives described in the policy. The Policy was updated in October 2018.

Risk Management

The City is exposed to various risks and losses related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has a comprehensive risk management program that consolidates the City's property, liability, automobile physical damage, and workers' compensation coverages. This program provides for a self-insurance loss fund including various self-insurance retention levels and utilization of specific excess insurance coverage. The City purchases all risk property insurance for City structures.

Awards

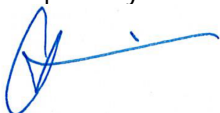
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in Financial Reporting to the City of Hallandale Beach for its Comprehensive Annual Financial Report for the year ended September 30, 2017. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Their hard work, effort, commitment and professionalism contributed to the completion of the CAFR.

We wish to thank all the departments who assisted and contributed to the preparation of this report. The guidance and cooperation of the Mayor and City Commission in planning and conducting the financial affairs of the City is greatly appreciated.

Respectfully submitted,



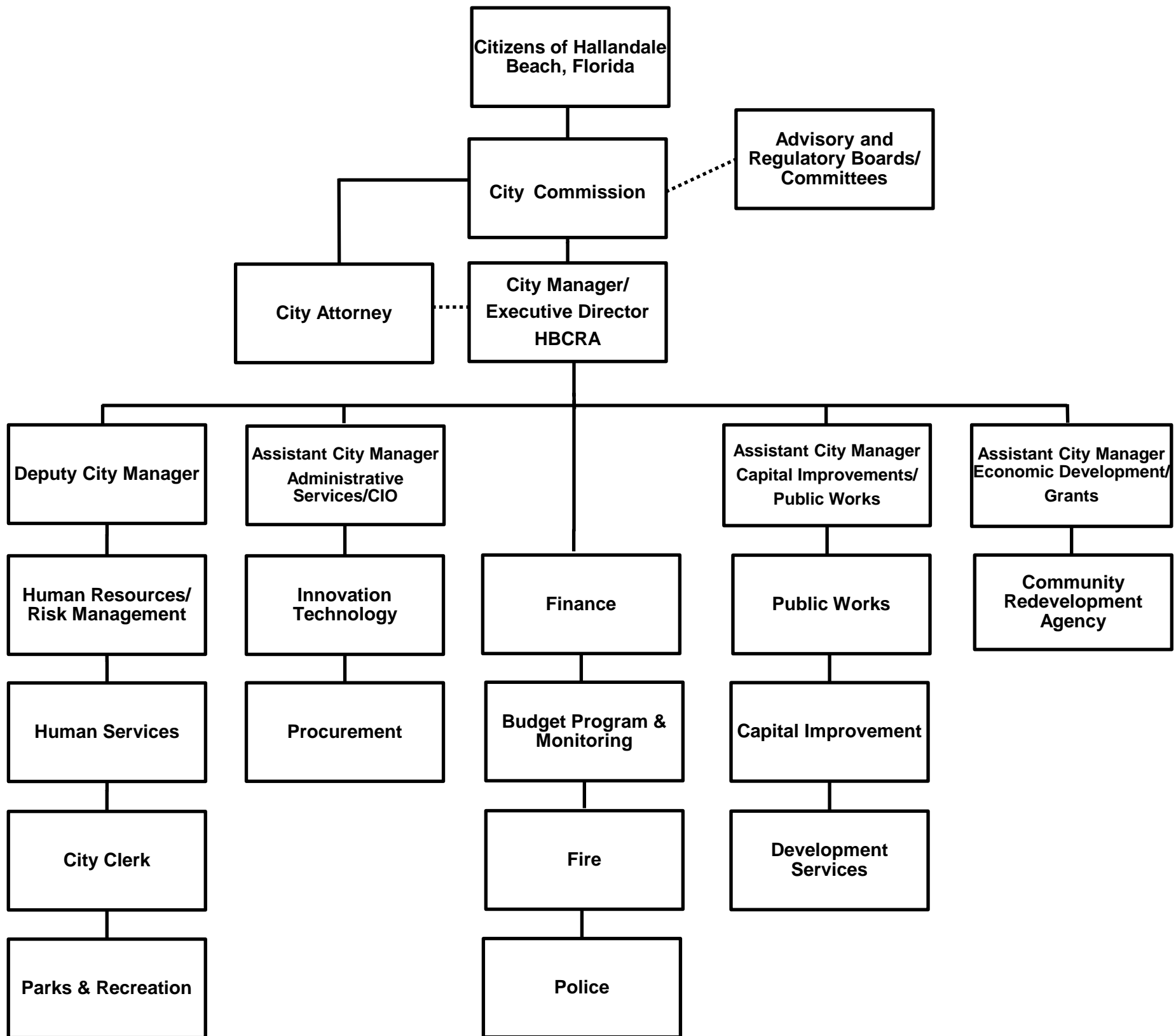
Greg Chavarria
City Manager



Emil Lopez
Finance Director

Hallandale Beach

ORGANIZATIONAL CHART
September 30, 2018



CITY OF HALLANDALE BEACH, FLORIDA

Commission-Manager Form of Government

September 30, 2018

City Commission



Keith S. London
Mayor



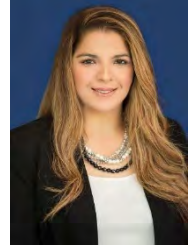
Michele Lazarow
Vice Mayor



Mike Butler
Commissioner

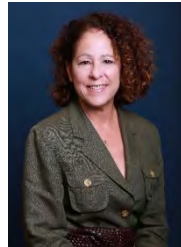


Rich Dally
Commissioner



Anabelle Lima-Taub
Commissioner

Charter Officers



Nydia M. Rafols-Sallaberry
Interim City Manager



Jennifer Merino
City Attorney



Jenorgen M. Guillen
City Clerk

City Administration

Deputy City Manager
Assistant City Manager
Assistant City Manager/Public Works Director
Assistant City Manager/Chief Information Officer
Director of Finance
Director of Development Services
Director of Human Resources/Labor Relations
Director of Human Services
Director of Parks and Recreation
Director of Procurement
Director of Budget & Program Monitoring
Fire Chief
Police Chief
Risk Manager

Nydia M. Rafols-Sallaberry
Dr. Jeremy Earle
Steven Parkinson
Greg Chavarria
Emil Lopez
Keven Klopp
Radu Dodea
Beverly Sanders-Mayweather
Cathleen Schanz
Andrea Lues
Marie Gouin
Mark Ellis
Sonia Quinones
James Buschman



Government Finance Officers Association

**Certificate of
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Presented to

**City of Hallandale Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



Hallandale Beach
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Financial Section



Hallandale Beach
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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor, City Commission
and City Manager
Hallandale Beach, Florida**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Hallandale Beach, Florida** (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Officers' and Firefighters' Personnel Retirement Trust, which represents 64%, 66%, and 52%, respectively, of the assets, net position, and additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Police Officers' and Firefighters' Personnel Retirement Trust, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 20), the budgetary comparison information, and the information for OPEB and the pension trust funds (on pages 82-93) 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 and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City.

The combining and individual nonmajor fund financial statements and schedules 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 and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
May 31, 2019

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Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Management's Discussion and Analysis

The purpose of financial reporting, in general, is to provide the readers of the financial statements with information that will help them make decisions or draw conclusions about an entity. As management of the City of Hallandale Beach, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented herein in conjunction with the additional information that we have furnished in our letter of transmittal, as well as the financial statements and notes to financial statements.

Financial Highlights

In fiscal year 2018, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75 "*Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*". This new accounting standard requires governments providing other post-employment benefits (OPEB) to recognize their long-term obligation for OPEB benefits as a liability and to more comprehensively compare and measure the annual cost of OPEB benefits. This change in accounting principle required a restatement of fiscal year 2018 by decreasing governmental and business-type activities beginning net position in the amount of \$4.4 million. Additional information concerning the impact of this accounting standards can be found in the financial statement Note 15 – Restatement of Prior Year Balances.

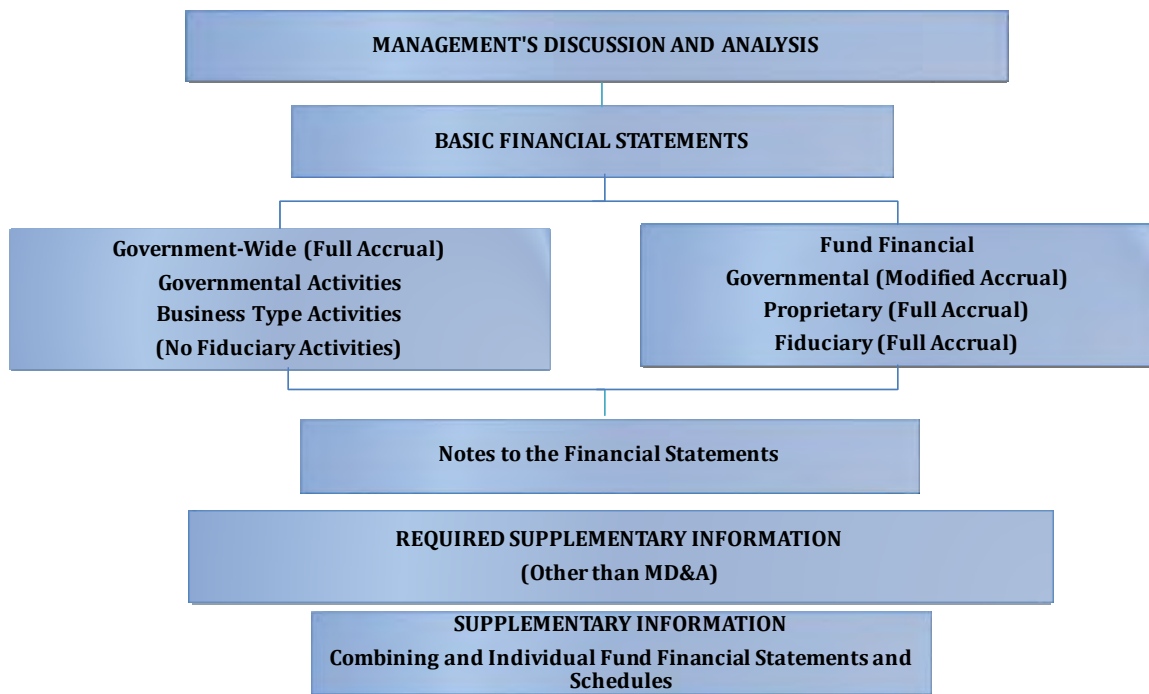
- *Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$89.6 million (net position) at September 30, 2018.*
- The City's total net position increased \$7.9 million over the course of this year. Net position of governmental activities increased \$0.2 million and the net position of business-type activities increased \$7.7 million.
- The total unrestricted net position increased by \$3.1million, resulting in a deficit of \$31.9 million. The overall deficit is due to the GASB 68 and 73 pension reporting requirements of deferred outflows, deferred inflows and the full net pension liability. At September 30, 2018, the City's total pension related liabilities was \$87.7 million.
- The City's governmental activities total net position of \$18.9 million decreased \$3.4 million. The change in net position was due to increases in pension liabilities for reporting purposes.
- The City's business-type activities total net position of \$70.6 million increased \$7 million, driven by greater operating revenues than operating expenses.
- The City's governmental funds reported combined fund balances of \$95.4 million, a decrease of \$6.9 million due to capital expenditures paid for with bond proceeds received in prior years.
- At the end of the current fiscal year, the General Fund reported a fund balance of \$18.6 million. Of this amount, the assigned fund balance was \$8.3 million, and the unassigned fund balance was \$9.3 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Other supplementary information is also included in this report in addition to the basic financial statements.

As illustrated in the following chart, the financial section of this Annual Report consists of the following: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and a supplementary information section that presents combining and individual fund financial statements and schedules.

Financial Section



Major Features of the Basic Financial Statements

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Propriety Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary activities).	Activities of the City that are not propriety or fiduciary.	Activities of the City that are operated similar to private business.	Instances in which the City is the trustee or agent for someone else's resources.
Required financial statements	Statement of net position. Statement of activities.	Balance sheet. Statement of revenue, expenditures, and changes in fund balance.	Statement of net position. Statement of revenue, expenses, and changes in net position. Statement of cash flows.	Statement of fiduciary net position. Statement of changes in fiduciary net position.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term and deferred inflows/outflows.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets and long term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term and deferred inflows/outflows.	All assets and liabilities, both short-term and long-term and deferred inflows/outflows.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the year or soon after.	All revenue and expenses during the year, regardless of when cash is received or paid.	All revenue and expenses during the year, regardless of when cash is received or paid.

Basic Financial Statements

Government-wide financial statements. The focus of the *government-wide* financial statements is on the overall financial position and activities of the City of Hallandale Beach. Reporting is similar to that of a private-sector business. The government-wide financial statements report information about the City as a whole and about its activities in a way that helps answer questions about the financial health of the City and whether the activities of the year contributed positively or negatively to that health.

The City's government-wide financial statements include the *Statement of Net Position* and *Statement of Activities*. As described below, these statements do not include the City's fiduciary activities because resources of these funds cannot be used to finance the City's activities. However, the financial statements of fiduciary activities are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties.

- The *Statement of Net Position* presents information on the assets plus deferred outflows and liabilities plus deferred inflows by the City, both long and short-term. Assets plus deferred outflows are reported when acquired by the City and liabilities plus deferred inflows are reported when they are incurred, regardless of the timing of the related cash flows to acquire these assets or liquidate such liabilities. For example, the City reports buildings and infrastructure as assets, even though they are not available to pay the obligations incurred by the City. On the other hand, the City reports liabilities, such as litigation claims, even though these liabilities might not be paid until several years into the future.

The difference between the City's total assets plus deferred outflows and total liabilities plus deferred inflows is *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. Although the purpose of the City is not to accumulate net position, in general, as this amount increases or decreases it indicates that, over time, the financial position of the City is improving or deteriorating, respectively.

- The *Statement of Activities* presents the revenues and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, charges for services, and intergovernmental revenue (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 general government, public safety (law enforcement and fire-rescue), physical environment, transportation, culture and recreation, human services and economic environment. The business-type activities include the combined water and sewer utility, sanitation, stormwater drainage, and cemetery, where the fee for service typically covers all or most of the cost of operations and depreciation.

The government-wide financial statements include not only the City of Hallandale Beach (known as the primary government), but also legally separate organizations accountable (known as *component units*) for which the City is financially accountable. These blended *component units* include the Hallandale Beach Community Redevelopment Agency (HBCRA), Golden Isles Safe Neighborhood District, and Three Islands Safe Neighborhood District.

The government-wide financial statements can be found on pages 21 and 22 of this report.

Fund financial statements. The focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established 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: (1) governmental funds, (2) proprietary funds, and (3) 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. Financial statements consist of a balance sheet and a statement of revenue, expenditures, and change in fund balance.

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, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In general, the governmental fund financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables but do not include capital assets such as land and buildings. The difference between a fund's total assets plus deferred outflows and total liabilities plus deferred inflows is the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenues that were collected during the current period or very shortly after the end of the year. Expenditures are generally recorded when incurred.

The governmental fund financial statements can be found on pages 23-26 of this report.

Proprietary funds. Proprietary funds financial statements provide the same type of information as the government-wide, only in more detail. Financial statements consist of a statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows. Proprietary funds are grouped into enterprise funds and internal service funds. The City presents a separate column for each of the major enterprise funds: water and sewer utility, sanitation, and stormwater drainage funds. Internal service funds are aggregated and presented in a single column.

The City uses enterprise funds to account for business-type activities that charge fees to customers for the use of specific goods or services. Internal service funds are used to account for its central services and insurance operations.

The proprietary fund financial statements can be found on pages 27-32 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. Fiduciary financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position and are accounted for in a manner similar to proprietary funds.

The fiduciary fund financial statements can be found on pages 33 and 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. *Notes to the financial statements can be found on pages 35-81 of this report.*

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI), such as the budgetary comparison schedule of the general fund and its major special revenue funds, and data concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information is also presented for the City's pension plans and other post-employment benefits.

Required supplementary information can be found on pages 82-93 of this report.

Combining statements referred to earlier in connection with non-major governmental, non-major enterprise, budgetary comparison schedules for non-major governmental funds, internal service and fiduciary funds are presented immediately following the required supplementary information.

Combining and individual fund financial statements and schedules can be found on pages 94-111 of this report.

Government-Wide Financial Analysis

The table below presents a summary of net position as of September 30, 2018 and 2017, derived from the government-wide Statement of Net Position:

	Net Position (in thousands)					
	Governmental Activities		Business - type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 98,165	\$111,081	\$ 42,755	\$ 35,935	\$140,920	\$147,016
Capital assets	112,454	100,498	42,773	42,883	155,227	143,381
Total assets	210,619	211,579	85,528	78,818	296,147	290,397
Deferred outflows of resources	20,472	28,884	1,164	2,292	21,636	31,176
Long-term liabilities	199,375	209,618	11,680	12,449	211,055	222,067
Other liabilities	9,057	7,989	4,229	4,795	13,286	12,784
Total liabilities	208,432	217,607	15,909	17,244	224,341	234,851
Deferred inflows of resources	3,670	378	128	244	3,798	622
Net position:						
Net investment in capital assets	63,880	63,929	36,877	36,563	100,757	100,492
Restricted	19,516	19,540	1,286	1,084	20,802	20,624
Unrestricted	(64,407)	(60,991)	32,492	25,975	(31,915)	(35,016)
Total net position	\$ 18,989	\$ 22,478	\$ 70,655	\$ 63,622	\$ 89,644	\$ 86,100

The City's overall net position of \$89.6 million at September 30, 2018, increased by \$7.9 million.

The City's total net position increased from operations by \$7.9 million during the fiscal year. Governmental activities revenues were greater than expenses by \$0.2 million, with program expenses of \$84.6 million compared to revenues and transfers of \$84.9 million. The overall increase in the current year is primarily due to business type activities or \$8.2 million. Net position of business-type activities from operations increased by \$7.7 million, with program expenses and transfers of \$28.9 million compared to revenues of \$36.6 million.

At the end of the current fiscal year, the City is able to report positive balances in all three categories (net investment in capital assets, restricted and unrestricted) of net position for its business-type activities. However, for the governmental activities, all of the net position is either restricted as to the purpose it can be used for or is invested in capital assets (land, buildings, equipment, etc.). As a result, unrestricted net position for governmental activities reflects a \$64.4 million deficit. The deficit is due to the impact of GASB 68, which requires employers to report (not fund) the entire net pension liability on their financial statements. The City continues to fund the pensions based on the Actuarial Required Contribution.

The largest portion of the City's net position is its investment in capital assets at \$100.7 million or 112.4%. 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. The City uses these capital assets to provide services to the citizens of the City; consequently, the net position is not available for future spending.

City of Hallandale Beach, Florida
For the Year Ended September 30, 2018
Management's Discussion and Analysis (unaudited)

The table below presents a summary of changes in net position for the years ended September 30, 2018 and 2017, as derived from the government-wide Statement of activities:

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 29,063	\$ 28,373	\$ 36,685	\$ 30,833	\$ 65,748	\$ 59,206
Operating grants and contributions	1,069	1,157	-	-	1,069	1,157
Capital grants and contributions	70	111	501	907	571	1,018
General revenues:						
Property taxes	36,687	34,557	-	-	36,687	34,557
Other taxes	12,291	12,102	-	-	12,291	12,102
Other revenues	4,302	4,606	876	843	5,178	5,449
Total revenues	83,482	80,906	38,062	32,583	121,544	113,489
Expenses:						
General government	17,397	19,868	-	-	17,397	19,868
Public safety	45,864	45,541	-	-	45,864	45,541
Physical environment	3,565	2,936	-	-	3,565	2,936
Transportation	2,587	1,913	-	-	2,587	1,913
Economic environment	5,186	5,319	-	-	5,186	5,319
Culture and recreation	5,449	6,508	-	-	5,449	6,508
Human services	1,893	2,117	-	-	1,893	2,117
Interest and other fiscal charges	2,700	2,960	-	-	2,700	2,960
Sanitation	-	-	4,604	5,829	4,604	5,829
Stormwater drainage	-	-	2,917	3,859	2,917	3,859
Utility	-	-	21,229	23,549	21,229	23,549
Cemetery	-	-	223	243	223	243
Total expenses	84,641	87,162	28,973	33,480	113,614	120,642
Changes in net position before transfers	(1,159)	(6,256)	9,089	(897)	7,930	(7,153)
Transfers	1,395	935	(1,395)	(935)	-	-
Change in net position	236	(5,321)	7,694	(1,832)	7,930	(7,153)
Net position, beginning, as restated	18,753	27,799	62,961	65,454	81,714	93,253
Net position, ending	\$ 18,989	\$ 22,478	\$ 70,655	\$ 63,622	\$ 89,644	\$ 86,100

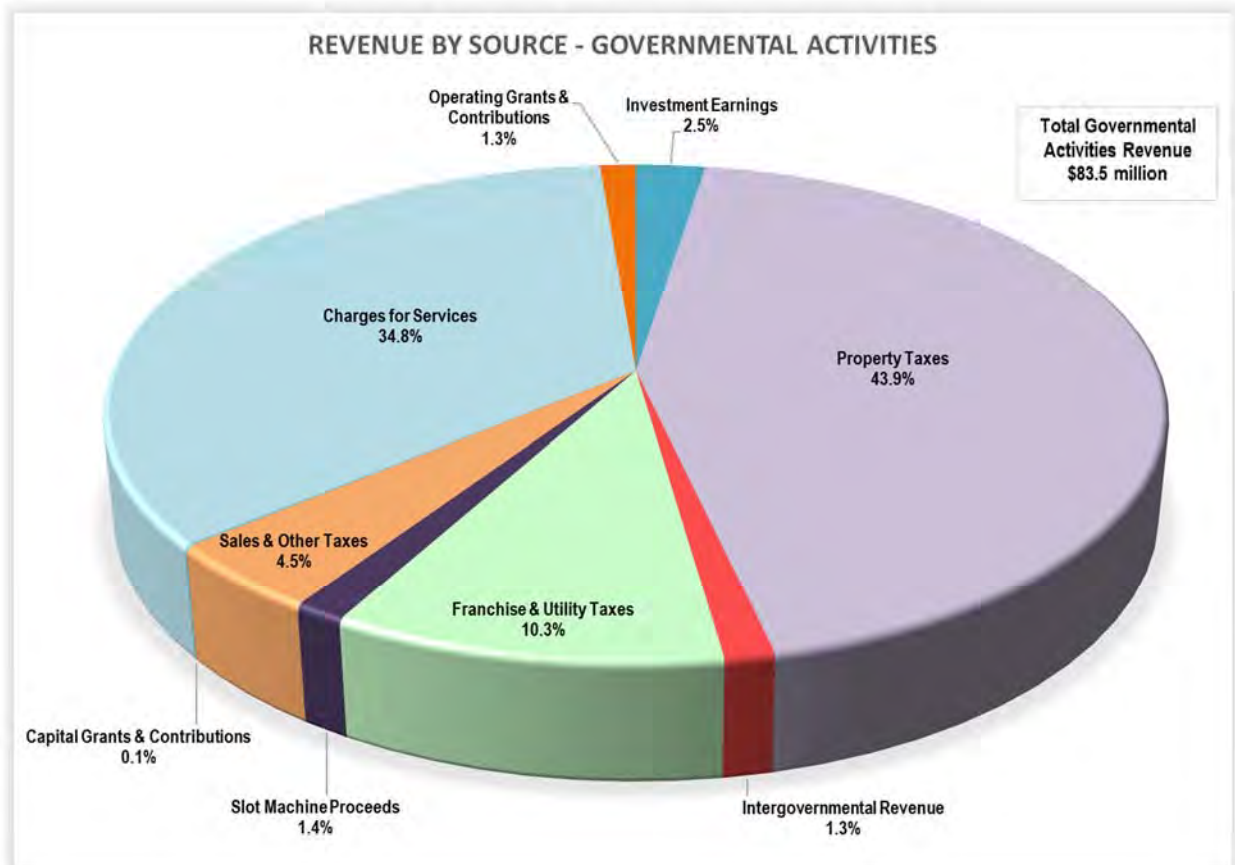
Governmental activities

Governmental activities increased the City of Hallandale Beach's net position by \$0.2 million from operations. This contrast with the \$7.2 million decrease in net position from operations in the prior fiscal year. Additionally, the beginning net position of \$22.4 million was reduced by \$3.7 million due to the implementation of GASB 75 and restated – \$18.8 million.

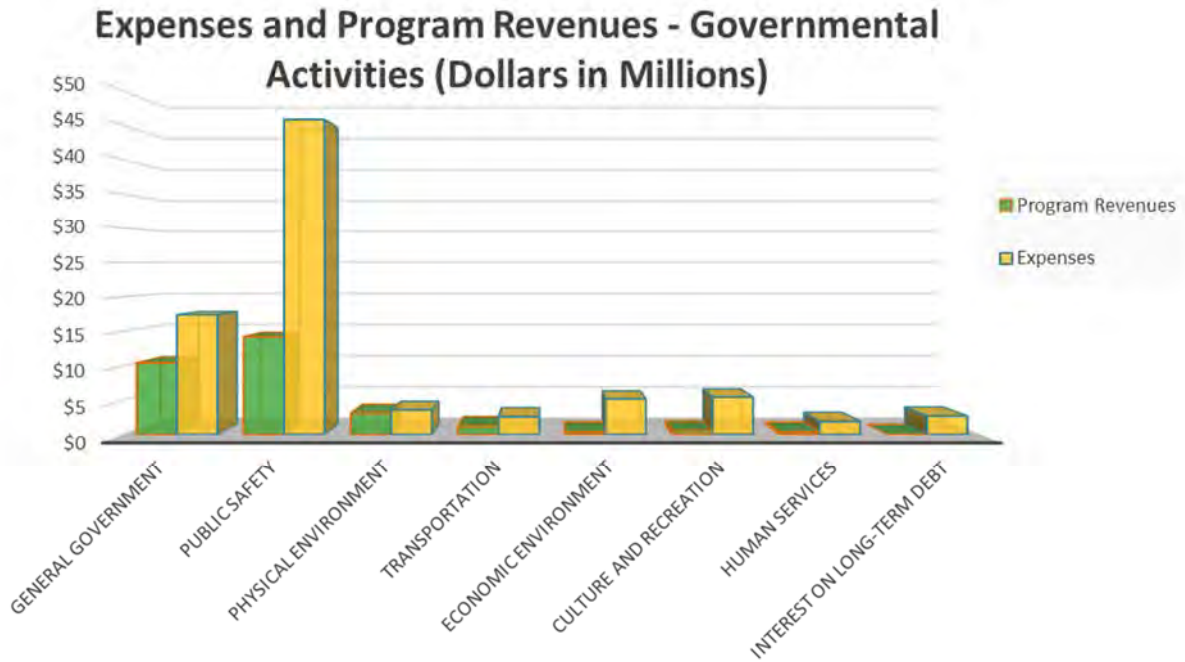
The Key elements of the \$3.5 million overall net position change from the prior year as follows:

- Culture and Recreation net expenses decreased by \$1 million or 16.3% over the previous year;
- Property taxes are the largest component of governmental revenues at \$39.6 million or 43.9%. There was a \$2.5 million or 6.2% increase from the prior fiscal year due to an increase in property tax values.

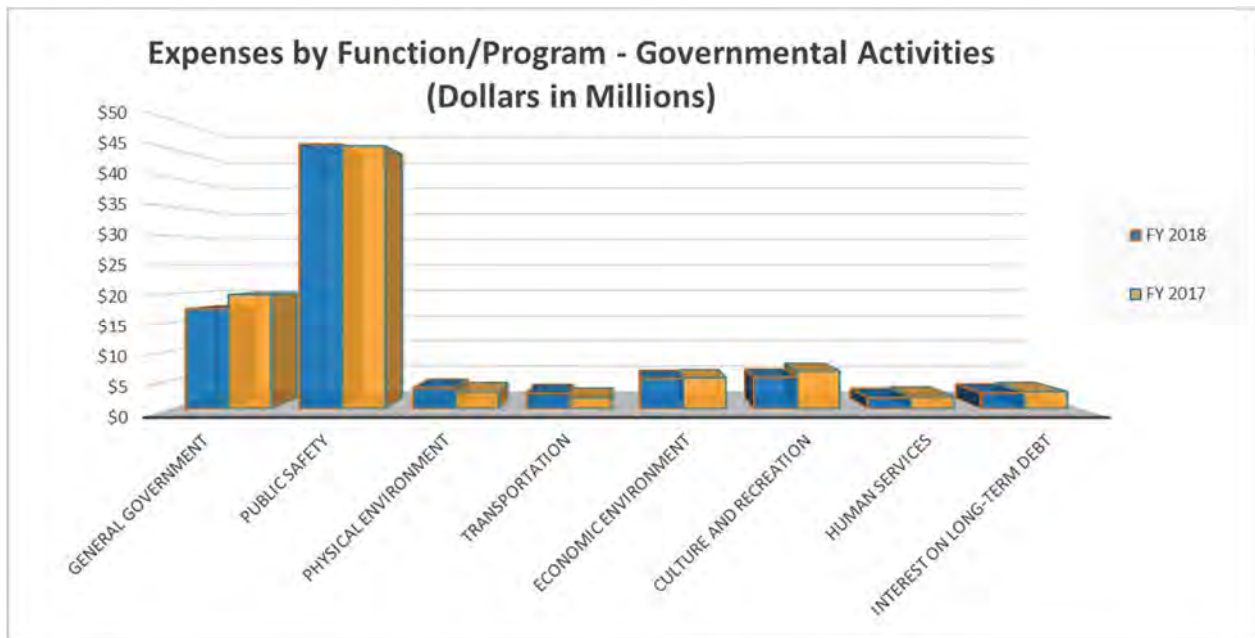
The following is a chart of revenues by source of governmental activities by percent of total revenues for fiscal year 2018:



The following chart compares expenses and program revenues for the governmental activities during fiscal year 2018:



The following is a comparative chart of expenses by function/program for governmental activities for the fiscal year 2018 and 2017:



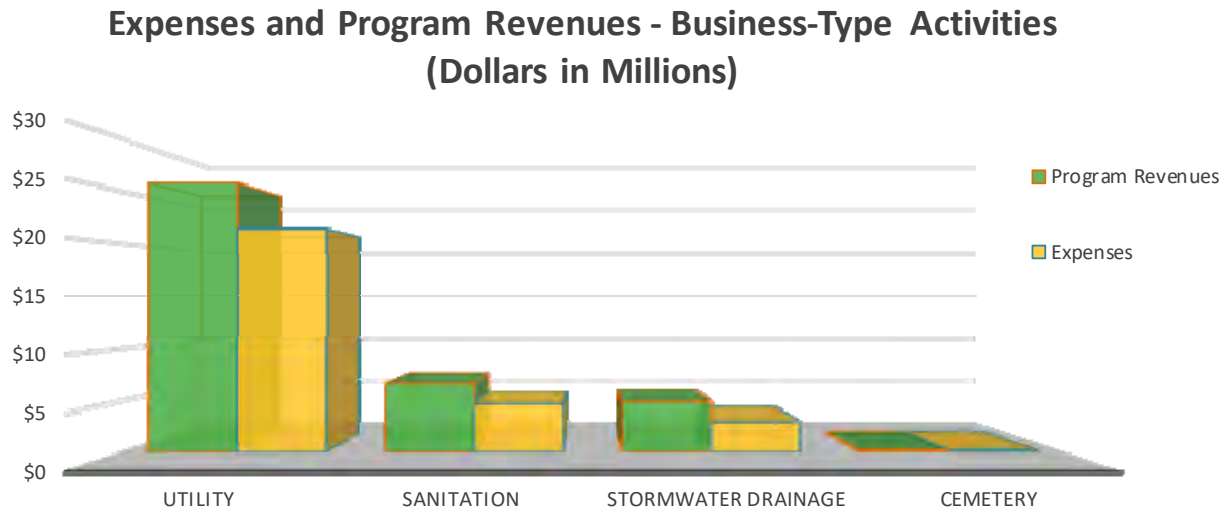
Business-type activities

Business-type activities net position increased by \$3.5 million. This contrast with the \$1.8 million decrease in net position from operations in the prior fiscal year. Additionally, the beginning fiscal year 2017 net position of \$63.6 million was reduced by \$0.6 million due to the implementation of GASB Statement No. 75 and restated – \$62.9 million.

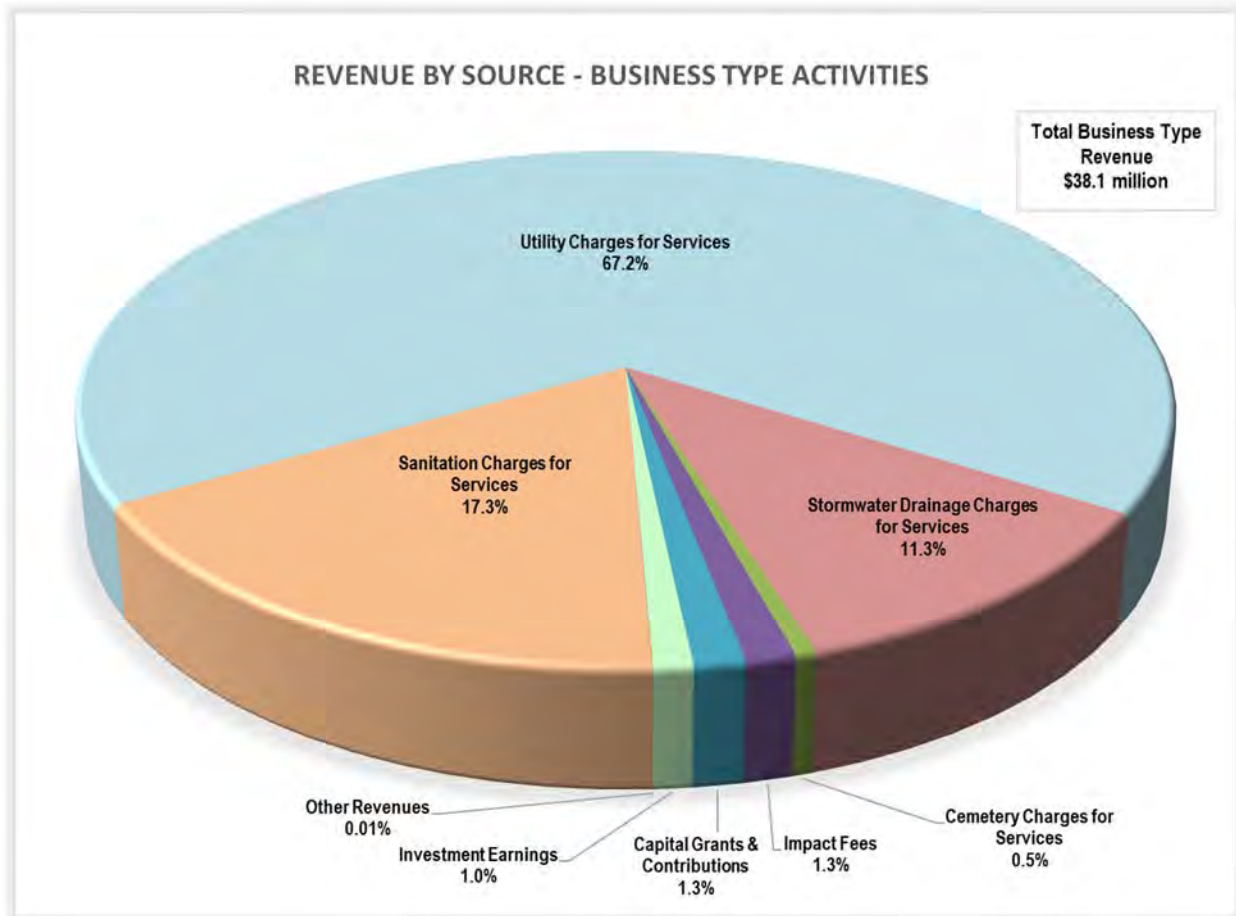
Key elements of this decrease are as follows:

- Utility Fund (water and sewer) program revenues exceeded program expenses by \$4.3 million. This represents an improvement over the previous year of \$2.2 million.
- Stormwater Drainage Fund program revenues exceeded program expenses by \$1.8 million;
- Sanitation Fund program revenues exceeded program expenses by \$1.9 million.

The following chart compares expenses and program revenues for business-type activities during fiscal year 2018:



The following is a chart of revenues by source of business-type activities by percent of total revenues for fiscal year 2018:



Financial Analysis of the City of Hallandale Beach's Funds

As noted earlier, the City 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 a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, it had a balance of \$18.6 million. The unassigned fund balance of the General Fund was \$9.3 million. This is a \$2.6 million decrease, or 21.7% when compared with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare assigned fund balance, unassigned fund balance and total fund balance to total General Fund expenditures. Assigned fund balance was \$8.3 million.

The City's governmental funds reported combined ending fund balances of \$86.3 million, which is a decrease of \$16 million from the prior year's ending fund balance of \$102.3 million. The fund balance is categorized to indicate whether it is not available for new spending because it represents resources that are non-spendable (\$0.4 million), that are restricted for capital projects and other purposes (\$68 million), that have already been assigned for excess benefit plan and other purposes (\$8.4 million), or that are unassigned (\$9.3 million).

The fund balance of the City's General Fund had a net decrease of \$4.4 million from operations. In comparison, fiscal year 2017 had a \$9.7 million decrease in fund balance from operations.

For the General Fund, key factors of the overall decrease compared to fiscal year 2017 are as follows:

- An increase of \$1.3 million in property taxes revenues (assessed values) was offset by a decrease in charges for services revenues of \$1.8 million and resulted in a net decrease of \$0.5 million.
- \$1.3 million increase in capital expenditures (outlay) related to Capital Lease Radios;
- \$1.7 million increase in public safety expenses due to increased costs associated with salaries and benefits, including pension;
- \$1.5 million decrease in previous year net position due to the implementation of GASB Statement No. 75.

The Hallandale Beach Community Redevelopment Agency ("CRA") fund, accounts for the activities of the CRA. The fund balance of the CRA fund increased \$1.2 million from operations during the fiscal year, in comparison to the prior year's operating increase of \$2.1 million. Fund balance of \$14.8 million is restricted for assets held for resale (\$9.1 million), long-term receivables (\$1.8 million) and other ongoing programs (\$3.7 million). Comparisons to prior year results include:

- A \$2.4 million increase in other financing sources due to transfers to the Capital Improvement Fund (\$1.3 million) and \$1.1 million in debt service payments;
- A \$1.3 million increase in revenues or 13.2% due to increase in assessed values (Property Taxes & TIF).

In fiscal year 2016, the City issued General Obligation Bonds, Series 2016 in the amount \$57.5 million, with a bond premium of \$4.3 million. Accordingly, the City established the General Obligation Bond capital project fund to record the debt issuance and construction costs. At fiscal year 2018, the ending fund balance is \$46.4 million. The \$9 million decrease in fund balance is primarily due to capital outlay expended with prior years' bond proceeds.

The fund balance of the Capital Projects Fund decreased \$1.6 million with an ending fund balance of \$2.1 million. Major expenditures for this fund was attributed to the City's Main Fire Station at \$2.2 million.

Non-major governmental funds reported a combined fund balance of \$3.4 million, a \$0.2 million decrease over the prior year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

The enterprise funds net position at September 30, 2018, was \$70.6 million. An increase of \$5.2 million from the prior year. Enterprise fund unrestricted net position is \$32.4 million, a \$6.6 million increase over the prior year. Restricted net position increase of \$0.2 million was related to impact fees.

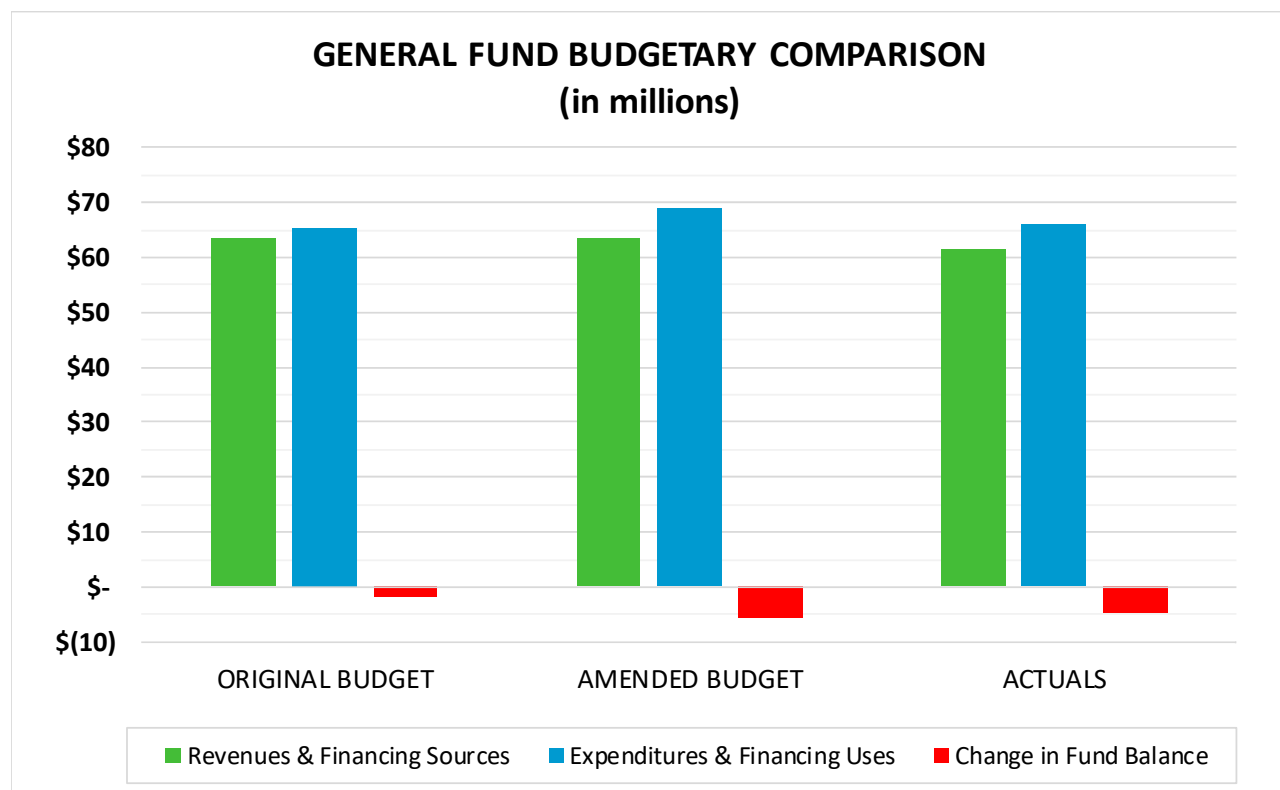
General Fund Budgetary Highlights

Differences of approximately \$1.3 million between the original budget and the final amended budget are due to appropriations (i.e. operating expenditures, encumbrances and unexpended project budget amounts rolled forward from the prior fiscal year to the current fiscal year). Both the original and final budget anticipated expending \$0 million and \$0.1 million, respectively, from available unassigned fund balance. However, the actual net impact on fund balance was a reduction of \$4.5 million.

Actual revenues were less than final budgeted revenues by approximately \$4.3 million, primarily due to revenues from charges and services (\$1.4 million) and permit and review fees (\$1.8 million) were less than anticipated. This negative impact was offset by \$1.9 million significant reductions in operating expenditures.

Actual expenditures were also less than the final budgeted expenditures by approximately \$2.8 million. This was due to significant cost savings in operating and personal services expenditures

The following chart depicts the fiscal year 2018 original and amended budgets, as well as actual results for the fiscal year:



City of Hallandale Beach, Florida
For the Year Ended September 30, 2018
Management's Discussion and Analysis (unaudited)

Capital Assets and Debt Administration

Capital assets. As of September 30, 2018 and 2017, the City had \$155.2 and \$143.4 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

	Capital Assets (in thousands, net of depreciation)					
	Governmental Activities		Business - type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 36,652	\$ 39,555	\$ 1,263	\$ 1,263	\$ 37,915	\$ 40,818
Construction in progress	16,018	12,931	3,448	3,469	19,466	16,400
Buildings	20,565	9,085	6,438	7,330	27,003	16,415
Improvements other than buildings	24,305	24,263	2,527	2,365	26,832	26,628
Vehicles and equipment	9,052	8,055	450	350	9,502	8,405
Infrastructure	5,862	6,608	28,647	28,105	34,509	34,713
Total	\$ 112,454	\$ 100,497	\$ 42,773	\$ 42,882	\$ 155,227	\$ 143,379

Major capital asset events during the year included:

- \$9.8 million was added to buildings for the Main Fire Station;
- \$0.7 million was spent on City vehicles;

Additional information can be found in Note 6 – Capital Assets of the financial statements on page 54 and 55.

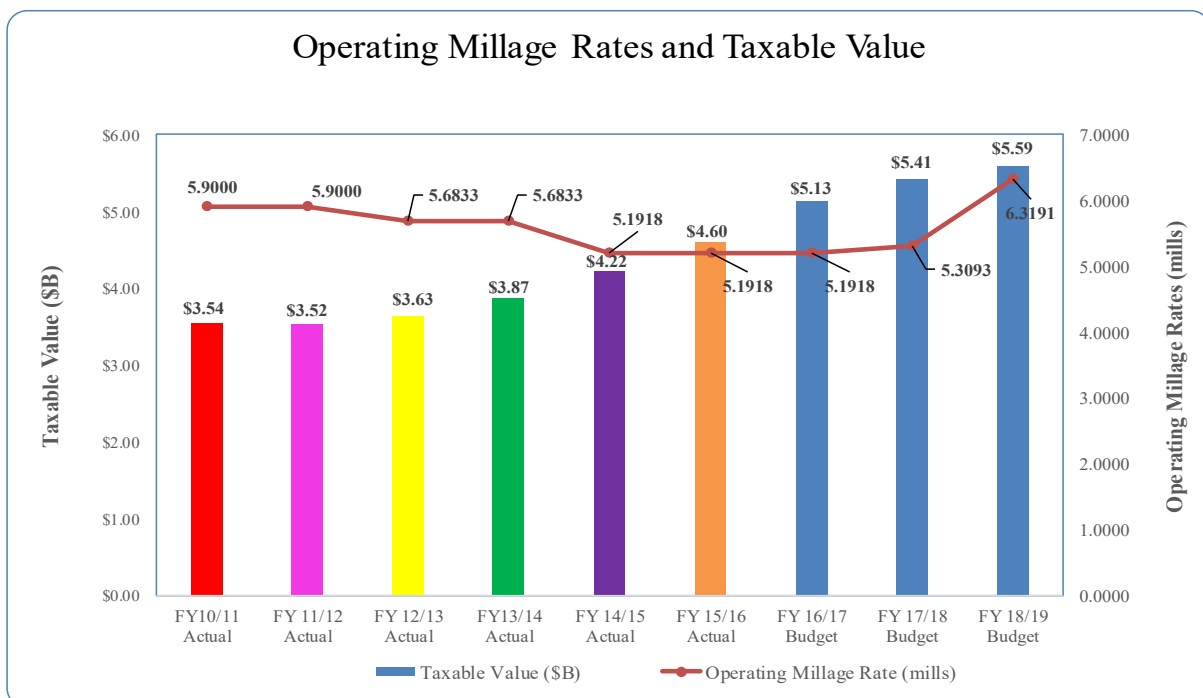
Long-term debt. As of year-end, the City had \$102.3 million in debt (bonds, notes, etc.) outstanding compared to the \$105.9 million last year. The \$3.4 million decrease is due to 2018 principal repayments.

The debt position of the City is summarized below and is more fully explained in Note 9 - Long-Term Debt of the financial statements on pages 58-61:

	Bonded Debt, Notes and Lease Payable (in thousands)					
	Governmental Activities		Business - Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ 21,435	\$ 22,880	\$ -	\$ -	\$ 21,435	\$ 22,880
General Obligation bonds	55,475	56,490	-	-	55,475	56,490
Notes payable	11,655	12,945	5,180	5,995	16,835	18,940
State Revolving Fund loan	-	-	505	-	505	-
Capital lease payable	1,308	-	-	-	1,308	-
Deferred amounts - premium	6,832	7,562	-	-	6,832	7,562
Total	\$ 96,705	\$ 99,877	\$ 5,685	\$ 5,995	\$ 102,390	\$ 105,872

Economic Factors and Next Year's Budgets and Rates

- The state's unemployment rate continued to drift downward. The state's unemployment rate went from 4.1% in September 2017, to 3.0% in September 2018. The City of Hallandale Beach unemployment rate has dropped from 4.3% in September 2017, to 3.2% in September 2018.
- Fitch Ratings and S&P Global Ratings assigned the General Obligation bonds a rating of AA+ and AA, respectively. In June 2018, Fitch Ratings affirmed Hallandale Beach GO Bonds at "AA+" and Capital Improvement Revs at "AA".
- Business reports suggest that real estate prices in South Florida will continue to rise. The reported rise in Broward County home sales and prices indicate that assessed values are likely to rise again for tax year 2019. This would be the seventh increase in seven years, a promising sign for the City and the surrounding municipalities.
- The City benefits from a strong second home market, which is not subject to the state's homestead exemption, providing for the ability to capture additional revenues as home sales assessed value expansion is expected to continue.
- The Certified Taxable Value increased 6.0% above the prior year, from \$5,099,485,326 to \$5,405,697,353. The City is second from the bottom in percent change in taxable value in Broward County. This is very important to note because it indicates that a growing proportion of the tax burden will be on existing properties rather than new developments.
- The City's operating millage rate for fiscal year 2018 was set at 5.3093, while the taxable value has increased over the same time period:



- In the fiscal year 2019 budget, the City is projecting a 4.17% increase in property values, which translates into approximately \$1.4 million in additional ad valorem revenue.
- The City faces several ongoing fiscal challenges in fiscal year 2019. The most significant are: (1) the continued rising costs of healthcare and pensions; (2) the need to eliminate deficit spending; and (3) the increase in level of service in some departments. These challenges have resulted in the continued use of fund balance to balance the budget in fiscal year 2019.

Overall, the increase in property values and new development projects demonstrate the City's continued appeal to both residents and businesses. City administration is committed to a balanced budget by allocating our resources in alignment with the City Commission's strategic priorities and departmental performance measures. Consequently, the City's budget will successfully meet the challenges faced by the City and set the stage for continued fiscal responsibility in the future.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional information, contact the City of Hallandale Beach Finance Director at the address listed below. A copy of this report will also be available on the City's website at <https://cohb.org>.

City of Hallandale Beach
Finance Department
400 South Federal Highway
Hallandale Beach, Florida 33009
(954) 457-1370

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Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Basic Financial Statements

CITY OF HALLANDALE BEACH, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 17,888,157	\$ 13,377,355	\$ 31,265,512
Investments	8,269,844	20,846,563	29,116,407
Investments - excess benefit plan	6,922,884	-	6,922,884
Receivables, net of allowances	3,415,739	4,957,804	8,373,543
Due from other governments	1,377,322	257,392	1,634,714
Internal balances	(69,612)	69,612	-
Inventories	88,809	413,481	502,290
Prepays	353,685	1,982	355,667
Restricted assets:			
Cash and cash equivalents	11,408,566	2,830,563	14,239,129
Investments	39,338,359	-	39,338,359
Assets held for resale	9,171,652	-	9,171,652
Capital assets:			
Nondepreciable	52,669,259	4,711,001	57,380,260
Depreciable, net of accumulated depreciation	59,784,459	38,061,972	97,846,431
Total assets	<u>210,619,123</u>	<u>85,527,725</u>	<u>296,146,848</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	18,480,990	1,079,887	19,560,877
OPEB	497,007	83,822	580,829
Excess benefit plan	766,581	-	766,581
Loss on refunding	727,695	-	727,695
Total deferred outflows of resources	<u>20,472,273</u>	<u>1,163,709</u>	<u>21,635,982</u>
LIABILITIES			
Accounts payable and accrued liabilities	6,371,335	2,654,220	9,025,555
Accrued interest	1,198,143	24,228	1,222,371
Deposits	356,971	1,550,728	1,907,699
Unearned revenues	1,130,365	-	1,130,365
Noncurrent liabilities			
Due within one year	4,960,573	892,827	5,853,400
Due in more than one year	194,414,620	10,786,825	205,201,445
Total liabilities	<u>208,432,007</u>	<u>15,908,828</u>	<u>224,340,835</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	-	65,641	65,641
Pensions	3,403,404	17,446	3,420,850
OPEB	266,667	44,973	311,640
Total deferred inflows or resources	<u>3,670,071</u>	<u>128,060</u>	<u>3,798,131</u>
NET POSITION			
Net investment in capital assets	63,879,515	36,877,444	100,756,959
Restricted for debt service	480,738	5,400	486,138
Restricted for community improvements	14,799,984	-	14,799,984
Restricted for law enforcement	1,091,670	-	1,091,670
Restricted for safe neighborhood districts	1,208,802	-	1,208,802
Restricted for developer agreements	1,737,803	-	1,737,803
Restricted for transportation	193,578	-	193,578
Restricted for grants	3,963	-	3,963
Restricted for impact fees	-	1,279,835	1,279,835
Unrestricted	(64,406,735)	32,491,867	(31,914,868)
Total net position	<u>\$ 18,989,318</u>	<u>\$ 70,654,546</u>	<u>\$ 89,643,864</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 17,396,633	\$ 10,383,331	\$ -	\$ -	\$ (7,013,302)	\$ -	\$ (7,013,302)
Public safety	45,864,265	13,625,230	500,899	70,000	(31,668,136)	-	(31,668,136)
Physical environment	3,565,325	3,114,395	-	-	(450,930)	-	(450,930)
Transportation	2,586,920	1,012,216	214,905	-	(1,359,799)	-	(1,359,799)
Economic environment	5,186,095	397,486	-	-	(4,788,609)	-	(4,788,609)
Culture and recreation	5,449,050	530,056	-	-	(4,918,994)	-	(4,918,994)
Human services	1,893,298	-	353,324	-	(1,539,974)	-	(1,539,974)
Interest and other fiscal charges	2,700,352	-	-	-	(2,700,352)	-	(2,700,352)
Total governmental activities	84,641,938	29,062,714	1,069,128	70,000	(54,440,096)	-	(54,440,096)
Business-type activities:							
Utility	21,228,444	25,594,037	-	-	-	4,365,593	4,365,593
Sanitation	4,603,857	6,598,955	-	-	-	1,995,098	1,995,098
Stormwater drainage	2,917,184	4,285,878	-	500,873	-	1,869,567	1,869,567
Cemetery	223,365	205,991	-	-	-	(17,374)	(17,374)
Total business-type activities	28,972,850	36,684,861	-	500,873	-	8,212,884	8,212,884
Total	\$ 113,614,788	\$ 65,747,575	\$ 1,069,128	\$ 570,873	(54,440,096)	8,212,884	(46,227,212)
General revenues:							
Property taxes					36,687,369	-	36,687,369
Franchise and utility taxes					8,565,193	-	8,565,193
Sales taxes					2,677,051	-	2,677,051
Motor fuel taxes					1,034,946	-	1,034,946
Alcoholic beverage taxes					14,131	-	14,131
Intergovernmental revenue (not restricted to specific purpose)					1,098,261	-	1,098,261
Slot machine revenues					1,131,161	-	1,131,161
Impact fees					-	487,223	487,223
Unrestricted investment earnings					2,073,842	385,487	2,459,329
Gain on sale of capital assets					-	3,195	3,195
Transfers					1,394,701	(1,394,701)	-
Total general revenues and transfers					54,676,655	(518,796)	54,157,859
Change in net position					236,559	7,694,088	7,930,647
Net position, as previously reported					22,478,412	63,621,560	86,099,972
Beginning balance restatement (see Note 15)					(3,725,653)	(661,102)	(4,386,755)
Net position, beginning, as restated					18,752,759	62,960,458	81,713,217
Net position, ending					\$ 18,989,318	\$ 70,654,546	\$ 89,643,864

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

ASSETS	GOVERNMENTAL FUNDS					Totals Governmental Funds
	General	Community Redevelopment Agency Fund	Grants Fund	General Obligation Bond Fund	Capital Projects Fund	
Cash and cash equivalents	\$ 2,592,754	\$ 4,604,764	\$ -	\$ -	\$ 1,750,824	\$ 14,052,765
Investments	8,269,844	-	-	-	-	8,269,844
Investments - excess benefit plan	6,922,884	-	-	-	-	6,922,884
Receivables, net of allowances	1,135,319	1,850,608	-	147,722	-	3,415,739
Due from other governments	969,335	141,831	143,327	-	-	1,377,322
Due from other funds	968,082	100,000	-	-	-	1,068,082
Inventories	88,809	-	-	-	-	88,809
Prepays	319,900	15,960	-	-	-	335,860
Assets held for resale	-	9,171,652	-	-	-	9,171,652
Restricted assets:						
Cash and cash equivalents	376,899	-	-	10,211,838	819,829	11,408,566
Investments	-	-	-	39,338,359	-	39,338,359
Total assets	\$ 21,643,826	\$ 15,884,815	\$ 143,327	\$ 49,697,919	\$ 2,570,653	\$ 95,449,882
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 2,347,210	\$ 792,365	\$ 36,648	\$ 2,517,012	\$ 449,536	\$ 6,323,706
Deposits	277,033	-	-	-	-	356,971
Unearned revenues	288,182	80,039	77,161	-	-	1,130,365
Due to other funds	-	212,427	25,555	731,061	-	1,089,506
Total liabilities	2,912,425	1,084,831	139,364	3,248,073	449,536	8,900,548
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	125,739	-	-	-	-	244,226
FUND BALANCES						
Nonspendable:						
Inventory	88,809	-	-	-	-	88,809
Prepays	319,900	15,960	-	-	-	335,860
Restricted for:						
Assets held for resale	-	9,171,652	-	-	-	9,171,652
Long-term receivables	-	1,850,608	-	-	-	1,850,608
Community redevelopment	-	3,761,764	-	-	-	3,761,764
Debt service	450,331	-	-	-	-	480,738
Law enforcement	-	-	-	-	30,407	1,091,670
Developer agreements	-	-	-	-	1,737,803	1,737,803
Transportation	-	-	-	-	193,578	193,578
Safe neighborhood districts	-	-	-	-	1,208,802	1,208,802
Grant programs	-	-	3,963	-	-	3,963
Capital projects	-	-	-	46,449,846	2,121,117	48,570,963
Assigned:						
Fire equipment	589,893	-	-	-	-	589,893
Excess benefit plan	6,922,884	-	-	-	-	6,922,884
Computer equipment	10,607	-	-	-	-	10,607
Police outside services	-	-	-	-	82,739	82,739
Subsequent year's expenditures	825,435	-	-	-	-	825,435
Unassigned:						
Total fund balances	18,605,662	14,799,984	3,963	46,449,846	2,121,117	9,377,340
Total liabilities, deferred inflows of resources and fund balances	\$ 21,643,826	\$ 15,884,815	\$ 143,327	\$ 49,697,919	\$ 2,570,653	\$ 95,449,882

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Total fund balances for governmental funds		\$ 86,305,108
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.		
Governmental capital assets	\$ 169,521,412	
Less accumulated depreciation	<u>(61,176,881)</u>	108,344,531
Various charges for services in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the governmental funds financial statements.		
		244,226
Deferred outflows of resources are not current financial resources and therefore are not reported in the funds.		
Deferred outflows relating to pensions	18,315,007	
Deferred outflows relating to OPEB	482,550	
Deferred outflows relating to the excess benefit plan	766,581	
Deferred outflows relating to the loss on refunding of debt	<u>727,695</u>	20,291,833
Internal service funds are used by management to charge the costs of certain functions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		3,203,398
Deferred inflows of resources are not available to pay for current expenditures and therefore are not reported in the funds.		
Deferred inflows relating to pensions	(3,400,723)	
Deferred inflows relating to OPEB	<u>(258,910)</u>	(3,659,633)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Bond premium	(6,832,109)	
Bonds payable	(88,565,000)	
Equipment capital lease obligation	(1,308,267)	
Accrued interest payable	(1,198,143)	
Total OPEB liability	(11,011,904)	
Total pension liability - excess benefit plan	(14,230,039)	
Net pension liability	(69,217,463)	
Compensated absences	<u>(3,377,220)</u>	(195,740,145)
Net position of governmental activities		<u>\$ 18,989,318</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General	Community Redevelopment Agency Fund	Grants Fund	General Obligation Bond Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals Governmental Funds
REVENUES							
Property taxes	\$ 22,727,626	\$ 4,935,561	\$ -	\$ -	\$ -	\$ 3,287,538	\$ 30,950,725
Utility taxes	4,647,231	-	-	-	-	-	4,647,231
Charges for services	7,296,847	17,754	-	-	-	2,118,625	9,433,226
Licenses and permits	3,108,037	-	-	-	-	-	3,108,037
Intergovernmental	3,944,091	5,880,717	802,734	-	-	1,002,619	11,630,161
Franchise taxes	3,879,213	-	-	-	-	38,749	3,917,962
Fire assessments	6,935,305	-	-	-	-	-	6,935,305
Fines and forfeitures	375,944	-	-	-	-	259,447	635,391
Investment earnings	925,111	246,951	160	850,376	50,799	445	2,073,842
Slot machine revenues	1,131,161	-	-	-	-	-	1,131,161
Other revenues	1,379,256	71,222	-	-	-	816,005	2,266,483
Total revenues	56,349,822	11,152,205	802,894	850,376	50,799	7,523,428	76,729,524
EXPENDITURES							
Current:							
General government	12,677,107	-	-	-	6,006	-	12,683,113
Public safety	41,065,936	-	221,807	-	94,742	1,975,032	43,357,517
Physical environment	3,510,319	-	-	-	-	867	3,511,186
Transportation	-	-	214,905	-	-	1,662,876	1,877,781
Economic environment	-	5,117,746	-	-	-	-	5,117,746
Culture and recreation	4,277,483	-	-	38,545	800	7,371	4,324,199
Human services	1,499,415	-	349,361	-	-	-	1,848,776
Debt service:							
Principal	-	1,290,000	-	-	-	2,460,000	3,750,000
Interest and other fiscal charges	-	352,104	-	-	-	3,071,534	3,423,638
Capital outlay:	2,553,671	592,023	12,858	12,259,849	2,884,806	365,455	18,668,662
Total expenditures	65,583,931	7,351,873	798,931	12,298,394	2,986,354	9,543,135	98,562,618
Excess (deficiency) of revenues over (under) expenditures	(9,234,109)	3,800,332	3,963	(11,448,018)	(2,935,555)	(2,019,707)	(21,833,094)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,500,000	185,843	-	-	1,370,149	2,969,673	6,025,665
Transfers out	(1,048,191)	(2,772,235)	-	(518,655)	(86,584)	(100,000)	(4,525,665)
Capital lease	1,308,267	-	-	-	-	-	1,308,267
Proceeds from the sale of capital assets	2,987,169	-	-	-	-	-	2,987,169
Total other financing sources (uses)	4,747,245	(2,586,392)	-	(518,655)	1,283,565	2,869,673	5,795,436
Net change in fund balances	(4,486,864)	1,213,940	3,963	(11,966,673)	(1,651,990)	849,966	(16,037,658)
Fund balances, beginning of year	-	23,092,526	13,586,044	58,416,519	3,773,107	3,474,570	102,342,766
Fund balances, end of year	\$ 18,605,662	\$ 14,799,984	\$ 3,963	\$ 46,449,846	\$ 2,121,117	\$ 4,324,536	\$ 86,305,108

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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

Net change in fund balances - total governmental funds		\$ (16,037,658)
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.		
Expenditures for capital assets	\$ 20,874,269	
Less depreciation	<u>(4,301,003)</u>	16,573,266
Various miscellaneous transactions relating to capital assets reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.		
Disposal of capital assets	(3,356,910)	
Capital assets transferred to the Utility Fund	(105,299)	
Capital contributions from grants	<u>70,000</u>	(3,392,209)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenues		167,700
Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities.		
		751,827
The issuance of long-term debt 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.		
Capital lease financing	(1,308,267)	
Principal repayments	<u>3,750,000</u>	2,441,733
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.		
Change in accrued interest	73,363	
Change in deferred inflows and outflows relating to pensions and the net pension liability	(1,606,429)	
Change in deferred inflows and outflows relating to excess benefits plan and the total pension liability	1,026,169	
Change in deferred inflows and outflows relating to OPEB and the total OPEB liability	(696,307)	
Change in compensated absences	285,181	
Amortization of deferred loss on refunding	(79,770)	
Amortization of bond premiums	<u>729,693</u>	<u>(268,100)</u>
Change in net position - governmental activities		<u>\$ 236,559</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Cemetery Fund	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 7,313,216	\$ 627,716	\$ 5,151,669	\$ 284,754	\$ 13,377,355
Investments	19,349,181	1,497,382	-	-	20,846,563
Restricted assets, cash	2,433,602	396,961	-	-	2,830,563
Receivables, net of allowances	3,970,382	528,756	432,911	25,755	4,957,804
Due from other governments	-	-	257,392	-	257,392
Due from other funds	69,612	-	-	-	69,612
Inventories	79,693	-	-	333,788	413,481
Prepays	1,982	-	-	-	1,982
Total current assets	33,217,668	3,050,815	5,841,972	644,297	42,754,752
Noncurrent assets:					
Capital assets:					
Nondepreciable	3,185,592	-	1,149,931	375,478	4,711,001
Depreciable, net of accumulated depreciation	21,273,306	51,500	16,717,589	19,577	38,061,972
Total noncurrent assets	24,458,898	51,500	17,867,520	395,055	42,772,973
Total assets	57,676,566	3,102,315	23,709,492	1,039,352	85,527,725
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	694,535	264,389	92,873	28,090	1,079,887
OPEB	59,568	16,224	7,217	813	83,822
Total deferred outflows of resources	754,103	280,613	100,090	28,903	1,163,709
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	2,054,827	118,442	476,258	4,693	2,654,220
Accrued interest	17,881	-	6,347	-	24,228
Compensated absences	23,575	11,709	1,491	507	37,282
Notes payable	613,301	-	242,244	-	855,545
Accrued claims for self-insured risks	-	-	-	-	-
Due to other funds	-	-	-	-	-
Payable from restricted assets:					
Deposits	1,153,767	396,961	-	-	1,550,728
Total current liabilities	3,863,351	527,112	726,340	5,200	5,122,003

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Utility Fund	Sanitation Fund	Stormwater			Totals
			Drainage Fund	Nonmajor Cemetery Fund		
OPERATING REVENUES						
Charges for services	\$ 25,383,302	\$ 6,598,955	\$ 4,284,630	\$ 205,991	\$ 36,472,878	
Other revenues	210,735	-	1,248	-	211,983	
Total operating revenues	<u>25,594,037</u>	<u>6,598,955</u>	<u>4,285,878</u>	<u>205,991</u>	<u>36,684,861</u>	
OPERATING EXPENSES						
Personal services	4,980,259	1,241,963	818,028	119,922	7,160,172	
Cost of sales and services	13,472,408	3,295,516	714,051	94,521	17,576,496	
Claims expense	-	-	-	-	-	
Depreciation	2,161,089	66,378	1,353,421	8,922	3,589,810	
Total operating expenses	<u>20,613,756</u>	<u>4,603,857</u>	<u>2,885,500</u>	<u>223,365</u>	<u>28,326,478</u>	
Operating income (loss)	4,980,281	1,995,098	1,400,378	(17,374)	8,358,383	
NONOPERATING REVENUES (EXPENSES)						
Impact fees	487,223	-	-	-	487,223	
Investment earnings	287,840	11,157	86,490	-	385,487	
Interest expense	(74,890)	-	(31,684)	-	(106,574)	
Gain (loss) on disposal of capital assets	(539,798)	-	2,901	294	(536,603)	
Total nonoperating revenues (expenses)	<u>160,375</u>	<u>11,157</u>	<u>57,707</u>	<u>294</u>	<u>229,533</u>	
Income (loss) before capital contributions and transfers	5,140,656	2,006,255	1,458,085	(17,080)	8,587,916	
Capital grants and contributions	105,299	-	500,873	-	606,172	
Transfers out	-	(1,500,000)	-	-	(1,500,000)	
Change in net position	5,245,955	506,255	1,958,958	(17,080)	7,694,088	
Net position, as previously reported	42,239,846	1,134,850	19,277,644	969,220	63,621,560	
Beginning balance restatement (see Note 15)	(447,625)	(170,608)	(34,264)	(8,605)	(661,102)	
Net position, beginning, as restated	<u>41,792,221</u>	<u>964,242</u>	<u>19,243,380</u>	<u>960,615</u>	<u>62,960,458</u>	
Net position, ending	<u>\$ 47,038,176</u>	<u>\$ 1,470,497</u>	<u>\$ 21,202,338</u>	<u>\$ 943,535</u>	<u>\$ 70,654,546</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Cemetery Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 25,551,034	\$ 6,639,817	\$ 3,900,523	\$ 199,172	\$ 36,290,546
Payments to suppliers for goods, services, claims and administrative charges	(14,205,109)	(3,335,485)	(490,530)	(80,041)	(18,111,165)
Payments to employees	(4,972,046)	(1,552,829)	(598,566)	(134,628)	(7,258,069)
Receipts from other funds	5,064,173	104,452	2,400,408	-	7,569,033
Payments to other funds	(248,754)	(800,000)	-	-	(1,048,754)
Net cash provided by (used by) operating activities	<u>11,189,298</u>	<u>1,055,955</u>	<u>5,211,835</u>	<u>(15,497)</u>	<u>17,441,591</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(1,500,000)	-	-	(1,500,000)
Net cash provided by (used by) noncapital financing activities	<u>-</u>	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,203,445)	-	(1,831,663)	(4,842)	(4,039,950)
Proceeds from impact fees	487,223	-	-	-	487,223
Capital grants and contributions	-	-	500,873	-	500,873
Proceeds from the disposal of capital assets	20,357	-	2,901	294	23,552
Proceeds from notes payable	518,059	-	-	-	518,059
Principal paid on long-term debt	(589,983)	-	(238,096)	-	(828,079)
Capital contributions	105,299	-	-	-	105,299
Interest paid on long-term debt	(82,768)	-	(36,659)	-	(119,427)
Net cash provided by (used by) capital and related financing activities	<u>(1,745,258)</u>	<u>-</u>	<u>(1,602,644)</u>	<u>(4,548)</u>	<u>(3,352,450)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(10,066,612)	(779,029)	-	-	(10,845,641)
Proceeds from the sale of investments	5,420,313	1,759,570	-	-	7,179,883
Interest and investment income received	342,845	15,999	86,490	-	445,334
Net cash provided by (used by) investing activities	<u>(4,303,454)</u>	<u>996,540</u>	<u>86,490</u>	<u>-</u>	<u>(3,220,424)</u>

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Cemetery Fund	
Net increase (decrease) in cash and cash equivalents	\$ 5,140,586	\$ 552,495	\$ 3,695,681	\$ (20,045)	\$ 9,368,717
Cash and cash equivalents, beginning	4,606,232	472,182	1,455,988	304,799	6,839,201
Cash and cash equivalents, ending	\$ 9,746,818	\$ 1,024,677	\$ 5,151,669	\$ 284,754	\$ 16,207,918
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	\$ 7,313,216	\$ 627,716	\$ 5,151,669	\$ 284,754	\$ 13,377,355
Restricted assets, cash and cash equivalents	2,433,602	396,961	-	-	2,830,563
	\$ 9,746,818	\$ 1,024,677	\$ 5,151,669	\$ 284,754	\$ 16,207,918

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Cemetery Fund	Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 4,980,281	\$ 1,995,098	\$ 1,400,378	\$ (17,374)	\$ 8,358,383	\$ 751,827
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	2,161,089	66,378	1,353,421	8,922	3,589,810	2,031,306
Changes in assets and liabilities:						
(Increase) decrease in receivables	(36,982)	42,897	(204,072)	(6,819)	(204,976)	143,008
(Increase) decrease in due from other governments	-	-	(181,283)	-	(181,283)	-
(Increase) decrease in inventories	4,332	-	-	16,179	20,511	-
(Increase) decrease in due from other funds	5,064,173	104,452	2,400,408	-	7,569,033	1,603,735
(Increase) decrease in prepaids and other assets	(5)	-	-	-	(5)	(1,903)
(Increase) decrease in deferred outflows of resources	681,766	444,224	(34,196)	36,991	1,128,785	83,137
Increase (decrease) in accounts payable	(737,028)	(39,969)	223,521	(1,699)	(555,175)	8,726
Increase (decrease) in accrued liabilities	-	-	-	(256)	(256)	-
Increase (decrease) in customer deposits	(6,021)	(2,035)	-	-	(8,056)	-
Increase (decrease) in compensated absences	(43,820)	3,404	6,311	-	(34,105)	7,008
Increase (decrease) in self insured claims liability	-	-	-	-	-	(338,000)
Increase (decrease) in net pension liability	(686,405)	(613,462)	177,358	(42,039)	(1,164,548)	13,453
Increase (decrease) in net OPEB obligation	116,812	(103,351)	69,586	(5,323)	77,724	79,972
Increase (decrease) in due to other funds	(248,754)	(800,000)	-	-	(1,048,754)	(1,551,812)
Increase (decrease) in deferred inflows of resources	(60,140)	(41,681)	403	(4,079)	(105,497)	(9,438)
Net cash provided by (used by) operating activities	<u>\$ 11,189,298</u>	<u>\$ 1,055,955</u>	<u>\$ 5,211,835</u>	<u>\$ (15,497)</u>	<u>\$ 17,441,591</u>	<u>\$ 2,821,019</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Unrealized loss on investments	\$ (62,564)	\$ (4,842)	\$ -	\$ -	\$ (67,406)	\$ -
Gain on debt refunding	6,922	-	3,580	-	10,502	-
Contributed capital from governmental activities	105,299	-	-	-	105,299	-
	<u>\$ 49,657</u>	<u>\$ (4,842)</u>	<u>\$ 3,580</u>	<u>\$ -</u>	<u>\$ 48,395</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	Agency Funds	Pension Trust Funds
ASSETS		
Cash and cash equivalents	\$ 519,504	\$ 8,587,028
Accounts receivable	306	13,676
Accrued interest and dividends	-	241,734
Due from brokers	-	433,780
Investments:		
Corporate bonds	-	14,093,285
Equity securities	-	112,247,539
U.S. obligations	-	15,462,299
Hedge funds	-	17,149,109
Equity pooled separate accounts	-	36,073,580
Private equity fund	-	1,172,274
Fixed income pooled separate accounts	-	34,825,981
Real estate pooled separate accounts	-	6,457,418
Real estate investment trust	-	7,680,373
Total investments	519,810	254,438,076
Prepays	-	7,708
Total assets	519,810	254,445,784
LIABILITIES		
Accounts payable	2,861	193,618
Due to others	516,949	-
Unearned revenue	-	25,550
Due to brokers	-	727,443
Total liabilities	519,810	946,611
NET POSITION		
Restricted for pension benefits	\$ -	\$ 253,499,173

The accompanying notes are an integral part of the financial statements.

CITY OF HALLANDALE BEACH, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

ADDITIONS	
Contributions:	
Employer	\$ 11,872,748
Plan members	1,693,884
State of Florida	636,188
Other income	19,505
Total contributions	14,222,325
Investment income:	
Interest and dividends	3,580,677
Net increase in fair value of investments	18,028,584
Total investment income	21,609,261
Less investment expense	(1,325,795)
Net investment income	20,283,466
Total additions	34,505,791
DEDUCTIONS	
Benefits	16,155,166
Professional services	219,333
Total deductions	16,374,499
Change in net position	18,131,292
Net position, beginning	235,367,881
Net position, ending	\$ 253,499,173

The accompanying notes are an integral part of the financial statements.



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Notes to Financial Statements

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hallandale, Florida was incorporated in 1927 by Laws of Florida 12791 Acts of 1927. On August 17, 1999, the City Commission approved an ordinance amending the City Charter to change the name of the City to Hallandale Beach, Florida (the "City"). The City operates under the Commission-Manager form of government and provides the following services as authorized by its charter and state statute: general government, public safety (police and fire), public works, physical environment, water, sewer, stormwater drainage, municipal cemetery, sanitation, human services, culture and recreation, planning and zoning and general administrative.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governmental units, which are promulgated by the Governmental Accounting Standards Board ("GASB"). Significant accounting and reporting policies and practices used by the City are described below:

A. Reporting Entity

In accordance with GAAP, these basic financial statements present the City (the primary government) and its component units.

The criteria, which define a component unit and establish requirements for reporting and disclosure of a component unit, is set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASBS No. 39, *Determining Whether Certain Organizations are Component Units*, GASBS No. 61, *The Financial Reporting Unit: Omnibus*, GASBS No. 80, *Blending Requirements for Certain Component Units*, and GASBS No. 85, *Omnibus 2017*. A component unit is a legally separate organization for which the City is determined to either be financially accountable for, or for organizations for which the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City is financially accountable if it appoints a voting majority of the organization's governing board 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 City, or the City has operational responsibility. The City is also financially accountable if the entity is fiscally dependent on the City. An organization's relationship with the City which does not meet the criteria of financial accountability, can warrant inclusion in the reporting unit if the organization is determined to be closely related to, or financially integrated with the City. This determination is a matter of professional judgement as to the nature and significance of the relationship. The City has three blended component units presented as special revenue funds in the City's financial statements.

Blended Component Units:

A blended component unit is an organization whose governing body is substantively the same as the City Commission, or the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the City even if it does not provide services directly to the City. A blended component unit is legally separate, but is so intertwined with the City that they are, in substance, part of the City. The following component units, because of the closeness of their relationship with the City, are blended as special revenue funds in the City's financial statements.

Golden Isles Safe Neighborhood District

The Golden Isles Safe Neighborhood District was established in 1989 by City ordinance 89-24 pursuant to Section 163.506, *Florida Statutes*, as a local government neighborhood improvement district. The Golden Isles Safe Neighborhood District is governed by a board comprised of the City's elected commissioners. The commissioners approve the District's budgets, levy taxes, and must approve any debt issuances. The City has operational responsibility for this District.

Three Islands Safe Neighborhood District

Three Islands Safe Neighborhood District was established in 1993 by City ordinance 93-08 pursuant to Section 163.506, *Florida Statutes*, as a local government neighborhood improvement district. The Three Islands Safe Neighborhood District is governed by a board comprised of the City's elected commissioners. The commissioners approve the District's budgets, levy taxes and must approve any debt issuances. The City has operational responsibility for this District.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Hallandale Beach Community Redevelopment Agency

Pursuant to Section 163.387, *Florida Statutes*, the City of Hallandale Beach established a Redevelopment Trust Fund for the Community Redevelopment Agency ("CRA", "HBCRA" or "Agency"), effective December 1996. The City Commission, acting as the agency board of directors, approved a Community Redevelopment Plan, which will primarily utilize Tax Increment Financing to fund community redevelopment within the designated area. The specific area incorporates approximately two thirds of the City with the exception of the most easterly portion of the City. The base year established of January 1, 1996, will be utilized in determining the base amount of property valuation. Each year the City, County and Children's Services Council must contribute 95% of the incremental increase, if any, in ad valorem taxes levied over and above the base year. The Hospital District has made a separate agreement for a flat amount. The CRA is governed by a board comprised of the City's elected officials and there is a financial benefit and burden relationship between the City and the CRA. Although the Agency is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated redevelopment areas. The CRA issues a publicly available financial statement which can be obtained by contacting the CRA's office.

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole and provide a complete financial picture of the government. The City's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the City's governmental and business-type activities. Governmental activities are those supported by taxes and intergovernmental revenue. Business-type activities 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 is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for goods or services that are recovered directly from customers for services rendered, (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and (3) grants and contributions that are restricted to meeting 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 fund based 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.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are provided that briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide governmental activities financial statements.

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate governmental activities.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide, the proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses reported when a liability is incurred, regardless of the timing of related cash flows. The Agency funds report only assets and liabilities using the accrual basis of accounting but have no measurement focus.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the year. Revenues for expenditure driven grants are recognized when the qualifying expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Expenditures related to pension and other post-employment benefits are recognized when the City has made a decision to fund those obligations with current available resources.

In the governmental funds, property taxes when levied, public services taxes, franchise taxes, intergovernmental grants when eligibility requirements are met, charges for services and interest income associated with the current fiscal period are all considered to be measurable and have been recognized, if available. Licenses and permits and miscellaneous revenue are recorded as revenue when received in cash, because they are generally not measurable until actually received.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, revenue and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Effective October 1, 2017, the City implemented the following GASB Pronouncements:

GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* replaced the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this standard resulted in changes to accounting for OPEB, which was applied retrospectively (refer to restatement of prior year balances at Note 15) and additional required note disclosures (refer to Note 12) and required supplementary information.

GASB: Statement No. 85, *Omnibus 2017* addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other post-employment benefits [OPEB]). The implementation of this pronouncement did not result in a financial impact to the City. The City has applied the requirements, as applicable.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of this pronouncement did not result in a financial impact to the City.

GAAP sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor, internal service, and fiduciary funds are each presented in the aggregate in the applicable fund financial statements.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue is derived primarily from property taxes, utility taxes, state and federal distributions and other intergovernmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

The Community Redevelopment Agency Fund accounts for the tax increment revenue assessed on properties in the specified CRA area and capital improvements, neighborhood improvement loans, and other economic incentives that help improve the appearance of property and equality of life for area residents and businesses.

The Grants Fund accounts for City projects financed by federal, state and local grants.

The General Obligation Bond Fund accounts for capital improvements financed by proceeds from the City's General Obligation Bonds, Series 2016.

The Capital Projects Fund accounts for major capital projects funded by City appropriations and debt issuances.

The City reports the following major enterprise funds:

The Utility Fund accounts for the provision of water and sanitary sewer services to residents and businesses of the City.

The Sanitation Fund accounts for the provision of waste and trash collection and disposal services to residents and businesses of the City.

The Stormwater Drainage Fund accounts for the provision of stormwater maintenance and capital improvements to residents and businesses of the City.

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for the financing of workers' compensation, general liability insurance and fleet services provided to the various funds of the City.

Fiduciary Funds include pension trust funds and agency funds. Pension trust funds account for certain of the City's retirement plans. Agency funds are used for assets held by the City on behalf of others for payroll related costs and other miscellaneous assets.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenue for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. All revenues that are not program revenues are general revenues, and include all taxes, as well as grants, contributions and investment earnings that are not restricted to a particular program.

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

D. Deposits

The City considers cash on hand, cash with fiscal agents, and overnight investments with original maturities of less than three months to be cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty. Interest earned on pooled cash and investments is allocated to funds based on average monthly balances.

E. Investments

Investments, including investments in the pension trust funds, are reported at fair value, with the exception of insurance pooled separate accounts, real estate investment trusts, and hedge funds which are reported at their net asset value (NAV) which is their fair value.

F. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (current portion of loans) or "advances to/from other funds" (non-current portion of loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Receivables are recorded and where appropriate, an associated allowance for uncollectible accounts has been established in the related fund. All receivables are shown net of an allowance for uncollectible accounts. Based on past experience, the City deems all balances greater than 60 days to be uncollectible unless a lien can be placed against the property of the customer.

G. Inventories/Prepays

Inventories consist of supplies and equipment replacement parts, valued using the lower of the weighted average cost method or net realizable value, which are purchased in one period and consumed in a future period. Prepays represent goods and services which are paid for in one period, but benefit a future period. Inventories and prepays are recorded as an expenditure/expense in the fund level and government-wide financial statements in the period benefited. Inventories/prepays for governmental fund types are reported as an asset of the fund with a corresponding amount recorded as non-spendable fund balance.

Inventory in the Cemetery Fund consists of crypts. Inventory is valued at cost and is reduced by crypts sold during the year, calculated based on a weighted-average basis. Water Fund inventory consists of water meters on hand for future installation.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets

Restricted assets, consisting of cash and cash equivalents, represent assets restricted to a particular usage. In the governmental funds, restricted cash consists primarily of unspent bond proceeds. In business-type funds, restricted assets consist mainly of the amount of utility deposits and unspent impact fees collected.

I. Capital Assets

Capital assets, including land, buildings and improvements, infrastructure, vehicles and equipment, and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are those that have a useful life of greater than one year and a value of greater than \$1,000 for all capital assets other than intangibles, which have a value of greater than \$25,000 are capitalized for financial reporting purposes. Capital assets are stated at cost in the government-wide and proprietary fund financial statements. Donated capital assets are stated at their acquisition value on the date contributed. Depreciation is recorded as an operating expense for all assets meeting the City's capitalization threshold. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are expensed as incurred.

Depreciation is provided over estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Vehicles and equipment	5 years
Water plant components	10 years
Buildings and improvements other than buildings	20 years
Enterprise infrastructure	20 years
Government infrastructure	42 years

J. Assets Held for Resale

The HBCRA acquires and develops property in economically depressed areas, for the intention of rendering the property suitable for economic development and then reselling or conveying it to private sector purchasers meeting certain criteria. Since these properties are acquired with the express intent of resale and/or development, they are reported at lower of cost/donated value or net realizable value. Assets donated from the City or other related entities are recorded at the carrying value of the donor entity. Donated assets from other sources are recorded at the lower of cost/donated value or net realizable value. The cost basis of assets held for resale and development include costs incurred to acquire the asset and prepare the asset for resale and development, such as purchase price, fees, surveys, lot clearing, demolition, judgments levied through suits, costs of construction, permits etc. These assets include land, land improvements and buildings. Upon the sale of these assets, a gain or loss is recognized. When the net realizable amount is less than the carrying amount, a loss would be recognized. Gains are recorded as economic environment charges for services in the government-wide statements and other revenues in the fund financial statements and losses are recorded as economic environment expenses/expenditures.

K. Compensated Absences

City employees are granted vacation pay and sick leave in varying amounts based on employee classification and length of service. Employees may elect to use sick leave as earned or receive cash payments in lieu of time off at reduced amounts. A portion of unused vacation pay and sick-leave pay are paid upon an employee's termination.

The City accrues for vacation and sick leave based on anticipated use or payout (i.e., amounts that are due and payable). Accumulated and unpaid vacation pay and sick leave are recorded as expenses in the government-wide and proprietary funds when earned. Expenditures for accumulated compensated absences have been recorded in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Unearned/Unavailable Revenue

Unearned revenue arises when resources are received by the City before it has a legal claim to them. In addition, inflows that do not yet meet the criteria for revenue recognition are recorded as unearned revenue or a deferred inflow in the government-wide and the fund financial statements. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue or a deferred inflow is removed and revenue is recognized. In the governmental funds, unavailable revenue may also arise if the funds are not received in the availability period; the funds are then not considered a current available resource.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as 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, and debt principal payments are reported as debt service expenditures.

N. Fund Equity/Net Position

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints imposed on the use of resources reported in governmental funds. Amounts that are restricted to specific purposes either by: (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission through an ordinance or resolution (equally binding), are classified as committed fund balances. These constraints remain binding unless removed or changed in the same manner employed to commit those resources. Amounts that are constrained by the City's intent to be used for specific purposes, however, are neither restricted, nor committed are classified as assigned fund balances. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances. Assignments are approved by the City Commission through adoption of the budget. Non-spendable fund balances include amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Net position of the government-wide financial statements and proprietary fund financial statements are categorized as net investment in capital assets, restricted or unrestricted. The first category represents capital assets net of accumulated depreciation, less outstanding related debt net of unspent bond proceeds and any deferred inflows/outflows related to the debt for acquisition or construction of the capital assets.

The restricted category represents the balance of assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position represents resources that are available for spending.

Minimum Fund Balance Policy

The General Fund has adopted a target minimum unrestricted fund balance policy of sixteen percent (16%) of General Fund expenditures which approximates two months of operations as recommended by the Governmental Finance Officers Association. This target is inclusive of any committed, assigned, and unassigned amounts.

The City met all of its fund balance targets at September 30, 2018.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position Flow Assumption

Sometimes the government 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

P. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the City Commission has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

Q. Pension Plans

The City provides separate defined benefit pension plans for general employees, professional/management, and uniformed police and fire department personnel. The City provides a defined-contribution plan for those management employees who did not elect to transfer to the Professional/Management Retirement Plan. Additionally, all new professional and management employees are required to enter the defined contribution pension plan, as the defined benefit plan will be phased out as employees retire or resign. It is the City's policy to fund the normal cost and the amortization of the unfunded prior service cost.

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 fiduciary net position of the City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust (Police and Fire Retirement Plan), the City of Hallandale Beach Retirement Plan (General Employees Retirement Plan), and the City of Hallandale Beach Professional/Management Retirement Plan (Professional/Management Retirement Plan) (collectively, the Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term.

R. Other Post-Employment Benefits

The City is self-funded for other post-employment benefits in accordance with Florida Statute. The City permits eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. As a result, the City incurs an implicit subsidy for these retirees. The total OPEB liability, represents the actuarially determined present value of projected benefits to be provided to current active and inactive employees that is attributed to those employees' past periods of service. Projections of benefits, the implicit rate, are required to be based on claims costs, or age-adjusted premiums approximating claims costs, and the benefit terms and legal agreements existing at the measurement date. There is no trust in which assets are accumulated to fund the OPEB benefit payments when due.

S. Self-Insurance

The City is currently self-insured for all workers' compensation and general liability claims. Operating funds are charged premiums by the internal service funds. The accrued liability for estimated insurance claims represents an estimate of the eventual loss on claims arising prior to year-end, including those incurred but not yet reported.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

U. 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred loss on the refunding of 2007A Revenue Bonds, pension related, and OPEB related deferred outflows in this category.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The City also reports a deferred gain on the refunding of the 2005A Revenue Bonds, pension related, and OPEB related deferred inflows in this category.

Within the government-wide Statement of Net Position, the City reports as deferred inflows or outflows amounts representing the difference between expected and actual results, changes in assumptions and the net difference between projected and actual earnings of its pension plan. The amounts will be amortized over a five year closed period beginning in the year in which the difference occurred or over the remaining service lives of all employees, as applicable.

NOTE 2. PROPERTY TAXES

The City's property tax is levied and becomes a lien on real and personal property located in the City, including the Golden Isles Safe Neighborhood District and the Three Islands Safe Neighborhood District, on October 1 of each year based upon the assessed value listed as of the prior January 1. Assessed values are established by the Broward County Property Appraiser.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation for the General Fund. Taxes were levied at 5.7998 mills, 1.0934 mills, and 0.6600 mills for the General Fund, the Golden Isles Safe Neighborhood District and the Three Islands Safe Neighborhood District, respectively, for the 2017-2018 fiscal year.

All taxes are due from property holders on March 31, become delinquent on April 1, and become subject to the issuance of tax sale certificates on June 1.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 3. DEPOSITS AND INVESTMENTS

The City's cash, cash equivalents and investments consist of the following at September 30, 2018:

Cash and cash equivalents:	
Money market funds	\$ 7,979,669
Deposits with financial institutions	12,884,719
Commercial paper	11,182,755
Florida PRIME	25,159,756
	<u>57,206,899</u>
Investments:	
U.S. Government agencies	12,367,965
Corporate notes	15,950,602
U.S. Government treasuries	24,416,853
Municipal bonds	274,087
Domestic equity investment funds	5,633,620
Collateralized mortgage obligations	4,262,505
International equity investment funds	813,828
Domestic fixed income investment funds	475,436
	<u>64,194,896</u>
Total cash, cash equivalents, and investments	<u>\$ 121,401,795</u>

The City's cash and investments are classified in the accompanying financial statements as follows:

Amounts as presented on the entity wide statement of net position:	
Cash and cash equivalents	\$ 31,265,512
Investments	29,116,407
Investments - excess benefit plan	6,922,884
Restricted cash and cash equivalents	14,239,129
Restricted investments	39,338,359
Amounts as presented on the fiduciary statement of net position:	
Cash and cash equivalents - agency funds	<u>519,504</u>
Total cash, cash equivalents, and investments	<u>\$ 121,401,795</u>

Deposits: The City's policy is to follow Florida Statutes which authorize the deposit of City funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All City public deposits are held in qualified public depositories pursuant to Chapter 280, *Florida Statutes, Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50% to 125% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with the State Treasurer. Any losses to public depositors resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. The City's bank balances were insured either by the Federal Depository Insurance or collateralized in the bank's participation in the Florida Security for Public Deposits Act.

The State Board of Administration (SBA) administers the Florida PRIME which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the City's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures, for financial reporting purposes, all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

The investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

Concentration of credit risk: Under the City's investment policy, authorized investments may consist of investments in the following:

- Florida Local Government Surplus Funds Trust Fund ("SBA") — up to 25% of available funds
- United States Government Securities — up to 100% of available funds; a maximum of 10% of treasury strips
- United States Government Agencies — up to 100% of available funds
- Federal Instrumentalities — up to 100% of available funds
- Interest Bearing Time Deposits or Savings Accounts — up to 10% of available funds
- Repurchase Agreements — up to 20% of available funds (excluding one-business day agreements and overnight sweep agreements)
- Commercial Paper — up to 35% of available funds
- Corporate Notes — up to 15% of available funds
- Bankers Acceptances — up to 25% of available funds
- State and/or Local Government Debt — up to 25% of available funds, a maximum of 10% of the various municipalities of the State of Florida
- Money Market Mutual Funds — up to 20% of available funds
- Intergovernmental Investment Pool — up to 25% of available funds
- Foreign Government Debt Issues — up to 5% of available funds

In addition, the City's policy limits overall investment in any one issuer to 5% or less, except for United States Government Agencies (40%), Federal Instrumentalities (40%) and Interest Bearing Time Deposits or Savings Accounts (10%).

Due to the implementation of GASB Statement No. 73, plan assets related to the excess benefit plan offered to Professional/Management Retirement Plan employees are considered assets of the City. On October 3, 2018, the City amended their investment policy to include excess benefit plan investments.

The City's Professional/Management Retirement Plan and the General Employees Retirement Plan invests in insurance pooled separate accounts under a group annuity contract with an insurance company. As of September 30, 2018, the following are investments in any one organization that represent 5% or more of the pension plan's fiduciary net position:

<u>General Employees Retirement Plan</u>	
Principal Financial Group	<u>\$ 59,191,741</u>
<u>Professional/Management Employees Retirement Plan</u>	
Principal Financial Group	<u>\$ 18,165,238</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The City of Hallandale Beach's three defined benefit plans authorized investments may consist of the following:

- Time, savings and money market deposit accounts of a national bank, or a savings and loan association insured by the Federal Deposit Insurance Corporations.
- Obligations issued by the U.S. Government, or an agency or instrumentality of the U.S. Government, including mortgage-related securities.
- Equities (not to exceed 5% of the total portfolio being invested in the common stock of any one issuing company with the exception of a co-mingled investment portfolio such as a mutual fund or insurance company separate account).
- Fixed income investments defined as preferred issues and fixed income securities.
- Money Market Funds (defined as fixed income securities having a maturity of less than one year that meet or exceed Standard & Poor's A1, or Moody's P1 credit rating).
- Master Limited Partnerships (not to exceed 5% of the portfolio).
- Real assets-co-mingled investment portfolios, such as a mutual fund or insurance company separate account consisting of real assets (including owned real estate, real estate investment trusts and/or other comingled real estate equity investment options).
- Funds of Hedge Funds (private investment funds investing primarily in the global equity and fixed income markets (excluded from the General Employees Retirement Plan and Professional/Management Retirement Plan).

Interest rate risk: Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the City's and pension plans' investment policies, they minimize the interest rate risk of investments in the portfolios by structuring them so that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner.

Information about the sensitivity of the reported values of the City's and the defined benefit pension plan's fixed income investments to market interest rate fluctuations of its debt type investments using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Investment Maturities (in Years)				
	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
<u>City</u>					
U.S. Government agencies	\$ 12,367,965	\$ 11,480,696	\$ 887,269	\$ -	\$ -
Corporate notes	15,950,602	6,639,283	9,311,319	-	-
U.S. Government treasuries	24,416,853	2,906,765	21,510,088	-	-
Commercial paper	11,182,755	11,182,755	-	-	-
Collateralized Mortgage Obligations	4,262,505	132,866	4,129,639	-	-
Municipal bonds	274,087	-	274,087	-	-
Florida PRIME	25,159,756	25,159,756	-	-	-
Domestic fixed income investment funds	475,436	-	-	475,436	-
Total	\$ 94,089,959	\$ 57,502,121	\$ 36,112,402	\$ 475,436	\$ -
<u>Professional/Management Employees Retirement Plan</u>					
Fixed income pooled separate accounts	\$ 6,754,867	\$ 4,512,039	\$ 743,018	\$ 1,499,810	\$ -
<u>General Employees Retirement Plan</u>					
Fixed income pooled separate accounts	\$ 28,071,114	\$ 18,817,885	\$ 3,037,701	\$ 6,215,528	\$ -
<u>Police and Fire Retirement Plan</u>					
U.S. Government agencies	\$ 8,656,404	\$ -	\$ 97,504	\$ 61,100	\$ 8,497,800
U.S. Government treasuries	6,805,895	1,003,118	4,096,953	-	1,705,824
Corporate bonds	14,093,285	1,298,210	5,675,608	3,023,021	4,096,446
Total	\$ 29,555,584	\$ 2,301,328	\$ 9,870,065	\$ 3,084,121	\$14,300,070

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits investments to those instruments rated at or better than A-1. The Police and Fire Retirement Plan limits investments to those instruments in one of the four highest classifications by a major rating service. The General Employees Retirement Plan and Professional Management Retirement Plans' limit investments to securities ranked in Standard & Poor's, AAA, AA, A, BBB or Moody's Aaa, Aa, A and Baa except for below investment grade bonds held in a co-mingled investment portfolio, such as a mutual fund or insurance company pooled separate account.

As of September 30, 2018, the General Employees Retirement Plan and Professional Management Pension Plans' investments are invested in insurance company pooled separate accounts which are commingled pools, rather than individual securities. As a result, insurance company pooled separate accounts are not rated and are not subject to concentration of credit risk, custodial credit risk or foreign currency risk.

Presented below is the minimum rating as required for each debt type instrument relating to the City's investments as of September 30, 2018:

Average Rating	Corporate Bonds and Notes	US Gov't Obligations	Domestic Fixed Income Investment Funds	Collateralized Mortgage Obligations	Commercial Paper	Municipal Bonds	Florida PRIME	Total
AAA	\$ 48,989	\$ -	\$ -	\$ 2,397,222	\$ -	\$ -	\$ 25,159,756	\$27,605,967
AA+	-	36,784,818	-	-	-	-	-	36,784,818
AA	454,189	-	-	-	-	-	-	454,189
AA-	2,440,944	-	-	-	-	274,087	-	2,715,031
A+	4,490,840	-	-	-	-	-	-	4,490,840
A	3,457,086	-	-	-	-	-	-	3,457,086
A-	3,352,244	-	-	-	-	-	-	3,352,244
A-1	-	-	-	-	2,729,953	-	-	2,729,953
A-1+	-	-	-	-	8,452,802	-	-	8,452,802
BBB+	1,706,310	-	-	-	-	-	-	1,706,310
Unrated	-	-	475,436	1,865,283	-	-	-	2,340,719
TOTAL	\$15,950,602	\$ 36,784,818	\$ 475,436	\$ 4,262,505	\$11,182,755	\$274,087	\$ 25,159,756	\$94,089,959

Presented below is the minimum rating as required for each debt type instrument relating to the Police and Fire Retirement Plan's investments as of September 30, 2018:

Average Rating	Total
Aaa	\$ 8,930,887
A1	96,089
A2	1,158,975
A3	1,290,138
Aa2	301,167
Aa3	450,248
Baa1	1,995,470
Baa2	3,537,320
Baa3	2,646,785
Ba1	589,604
Unrated	8,558,901
Total	\$ 29,555,584

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 3. DEPOSITS AND INVESTMENTS (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. The City does not have a formal policy, but its practice is to ensure that all investments are held by the City or its counterparty in the City’s name, with the exception of its pension investments. In the Police and Fire Retirement Plan, consistent with its investment policy, the investments are held by the Plan’s custodial bank and registered in the Plan’s name. Investments in the General Employees Retirement Plan and Professional/Management Retirement Plan, consist of investments pooled as separate investment accounts, under a group annuity contract and operate similar to a mutual fund. These investments are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Foreign currency risk: “Foreign currency risk” is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. dollars as well as the carrying value of foreign investments. The City and the pension plans are not subject to foreign currency risk as all investments are denominated in U.S. dollars.

Fair value hierarchy: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City and the City’s pension plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 - Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 - Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 - Investments' fair values based upon unobservable inputs.

The City and the City’s pension plans have established a framework to consistently measure the fair value of assets and liabilities in accordance with applicable accounting, legal and regulatory guidance. This framework has been provided by establishing a valuation policy and procedures that will provide reasonable assurance that applicable assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2 and Level 3 investments. A fund’s NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purpose. The plans would multiply the NAV per share owned to arrive at fair value. Level 1 investments in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes into play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a “practical expedient”), the plan may use the NAV per share for investment in a non-governmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund’s reported NAV as a matter of convenience.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The following table summarizes the valuation of the City's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2018:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value at 9/30/18</u>
Debt securities:				
U.S. Government agencies	\$ -	\$ 12,367,965	\$ -	\$ 12,367,965
Corporate notes	-	15,950,602	-	15,950,602
U.S. Government treasuries	-	24,416,853	-	24,416,853
Commercial paper	11,182,755	-	-	11,182,755
Municipal bonds	-	274,087	-	274,087
Domestic fixed income investment funds	475,436	-	-	475,436
Collateralized mortgage obligations	-	4,262,505	-	4,262,505
Total debt securities	<u>11,658,191</u>	<u>57,272,012</u>	-	68,930,203
Equity securities:				
Domestic equity investment funds	5,633,620	-	-	5,633,620
International equity investment funds	813,828	-	-	813,828
Total equity securities	<u>6,447,448</u>	-	-	6,447,448
Total investments measured at fair value	<u>\$ 18,105,639</u>	<u>\$ 57,272,012</u>	<u>\$ -</u>	75,377,651
Investments not subject to level disclosure:				
Florida PRIME				25,159,756
Money market funds				7,979,669
Deposits with financial institutions				12,884,719
Total investments and cash equivalents				<u>\$ 121,401,795</u>

Following is a description of the valuation methodologies used for assets measured at fair value:

Equity securities, U.S. Treasury securities, domestic fixed income investment funds and commercial paper classified in Level 1, are valued using prices quoted in active markets for those securities.

U.S. Agency and Treasury securities, collateralized mortgage obligations and municipal bonds, classified in Level 2, are valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate notes, classified in Level 2, are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

The City does not value any of its investments using Level 3 inputs.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of September 30, 2018, Professional/Management Retirement Plan assets are invested in insurance pooled separate accounts. As a result, all investments related to the Plan are measured at NAV:

<u>Investments Measured at NAV</u>	<u>9/30/2018</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Equity pooled separate accounts	\$ 9,898,977	\$ -	Daily	1 Day
Fixed income pooled separate accounts	6,754,867	-	Daily	1 Day
Real estate pooled separate accounts	1,511,394	-	Daily	1 Day
Total investments measured at NAV	<u>\$18,165,238</u>	<u>\$ -</u>		

As of September 30, 2018, General Employees Retirement Plan assets are invested in insurance pooled separate accounts. As a result, all investments related to the Plan are measured at NAV:

<u>Investments Measured at NAV</u>	<u>9/30/2018</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Equity pooled separate accounts	\$26,174,603	\$ -	Daily	1 Day
Fixed income pooled separate accounts	28,071,114	-	Daily	1 Day
Real estate pooled separate accounts	4,946,024	-	Daily	1 Day
Total investments measured at NAV	<u>\$59,191,741</u>	<u>\$ -</u>		

The various insurance pooled separate accounts in the Professional/Management Retirement Plan and General Employees Retirement Plan are managed by Principal Financial Group, Inc. The NAV of the separate accounts are calculated in a manner consistent with U.S. GAAP for investment companies and are determinative of their fair value. Equity pooled separate accounts invest in publicly quoted mutual funds or actively managed stocks. The fair value of the underlying mutual funds or stock is used to determine the NAV of the separate account, which is not publicly quoted. Fixed income separate accounts invest in fixed income securities. The fair value of the underlying securities is based on quoted prices of similar assets and used to determine the NAV of the separate account. Real estate pooled separate accounts invest in real estate properties. The fair value is based on discounted cash flow valuation models that utilize public real estate market data inputs such as transaction prices, market rent growth, vacancy levels, leasing absorption, market capitalization rates and discount rates.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The following tables summarize the valuation of the Police and Fire Retirement Plan's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2018:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value at 9/30/18</u>
Debt securities:				
U.S. Government agencies	\$ -	\$ 8,656,404	\$ -	\$ 8,656,404
Corporate bonds	-	14,093,285	-	14,093,285
U.S. Government treasuries	-	6,805,895	-	6,805,895
Total debt securities	-	29,555,584	-	29,555,584
Equity securities:				
Common stocks	110,190,365	-	-	110,190,365
Mutual funds	2,057,174	-	-	2,057,174
Total equity securities	112,247,539	-	-	112,247,539
Total investments measured at fair value	<u>\$ 112,247,539</u>	<u>\$ 29,555,584</u>	<u>\$ -</u>	141,803,123
Investments measured at NAV*				
Real estate fund				7,680,373
Private equity fund				1,172,274
Hedge funds				17,149,109
Total investments measured at NAV				<u>26,001,756</u>
Investments not subject to level disclosure:				
Money market funds				8,587,028
Total investments and cash equivalents				<u>\$ 176,391,907</u>

* As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common stock, classified in Level 1, is valued at the closing price reported on the New York Stock Exchange.

Mutual funds classified in Level 1, are valued at the daily closing price as reported by the Plan. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Debt securities classified in Level 1 and 2, are valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds classified in Level 2, are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Real estate fund is valued at the net asset value of shares held by the Plan at year-end. The Plan has investment in a private market real estate investment for which no liquid public market exists.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Real estate funds and hedge funds are valued at net asset value of shares held by the Plan at year-end.

Investments Measured at NAV	9/30/2018	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund ⁽¹⁾	\$ 7,680,373	\$ -	Daily	24 Hours
Hedge fund ⁽²⁾	8,629,151	-	Semiannual	91 Days
Hedge fund ⁽³⁾	8,519,958	-	Quarterly	95 Days
Private equity fund ⁽⁴⁾	1,172,274	8,783,961	N/A	N/A
Total investments measured at NAV	<u>\$26,001,756</u>	<u>\$ 8,783,961</u>		

⁽¹⁾ Real estate fund: This fund is an open-end, commingled private real estate fund consisting primarily of high quality, well-leased real estate properties in multifamily, industrial, office, retail and hotel sectors throughout the United States. The investment is valued at NAV and redemption requests must be received at least 24 hours before the effective date of the redemption.

⁽²⁾ Hedge fund: This hedge fund of funds invests its assets with a group of selected private investment companies seeking capital appreciation with limited variability of returns. The investment is valued at NAV and redemption requests can be made semiannually subject to a 91 day notice period.

⁽³⁾ Hedge fund: The purpose of this fund is to invest, reinvest and trade securities and other financial instruments mainly through limited partnerships. The investment is valued at NAV and redemption requests must be received by the fund 95 days prior to quarter end.

⁽⁴⁾ Private equity fund: This is a pooled private equity investment fund investing primarily in real assets, private equity, credit and opportunistic alternative asset management strategies. The investment is valued at NAV and redemptions are not allowed unless distributions are determined by the general partner.

NOTE 4. RECEIVABLES

Receivables for the City's governmental activities and each major governmental fund and nonmajor governmental and internal service funds in the aggregate, with the related allowance for uncollectible accounts, as of September 30, 2018, were as follows:

Governmental activities	General	Community Redevelopment Agency Fund	General Obligation Bond Fund	Nonmajor Funds	Internal Service Funds	Total Governmental Activities
Utility and sales tax	\$ 504,338	\$ -	\$ -	\$ -	\$ -	\$ 504,338
Franchise fees	492,154	-	-	-	-	492,154
Sales and user fees	79,444	-	-	293,641	-	373,085
Miscellaneous	80,973	-	-	-	162,382	243,355
Interest	23,159	18,593	147,722	-	-	189,474
CRA loans	-	1,887,759	-	-	-	1,887,759
Gross receivables	1,180,068	1,906,352	147,722	293,641	162,382	3,690,165
Less: allowance for uncollectibles	(44,749)	(55,744)	-	(11,551)	(162,382)	(274,426)
Net total receivables	<u>\$ 1,135,319</u>	<u>\$ 1,850,608</u>	<u>\$ 147,722</u>	<u>\$ 282,090</u>	<u>\$ -</u>	<u>\$ 3,415,739</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4. RECEIVABLES (CONTINUED)

Affordable Housing Loan Program: The HBCRA provides down payment assistance and closing cost to assist first time home buyers with the purchase of newly constructed or existing single and multi-family (townhouse, condominium) housing. The maximum assistance to qualified buyers is \$50,000. Repayment is not required if the buyer homesteads the property for a minimum of ten years.

In the event that there is sale or conveyance of the assisted property prior to the completion of the ten years, the resident must repay the entire or the pro-rated amount of the loan. The HBCRA does not report these amounts in its financial statements due to the uncertainty as to the date or amount of future collections.

Receivables for the City's business-type activities and each enterprise fund, with the related allowance for uncollectible accounts, as of September 30, 2018, were as follows:

	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Cemetery Fund	Total Business-type Activities
Business-type activities					
Water sales	\$ 1,840,134	\$ -	\$ -	\$ -	\$ 1,840,134
Sewer service charges	2,375,556	-	-	-	2,375,556
Garbage and trash	-	657,901	-	-	657,901
Special trash	-	51,336	-	-	51,336
Recycling	-	18,998	-	-	18,998
Franchise fees	-	-	-	-	-
Stormwater drainage	-	-	519,402	-	519,402
Interest receivable	54,185	4,193	-	-	58,378
Burial rights contracts	-	-	-	25,468	25,468
Other	12,957	-	-	287	13,244
Gross receivables	<u>4,282,832</u>	<u>732,428</u>	<u>519,402</u>	<u>25,755</u>	<u>5,560,417</u>
Less: allowance for uncollectibles	(312,450)	(203,672)	(86,491)	-	(602,613)
Net total receivables	<u>\$ 3,970,382</u>	<u>\$ 528,756</u>	<u>\$ 432,911</u>	<u>\$ 25,755</u>	<u>\$ 4,957,804</u>

NOTE 5. DUE FROM OTHER GOVERNMENTS

Due from other governments for the City's governmental activities and each major governmental fund and nonmajor governmental funds in the aggregate as of September 30, 2018, include the following:

	General Fund	Community Redevelopment Agency Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Activities	Stormwater Drainage Fund
Governmental activities						
Federal Government	\$ 14,693	\$ -	\$ 91,513	\$ -	\$ 106,206	\$ 257,392
Florida Dept of Revenue	675,375	141,831	23,136	122,829	963,171	-
Local Governments	279,267	-	28,678	-	307,945	-
	<u>\$ 969,335</u>	<u>\$ 141,831</u>	<u>\$ 143,327</u>	<u>\$ 122,829</u>	<u>\$ 1,377,322</u>	<u>\$ 257,392</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 6. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2018:

	Beginning Balance	Increases	Decreases	Transfers ⁽¹⁾	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 39,554,492	\$ -	\$ (2,902,930)	\$ -	\$ 36,651,562
Construction in progress	12,931,376	17,422,781	(48,140)	(14,288,320)	16,017,697
Total capital assets, not being depreciated	<u>52,485,868</u>	<u>17,422,781</u>	<u>(2,951,070)</u>	<u>(14,288,320)</u>	<u>52,669,259</u>
Capital assets, being depreciated:					
Buildings	26,311,895	-	-	12,476,271	38,788,166
Improvements other than buildings	33,112,108	652,813	-	1,324,633	35,089,554
Vehicles and equipment	24,914,177	3,675,129	(539,275)	382,117	28,432,148
Infrastructure	26,586,602	-	(418,029)	-	26,168,573
Total capital assets, being depreciated	<u>110,924,782</u>	<u>4,327,942</u>	<u>(957,304)</u>	<u>14,183,021</u>	<u>128,478,441</u>
Less accumulated depreciation for:					
Buildings	(17,226,579)	(996,259)	-	-	(18,222,838)
Improvements other than buildings	(8,848,676)	(1,935,546)	-	-	(10,784,222)
Vehicles and equipment	(16,859,031)	(3,003,751)	482,618	-	(19,380,164)
Infrastructure	(19,978,851)	(396,753)	68,846	-	(20,306,758)
Total accumulated depreciation	<u>(62,913,137)</u>	<u>(6,332,309)</u>	<u>551,464</u>	<u>-</u>	<u>(68,693,982)</u>
Total capital assets, being depreciated, net	<u>48,011,645</u>	<u>(2,004,367)</u>	<u>(405,840)</u>	<u>14,183,021</u>	<u>59,784,459</u>
Governmental activities capital assets, net	<u>\$ 100,497,513</u>	<u>\$ 15,418,414</u>	<u>\$ (3,356,910)</u>	<u>\$ (105,299)</u>	<u>\$ 112,453,718</u>

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for them are included as part of the above totals for governmental activities. At September 30, 2018, \$4,109,187 of internal service fund related capital assets are included in the above amounts.

(1) Net transfers of \$105,299 relate to assets constructed by governmental activities contributed to enterprise funds.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers ⁽¹⁾</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 1,263,102	\$ -	\$ -	\$ -	\$ 1,263,102
Construction in progress	3,469,121	3,450,620	(559,723)	(2,912,119)	3,447,899
Total capital assets, not being depreciated	<u>4,732,223</u>	<u>3,450,620</u>	<u>(559,723)</u>	<u>(2,912,119)</u>	<u>4,711,001</u>
Capital assets, being depreciated:					
Buildings	21,230,219	-	(683,388)	-	20,546,831
Improvements other than buildings	4,420,565	25,000	-	460,000	4,905,565
Vehicles and equipment	8,208,952	255,752	(221,308)	23,049	8,266,445
Infrastructure	67,866,104	203,277	-	2,534,369	70,603,750
Total capital assets, being depreciated	<u>101,725,840</u>	<u>484,029</u>	<u>(904,696)</u>	<u>3,017,418</u>	<u>104,322,591</u>
Less accumulated depreciation for:					
Buildings	(13,900,007)	(891,666)	682,958	-	(14,108,715)
Improvements other than buildings	(2,055,827)	(323,608)	-	-	(2,379,435)
Vehicles and equipment	(7,858,535)	(178,790)	221,308	-	(7,816,017)
Infrastructure	(39,760,706)	(2,195,746)	-	-	(41,956,452)
Total accumulated depreciation	<u>(63,575,075)</u>	<u>(3,589,810)</u>	<u>904,266</u>	<u>-</u>	<u>(66,260,619)</u>
Total capital assets, being depreciated, net	<u>38,150,765</u>	<u>(3,105,781)</u>	<u>(430)</u>	<u>3,017,418</u>	<u>38,061,972</u>
Business-type activities capital assets, net	<u>\$ 42,882,988</u>	<u>\$ 344,839</u>	<u>\$ (560,153)</u>	<u>\$ 105,299</u>	<u>\$ 42,772,973</u>

(1) Net transfers of \$105,299 relate to assets constructed by governmental activities contributed to enterprise funds.

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 3,580,036
Public safety	654,424
Physical environment	29,677
Transportation	701,255
Economic environment	60,103
Culture and recreation	1,264,579
Human services	42,235
Total depreciation expense - governmental activities	<u>\$ 6,332,309</u>
Business-type activities:	
Utility	\$ 2,161,089
Sanitation	66,378
Stormwater drainage	1,353,421
Cemetery	8,922
Total depreciation expense - business-type activities	<u>\$ 3,589,810</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7. INTERFUND ACTIVITIES

Interfund receivable and payable balances as of September 30, 2018, are as follows:

<u>Due From</u>	<u>Due To</u>			
	<u>General</u>	<u>Community Redevelopment</u>	<u>Utility</u>	<u>Total</u>
Community Redevelopment	\$ 142,815	\$ -	\$ 69,612	\$ 212,427
Grants	25,555	-	-	25,555
General Obligation Bond	731,061	-	-	731,061
Nonmajor Governmental	20,463	100,000	-	120,463
Internal service funds	48,188	-	-	48,188
Total	<u>\$ 968,082</u>	<u>\$ 100,000</u>	<u>\$ 69,612</u>	<u>\$ 1,137,694</u>

Transfers: The composition of interfund transactions for the year ended September 30, 2018, is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Community Redevelopment Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ -	\$ 1,048,191	\$ 1,048,191
Community Redevelopment	-	-	1,370,149	1,402,086	2,772,235
Capital Projects Fund	-	85,843	-	741	86,584
General Obligation Bond Fund	-	-	-	518,655	518,655
Nonmajor Governmental	-	100,000	-	-	100,000
Sanitation Fund	1,500,000	-	-	-	1,500,000
Total	<u>\$ 1,500,000</u>	<u>\$ 185,843</u>	<u>\$ 1,370,149</u>	<u>\$ 2,969,673</u>	<u>\$ 6,025,665</u>

The transfer into the General Fund from the Sanitation Fund represents net revenues used to support various operating costs. The transfers into the Community Redevelopment Fund are for the transfer of proceeds from various developer agreements to support affordable housing programs. The transfer into the Capital Projects Fund is to reimburse the fund for debt service payments paid by the fund in previous years. The transfers into the nonmajor governmental funds represents transfers from the General Obligation Bond Fund to the 2016 G.O. Bond Fund to cover debt service payments and transfers into the Revenue Bond Fund to provide funding for the repayment of the Capital Improvement Refunding Revenue Bonds, Series 2016.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the City's governmental activities, each major governmental fund and nonmajor governmental and internal service funds in the aggregate as of September 30, 2018, were as follows:

	General Fund	Community Redevelopment Agency Fund	Grants Fund	General Obligation Bond Fund
Governmental activities				
Vendor payables	\$ 943,018	\$ 723,529	\$ 36,648	\$ 1,780,008
Retainage payables	7,250	45,266	-	737,004
Other liabilities	1,396,942	23,570	-	-
Total payables	<u>\$ 2,347,210</u>	<u>\$ 792,365</u>	<u>\$ 36,648</u>	<u>\$ 2,517,012</u>

	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Vendor payables	\$ 92,032	\$ 180,935	\$ 47,629	\$ 3,803,799
Retainage payables	357,504	-	-	1,147,024
Other liabilities	-	-	-	1,420,512
Total payables	<u>\$ 449,536</u>	<u>\$ 180,935</u>	<u>\$ 47,629</u>	<u>\$ 6,371,335</u>

Accounts payable and accrued liabilities for the City's business-type activities, each major and nonmajor enterprise fund as of September 30, 2018, were as follows:

	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Cemetery Fund	Total Business-type Activities
Business-type activities					
Vendor payables	\$ 1,906,440	\$ 118,442	\$ 363,726	\$ 4,693	\$ 2,393,301
Retainage payables	32,376	-	112,532	-	144,908
Accrued wastewater treatment expense	115,643	-	-	-	115,643
Other liabilities	368	-	-	-	368
Total payables	<u>\$ 2,054,827</u>	<u>\$ 118,442</u>	<u>\$ 476,258</u>	<u>\$ 4,693</u>	<u>\$ 2,654,220</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9. LONG-TERM DEBT AND OTHER OBLIGATIONS

The following is a summary of long-term debt and other obligation transactions for the year ended September 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable					
Revenue bonds - Series 2007A	\$ 1,160,000	\$ -	\$ (1,160,000)	\$ -	\$ -
Refunding revenue bonds - Series 2016	21,720,000	-	(285,000)	21,435,000	1,365,000
HBCRA Redevelopment Revenue Bonds	12,945,000	-	(1,290,000)	11,655,000	1,325,000
G.O. bonds - Series 2016	56,490,000	-	(1,015,000)	55,475,000	1,065,000
Unamortized bond premium	7,561,802	-	(729,693)	6,832,109	-
	<u>99,876,802</u>	<u>-</u>	<u>(4,479,693)</u>	<u>95,397,109</u>	<u>3,755,000</u>
Other long-term liabilities:					
Equipment capital lease obligation	-	1,308,267	-	1,308,267	85,295
Accrued claims for self-insured risks	4,226,000	1,373,624	(1,711,624)	3,888,000	841,000
Net pension liability	80,135,125	25,691,675	(36,047,213)	69,779,587	-
Total pension liability-excess benefit plan	15,054,792	692,631	(1,517,384)	14,230,039	-
Total OPEB liability (restated)	10,341,904	1,351,859	(351,940)	11,341,823	-
Compensated absences	3,708,541	4,442,471	(4,720,644)	3,430,368	279,278
	<u>113,466,362</u>	<u>34,860,527</u>	<u>(44,348,805)</u>	<u>103,978,084</u>	<u>1,205,573</u>
Governmental activity					
Long-term liabilities	<u>\$ 213,343,164</u>	<u>\$ 34,860,527</u>	<u>\$ (48,828,498)</u>	<u>\$ 199,375,193</u>	<u>\$ 4,960,573</u>
Business-type activities:					
Revenue note - Series 2014	\$ 4,410,000	\$ -	\$ (505,000)	\$ 3,905,000	\$ 520,000
Revenue note - Series 2012	1,585,000	-	(310,000)	1,275,000	310,000
SRF note payable	-	518,059	(13,079)	504,980	25,545
	<u>5,995,000</u>	<u>518,059</u>	<u>(828,079)</u>	<u>5,684,980</u>	<u>855,545</u>
Other long-term liabilities:					
Net pension liability	4,821,708	2,292,708	(3,457,256)	3,657,160	-
Total OPEB liability (restated)	1,835,128	227,969	(150,245)	1,912,852	-
Compensated absences	459,021	541,969	(576,330)	424,660	37,282
	<u>7,115,857</u>	<u>3,062,646</u>	<u>(4,183,831)</u>	<u>5,994,672</u>	<u>37,282</u>
Business-type activity					
Long-term liabilities	<u>\$ 13,110,857</u>	<u>\$ 3,580,705</u>	<u>\$ (5,011,910)</u>	<u>\$ 11,679,652</u>	<u>\$ 892,827</u>

Governmental Activities

Revenue Bonds and Notes: The Revenue Bonds, Series 2007A were issued for the purpose of financing the acquisition of park land. The bonds were not general obligation bonds of the City, carried interest at rates ranging from 4.25-5.00% and were repaid solely from non-ad valorem revenue. Principal was payable annually. On July 20, 2016, the City advance refunded a portion of the balance in the amount of \$15,265,000 with proceeds from the issuance of Capital Improvement Refunding Revenue Bonds, Series 2016 as described below. The amount of the Revenue Bonds, Series 2007A which were not refunded, reached maturity on October 1, 2017, and the remaining balance was paid in full thereon.

On July 20, 2016, the City issued Capital Improvement Refunding Revenue Bonds, Series 2016 in the amount of \$21,720,000 to partially advance refund outstanding principal related to the Revenue Bonds, Series 2007A and to finance the acquisition, construction and equipping of the City's Main Fire Station. The bonds, including the payment of interest are secured by a pledge from the City to budget and appropriate an amount from non-ad valorem revenues. The interest rates range from 2% to 5% and the final maturity is October 1, 2035.

On July 20, 2016, the City issued General Obligation Bonds, Series 2016, per City Ordinance No. 2014-33 in the amount of \$57,500,000. The bonds were issued to fund the costs of construction, expansion, renovation and improvements of citywide parks and recreation facilities in accordance with the City's City-Wide Parks Master Plan dated February 10, 2012. Revenue for ad valorem taxes levied on all taxable property in the City will be used to pay the debt service on the note. The interest rates range from 3% to 5% and the final maturity is July 1, 2046.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 9. LONG-TERM DEBT AND OTHER OBLIGATIONS (CONTINUED)

On November 18, 2015, the HBCRA Board authorized the issuance of HBCRA Redevelopment Revenue Note, Series 2015 in the amount of \$15,400,000 for the purpose of financing and reimbursing the cost of the acquisition, construction and equipping of certain capital improvements consistent with the Agency's Redevelopment Plan. Pledged revenues consist of the HBCRA's tax increment revenues paid by the City, Broward County, the South Broward Hospital District and the Children's Services Council of Broward County, as well as the water public service tax revenues. The note bears an interest rate of 2.72% and the final maturity is February 1, 2026.

Capital Lease Obligation: On September 1, 2018, the City entered into a lease agreement to finance the acquisition of radio equipment for public safety. This lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the value of future minimum lease payments as of the date of its inception. The equipment acquired through the lease agreement were recorded under governmental activities as capital assets during fiscal year 2018 with a cost of \$1,308,267. The equipment was not placed into service as of the year ended September 30, 2018, and therefore, no accumulated depreciation was recorded. No capital assets from the lease agreement were acquired or recorded for business-type activities. The lease agreement carries a nominal interest rate of 3.867%. Principal and interest payments are due September 1 of each year, commencing September 1, 2019, and every year thereafter until the end of the lease term on September 1, 2026

Business-type activities

Revenue Bonds and Notes: The Revenue Note, Series 2012 was issued in the amount of \$2,770,000 at 1.5% interest. Interest on the note is to be paid semiannually on each May 1 and November 1, commencing November 1, 2012, and continuing until the note is paid in full. The principal amount of the bonds will be due and payable on November 1, 2012, and each November 1 thereafter until the maturity date. Pledged revenues include the net revenues of the City's water, sewer and stormwater utility systems. The difference in cash flows produced nominal savings of \$434,668 and an economic gain on the transaction of \$402,331 which represents a 13.661% savings of the refunded bonds. The note matures on November 1, 2021.

The Revenue Bonds, Series 2005A were refunded on December 30, 2014. The City issued the Refunding Revenue Note, Series 2014 in the amount of \$5,390,000 for the purpose of refinancing the City's outstanding obligations pursuant to the loan agreement dated February 7, 2005, between the City and the Florida Municipal Loan Council. The Refunding Revenue Note, Series 2014 is subject to a fixed rate of interest equal to 2.25% and secured solely by pledged revenues. Pledged revenues include net revenues of the City's water and sewer system, the gross revenues of the City's stormwater system and legally available City's utility impact fees. Interest on the Series 2014 Note is to be paid semiannually on each February 1 and August 1, commencing February 1 2015, and continuing until the note is paid in full. The principal amount of the Series 2014 Note will be due and payable on February 1, 2016, and each February 1 thereafter until the maturity date. The note matures on February 1, 2025.

State Revolving Loan: Under the State of Florida Revolving Fund program, the City has received various loan commitments for improvements to the City's wastewater collection system. Draws against the committed loan totaled \$504,980 as of as of September 30, 2018. The City can draw up to a total principal amount of \$550,000. The interest rate on the unpaid principal of the loan balance is 1.38% per annum.

Related payments of principal and interest as presented in the table of annual debt service requirements have not been finalized. The annual debt service requirements represent a projected estimate of payment requirements. The City has agreed to maintain rates, together with other pledged revenues, sufficient to provide "net revenues" equal to at least 1.15 times the annual loan payments after meeting the primary debt service requirements. Reserve and debt service funding requirements pursuant to the agreements were met in fiscal year 2018.

Other long-term liabilities

Within governmental activities, the General Fund has primarily been used to liquidate other long-term liabilities such as compensated absences, other post-employment benefits, and the related pension liabilities. Internal service funds predominantly serve the governmental funds. Therefore, long-term liabilities for them are included as part of the totals for governmental activities.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9. LONG-TERM DEBT AND OTHER OBLIGATIONS (CONTINUED)

A summary of annual debt service requirements as of September 30, 2018, is as follows:

Year Ending September 30,	Governmental Activities							
	Refunding Revenue Bonds Series 2016		HBCRA Redevelopment Revenue Note		General Obligation Bonds Series 2016		Equipment Capital Lease Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,365,000	\$ 934,787	\$ 1,325,000	\$ 317,016	\$ 1,065,000	\$ 2,014,006	\$ 85,295	\$ 50,591
2020	1,435,000	864,787	1,360,000	280,976	1,120,000	1,960,756	155,466	47,292
2021	1,505,000	791,287	1,395,000	243,984	1,175,000	1,904,756	161,478	41,280
2022	1,580,000	714,163	1,435,000	206,040	1,230,000	1,846,006	167,723	35,036
2023	1,660,000	633,163	1,475,000	167,008	1,295,000	1,784,506	174,208	28,550
2024 - 2028	9,655,000	1,810,063	4,665,000	255,952	7,505,000	7,884,531	564,097	44,180
2029 - 2033	2,510,000	501,844	-	-	9,460,000	5,928,831	-	-
2034 - 2038	1,725,000	81,600	-	-	11,085,000	4,302,431	-	-
2039 - 2043	-	-	-	-	12,855,000	2,536,781	-	-
2044 - 2046	-	-	-	-	8,685,000	548,438	-	-
	<u>\$ 21,435,000</u>	<u>\$ 6,331,694</u>	<u>\$ 11,655,000</u>	<u>\$ 1,470,976</u>	<u>\$ 55,475,000</u>	<u>\$ 30,711,042</u>	<u>\$ 1,308,267</u>	<u>\$ 246,929</u>

Year Ending September 30,	Business-type Activities					
	Revenue Note Series 2012		Revenue Note Series 2014		State Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 310,000	\$ 20,418	\$ 520,000	\$ 82,013	\$ 25,545	\$ 6,857
2020	315,000	14,721	530,000	70,200	25,897	6,505
2021	320,000	8,933	545,000	58,106	26,255	6,147
2022	330,000	3,008	560,000	45,675	26,617	5,785
2023	-	-	565,000	33,019	26,984	5,418
2024 - 2028	-	-	1,185,000	26,831	140,611	21,399
2029 - 2033	-	-	-	-	150,584	11,426
2034 - 2038	-	-	-	-	82,487	1,776
	<u>\$ 1,275,000</u>	<u>\$ 47,080</u>	<u>\$ 3,905,000</u>	<u>\$ 315,844</u>	<u>\$ 504,980</u>	<u>\$ 65,313</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9. LONG-TERM DEBT AND OTHER OBLIGATIONS (CONTINUED)

Pledged Revenue: General long-term debt bonds and the notes are collateralized by multiple sources. The City has pledged certain revenue to repay revenue bonds and the notes outstanding as of September 30, 2018. The following table reports the revenue, net of related operating expenses for business-type activities, pledged for each debt issue, the amounts of such revenue received in the current year, the current year principal and interest paid and/or accrued on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2018:

Description of Bonds	Pledged Revenue	Revenue Received	Principal and Interest Paid	Percentage of Current Year Debt Service To Pledged Revenue	Outstanding Principal and Interest	Pledged Through
Governmental Activities:						
Refunding Revenue Bonds, Series 2016	Non Ad Valorem	\$ 24,813,617	\$ 1,261,038	5.08%	\$ 27,766,694	2036
General Obligation Bonds, Series 2016	Ad Valorem	27,663,187	3,079,756	11.13%	86,186,042	2046
HBCRA Redevelopment Revenue Note	Tax Increment	11,673,352	1,642,104	14.07%	13,125,976	2026
Business-type Activities						
Revenue Note, Series 2014	Net revenues of water, sewer and stormwater utility	9,895,169	598,544	6.05%	4,220,844	2025
Revenue Note, Series 2012	Net revenues of water, sewer and stormwater utility	9,895,169	332,759	3.36%	1,322,080	2022
State Revolving Fund Loan	Net revenues of water and sewer utility, less payment of senior obligations	6,210,067	16,201	0.26%	570,293	2036

Defeased and refunded debt: In prior years, the City defeased a portion of the Series 2007A bonds through an advance refunding. An advance refunding occurs by placing the proceeds of new bond issuances in an irrevocable trust with an escrow agent (third party financial institution), sufficient to provide for all future debt service requirements on the old bond issuance. The defeasance of these bonds resulted in the City removing the assets placed in the trust and related debt from the City's financial statements. At September 30, 2018, \$15,265,000 of bonds outstanding are considered defeased.

NOTE 10. PENSION PLANS

The City provides three separate defined benefit single-employer pension plans (General Employees Retirement Plan, Police and Fire Retirement Plan, and the Professional/Management Retirement Plan). The City accounts for these plans as pension trust funds.

Summary of Significant Accounting Policies

Basis of Accounting

The pension plans are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 10. PENSION PLANS (CONTINUED)

Investments

Plan investments are valued as described in Note 3, Fair Value Hierarchy. Unrealized gains and losses are presented as net increase (decrease) in fair value of investments on the statement of changes in fiduciary net position along with the gains and losses realized on the sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

Administrative Expenses

Administrative expenses paid by the Plans include services of administrative personnel, bank charges, investment counsel charges, actuarial costs, insurance expense and miscellaneous office expenses.

Risks and Uncertainties

The Plans invest in various investment securities. As noted in Note 3, investment securities are exposed to various risks such as interest rate, market, credit, and foreign currency risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statement of fiduciary net position for each plan. The plans, through their investment advisors, monitor plan investments and the risks associated therewith on a regular basis to minimize these risks.

General Employees' Retirement Plan

Plan description: The City of Hallandale Beach Retirement Plan is a single-employer defined-benefit plan. The Plan covers all City employees except police officers, firefighters and management/professional employees. Effective October 1, 2007, the Plan was closed to new non-bargaining employees. Effective January 5, 2011, the Plan was closed to bargaining employees. Accordingly, no new participants have entered the Plan after January 5, 2011. The City does not issue a stand-alone financial report for the Plan. As of September 30, 2018, employee membership data related to the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	158
Inactive plan members entitled to, but not receiving benefits	70
Active plan members	89
Total	<u>317</u>

Benefits provided: The Plan provides enhanced retirement as well as death benefits. Benefits vest 20% after three years of active participation, plus 20% for each additional year to 100% after seven years. Employees who retire at or after age 60 with 15 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 73-75% of average compensation times the accrued benefit adjustment. Average compensation is equal to the monthly average of total pay within the three-year period ending on the day prior to the normal retirement date.

Employees with 20 years of credited service may retire at or after age 55 and receive reduced retirement benefits. The City Commission has the authority to create or amend benefit provisions.

If an employee leaves covered employment or dies before five years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

The Deferred Retirement Option Plan (DROP) is available to all plan members who have become eligible for early or normal retirement. Upon electing to participate in the DROP, members are considered to have retired for pension purposes but continue to remain in active employment with the City. The member's pension benefit is calculated as if they actually retired on the date of DROP participation, using continuous service, average monthly earnings, and the current multiplier as of that date. However, instead of paying the benefit to the member, a DROP account is established, and the benefit is deposited into the account every month for up to five years. These deposits continue to accumulate interest. Upon actual termination of employment, members shall receive their normal retirement benefits and may elect to receive their funds from the DROP account in a lump sum distribution or roll their account balance into a qualified instrument. At September 30, 2018, there were 17 DROP participants, with a total balance of \$1,594,489. These funds are included in the Plan's Fiduciary Net Position.

Contributions: The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentages of payroll contribution rates are determined using the entry age normal cost method. The City Commission has the authority to establish and amend contribution requirements of plan members. Covered employees are required by City ordinance to contribute 3% of monthly earnings. The City is required to contribute the remaining amounts necessary to fund the plan, based on an actuarially determined amount each year.

The employees, in accordance with City ordinance, made contributions for the year ending September 30, 2018, totaling \$179,253. Employer contributions for same period, as determined by the October 1, 2016, actuarial valuation, totaled \$2,506,098 or 100% of the actual amount required.

Target allocations: The Plan's investment policy establishes authorized investment classes, concentration limits, maturity constraints, investment ratings, and liquidity parameters. The policy and actual investment mix is monitored by the Board and the Plan's investment consultants. The target asset allocations as determined through monitoring for the years ended September 30, 2018 and 2017, are as follows.

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>2018</u>	<u>2017</u>
U.S. equity	27.3%	29.4%
International equity	14.7%	12.6%
Fixed income - core bonds	45.0%	45.0%
Fixed income - high yield	5.0%	5.0%
Real estate	6.0%	6.0%
Conservative asset allocation	2.0%	2.0%
Total	<u>100.0%</u>	<u>100.0%</u>

Police Officers' and Firefighters' Personnel Retirement Trust

Plan description: The City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust is a single-employer defined benefit plan, which covers all police officers and firefighters. The Police and Fire Retirement Plan issues a stand-alone financial report. Copies of this report are available in the Finance Department in the Municipal Complex. As of September 30, 2018, employee membership data related to the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	167
Inactive plan members entitled to, but not receiving benefits	10
Active plan members	<u>152</u>
Total	<u>329</u>

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 10. PENSION PLANS (CONTINUED)

Police Officers' and Firefighters' Personnel Retirement Trust (Continued)

Benefits provided: The plan provides retirement benefits as well as death and disability benefits. Employees vest after 10 years of service. Employees who retire at or after age 52 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3.2% of average rate of pensionable earnings (salary) for the two most recent completed calendar years prior to retirement or termination with the City, times years and completed months of service, not to exceed 80% of final salary. Employees with 10 years of credited service may retire at or after age 45 and receive reduced retirement benefits. Employees who attain the 80% maximum multiplier (25 credited years of service) may retire at any age and receive normal retirement pension accrued. The Plan includes a Deferred Retirement Option, Medical Stipend, Cost of Living Adjustment and Additional Accrual Service purchase benefits.

If an employee leaves covered employment or dies before 10 years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. The service-incurred benefit is 30% of monthly compensation at time of death or the accrued monthly retirement benefit, whichever is greater. The nonservice incurred benefit requires 10 years of service and is the accrued monthly retirement benefit. The City is required by State of Florida statute to contribute the remaining amounts necessary to finance the coverage of its employees.

The Deferred Retirement Option Plan (DROP) is available to all plan members who have become eligible for normal retirement. Upon electing to participate in the DROP, members are considered to have retired for pension purposes but continue to remain in active employment with the City. Monthly payments are deposited into a DROP account and credited with interest based on actual earnings of the plan assets, less 0.5% per year for administrative expenses. Maximum period of participation in the DROP is five years. Upon actual termination of employment, members shall receive their normal retirement benefits and may elect to receive their funds from the DROP account in a lump sum distribution or may leave their accrued DROP balance (or a portion thereof) in the fund, earning interest, until age 70.5. As of the date of the most recent actuarial valuation, there were 20 active employees in the DROP plan. The balance in the DROP account for these employees as well as for those already retired is \$30,841,906. These funds are included in the Plan's Fiduciary Net Position.

Retired police officers hired before March 20, 2013, and firefighters hired before August 7, 2013, are eligible for certain automatic cost of living adjustment (COLA) increases. There is no automatic COLA structure for police officers or firefighters hired on or after the aforementioned dates. The automatic COLA increases for eligible retirees are dependent on the hire and retirement dates of individual retirees as outlined in the Plan document and are applied if the Consumer Price Index for Urban Areas (CPIU) is equal to or greater than 0.5% for the 12 month period at September 30.

Contributions: The plan's funding policy provides for periodic employer contributions at actuarially determined rates which, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentages of payroll contribution rates are determined using the entry age normal actuarial cost method. The City Commission has the authority to establish and amend contribution requirements of plan members. Covered employees are required by ordinance to contribute 9.5% of their salary to the plan.

Pursuant to Florida Statutes, Chapter 175 and Chapter 185, contributions from the State of Florida Department of Insurance consist of a 1.85% excise tax imposed by the City upon certain property insurance companies on the gross amount of premiums from policy holders on all property insurance policies covering property within the City. This amount totaled \$636,188 for the year ended September 30, 2018. This amount was recognized as an expenditure and revenue in the General Fund. Contributions for year ended September 30, 2018, consisting of \$8,666,930 for the employer, or 100% of the required employer contribution and \$1,460,556 for the employees, were made in accordance with the state statute and in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at October 1, 2016.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

Police Officers' and Firefighters' Personnel Retirement Trust (Continued)

Target allocations: The Plan's investment policy establishes authorized investment classes, concentration limits, maturity constraints, investment ratings, and liquidity parameters. The policy and actual investment mix is monitored by the Board and the Plan's investment consultants. The target asset allocations as determined through monitoring for the years ended September 30, 2018 and 2017, are as follows.

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	62.5%
Fixed income	17.5%
Real estate	5.0%
Private equity	5.0%
Hedge funds	10.0%
Total	<u>100.0%</u>

Professional/Management Retirement Plan

Plan description: The City of Hallandale Beach Professional/Management Retirement Plan is a single-employer defined-benefit plan, established by City Ordinance 2004-22, as amended. The Plan covers most professional/management employees hired before January 1, 2007, as indicated in the Personnel Resource System. Such employees hired after that date are covered by the ICMA defined contribution plan, a description of which follows. The City does not issue a stand-alone financial report for the plan.

As of September 30, 2018, employee membership data related to the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to, but not receiving benefits	9
Active plan members	<u>6</u>
Total	<u>38</u>

Benefits provided: The Plan provides enhanced retirement benefits as well as death and disability benefits. Benefits vest 100% after four years. Employees can retire at or after age 60 with four years of credited service or age 52 with 10 years of credited service or upon attaining the maximum benefit regardless of age. The benefit amount is calculated as 3.2% for each year of eligible service multiplied by a two-year average compensation up to a maximum benefit of 80% of average compensation. Employees who retire early with 10 years of service and age 45 incur a reduction of 6% for each year the early retirement date precedes the normal retirement date. The Plan includes a Deferred Retirement Option, Medical Stipend, Excess Benefit Plan, Cost of Living Adjustment and Additional Accrual Service purchase benefits.

If an employee leaves covered employment or dies before four years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

The Deferred Retirement Option Plan (DROP) is available to all plan members who have become eligible for early or normal retirement. Upon electing to participate in the DROP, members are considered to have retired for pension purposes but continue to remain in active employment with the City. The member's pension benefit is calculated as if they actually retired on the date of DROP participation, using continuous service, average monthly earnings, and the current multiplier as of that date. However, instead of paying the benefit to the member, a DROP account is established, and the benefit is deposited into the account every month for up to five years. These deposits continue to accumulate interest. Upon actual termination of employment, members shall receive their normal retirement benefits and may elect to receive their funds from the DROP account in a lump sum distribution or roll their account balance into a qualified instrument. At September 30, 2018, there were three DROP participants, with a total asset balance of \$498,356. These funds are included in the Plan's Fiduciary Net Position.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10. PENSION PLANS (CONTINUED)

Professional/Management Retirement Plan (Continued)

Each January 1, beginning January 1, 2004, eligible retirees will receive a COLA increase if the Consumer Price Index published by the US Department of Labor has increased by at least 0.5%. The maximum increase for fiscal years 2004 and 2005 was 1% and the maximum increase thereafter is 2%

Contributions: The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentages of payroll contribution rates are determined using the entry age normal-frozen initial liability actuarial cost method. The City Commission has the authority to establish and amend contribution requirements of plan members. Covered employees are required by plan documents to contribute 7% of monthly compensation. The City is required to contribute the remaining amounts necessary to fund the plan, based on an actuarially determined amount each year.

The employees, in accordance with plan documents, made contributions for the year ended September 30, 2018, totaling \$53,805. Employer contributions for the same period, as determined by the October 1, 2016, actuarial valuation totaled \$725,270 or 100% of the actual amount required. Payments of contributions, benefits and refunds are recognized in the financial statements as they are paid.

Target allocations: The Plan's investment policy establishes authorized investment classes, concentration limits, maturity constraints, investment ratings, and liquidity parameters. The policy and actual investment mix is monitored by the Board and the Plan's investment consultants. The target asset allocations as determined through monitoring for the years ended September 30, 2018 and 2017, are as follows.

Asset Class	Target Allocation	
	2018	2017
U.S. equity	33.8%	36.4%
International equity	18.2%	15.6%
Fixed income - core bonds	36.0%	36.0%
Fixed income - high yield	4.0%	4.0%
Real estate	6.0%	6.0%
Conservative asset allocation	2.0%	2.0%
Total	100.0%	100.0%

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

Professional/Management and General Employees Retirement Plans

The following is financial information for the pension plans that do not issue stand-alone financial statements:

**Statements of Fiduciary Net Position and Changes in Fiduciary Net Position
As of and for the Year Ended September 30, 2018**

	General Employees Retirement Plan	Professional/ Management Retirement Plan
Assets		
Employer contributions receivable	\$ -	\$ 11,171
Investments:		
Equity pooled separate accounts	26,174,603	9,898,977
Fixed income pooled separate accounts	28,071,114	6,754,867
Real estate pooled separate accounts	4,946,024	1,511,394
Total investments	<u>59,191,741</u>	<u>18,165,238</u>
Total assets	<u>59,191,741</u>	<u>18,176,409</u>
Net position		
Restricted for pension benefits	<u>\$ 59,191,741</u>	<u>\$ 18,176,409</u>
	General Employees Retirement Plan	Professional/ Management Retirement Plan
Additions		
Contributions:		
Employer	\$ 2,506,098	\$ 725,270
Plan members	179,523	53,805
Other income	9,229	10,276
Total contributions	<u>2,694,850</u>	<u>789,351</u>
Investment income:		
Net increase in fair value of investments	3,040,630	1,151,968
Less: investment expense	<u>(66,662)</u>	<u>(38,933)</u>
Net investment income	<u>2,973,968</u>	<u>1,113,035</u>
Total additions	5,668,818	1,902,386
Deductions		
Benefits	<u>3,626,109</u>	<u>1,420,308</u>
Change in net position	2,042,709	482,078
Net position, beginning	57,149,032	17,694,331
Net position, ending	<u>\$ 59,191,741</u>	<u>\$ 18,176,409</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

Professional/Management and General Employees Retirement Plans (Continued)

Changes in Net Pension Liability of the City

The Changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2018, were as follows for the General Employees Retirement Plan:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at 9/30/17	\$ 66,425,626	\$ 52,708,876	\$ 13,716,750
Changes for the year:			
Service cost	1,054,461	-	1,054,461
Interest on total pension liability	4,586,246	-	4,586,246
Differences between expected and actual experience	909,887	-	909,887
Benefit payments, including refunds of employee contributions	(3,829,680)	(3,829,680)	-
Contributions - employer	-	2,799,601	(2,799,601)
Contributions - employee	-	206,247	(206,247)
Net investment income	-	5,305,524	(5,305,524)
Administrative expenses	-	(41,536)	41,536
Net change	<u>2,720,914</u>	<u>4,440,156</u>	<u>(1,719,242)</u>
Balances at 9/30/18	<u>\$ 69,146,540</u>	<u>\$ 57,149,032</u>	<u>\$ 11,997,508</u>

The Changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2018, were as follows for the Police Officers' and Firefighters' Retirement Trust:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at 9/30/17	\$ 210,700,892	\$ 143,198,929	\$ 67,501,963
Changes for the year:			
Service cost	2,668,846	-	2,668,846
Interest on total pension liability	16,069,318	-	16,069,318
Differences between expected and actual experience	(1,906,123)	-	(1,906,123)
Change in assumptions	847,814	-	847,814
Benefit payments, including refunds of employee contributions	(9,354,592)	(9,354,592)	-
Contributions - employer	-	8,563,004	(8,563,004)
Contributions - employee	-	1,294,496	(1,294,496)
Contributions - buy back	136,829	136,829	-
Net investment income	-	16,869,679	(16,869,679)
Administrative expenses	-	(183,827)	183,827
Net change	<u>8,462,092</u>	<u>17,325,589</u>	<u>(8,863,497)</u>
Balances at 9/30/18	<u>\$ 219,162,984</u>	<u>\$ 160,524,518</u>	<u>\$ 58,638,466</u>

The Changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2018, were as follows for the Professional/Management Retirement Plan:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at 9/30/17	\$ 19,833,370	\$ 16,143,619	\$ 3,689,751
Changes for the year:			
Service cost	245,137	-	245,137
Interest on total pension liability	1,418,847	-	1,418,847
Differences between expected and actual experience	(55,424)	-	(55,424)
Benefit payments, including refunds of employee contributions	(946,826)	(946,826)	-
Contributions - employer	-	569,324	(569,324)
Contributions - employee	-	51,654	(51,654)
Net investment income	-	1,901,704	(1,901,704)
Administrative expenses	-	(25,144)	25,144
Net change	<u>661,734</u>	<u>1,550,712</u>	<u>(888,978)</u>
Balances at 9/30/18	<u>\$ 20,495,104</u>	<u>\$ 17,694,331</u>	<u>\$ 2,800,773</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability of the City – All Defined Benefit Pension Plans

As of September 30, 2018, the City reported the following net pension liability (NPL) which was measured as of September 30, 2017, (measurement date in accordance with GASB Statement No. 68) associated with each plan:

	<u>General Employees Retirement Plan</u>	<u>Police Officers' and Firefighters' Retirement Trust</u>	<u>Professional/ Management Retirement Plan</u>
Total pension liability	\$ 69,146,540	\$ 219,162,984	\$ 20,495,104
Plan fiduciary net position	(57,149,032)	(160,524,518)	(17,694,331)
Net pension liability	<u>\$ 11,997,508</u>	<u>\$ 58,638,466</u>	<u>\$ 2,800,773</u>
 Plan fiduciary net position as a percentage of the total pension liability	 82.65%	 73.24%	 86.33%
 Total net pension liability			 <u>\$ 73,436,747</u>

In addition, in accordance with GASB Statement No. 67, information related to each plan measured as of September 30, 2018, has been disclosed:

	<u>General Employees Retirement Plan</u>	<u>Police Officers' and Firefighters' Retirement Trust</u>	<u>Professional/ Management Retirement Plan</u>
Total pension liability	\$ 70,239,519	\$ 242,955,549	\$ 20,417,889
Plan fiduciary net position	(59,191,741)	(176,131,023)	(18,176,409)
Net pension liability	<u>\$ 11,047,778</u>	<u>\$ 66,824,526</u>	<u>\$ 2,241,480</u>
 Plan fiduciary net position as a percentage of the total pension liability	 84.27%	 72.50%	 89.02%
 Total net pension liability			 <u>\$ 80,113,784</u>

Significant actuarial assumptions: The total pension liability of the City was determined for each plan utilizing the following assumptions:

	<u>General Employees Retirement Plan</u>	<u>Police and Fire Retirement Plan</u>	<u>Professional/ Management Retirement Plan</u>
Measurement date:	September 30, 2017	September 30, 2017	September 30, 2017
Actuarial valuation	October 1, 2016	October 1, 2016	October 1, 2016
Interest rates:			
Single discount rate	7.00%	7.65%	7.25%
Inflation rate	2.00%	2.30%	2.00%
Salary increases	4.68% to 6.98%, depending on age	4.5% to 10%, depending on service	6.38% to 8.68%, depending on age
Mortality tables	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years using Scale BB.	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years using Scale BB.	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years using Scale BB.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability of the City – All Defined Benefit Pension Plans (Continued)

	General Employees Retirement Plan	Police and Fire Retirement Plan	Professional/ Management Retirement Plan
Measurement date:	September 30, 2018	September 30, 2018	September 30, 2018
Actuarial valuation	October 1, 2017	October 1, 2017	October 1, 2017
Interest rates:			
Single discount rate	7.00%	7.60%	7.25%
Inflation rate	2.00%	2.30%	2.00%
Salary increases	4.68% to 6.98%, depending on age	4.5% to 10%, depending on service	6.38% to 8.68%, depending on age
Mortality tables	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years using	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years using	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years using

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 and 2017, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return - 2018		
	General Employees Retirement Plan	Police and Fire Retirement Plan	Professional/ Management Retirement Plan
U.S. equities	7.55%	8.42%	7.55%
International equities	8.00%	8.10%	8.00%
Fixed income - core bonds	3.70%	2.80%	3.70%
Fixed income - high yield	5.40%	-	5.40%
Hedge fund of funds	-	3.40%	-
Real estate	7.80%	5.40%	7.80%
Conservative asset allocation	6.95%	-	6.95%
Private equity fund	-	8.60%	-

Asset Class	Long-term Expected Real Rate of Return - 2017		
	General Employees Retirement Plan	Police and Fire Retirement Plan	Professional/ Management Retirement Plan
U.S. equities	7.80%	6.02%	7.80%
International equities	8.25%	5.50%	8.25%
Fixed income - core bonds	3.80%	2.10%	3.80%
Fixed income - high yield	5.80%	-	5.80%
Hedge fund of funds	-	2.50%	-
Real estate	6.75%	2.90%	6.75%
Conservative asset allocation	6.65%	-	6.65%

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability of the City – All Defined Benefit Pension Plans (Continued)

Rate of return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended September 30, 2018 and 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were as follows for each pension plan:

<u>Year Ending September 30,</u>	<u>General Employees Retirement Plan</u>	<u>Police and Fire Retirement Plan</u>	<u>Professional / Management Retirement Plan</u>
2018	5.41%	10.03%	6.71%
2017	10.23%	11.85%	12.05%

Discount rate: The discount rate used to measure the total pension liability at September 30, 2018 and 2017, was 7.25% for the Professional/Management Retirement Plan, 7.60% and 7.65%, respectively, for the Police and Fire Retirement Plan, and 7.00%, for the General Employees Retirement Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between 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 for all plans.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability for each of the three plans, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

		<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
General Employees Retirement Plan				
September 30, 2018	City's net pension liability	\$ 18,889,036	\$ 11,047,778	\$ 4,441,358
September 30, 2017	City's net pension liability	19,904,488	11,997,508	5,352,883
Police Officers' and Firefighters' Retirement Trust				
September 30, 2018	City's net pension liability	93,814,658	66,824,526	44,619,296
September 30, 2017	City's net pension liability	81,934,436	58,638,466	39,422,307
Professional/Management Retirement Plan				
September 30, 2018	City's net pension liability	4,747,200	2,241,480	176,691
September 30, 2017	City's net pension liability	5,310,055	2,800,773	718,865

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability of the City – All Defined Benefit Pension Plans (Continued)

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended September 30, 2018, based on a September 30, 2017, measurement date, the City recognized total pension expense of \$14,170,450, which includes \$675,796 for the Professional/Management Retirement Plan, \$10,100,644 for the Police and Fire Retirement Plan, and \$3,394,010 for the General Employees Retirement Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
General Employees Retirement Plan		
City contributions subsequent to the measurement date	\$ 2,506,098	\$ -
Differences between expected and actual experience	486,684	57,235
Changes in assumptions	521,616	-
Differences between expected and actual investment earnings	28,223	-
Police Officers' and Firefighters' Retirement Trust		
City contributions subsequent to the measurement date	9,303,118	-
Differences between expected and actual experience	817,520	1,524,900
Changes in assumptions	5,172,348	-
Differences between expected and actual investment earnings	-	1,689,167
Professional/Management Retirement Plan		
City contributions subsequent to the measurement date	725,270	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Differences between expected and actual investment earnings	-	149,548
Totals	<u>\$ 19,560,877</u>	<u>\$ 3,420,850</u>

The deferred outflows of resources associated with the City's contributions to each Plan subsequent to the measurement date of September 30, 2018, in the amount of \$725,270 for the Professional/Management Retirement Plan, \$9,303,118 for Police and Fire Retirement Plan, and \$2,506,098 for the General Employees Retirement Plan will be recognized as a reduction to the City's net pension liability in the year ended September 30, 2019. The remaining amounts related to differences between expected and actual investment earnings, changes in assumptions, and differences between expected and actual experience will be recognized in pension expense as follows:

Year Ending September 30,	General Employees Retirement Plan	Police Officers' and Firefighters' Retirement Trust	Professional/ Management Retirement Plan
2018	\$ 1,210,096	\$ 2,379,243	\$ 61,640
2019	461,801	3,299,360	100,287
2020	(357,504)	(1,525,978)	(159,061)
2021	(335,105)	(1,376,824)	(152,414)
	<u>\$ 979,288</u>	<u>\$ 2,775,801</u>	<u>\$ (149,548)</u>

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10. PENSION PLANS (CONTINUED)

Money-Purchase Plan and Trust

The City maintains a single-employer money-purchase plan created in accordance with Internal Revenue Code Section 401(a). This defined contribution plan is comprised of seven plans with varying levels of employer and employee contributions. Professional/Management employees and non-represented employees hired after January 1, 2007, as well as general employees hired after June 19, 2013, are required to enter this plan instead of the defined benefit plans. The plan requires the City to contribute 7.5% to 17% of the members' base pay depending on plan membership. Employee required contributions are 3% to 5.5%. The City Commission has the authority to establish and amend contribution requirements of plan members. The plans are administered by an independent third party administrator.

The City's contributions were calculated using the covered payroll amount of approximately \$10,353,000. The City's contribution amounted to approximately \$1,066,000 or 10.3% of covered payroll.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE 11. EXCESS BENEFIT PLAN

Plan description: The City established, under Ordinance No. 2004-23, effective date September 21, 2004, the Excess Benefit Plan to be a separate, unfunded, nonqualified excess benefit plan, and intended to be a qualified governmental excess benefit arrangement as defined in Section 415 (m) (3) of the Internal Revenue Code. As of the date of the most recent actuarial valuation, October 1, 2018, employee membership data related to the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	24
Inactive plan members entitled to, but not receiving benefits	9
Active plan members	6
Total	<u>39</u>

Basis of accounting: The City implemented GASB 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 67 and 68*, as it relates to the Excess Benefit Plan. The objective of this statement is to 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 state and local government pension plans. The following disclosures related to the Excess Benefit Plan are in accordance with the requirements of GASB Statement No. 73.

Excess benefit participants: Any member whose retirement benefit, as determined on the basis of all qualified plans maintained by the City without regard to the limitations set forth in the Code and comparable provisions of other qualified plans of the City, exceeds the maximum benefit under Section 415 of the Code.

Benefits provided: An employee benefit participant shall be eligible to receive benefits from the excess benefit plan after termination of employment, as an unrestricted benefit on a monthly basis as would be received under the terms of qualified plans of the City, that otherwise would have been paid in the absence of IRS Code Section 415 limits.

Funding policy: The City cannot advance fund assets, or any benefit currently payable under the Plan, and any assets held by the plan during any period can only pay benefits coming due or the expenses of the plan during the period. Contributions by the City are not allowed to accumulate from year to year for purposes of advance funding of any of the Excess Plan liabilities. The City cannot restrict any assets, including cash for the purpose of providing funding for these benefits. However, the City has in the past and will continue to stand by its obligation to pay these benefits from its annual budgeted funds, as the liability becomes payable under this plan.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 11. EXCESS BENEFIT PLAN (CONTINUED)

The Excess Benefit Plan is utilized when a retiree's calculated benefit under the plan is limited by Internal Revenue Service Section 415 calculations. In this instance, the portion of the limited benefit is paid to the retiree from the Excess Benefit Plan. This unfunded plan is administered by Principal Financial Group and annual benefit payment contribution requirements are paid directly from the City's treasury. At September 30, 2018, the City has set aside \$6,922,884 in the General Fund for future pension benefits.

Total pension liability: The Excess Benefit Plan's total pension liability was measured as of September 30, 2017, and determined by an actuarial valuation as of that date.

Changes in the total pension liability: As of September 30, 2018, the City reported a total pension liability of \$14,230,039 for the Excess Benefit Plan. Changes in the City's total pension liability are as follows:

Balance at October 1, 2017	\$ 15,054,792
Changes for the year:	
Service cost	146,603
Interest	546,028
Benefit payments	(565,165)
Differences between expected and actual experience	(612,654)
Changes in assumptions	<u>(339,565)</u>
Net changes	<u>(824,753)</u>
Balance at September 30, 2018	<u>\$ 14,230,039</u>
Covered Payroll	N/A
Total Pension Liability as a Percentage of Covered Payroll	N/A

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of September 30, 2017, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation rate	2.0%
Annual salary increases	Not applicable
Discount rate	3.84%
Retirement age	Not applicable
Mortality	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years after 2000 using Scale BB.

Discount rate: Projected benefit payments are discounted to their actuarial present values using a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Bond Buyer) as of the measurement date. The discount rate used to measure the total pension liability was 3.84%.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 11. EXCESS BENEFIT PLAN (CONTINUED)

Sensitivity of the total pension liability to changes in the discount rate: The following presents the total pension liability calculated using the discount rate, as well as what the total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>(2.84%)</u>	Current Discount Rate <u>(3.84%)</u>	1% Increase <u>(4.84%)</u>
City's total pension liability	\$ 16,443,277	\$ 14,230,039	\$ 12,475,039

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended September 30, 2018, based on a September 30, 2017, measurement date, the City recognized negative pension expense of \$259,588 for the Excess Benefit Plan. In addition, the City reported \$766,581 in deferred outflows for benefit payments made subsequent to the measurement date which will be recognized as a reduction to the City's total pension liability in the year ended September 30, 2019. There were no deferred inflows of resources related to this plan.

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS

Plan description: Pursuant to Section 112.0801, *Florida Statutes*, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Accordingly, the City administers a post-employment healthcare benefits plan (the "Plan"), other than pension benefits. The plan is a single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and the plan does not issue a separate financial statement.

Benefits provided: The Plan allows its eligible retirees and their eligible dependents to continue to obtain health insurance (medical, prescription drug, and dental). Coverage of medical, prescription drug, and dental benefits continues for participating retirees and their dependents until Medicare age, death, or the payment of contributions ceasing. The Plan also provides life insurance coverage to eligible retirees. Life insurance coverage for dependents of retirees is not offered. Retirees have a life insurance benefit of \$13,000 or \$15,000 depending on the date of retirement.

Eligibility provisions are as follows:

Law Enforcement & Firefighters

Employees must be age 52 or older and have at least 10 years of service or 25 years of service regardless of age at retirement.

Management Personnel

Employees must be age 52 or older and have at least 10 years of service at retirement.

All Other Employees

Employees at retirement must be age 60 or older and have at least 10 years of service, or age 55 or older and have at least 20 years of service.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Participating retirees pay 100% of the blended rate for active and retired employees with no explicit subsidy from the City. Because the blended rates are greater than that of a plan including active employees only and less than that of a plan including retirees only, the amount the City expends for active employees includes an implicit subsidy for participating retirees and dependents.

While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, GAAP requires an actuarial liability to be calculated using claims cost, or age-adjusted premiums approximating claims cost for retirees separate from active eligible members. Accordingly, retiree premiums were estimated by the actuary for the City's pre-Medicare retirees as if they were rated on a stand-alone basis and the results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationship between costs and increasing age to determine the implicit subsidy. This implicit subsidy is considered to be an OPEB liability of the City under GAAP.

Employees covered by benefit terms: As of September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to, but not receiving benefits	-
Active employees	<u>422</u>
Total	<u><u>468</u></u>

Total OPEB Liability: The City's total OPEB liability of \$13,254,675 was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2017 with the actuary using standard techniques to rollforward the liability to the measurement date.

Actuarial assumptions and other inputs: Actuarial valuations used to measure the total OPEB liability involve significant estimates and assumptions, including assumptions about inflation, healthcare cost and trend rates, and salary changes. The projection of future post-employment benefits are based on the types of benefits provided under the terms of the substantive plan at the time of each evaluation and on the pattern of sharing costs between the employer and plan members to that point. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The liability reflects a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities.

The total OPEB liability in the October 1, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	4.00%
Discount rate	3.64%
Healthcare cost trend rates	7.50% for fiscal year 2018, decreasing 0.28% per year to an ultimate rate of 5.00% for 2028 and later years

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2018.

Mortality rates for law enforcement and firefighters were based on the RP-2000 Combined Health Mortality Table for Males or Females, as appropriate and disabled members set forward 5 years. Mortality rates for management and all other employees were based on the RP-2006 Mortality Table, 50% blue collar and 50% white collar for males and 100% white collar for females, as appropriate, with adjustments for mortality improvements based on a Scale BB.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at 9/30/2017	\$ 12,177,032
Changes for the Year:	
Service cost	864,652
Interest on total OPEB liability	399,519
Differences between expected and actual experience	132,587
Changes in assumptions or other inputs	183,070
Benefit payments	<u>(502,185)</u>
Net Changes	<u>1,077,643</u>
Balance at 9/30/2018	\$ <u>13,254,675</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.35% in 2017 to 3.64% in 2018 and a change in healthcare cost trend rates from 7.00% decreasing to 5.00% in 2017 to 7.50% decreasing to 5.00% in 2018. Benefits payments represent the implicit rate subsidy, which was calculated by the actuary based on the average ages of eligible employees and retirees in the census data and a morbidity assumption of 4.25%. The implicit rate subsidy was 71.80% in 2018.

The required schedule of changes in the City's total OPEB liability and related ratios in the Required Supplementary Information immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the charges in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64%) or 1-percentage point higher (4.64%) than the current discount rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	\$ 12,095,598	\$ 13,254,675	\$ 14,576,083

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50% decreasing to 4.00%) or 1-percentage-point higher (8.50% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (6.50% Decreasing to 4.00%)	Healthcare Cost Trend Rates (7.50% Decreasing to 5.00%)	1% Increase (8.50% Decreasing to 6.50%)
Total OPEB Liability	\$ 14,844,433	\$ 13,254,675	\$ 11,896,130

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended September 30, 2018, the City recognized OPEB expense of \$1,310,639. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,069	\$ -
Changes of assumptions or other inputs	467,760	311,640
Total	<u>\$ 580,829</u>	<u>\$ 311,640</u>

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

For the Year Ended September 30:	Amount
2019	\$ 46,468
2020	46,468
2021	46,468
2022	46,468
2023	46,468
Thereafter	36,849
Total	<u>\$ 269,189</u>

NOTE 13. RISK MANAGEMENT

The City is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets; error and omissions; injuries to employees and natural disasters. The City's self-insurance Internal Service Funds are used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation and general liability, as specified by applicable federal and state statutes. The City purchases commercial excess insurance for workers' compensation claims in excess of \$350,000. The City relies on the liability limits of \$200,000/300,000 imposed by Florida Statute and therefore does not carry any other coverage. Other insured risks for loss are budgeted in various operating funds. The City purchases all risk property insurance for City structures (estimated \$79,000,000 replacement value) with a \$25,000 deductible. Other minor liabilities for small City programs or operations are budgeted in the operating funds. The settlements in the past three years were less than insurance coverage.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 13. RISK MANAGEMENT (CONTINUED)

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims and to provide fund equity for catastrophic losses. The estimated liability for self-insured risks at September 30, 2018, of \$3,888,000 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

As of September 30, 2018 and 2017, the total estimated liabilities on pending claims were as follows:

	2018	2017
Claims payable - beginning	\$ 4,226,000	\$ 4,042,000
Incurred claims	1,373,624	1,438,781
Payments on claims	<u>(1,711,624)</u>	<u>(1,254,781)</u>
Claims payable - ending	<u>\$ 3,888,000</u>	<u>\$ 4,226,000</u>

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES

Construction and purchase commitments: The City has active construction and economic development projects as of September 30, 2018. The projects include park development, street and beautification projects, water distribution and stormwater drainage improvements, sanitary sewer and capacity improvements, and the construction of a fire station. As of September 30, 2018, the City's significant commitments with contractors are as follows:

Project Classification	Spent-to-Date	Remaining Commitments
Fire Station Construction	\$ 7,217,928	\$ 179,180
Infill Housing	214,814	202,467
Landscaping and beautification	184,103	13,775
City-Wide Parks Master Plan	32,530,818	15,360,477
Stormwater Drainage Improvements	7,666,814	7,253,530
Transportation Improvements	55,492	26,723
Water and Wastewater	2,827,928	886,573
Total	<u>\$ 50,697,897</u>	<u>\$ 23,922,725</u>

The water membrane plant is partially financed by revenue bonds secured by water revenue. Parks and recreation projects are partially financed with state and county grants, by revenue bonds secured by non-ad valorem, ad valorem and tax increment financing revenues, as well as City funding. All other commitments are financed from existing City resources.

Claims and lawsuits: There are several pending claims and lawsuits in which the City is involved. The estimated liability related to these claims has been accrued in the City's general liability self-insurance fund. In the opinion of City management, the ultimate resolution of these claims will not materially exceed the amounts recorded in the financial statements.

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

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 15. RESTATEMENT OF PRIOR YEAR BALANCES

The City has determined that a restatement to the October 1, 2017, beginning net position is required to recognize the change in accounting principle for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

This adjustment resulted in a change to the beginning net position of the City as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning net position, October 1, 2017, as previously reported	\$ 22,478,412	\$ 63,621,560	\$ 86,099,972
Change in accounting principle due to the implementation of GASB Statement No. 75:			
Removal of net OPEB obligation	6,616,251	1,174,026	7,790,277
Recording of beginning balance of total OPEB liability	<u>(10,341,904)</u>	<u>(1,835,128)</u>	<u>(12,177,032)</u>
Total change	(3,725,653)	(661,102)	(4,386,755)
Beginning net position, October 1, 2017, as restated	<u>\$ 18,752,759</u>	<u>\$ 62,960,458</u>	<u>\$ 81,713,217</u>
			Stormwater Drainage Fund
	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Fund</u>
Beginning net position, October 1, 2017, as previously reported	\$ 42,239,846	\$ 1,134,850	\$ 19,277,644
Change in accounting principle due to the implementation of GASB Statement No. 75:			
Removal of net OPEB obligation	794,920	302,977	60,848
Recording of beginning balance of total OPEB liability	<u>(1,242,545)</u>	<u>(473,585)</u>	<u>(95,112)</u>
Total change	(447,625)	(170,608)	(34,264)
Beginning net position, October 1, 2017, as restated	<u>\$ 41,792,221</u>	<u>\$ 964,242</u>	<u>\$ 19,243,380</u>
			Fleet Fund
	<u>Nonmajor Cemetery Fund</u>	<u>General Liability Trust Fund</u>	<u>Fund</u>
Beginning net position, October 1, 2017, as previously reported	\$ 969,220	\$ (1,190,111)	\$ 3,373,701
Change in accounting principle due to the implementation of GASB Statement No. 75:			
Removal of net OPEB obligation	15,281	27,344	132,560
Recording of beginning balance of total OPEB liability	<u>(23,886)</u>	<u>(42,742)</u>	<u>(207,205)</u>
Total change	(8,605)	(15,398)	(74,645)
Beginning net position, October 1, 2017, as restated	<u>\$ 960,615</u>	<u>\$ (1,205,509)</u>	<u>\$ 3,299,056</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 16. HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from the Community Redevelopment Agency Funds (CRA) for the year ended September 30, 2018:

	<u>Deposits</u>	<u>Withdrawals</u>
Source of deposits:		
Tax increment revenues - Hallandale Beach	\$ 4,935,561	\$ -
Tax increment revenues - other agencies	5,736,644	-
Loan repayments	19,078	-
Loan application fees	17,754	-
Investment income	246,951	-
Other revenue	196,217	-
Purpose of withdrawals:		
Salaries and benefits	-	649,548
Materials and supplies	-	24,501
Repairs and maintenance	-	17,303
Community redevelopment programs	-	1,412,341
Grants to community organizations	-	16,678
Professional and outside services	-	2,052,362
Other service charges	-	107,521
Subsidized loan programs	-	837,492
Capital outlay	-	592,023
Debt service	-	1,642,104
Transfer to City of Hallandale Beach Capital Projects Fund	-	2,772,235
	<u>\$ 11,152,205</u>	<u>\$ 10,124,108</u>

NOTE 17. DEFICIT FUND EQUITY

The 2016 G.O. Bond Fund and General Liability Trust Fund, each present a deficit fund equity of \$20,463 and \$908,322, respectively, at September 30, 2018. The deficits related to the 2016 G.O. Bond Fund will be resolved by operating transfers in from the General Fund and other funds. The deficit related to the General Liability Trust Fund will be resolved through administrative charges to other funds.

NOTE 18. SUBSEQUENT EVENTS

On November 16, 2018, the City entered into a capital lease agreement to finance the acquisition of surveillance equipment. Total payments over the life of the capital lease total \$517,180. The capital lease agreement matures in November 2023, and has a bargain purchase option of \$1.

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**Required Supplementary
Information**

CITY OF HALLANDALE BEACH, FLORIDA

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 22,891,098	\$ 22,891,098	\$ 22,727,626	\$ (163,472)
Other taxes	4,910,701	4,910,701	4,647,231	(263,470)
Charges for services	8,771,867	8,771,867	7,296,847	(1,475,020)
Licenses and permits	4,942,146	4,942,146	3,108,037	(1,834,109)
Intergovernmental	3,898,086	3,898,086	3,944,091	46,005
Franchise fees	4,178,924	4,178,924	3,879,213	(299,711)
Fire assessments	7,091,352	7,091,352	6,935,305	(156,047)
Fines and forfeitures	495,000	495,000	375,944	(119,056)
Investment earnings	254,600	254,600	73,333	(181,267)
Slot machine revenues	1,560,000	1,560,000	1,131,161	(428,839)
Other revenues	798,404	858,404	1,379,256	520,852
Total revenues	<u>59,792,178</u>	<u>59,852,178</u>	<u>55,498,044</u>	<u>(4,354,134)</u>
EXPENDITURES:				
Personal services	51,388,396	51,530,728	50,692,178	838,550
Operating expenditures	11,817,065	13,096,380	11,102,985	1,993,395
Grants and aids	565,250	602,342	500,211	102,131
Capital outlay	184,550	2,479,151	2,531,873	(52,722)
Total expenditures	<u>63,955,261</u>	<u>67,708,601</u>	<u>64,827,247</u>	<u>2,881,354</u>
Deficiency of revenues under expenditures	<u>(4,163,083)</u>	<u>(7,856,423)</u>	<u>(9,329,203)</u>	<u>(1,472,780)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	(1,274,681)	(1,274,681)	(1,048,191)	226,490
Capital leases	-	-	1,308,267	1,308,267
Proceeds from the sale of capital assets	2,058,840	2,058,840	2,987,169	928,329
Appropriations from fund balance	1,878,924	5,444,509	-	(5,444,509)
Total other financing uses	<u>4,163,083</u>	<u>7,728,668</u>	<u>4,747,245</u>	<u>(2,981,423)</u>
Net change in fund balances	-	(127,755)	(4,581,958)	(4,454,203)
Fund balances, beginning	<u>23,092,526</u>	<u>23,092,526</u>	<u>23,092,526</u>	<u>-</u>
Fund balances, ending	<u>\$ 23,092,526</u>	<u>\$ 22,964,771</u>		<u>\$ (4,454,203)</u>
Excess benefit plan (see Note 2)			95,094	
Fund balances, ending			<u>\$ 18,605,662</u>	

See Notes to Required Supplementary Information.

CITY OF HALLANDALE BEACH, FLORIDA

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ -	\$ -	\$ 4,935,561	\$ 4,935,561
Charges for services	5,000	20,000	17,754	(2,246)
Intergovernmental	10,316,670	10,862,605	5,880,717	(4,981,888)
Investment earnings	95,000	205,000	246,951	41,951
Other revenues	488,389	555,029	287,117	(267,912)
Total revenues	<u>10,905,059</u>	<u>11,642,634</u>	<u>11,368,100</u>	<u>(274,534)</u>
EXPENDITURES:				
Personal services	865,064	639,658	649,548	(9,890)
Operating expenditures	10,926,921	8,459,681	4,599,780	3,859,901
Debt service	3,044,951	4,407,536	4,414,339	(6,803)
Capital outlay	2,302,518	1,203,582	1,068,662	134,920
Total expenditures	<u>17,139,454</u>	<u>14,710,457</u>	<u>10,732,329</u>	<u>3,978,128</u>
Excess of revenues over expenditures	<u>(6,234,395)</u>	<u>(3,067,823)</u>	<u>635,771</u>	<u>3,703,594</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	137,695	185,843	48,148
Appropriations of fund balance	6,084,395	2,738,305	-	(2,738,305)
Total other financing uses, net	<u>6,234,395</u>	<u>2,876,000</u>	<u>185,843</u>	<u>(2,690,157)</u>
Net change in fund balances	-	(191,823)	821,614	1,013,437
Fund balances, beginning	<u>13,586,044</u>	<u>13,586,044</u>	<u>13,586,044</u>	<u>-</u>
Fund balances, ending	<u>\$ 13,586,044</u>	<u>\$ 13,394,221</u>		<u>\$ 1,013,437</u>
CRA loan program and assets held for resale transactions (see Note 3)			<u>392,326</u>	
Fund balances, ending			<u>\$ 14,799,984</u>	

See Notes to Required Supplementary Information.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO BUDGETARY COMPARISON SCHEDULES (UNAUDITED)
SEPTEMBER 30, 2018**

NOTE 1. BUDGETARY DATA

The City Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the City Manager submits to the City Commission a proposed operating and capital budget for the fiscal year commencing October 1. The operating and capital budget includes proposed expenditures and means of financing them.
2. The City Commission holds public workshops on the prepared budget.
3. In September, formal public hearings are conducted to obtain taxpayers' comments.
4. Prior to October 1, the budget is legally enacted.

The legal level of control, the level at which expenditures may not exceed the budget, is at the category level within a fund. Categories, as used here, include personal services, operating expenditures, grants and aids, and capital outlay. The City Manager is authorized to make transfers of budgeted funds within categories except contingencies and debt service. City Commission authorization is required for all transfers between categories in excess of \$10,000. Unencumbered balances of appropriation lapse at year-end.

Budgets have been adopted for the General Fund and Community Redevelopment Agency Fund on a basis consistent with GAAP, except for unbudgeted amounts related to the excess benefit plan's investments and certain CRA transactions that are included and excluded respectively, for financial statement purposes.

The "final" reported budgetary data represents the approved budget after amendments approved by the City Commission. There was a supplemental appropriation in the General Fund of \$3,565,585.

The City and the CRA provide funds allocated to specific projects for two main categories: (1) community redevelopment programs (operating expenditures), and (2) construction projects (capital outlay). Funds are provided through the original adoption of a budget line item. Often the projects overlap several years, and the unspent funds from the prior year are normally rolled forward into the final budget of the current year, which can result in significant differences between the original and final budgets.

NOTE 2. RECONCILIATION OF EXCESS BENEFIT PLAN

Excess benefit plan investment earnings	\$ 851,778
Excess benefit payments	<u>(756,684)</u>
Net Change in Fund Balance - Excess Benefit Plan	<u>\$ 95,094</u>

NOTE 3. RECONCILIATION OF CRA TRANSACTIONS

CRA loan payments received	\$ (215,896)
CRA non-forgivable loans issued	131,583
Purchases of assets held for resale	<u>476,639</u>
	<u>\$ 392,326</u>

For budgetary purposes, the CRA includes transfers out to cover debt service payments as a part of its debt service expenditures.

CITY OF HALLANDALE BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
PROFESSIONAL/MANAGEMENT RETIREMENT PLAN**

	September 30,				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 224,807	\$ 245,137	\$ 217,129	\$ 278,376	\$ 271,262
Interest on total pension liability	1,443,460	1,418,847	1,358,496	1,346,589	1,211,250
Differences between expected and actual experience	(325,174)	(55,424)	(219,313)	(387,152)	1,606,105
Changes of assumptions	-	-	1,028,958	-	-
Benefit payments, including refunds of employee contributions	(1,420,308)	(946,826)	(954,956)	(1,402,625)	(849,115)
Net change in total pension liability	<u>(77,215)</u>	<u>661,734</u>	<u>1,430,314</u>	<u>(164,812)</u>	<u>2,239,502</u>
Total pension liability - beginning	<u>20,495,104</u>	<u>19,833,370</u>	<u>18,403,056</u>	<u>18,567,868</u>	<u>16,328,366</u>
Total pension liability - ending (a)	<u>\$ 20,417,889</u>	<u>\$ 20,495,104</u>	<u>\$ 19,833,370</u>	<u>\$ 18,403,056</u>	<u>\$ 18,567,868</u>
Plan fiduciary net position					
Contributions - employer	\$ 725,270	\$ 569,324	\$ 691,355	\$ 748,978	\$ 912,745
Contributions - employee	53,805	51,654	61,774	55,316	85,052
Net investment income	1,162,244	1,901,704	1,158,157	(140,977)	1,282,016
Benefit payments, including refunds of member contributions	(1,420,308)	(946,826)	(954,956)	(1,402,625)	(849,115)
Administrative expenses	(38,933)	(25,144)	(26,140)	(21,723)	(22,133)
Net change in plan fiduciary net position	<u>482,078</u>	<u>1,550,712</u>	<u>930,190</u>	<u>(761,031)</u>	<u>1,408,565</u>
Plan fiduciary net position - beginning	<u>17,694,331</u>	<u>16,143,619</u>	<u>15,213,429</u>	<u>15,974,460</u>	<u>14,565,895</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,176,409</u>	<u>\$ 17,694,331</u>	<u>\$ 16,143,619</u>	<u>\$ 15,213,429</u>	<u>\$ 15,974,460</u>
City's net pension liability - ending (a) - (b)	<u>\$ 2,241,480</u>	<u>\$ 2,800,773</u>	<u>\$ 3,689,751</u>	<u>\$ 3,189,627</u>	<u>\$ 2,593,408</u>
Plan fiduciary net position as a percentage of the total pension liability	89.02%	86.33%	81.40%	82.67%	86.03%
Covered payroll	\$ 682,868	\$ 737,299	\$ 814,214	\$ 763,897	\$ 738,758
Net pension liability as a percentage of covered payroll	328.24%	379.87%	453.17%	417.55%	351.05%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated

CITY OF HALLANDALE BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' AND FIREFIGHTERS' PERSONNEL RETIREMENT TRUST**

	September 30,				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 2,866,703	\$ 2,668,846	\$ 2,198,923	\$ 2,114,287	\$ 2,068,244
Interest on total pension liability	17,317,517	16,069,318	14,732,084	13,946,642	13,484,951
Changes in benefit terms	9,897,461	-	-	-	-
Differences between expected and actual experience	3,386,280	(1,906,123)	1,635,041	3,413,322	-
Changes of assumptions	1,225,338	847,814	8,988,193	-	-
Benefit payments, including refunds of employee contributions	(11,108,749)	(9,354,592)	(9,537,098)	(9,377,998)	(9,905,885)
Contributions - buy back	208,015	136,829	22,723	33,396	-
Net change in total pension liability	<u>23,792,565</u>	<u>8,462,092</u>	<u>18,039,866</u>	<u>10,129,649</u>	<u>5,647,310</u>
Total pension liability - beginning	219,162,984	210,700,892	192,661,026	182,531,377	176,884,067
Total pension liability - ending (a)	<u>\$ 242,955,549</u>	<u>\$ 219,162,984</u>	<u>\$ 210,700,892</u>	<u>\$ 192,661,026</u>	<u>\$ 182,531,377</u>
Plan fiduciary net position					
Contributions - employer	\$ 9,303,118	\$ 8,563,004	\$ 8,475,832	\$ 8,524,870	\$ 8,651,807
Contributions - employee	1,252,541	1,294,496	1,285,750	1,205,723	1,190,421
Contributions - buy back	208,015	136,829	22,723	33,396	-
Net investment income	16,196,464	16,869,679	10,988,258	(574,125)	13,794,259
Benefit payments, including refunds of member contributions	(11,108,749)	(9,354,592)	(9,537,098)	(9,377,998)	(9,905,885)
Administrative expenses	(219,333)	(183,827)	(148,100)	(137,847)	(109,957)
Prior year adjustment	-	-	-	204,046	-
Net change in plan fiduciary net position	<u>15,632,056</u>	<u>17,325,589</u>	<u>11,087,365</u>	<u>(121,935)</u>	<u>13,620,645</u>
Plan fiduciary net position - beginning	160,524,518	143,198,929	132,111,564	132,233,499	118,612,854
Plan fiduciary net position - ending (b)	<u>\$ 176,156,574 *</u>	<u>\$ 160,524,518</u>	<u>\$ 143,198,929</u>	<u>\$ 132,111,564</u>	<u>\$ 132,233,499</u>
City's net pension liability - ending (a) - (b)	<u>\$ 66,798,975</u>	<u>\$ 58,638,466</u>	<u>\$ 67,501,963</u>	<u>\$ 60,549,462</u>	<u>\$ 50,297,878</u>
Plan fiduciary net position as a percentage of the total pension liability	72.51%	73.24%	67.96%	68.57%	72.44%
Covered payroll	\$ 13,184,642	\$ 13,626,274	\$ 13,167,794	\$ 14,267,482	\$ 12,179,211
Net pension liability as a percentage of covered payroll	506.64%	430.33%	512.63%	424.39%	412.98%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated

* Difference between the actuarial Plan fiduciary net position and Plan fiduciary net position reported is due to timing.

CITY OF HALLANDALE BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES RETIREMENT PLAN**

	September 30,				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,007,543	\$ 1,054,461	\$ 1,047,059	\$ 1,121,826	\$ 1,302,508
Interest on total pension liability	4,771,881	4,586,246	4,402,093	4,339,134	4,198,485
Differences between expected and actual experience	(1,060,336)	909,887	(329,785)	(1,349,496)	(786,563)
Changes of assumptions	-	-	3,005,500	-	-
Benefit payments, including refunds of employee contributions	(3,626,109)	(3,829,680)	(3,049,800)	(2,972,541)	(2,395,369)
Contributions - buy back	-	-	-	-	-
Net change in total pension liability	<u>1,092,979</u>	<u>2,720,914</u>	<u>5,075,067</u>	<u>1,138,923</u>	<u>2,319,061</u>
Total pension liability - beginning	<u>69,146,540</u>	<u>66,425,626</u>	<u>61,350,559</u>	<u>60,211,636</u>	<u>57,892,575</u>
Total pension liability - ending (a)	<u>\$ 70,239,519</u>	<u>\$ 69,146,540</u>	<u>\$ 66,425,626</u>	<u>\$ 61,350,559</u>	<u>\$ 60,211,636</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,506,098	\$ 2,799,601	\$ 3,331,672	\$ 3,659,156	\$ 3,940,595
Contributions - employee	179,523	206,247	228,118	230,059	262,685
Contributions - buy back	-	-	-	-	-
Net investment income	3,027,545	5,305,524	3,618,252	(286,916)	3,508,511
Benefit payments, including refunds of member contributions	(3,626,109)	(3,829,680)	(3,049,800)	(2,972,541)	(2,395,369)
Administrative expenses	(44,348)	(41,536)	(46,495)	(38,415)	(38,785)
Prior year adjustment	-	-	-	-	-
Net change in plan fiduciary net position	<u>2,042,709</u>	<u>4,440,156</u>	<u>4,081,747</u>	<u>591,343</u>	<u>5,277,637</u>
Plan fiduciary net position - beginning	<u>57,149,032</u>	<u>52,708,876</u>	<u>48,627,129</u>	<u>48,035,786</u>	<u>42,758,149</u>
Plan fiduciary net position - ending (b)	<u>\$ 59,191,741</u>	<u>\$ 57,149,032</u>	<u>\$ 52,708,876</u>	<u>\$ 48,627,129</u>	<u>\$ 48,035,786</u>
City's net pension liability - ending (a) - (b)	<u>\$ 11,047,778</u>	<u>\$ 11,997,508</u>	<u>\$ 13,716,750</u>	<u>\$ 12,723,430</u>	<u>\$ 12,175,850</u>
Plan fiduciary net position as a percentage of the total pension liability	84.27%	82.65%	79.35%	79.26%	79.78%
Covered payroll	\$ 5,493,476	\$ 6,000,261	\$ 6,501,387	\$ 6,818,960	\$ 7,447,800
Net pension liability as a percentage of covered payroll	201.11%	199.95%	210.98%	186.59%	163.48%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated

CITY OF HALLANDALE BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL PENSION LIABILITY AND RELATED RATIOS
EXCESS BENEFIT PLAN**

	September 30,		
	2018	2017	2016
Total pension liability			
Service cost	\$ 86,708	\$ 146,603	\$ 104,295
Interest	535,045	546,028	538,954
Benefit payments	(766,581)	(565,165)	(566,597)
Differences between expected and actual experience	(148,223)	(612,654)	52,033
Changes in assumptions	(385,051)	(339,565)	1,537,421
Net change in total pension liability	<u>(678,102)</u>	<u>(824,753)</u>	<u>1,666,106</u>
Total pension liability - beginning	14,230,039	15,054,792	13,388,686
Total pension liability - ending	<u>\$ 13,551,937</u>	<u>\$ 14,230,039</u>	<u>\$ 15,054,792</u>
Covered payroll	N/A	N/A	N/A
Total pension liability as a percentage of covered payroll	N/A	N/A	N/A

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated

CITY OF HALLANDALE BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
PROFESSIONAL/MANAGEMENT RETIREMENT PLAN

	September 30,				
	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 725,270	\$ 569,324	\$ 691,355	\$ 748,978	\$ 912,745
Contributions in relation to the actuarially determined contribution	725,270	569,324	691,355	748,978	912,745
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 682,868	\$ 737,299	\$ 814,214	\$ 763,897	\$ 738,758
Contributions as a percentage of covered payroll	106.2%	77.2%	84.9%	98.0%	123.6%

Methods and assumptions used to determine contribution rates for the year ending September 30, 2018:

Valuation date	October 1, 2016
Note:	Actuarially determined contributions are calculated as of October 1, which is two years prior to the beginning of the year in which contributions are reported.
Actuarial cost method	Entry age normal - frozen initial liability
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years (as of 10/1/2016)
Actuarial asset valuation method	4 year smooth (market)
Inflation and other general increases	2.25%
Cost-of-living adjustment	2.00% per year
Projected salary increases	6.38% - 8.68%
Discount rate of return	7.25%
Retirement age	Normal retirement age as defined in summary of plan provisions.
Mortality	RP-2000 Combined Healthy Annuitant Participant table with mortality improvement scale BB.

The schedule will present 10 years of information once it is accumulated.

CITY OF HALLANDALE BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
GENERAL EMPLOYEES RETIREMENT PLAN**

	September 30,				
	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,506,098	\$ 2,799,601	\$ 3,331,672	\$ 3,659,156	\$ 3,940,595
Contributions in relation to the actuarially determined contribution	2,506,098	2,799,601	3,331,672	3,659,156	3,940,595
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,493,476	\$ 6,000,261	\$ 6,501,387	\$ 6,818,960	\$ 7,447,800
Contributions as a percentage of covered payroll	45.6%	46.7%	51.2%	53.7%	52.9%

Methods and assumptions used to determine contribution rates for the year ending September 30, 2018:

Valuation date	October 1, 2016
Note:	Actuarially determined contributions are calculated as of October 1, which is two years prior to the beginning of the year in which contributions are reported.
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Remaining amortization period	15 years
Actuarial asset valuation method	4 year smooth (market)
Inflation and other general increases	2.25%
Cost-of-living adjustment	None
Projected salary increases	4.68% - 6.98%
Investment rate of return	7.00%
Retirement age	Normal retirement age as defined in summary of plan provisions.
Mortality	RP-2000 Combined Healthy Annuitant Participant table with mortality improvement scale BB.

The schedule will present 10 years of information once it is accumulated.

CITY OF HALLANDALE BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
POLICE OFFICERS' AND FIREFIGHTERS' PERSONNEL RETIREMENT TRUST

	September 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 9,277,568	\$ 8,563,004	\$ 8,528,110	\$ 8,676,637	\$ 8,651,807	\$ 8,140,920	\$ 9,137,817	\$ 8,110,548	\$ 7,320,389	\$ 7,527,340
Contributions in relation to the actuarially determined contribution	9,303,118	8,563,004	8,475,832	8,728,916	8,651,807	8,140,920	9,144,014	8,110,548	7,549,543	7,527,340
Contribution deficiency (excess)	\$ (25,550)	\$ -	\$ 52,278	\$ (52,279)	\$ -	\$ -	\$ (6,197)	\$ -	\$ (229,154)	\$ -
Covered payroll	\$ 13,184,642	\$ 13,167,794	\$ 13,167,794	\$ 14,267,482	\$ 12,179,211	\$ 12,528,346	\$ 13,244,476	\$ 12,199,319	\$ 11,995,957	\$ 11,034,615
Contributions as a percentage of covered payroll	70.6%	65.0%	64.4%	61.2%	71.0%	65.0%	69.0%	66.5%	62.9%	68.2%

Methods and assumptions used to determine contribution rates for the year ending September 30, 2018:

Valuation date	October 1, 2016
Note:	Actuarially determined contributions are calculated as of October 1, which is two years prior to the beginning of the year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	26 years (as of 10/1/2016)
Actuarial asset valuation method	5 year smooth (market)
Inflation and other general increases	4.00%
Projected salary increases	4.5% to 10% based on service
Investment rate of return	7.70%
Retirement age	Normal retirement age
Mortality	RP2000, combined healthy mortality table with mortality improvement scale BB.
Cost-of living adjustment	0% to 2% based on plan provisions

CITY OF HALLANDALE BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURNS

Annual money-weighted rate of return, net of investment expense:

<u>Year Ending September 30,</u>	<u>Professional/ Management Retirement Plan</u>	<u>Police Officers' and Firefighters' Personnel Retirement Trust</u>	<u>General Employees Retirement Plan</u>
2018	6.71%	10.03%	5.41%
2017	12.05%	11.85%	10.23%
2016	7.72%	8.40%	7.48%
2015	(0.92%)	(0.39%)	(0.6%)
2014	8.83%	12.02%	8.13%

The schedule will present 10 years of information once it is accumulated.

CITY OF HALLANDALE BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Measurement date September 30,	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 864,652
Interest	399,519
Differences between expected and actual experience	132,587
Changes of assumptions or other inputs	183,070
Benefit payments	<u>(502,185)</u>
Net Change in Total OPEB Liability	1,077,643
Total OPEB Liability - Beginning	<u>12,177,032</u>
Total OPEB Liability - Ending	<u>\$ 13,254,675</u>
Covered-Employee Payroll	\$ 30,298,837
Total OPEB Liability as a Percentage of Covered-Employee Payroll	43.75%

Notes to Schedule:

This schedule is intended to have ten years of data. Additional data to be compiled as information becomes available.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*.

Changes of assumptions . Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.64%
2017	3.35%

In 2018, amounts reflect a 0.5-percentage-point decrease in the healthcare cost trend rate from the prior year.

Benefit payments are calculated from the implicit rate subsidy of 71.8%.



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

**Combining and Individual
Fund Financial Statements and
Schedules**



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Nonmajor Governmental Funds

CITY OF HALLANDALE BEACH, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Police Training Fund – to account for additional assessment in criminal matters for the purpose of criminal justice education and training for police officers.

Police Outside Services Fund – to account for revenue received as a result of police officers performing duties for entities other than the City.

Police Equitable Sharing Fund – to account for funds received for assisting various federal law enforcement agencies.

Transportation Fund – to account for the City's share of road and bridge and local option gas taxes. Funds are restricted to transportation equipment and maintenance and improvement of roads and streets within the City.

Golden Isles Safe Neighborhood Fund – to account for proceeds from property taxes restricted to use for the Golden Isles Safe Neighborhood District.

Three Islands District Fund – to account for proceeds from property taxes restricted to use for the Three Islands Safe Neighborhood District.

Developer Agreements Fund – to account for developer and other capital contribution related revenues.

Law Enforcement Trust Fund – to account for confiscated property. Proceeds may be used only for law enforcement purposes.

DEBT SERVICE FUNDS

2016 G.O. Bond Fund – to account for the accumulation of ad valorem tax revenues for the exclusive purpose of servicing the debt of the 2016 General Obligation Bond.

Revenue Bond Fund – to account for the accumulation of transfers from other funds and other revenues for the exclusive purpose of servicing the debt of the Capital Improvement Revenue Bonds, Series 2016 and Revenue Bonds, Series 2007A.

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CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue Funds							Debt Service Funds			Totals
	Police Training Fund	Police Outside Services Fund	Police Equitable Sharing Fund	Transportation Fund	Golden Isles Safe Neighborhood Fund	Three Islands District Fund	Developer Agreements Fund	Law Enforcement Trust Fund	2016 G.O. Bond Fund	Revenue Bond Fund	
ASSETS											
Cash and cash equivalents	\$ 63,858	\$ 35,456	\$ 662,434	\$ 139,449	\$ 664,007	\$ 571,901	\$ 2,564,359	\$ 372,552	\$ -	\$ 30,407	\$ 5,104,423
Receivables, net of allowances	-	282,090	-	-	-	-	-	-	-	-	282,090
Due from other governments	-	-	-	113,563	-	-	-	9,266	-	-	122,829
Total assets	\$ 63,858	\$ 317,546	\$ 662,434	\$ 253,012	\$ 664,007	\$ 571,901	\$ 2,564,359	\$ 381,818	\$ -	\$ 30,407	\$ 5,509,342
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable and accrued liabilities	\$ -	\$ 36,382	\$ 14,027	\$ 59,434	\$ 26,818	\$ 288	\$ 41,573	\$ 2,413	\$ -	\$ -	\$ 180,935
Due to other funds	-	-	-	-	-	-	100,000	-	20,463	-	120,463
Deposits	-	79,938	-	-	-	-	-	-	-	-	79,938
Unearned revenues	-	-	-	-	-	-	684,983	-	-	-	684,983
Total liabilities	-	116,320	14,027	59,434	26,818	288	826,556	2,413	20,463	-	1,066,319
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue	-	118,487	-	-	-	-	-	-	-	-	118,487
FUND BALANCES (DEFICITS)											
Restricted for:											
Debt service	-	-	-	-	-	-	-	-	-	30,407	30,407
Law enforcement	63,858	-	648,407	-	-	-	-	379,405	-	-	1,091,670
Grant programs	-	-	-	-	-	-	1,737,803	-	-	-	1,737,803
Transportation	-	-	-	193,578	-	-	-	-	-	-	193,578
Safe neighborhood districts	-	-	-	-	637,189	571,613	-	-	-	-	1,208,802
Assigned for:											
Police outside services	-	82,739	-	-	-	-	-	-	-	-	82,739
Unassigned	-	82,739	648,407	193,578	637,189	571,613	1,737,803	379,405	(20,463)	-	(20,463)
Total fund balances (deficits)	\$ 63,858	\$ 317,546	\$ 662,434	\$ 253,012	\$ 664,007	\$ 571,901	\$ 2,564,359	\$ 381,818	\$ -	\$ 30,407	\$ 5,509,342
Total liabilities and fund balances	\$ 63,858	\$ 317,546	\$ 662,434	\$ 253,012	\$ 664,007	\$ 571,901	\$ 2,564,359	\$ 381,818	\$ -	\$ 30,407	\$ 5,509,342

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

	Special Revenue Funds										Debt Service Funds			Totals
	Police Training Fund	Police Outside Services Fund	Police Equitable Sharing Fund	Transportation Fund	Golden Isles Safe Neighborhood Fund	Three Islands District Fund	Developer Agreements Fund	Law Enforcement Trust Fund	2016 G.O. Bond Fund	Revenue Bond Fund				
Revenues:														
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 318,875	\$ 413,998	-	-	-	-	\$ 2,555,025	\$ -	\$ -	\$ 3,287,538
Charges for services	-	1,338,039	-	780,586	-	-	-	-	-	-	-	-	-	2,118,625
Intergovernmental	-	-	-	1,002,619	-	-	-	-	-	-	-	-	-	1,002,619
Franchise taxes	-	-	-	38,749	-	-	-	-	-	-	-	-	-	38,749
Fines and forfeitures	12,425	-	66,779	-	-	-	-	180,243	-	-	-	-	-	259,447
Interest revenue	-	-	445	-	-	-	-	-	-	-	-	-	-	445
Other revenues	-	2,695	-	57,060	-	-	-	756,250	-	-	-	-	-	816,005
Total revenues	12,425	1,340,734	67,224	1,879,014	318,515	413,998	-	180,243	-	-	2,555,025	-	-	7,523,428
Expenditures:														
Current:														
Public safety	15,100	1,211,387	191,114	-	184,250	262,284	-	110,897	-	-	-	-	-	1,975,032
Physical environment	-	-	-	-	-	-	-	867	-	-	-	-	-	867
Transportation	-	-	-	1,662,876	-	-	-	-	-	-	-	-	-	1,662,876
Culture and recreation	-	-	-	-	-	-	-	7,371	-	-	-	-	-	7,371
Capital outlay	-	-	16,222	165,135	-	-	-	184,098	-	-	-	-	-	365,455
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	1,015,000	1,445,000	-	2,460,000
Total expenditures	15,100	1,211,387	207,336	1,828,011	184,250	262,284	-	110,897	-	-	2,064,757	1,006,777	-	3,071,534
Excess (deficiency) of revenues over (under) expenditures	(2,675)	129,347	(140,112)	51,003	134,265	151,714	-	69,346	-	(524,732)	(2,451,777)	(2,451,777)	-	(2,019,707)
Other financing sources (uses)														
Transfers in	-	-	-	-	-	-	-	-	-	-	518,655	2,451,018	-	2,969,673
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	(100,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	518,655	2,451,018	-	2,869,673
Net change in fund balances	(2,675)	129,347	(140,112)	51,003	134,265	151,714	-	69,346	-	(6,077)	(759)	(759)	-	849,966
Fund balances (deficits), beginning	66,533	(46,608)	788,519	142,575	502,924	419,899	-	310,059	-	(14,386)	31,166	-	-	3,474,570
Fund balances (deficits), ending	\$ 63,858	\$ 82,739	\$ 648,407	\$ 193,578	\$ 637,189	\$ 571,613	\$ -	\$ 379,405	\$ -	\$ (20,463)	\$ 30,407	\$ -	\$ -	\$ 4,324,536

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - POLICE TRAINING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 12,425	\$ (2,575)
Interest revenue	100	100	-	(100)
Total revenues	<u>15,100</u>	<u>15,100</u>	<u>12,425</u>	<u>(2,675)</u>
EXPENDITURES				
Cost of sales and service	15,100	15,100	15,100	-
Total expenditures	<u>15,100</u>	<u>15,100</u>	<u>15,100</u>	<u>-</u>
Net change in fund balance	-	-	(2,675)	(2,675)
FUND BALANCE, beginning	<u>66,533</u>	<u>66,533</u>	<u>66,533</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 66,533</u>	<u>\$ 66,533</u>	<u>\$ 63,858</u>	<u>\$ (2,675)</u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - POLICE OUTSIDE SERVICES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 1,247,035	\$ 1,247,035	\$ 1,338,039	\$ 91,004
Other revenues	79,000	79,000	102,023	23,023
Total revenues	<u>1,326,035</u>	<u>1,326,035</u>	<u>1,440,062</u>	<u>114,027</u>
EXPENDITURES				
Personal services	1,247,035	1,247,035	1,208,692	38,343
Total expenditures	<u>1,247,035</u>	<u>1,247,035</u>	<u>1,208,692</u>	<u>38,343</u>
Excess of revenues over expenditures	<u>79,000</u>	<u>79,000</u>	<u>231,370</u>	<u>152,370</u>
Other financing uses				
Transfers out	(79,000)	(79,000)	(102,023)	(23,023)
Total other financing uses	<u>(79,000)</u>	<u>(79,000)</u>	<u>(102,023)</u>	<u>(23,023)</u>
Net change in fund balance	-	-	129,347	129,347
FUND BALANCE (deficit), beginning	<u>(46,608)</u>	<u>(46,608)</u>	<u>(46,608)</u>	<u>-</u>
FUND BALANCE (deficit), ending	<u><u>\$ (46,608)</u></u>	<u><u>\$ (46,608)</u></u>	<u><u>\$ 82,739</u></u>	<u><u>\$ 129,347</u></u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - POLICE EQUITABLE SHARING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 66,779	\$ 66,779
Interest revenue	300	300	445	145
Total revenues	<u>300</u>	<u>300</u>	<u>67,224</u>	<u>66,924</u>
EXPENDITURES				
Operating expenditures	148,464	148,464	191,114	(42,650)
Capital outlay	13,120	233,120	16,222	216,898
Total expenditures	<u>161,584</u>	<u>381,584</u>	<u>207,336</u>	<u>174,248</u>
Net change in fund balance	(161,284)	(381,284)	(140,112)	241,172
FUND BALANCE, beginning	<u>788,519</u>	<u>788,519</u>	<u>788,519</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 627,235</u>	<u>\$ 407,235</u>	<u>\$ 648,407</u>	<u>\$ 241,172</u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 912,309	\$ 912,309	\$ 780,586	\$ (131,723)
Intergovernmental	1,028,392	1,028,392	1,002,619	(25,773)
Franchise taxes	37,507	37,507	38,749	1,242
Interest revenue	300	300	-	(300)
Other revenues	-	-	57,060	57,060
Total revenues	<u>1,978,508</u>	<u>1,978,508</u>	<u>1,879,014</u>	<u>(99,494)</u>
EXPENDITURES				
Personal services	767,462	767,462	731,060	36,402
Operating expenditures	1,211,046	1,298,589	931,816	366,773
Capital outlay	-	170,942	165,135	5,807
Total expenditures	<u>1,978,508</u>	<u>2,236,993</u>	<u>1,828,011</u>	<u>408,982</u>
Net change in fund balance	-	(258,485)	51,003	309,488
FUND BALANCE, beginning	<u>142,575</u>	<u>142,575</u>	<u>142,575</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 142,575</u>	<u>\$ (115,910)</u>	<u>\$ 193,578</u>	<u>\$ 309,488</u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - GOLDEN ISLES SAFE NEIGHBORHOOD FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 326,564	\$ 326,564	\$ 318,515	\$ (8,049)
Interest revenue	900	900	-	(900)
Total revenues	<u>327,464</u>	<u>327,464</u>	<u>318,515</u>	<u>(8,949)</u>
EXPENDITURES				
Operating expenditures	257,464	257,464	184,250	73,214
Capital outlay	70,000	199,750	-	199,750
Total expenditures	<u>327,464</u>	<u>457,214</u>	<u>184,250</u>	<u>272,964</u>
Net change in fund balance	-	(129,750)	134,265	264,015
FUND BALANCE, beginning	<u>502,924</u>	<u>502,924</u>	<u>502,924</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 502,924</u>	<u>\$ 373,174</u>	<u>\$ 637,189</u>	<u>\$ 264,015</u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - THREE ISLANDS DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 420,509	\$ 420,509	\$ 413,998	\$ (6,511)
Interest revenue	1,100	1,100	-	(1,100)
Total revenues	<u>421,609</u>	<u>421,609</u>	<u>413,998</u>	<u>(7,611)</u>
EXPENDITURES				
Operating expenditures	421,609	538,943	262,284	276,659
Total expenditures	<u>421,609</u>	<u>538,943</u>	<u>262,284</u>	<u>276,659</u>
Net change in fund balance	-	(117,334)	151,714	269,048
FUND BALANCE, beginning	<u>419,899</u>	<u>419,899</u>	<u>419,899</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 419,899</u>	<u>\$ 302,565</u>	<u>\$ 571,613</u>	<u>\$ 269,048</u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 180,243	\$ 180,243
Interest revenue	700	700	-	(700)
Total revenues	<u>700</u>	<u>700</u>	<u>180,243</u>	<u>179,543</u>
EXPENDITURES				
Personal services	-	-	14,027	(14,027)
Operating expenditures	116,644	116,644	96,870	19,774
Capital outlay	-	73,400	-	73,400
Total expenditures	<u>116,644</u>	<u>190,044</u>	<u>110,897</u>	<u>79,147</u>
Net change in fund balance	(115,944)	(189,344)	69,346	258,690
FUND BALANCE, beginning	<u>310,059</u>	<u>310,059</u>	<u>310,059</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 194,115</u>	<u>\$ 120,715</u>	<u>\$ 379,405</u>	<u>\$ 258,690</u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUNDS - 2016 G.O. BOND FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 2,571,950	\$ 2,571,950	\$ 2,555,025	\$ (16,925)
Total revenues	<u>2,571,950</u>	<u>2,571,950</u>	<u>2,555,025</u>	<u>(16,925)</u>
EXPENDITURES				
Debt service	3,090,605	3,090,605	3,079,757	10,848
Total expenditures	<u>3,090,605</u>	<u>3,090,605</u>	<u>3,079,757</u>	<u>10,848</u>
Deficiency of revenues under expenditures	<u>(518,655)</u>	<u>(518,655)</u>	<u>(524,732)</u>	<u>(6,077)</u>
Other financing sources				
Transfers in	518,655	518,655	518,655	-
Total other financing sources	<u>518,655</u>	<u>518,655</u>	<u>518,655</u>	<u>-</u>
Net change in fund balance	-	-	(6,077)	(6,077)
FUND BALANCE (deficit), beginning	<u>(14,386)</u>	<u>(14,386)</u>	<u>(14,386)</u>	<u>-</u>
FUND BALANCE (deficit), ending	<u><u>\$ (14,386)</u></u>	<u><u>\$ (14,386)</u></u>	<u><u>\$ (20,463)</u></u>	<u><u>\$ (6,077)</u></u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUNDS - REVENUE BOND FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service	2,451,038	2,451,838	2,451,777	61
Total expenditures	2,451,038	2,451,838	2,451,777	61
Deficiency of revenues under expenditures	(2,451,038)	(2,451,838)	(2,451,777)	61
Other financing sources				
Transfers in	2,451,038	2,451,838	2,451,018	(820)
Total other financing sources	2,451,038	2,451,838	2,451,018	(820)
Net change in fund balance	-	-	(759)	(759)
FUND BALANCE, beginning	31,166	31,166	31,166	-
FUND BALANCE, ending	\$ 31,166	\$ 31,166	\$ 30,407	\$ (759)



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Proprietary Funds

CITY OF HALLANDALE BEACH, FLORIDA

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

General Liability Trust Fund – to account for the costs of insuring the City in the areas of general and auto liability. The City is primarily self-insured in these areas. Other funds are billed to cover actual costs of premiums and claims and to maintain an adequate balance in fund equity.

Workers' Compensation Fund – to account for the costs of providing workers' compensation insurance coverage to employees of the City. The City is partially self-insured in this area. Other funds are billed to cover costs of estimated expenses.

Fleet Fund – to account for the maintenance and replacement of all the City's vehicles with the exception of Fire and Emergency Medical Services apparatus.

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CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

SEPTEMBER 30, 2018

ASSETS	General Liability Trust Fund	Workers' Compensation Fund	Fleet Fund	Totals
CURRENT ASSETS				
Cash	\$ 1,210,145	\$ 2,625,247	\$ -	\$ 3,835,392
Prepays	17,825	-	-	17,825
Total current assets	<u>1,227,970</u>	<u>2,625,247</u>	<u>-</u>	<u>3,853,217</u>
NONCURRENT ASSETS				
Capital assets:				
Depreciable, net of accumulated depreciation	-	-	4,109,187	4,109,187
Total noncurrent assets	-	-	4,109,187	4,109,187
Total assets	<u>1,227,970</u>	<u>2,625,247</u>	<u>4,109,187</u>	<u>7,962,404</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	29,534	-	136,449	165,983
OPEB	3,124	-	11,333	14,457
Total deferred outflows of resources	<u>32,658</u>	<u>-</u>	<u>147,782</u>	<u>180,440</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	17,312	1,406	28,911	47,629
Compensated absences	973	-	3,941	4,914
Accrued claims for self-insured risks	460,000	381,000	-	841,000
Due to other funds	-	-	48,188	48,188
Total current liabilities	<u>478,285</u>	<u>382,406</u>	<u>81,040</u>	<u>941,731</u>
NONCURRENT LIABILITIES				
Compensated absences	10,199	-	38,035	48,234
Net pension liability	100,022	-	462,102	562,124
Net OPEB liability	71,292	-	258,627	329,919
Accrued claims for self-insured risks	1,507,000	1,540,000	-	3,047,000
Total noncurrent liabilities	<u>1,688,513</u>	<u>1,540,000</u>	<u>758,764</u>	<u>3,987,277</u>
Total liabilities	<u>2,166,798</u>	<u>1,922,406</u>	<u>839,804</u>	<u>4,929,008</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	477	-	2,204	2,681
OPEB	1,676	-	6,081	7,757
Total deferred inflows of resources	<u>2,153</u>	<u>-</u>	<u>8,285</u>	<u>10,438</u>
NET POSITION				
Investment in capital assets	-	-	4,109,187	4,109,187
Unrestricted	(908,323)	702,841	(700,307)	(905,789)
Total net position	<u>\$ (908,323)</u>	<u>\$ 702,841</u>	<u>\$ 3,408,880</u>	<u>\$ 3,203,398</u>

CITY OF HALLANDALE BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>General Liability Trust Fund</u>	<u>Workers' Compensation Fund</u>	<u>Fleet Fund</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 1,825,972	\$ 1,046,886	\$ 3,643,714	\$ 6,516,572
Total operating revenues	<u>1,825,972</u>	<u>1,046,886</u>	<u>3,643,714</u>	<u>6,516,572</u>
OPERATING EXPENSES				
Personal services	255,998	-	1,111,667	1,367,665
Cost of sales and services	495,562	205,513	390,917	1,091,992
Claims expense	777,226	496,556	-	1,273,782
Depreciation	-	-	2,031,306	2,031,306
Total operating expenses	<u>1,528,786</u>	<u>702,069</u>	<u>3,533,890</u>	<u>5,764,745</u>
Operating income (loss)	<u>297,186</u>	<u>344,817</u>	<u>109,824</u>	<u>751,827</u>
Net position, as previously reported	(1,190,111)	358,024	3,373,701	2,541,614
Beginning balance restatement (see Note 15)	(15,398)	-	(74,645)	(90,043)
NET POSITION, beginning, as restated	<u>(1,205,509)</u>	<u>358,024</u>	<u>3,299,056</u>	<u>2,451,571</u>
NET POSITION, ending	<u>\$ (908,323)</u>	<u>\$ 702,841</u>	<u>\$ 3,408,880</u>	<u>\$ 3,203,398</u>

CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>General Liability Trust Fund</u>	<u>Workers' Compensation Fund</u>	<u>Fleet Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,968,980	\$ 2,646,963	\$ 3,643,714	\$ 8,259,657
Payments to suppliers for goods, services, claims and administrative charges	(1,614,891)	(708,141)	(373,919)	(2,696,951)
Payments to employees	(231,974)	-	(961,559)	(1,193,533)
Payments to other funds	-	-	(1,548,154)	(1,548,154)
Net cash provided by operating activities	<u>122,115</u>	<u>1,938,822</u>	<u>760,082</u>	<u>2,821,019</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(806,454)	(806,454)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(806,454)</u>	<u>(806,454)</u>
Net change in cash and cash equivalents	122,115	1,938,822	(46,372)	2,014,565
Cash and cash equivalents, beginning	<u>1,088,030</u>	<u>686,425</u>	<u>46,372</u>	<u>1,820,827</u>
Cash and cash equivalents, ending	<u>\$ 1,210,145</u>	<u>\$ 2,625,247</u>	<u>\$ -</u>	<u>\$ 3,835,392</u>

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>General Liability Trust Fund</u>	<u>Workers' Compensation Fund</u>	<u>Fleet Fund</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 297,186	\$ 344,817	\$ 109,824	\$ 751,827
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	-	-	2,031,306	2,031,306
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	143,008	-	-	143,008
(Increase) decrease in due from other funds	-	1,600,077	3,658	1,603,735
(Increase) decrease in prepaids and other assets	(1,903)	-	-	(1,903)
(Increase) decrease in deferred outflows of resources	33,236	-	49,901	83,137
Increase (decrease) in accounts payable	(7,200)	(1,072)	16,998	8,726
Increase (decrease) in compensated absences	2,200	-	4,808	7,008
Increase (decrease) in due to other funds	-	-	(1,551,812)	(1,551,812)
Increase (decrease) in self insured claims payable	(333,000)	(5,000)	-	(338,000)
Increase (decrease) in net OPEB liability	28,550	-	51,422	79,972
Increase (decrease) in net pension liability	(37,146)	-	50,599	13,453
Increase (decrease) in deferred inflows of resources	(2,816)	-	(6,622)	(9,438)
	<u>\$ 122,115</u>	<u>\$ 1,938,822</u>	<u>\$ 760,082</u>	<u>\$ 2,821,019</u>
Net cash provided by operating activities	<u>\$ 122,115</u>	<u>\$ 1,938,822</u>	<u>\$ 760,082</u>	<u>\$ 2,821,019</u>



Hallandale Beach
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Fiduciary Funds

CITY OF HALLANDALE BEACH, FLORIDA

FIDUCIARY FUNDS

Fiduciary funds include pension trust funds and agency funds. Pension trust funds account for certain of the City's retirement plans. Agency funds are used to account for assets held by the City for payroll related costs and other miscellaneous assets.

Pension Trust Funds:

General Employees' Pension Fund – This fund is used to account for assets held in a trustee capacity for the retirement pensions of all City employees except police officers, firefighters and management/professional employees.

Police Officers and Firefighters Retirement Trust – This fund is used to account for assets held in a trustee capacity for the retirement pensions for all firefighters, fire department officers and all non-civilian police department employees.

Professional/Management Pension Fund – This fund is used to account for assets held in a trustee capacity for the retirement pensions of most professional/management employees as indicated in the Personnel Resource System.

Agency Funds:

Payroll Trust Fund – to account for payroll-related costs held by the City in a trustee capacity.

General Trust Fund – to account for miscellaneous assets held by the City in a trustee capacity.

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CITY OF HALLANDALE BEACH, FLORIDA

COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2018

	Payroll Trust Fund	General Trust Fund	Total Agency Funds	General Employees Pension Fund	Police and Firefighters' Pension Fund	Professional/Management Pension Fund	Total Pension Trust Funds
ASSETS							
Cash and cash equivalents	\$ 110,741	\$ 408,763	519,504	\$ -	\$ 8,587,028	\$ -	\$ 8,587,028
Accounts receivable	306	-	306	-	2,505	11,171	13,676
Accrued interest and dividends	-	-	-	-	241,734	-	241,734
Due from broker	-	-	-	-	433,780	-	433,780
Investments:							
Corporate bonds	-	-	-	-	14,093,285	-	14,093,285
Equity securities	-	-	-	-	112,247,539	-	112,247,539
U.S. obligations	-	-	-	-	15,462,299	-	15,462,299
Hedge funds	-	-	-	-	17,149,109	-	17,149,109
Equity pooled separate accounts	-	-	-	26,174,603	-	9,898,977	36,073,580
Private equity fund	-	-	-	-	1,172,274	-	1,172,274
Fixed income pooled separate accounts	-	-	-	28,071,114	-	6,754,867	34,825,981
Real estate pooled separate accounts	-	-	-	4,946,024	-	1,511,394	6,457,418
Real estate investment trust	-	-	-	-	7,680,373	-	7,680,373
Total investments	111,047	408,763	519,810	59,191,741	177,069,926	18,176,409	254,438,076
Prepays	-	-	-	-	7,708	-	7,708
Total assets	111,047	408,763	519,810	59,191,741	177,077,634	18,176,409	254,445,784
LIABILITIES							
Accounts payable	2,861	-	2,861	-	193,618	-	193,618
Due to others	108,186	408,763	516,949	-	-	-	-
Unearned revenue	-	-	-	-	25,550	-	25,550
Due to broker	-	-	-	-	727,443	-	727,443
Total liabilities	111,047	408,763	519,810	-	946,611	-	946,611
NET POSITION							
Restricted for pension benefits	\$ -	\$ -	\$ -	\$ 59,191,741	\$ 176,131,023	\$ 18,176,409	\$ 253,499,173

CITY OF HALLANDALE BEACH, FLORIDA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2018

	General Employees Pension Fund	Police and Firefighters' Pension Fund	Professional/ Management Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 2,506,098	\$ 8,641,380	\$ 725,270	\$ 11,872,748
Plan members	179,523	1,460,556	53,805	1,693,884
State of Florida	-	636,188	-	636,188
Other income	9,229	-	10,276	19,505
Total contributions	<u>2,694,850</u>	<u>10,738,124</u>	<u>789,351</u>	<u>14,222,325</u>
Investment income:				
Interest and dividends	-	3,580,677	-	3,580,677
Net increase in fair value of investments	3,040,630	13,835,986	1,151,968	18,028,584
Total investment income	<u>3,040,630</u>	<u>17,416,663</u>	<u>1,151,968</u>	<u>21,609,261</u>
Less investment expense	(66,662)	(1,220,200)	(38,933)	(1,325,795)
Net investment income	<u>2,973,968</u>	<u>16,196,463</u>	<u>1,113,035</u>	<u>20,283,466</u>
Total additions	<u>5,668,818</u>	<u>26,934,587</u>	<u>1,902,386</u>	<u>34,505,791</u>
DEDUCTIONS				
Benefits	3,626,109	11,108,749	1,420,308	16,155,166
Professional services	-	219,333	-	219,333
Total deductions	<u>3,626,109</u>	<u>11,328,082</u>	<u>1,420,308</u>	<u>16,374,499</u>
Change in net position	2,042,709	15,606,505	482,078	18,131,292
Net position, beginning	57,149,032	160,524,518	17,694,331	235,367,881
Net position, ending	<u>\$ 59,191,741</u>	<u>\$ 176,131,023</u>	<u>\$ 18,176,409</u>	<u>\$ 253,499,173</u>

CITY OF HALLANDALE BEACH, FLORIDA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Payroll Trust Fund			
	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and cash equivalents	\$ 1,510,471	\$ 54,899,915	\$ (56,299,645)	\$ 110,741
Accounts receivable	263,687	532,042	(795,423)	306
Total assets	<u>\$ 1,774,158</u>	<u>\$ 55,431,957</u>	<u>\$ (57,095,068)</u>	<u>\$ 111,047</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 117,574	\$ 19,093,864	\$ (19,208,577)	\$ 2,861
Due to others	1,656,584	36,338,093	(37,886,491)	108,186
Total liabilities	<u>\$ 1,774,158</u>	<u>\$ 55,431,957</u>	<u>\$ (57,095,068)</u>	<u>\$ 111,047</u>
	General Trust Fund			
	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and cash equivalents	\$ 856,139	\$ 363,490	\$ (810,866)	\$ 408,763
Due from other governments	282	12	(294)	-
Total assets	<u>\$ 856,421</u>	<u>\$ 363,502</u>	<u>\$ (811,160)</u>	<u>\$ 408,763</u>
LIABILITIES				
Due to others	\$ 856,421	\$ 363,502	\$ (811,160)	\$ 408,763
Total liabilities	<u>\$ 856,421</u>	<u>\$ 363,502</u>	<u>\$ (811,160)</u>	<u>\$ 408,763</u>



Hallandale Beach
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Statistical Section

STATISTICAL SECTION

This part of the City of Hallandale Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	112 - 116
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	117 - 121
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	122 - 125
<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>	
Demographic and Economic Information	126 and 127
<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>	
Operating Information	128 - 130
<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>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year.

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CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 1
NET POSITION BY ACTIVITY
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 39,425	\$ 45,621	\$ 45,545	\$ 48,484	\$ 42,885	\$ 59,760	\$ 59,840	\$ 66,595	\$ 63,929	\$ 63,880
Restricted	22,576	24,788	28,498	25,446	20,408	11,599	13,523	16,021	19,540	19,517
Unrestricted	36,920	33,243	31,454	25,314	34,225	19,671	(35,637)	(41,076)	(60,991)	(64,407)
Total governmental activities net position	\$ 98,921	\$ 103,652	\$ 105,497	\$ 99,244	\$ 97,518	\$ 91,030	\$ 37,726	\$ 41,540	\$ 22,478	\$ 18,990
Business-type activities										
Net investment in capital assets	\$ 26,859	\$ 28,347	\$ 27,910	\$ 24,702	\$ 28,361	\$ 33,465	\$ 35,544	\$ 37,651	\$ 36,563	\$ 36,877
Restricted	-	-	-	-	-	292	291	291	1,084	1,285
Unrestricted	23,438	26,158	30,937	34,028	38,672	40,562	33,754	27,512	25,975	32,492
Total business-type activities net position	\$ 50,297	\$ 54,505	\$ 58,847	\$ 58,730	\$ 67,033	\$ 74,319	\$ 69,589	\$ 65,454	\$ 63,622	\$ 70,654
Primary government										
Net investment in capital assets	\$ 66,284	\$ 73,968	\$ 73,455	\$ 73,186	\$ 71,246	\$ 93,225	\$ 95,384	\$ 104,246	\$ 100,492	\$ 100,757
Restricted	22,576	24,788	28,498	25,446	20,408	11,891	13,814	16,312	20,624	20,802
Unrestricted	60,358	59,401	62,391	59,342	72,897	60,233	(1,883)	(13,564)	(35,016)	(31,915)
Total primary government net position	\$ 149,218	\$ 158,157	\$ 164,344	\$ 157,974	\$ 164,551	\$ 165,349	\$ 107,315	\$ 106,994	\$ 86,100	\$ 89,644

Note: GASB 68 was implemented during fiscal year 2015.
Note: Terminology was revised for all years presented with the implementation of GASB Statement No. 63.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 11,990	\$ 9,633	\$ 11,684	\$ 11,530	\$ 9,302	\$ 15,289	\$ 13,876	\$ 18,435	\$ 19,868	\$ 17,396
Public safety	31,654	32,167	33,038	34,941	36,091	39,809	36,359	39,329	45,542	45,864
Physical environment	2,839	2,037	2,411	2,507	2,312	2,028	1,897	2,234	2,936	3,565
Transportation	1,571	1,295	1,127	1,221	1,943	2,142	1,850	1,972	1,913	2,587
Economic environment	3,227	6,479	3,659	6,820	4,798	4,879	4,474	5,743	5,319	5,186
Culture and recreation	2,445	2,438	2,417	2,622	2,005	3,806	4,145	6,063	6,508	5,449
Human services	1,139	931	1,014	1,215	2,684	2,139	1,822	2,353	2,117	1,893
Interest and fiscal charges	1,220	1,056	1,110	1,068	1,078	1,861	956	2,765	2,960	2,700
Total governmental activities expenses	\$ 56,085	\$ 56,036	\$ 56,460	\$ 61,924	\$ 60,213	\$ 71,953	\$ 65,379	\$ 78,894	\$ 87,163	\$ 84,640
Business-type activities:										
Nonmajor	134	333	231	253	277	272	280	212	243	223
Sanitation	5,213	4,943	4,724	4,775	5,267	6,422	6,211	5,864	5,829	4,604
Stormwater drainage	1,425	1,932	1,873	1,678	1,768	2,075	2,215	2,705	3,859	2,917
Utility (water & sewer)	17,323	19,263	18,852	21,281	21,288	21,819	24,902	24,722	23,549	21,228
Total business-type activities expenses	\$ 24,095	\$ 26,471	\$ 25,680	\$ 27,987	\$ 28,600	\$ 30,588	\$ 33,608	\$ 33,503	\$ 33,480	\$ 28,972
Total expenses	\$ 80,180	\$ 82,507	\$ 82,140	\$ 89,911	\$ 88,813	\$ 102,541	\$ 98,987	\$ 112,397	\$ 120,643	\$ 113,612
Program revenues										
Governmental activities:										
Charges for services	\$ 5,564	\$ 4,456	\$ 4,409	\$ 1,627	\$ 1,757	\$ 6,840	\$ 7,719	\$ 7,075	\$ 7,704	\$ 10,383
General government	3,966	5,512	4,735	4,022	6,591	13,831	13,445	12,668	14,943	13,625
Public safety	39	40	-	1,881	3,560	4,786	5,233	5,182	4,157	3,114
Physical environment	156	197	240	292	465	518	622	507	496	1,012
Transportation	-	20	-	941	236	433	943	1,473	382	397
Economic environment	101	79	50	25	218	332	899	715	692	530
Culture and recreation	-	-	-	60	398	482	477	-	-	-
Human services	1,267	5,384	1,811	1,589	901	892	816	1,378	1,157	1,069
Operating grants and contributions	1,615	1,061	566	1,697	2,999	1,575	1,711	1,096	111	70
Capital grants and contributions	\$ 12,708	\$ 16,749	\$ 11,811	\$ 12,134	\$ 17,125	\$ 29,689	\$ 31,865	\$ 30,094	\$ 29,642	\$ 30,200
Total governmental activities program revenues	\$ 342	\$ 353	\$ 210	\$ 226	\$ 229	\$ 219	\$ 193	\$ 281	\$ 162	\$ 206
Business-type activities:										
Charges for services	5,636	5,435	4,920	4,971	4,955	4,925	5,238	5,422	5,239	6,599
Nonmajor	1,420	1,429	1,542	1,979	1,958	2,065	2,591	2,088	2,092	4,286
Sanitation	21,696	21,505	22,074	21,953	23,644	23,724	22,545	23,009	23,340	25,594
Stormwater drainage	644	9	32	11	933	59	37	-	907	501
Utility (water & sewer)	29,738	28,731	28,778	29,140	31,719	30,992	30,604	30,800	31,740	37,186
Capital grants and contributions	\$ 42,446	\$ 45,480	\$ 40,589	\$ 41,274	\$ 48,844	\$ 60,681	\$ 62,469	\$ 60,894	\$ 61,382	\$ 67,386
Total business-type activities program revenues	\$ 42,446	\$ 45,480	\$ 40,589	\$ 41,274	\$ 48,844	\$ 60,681	\$ 62,469	\$ 60,894	\$ 61,382	\$ 67,386

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 2 (Continued)
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 23,369	\$ 24,340	\$ 20,972	\$ 20,600	\$ 20,579	\$ 21,819	\$ 21,752	\$ 28,522	\$ 34,557	\$ 36,667
Franchise and utility taxes	8,486	8,338	8,231	8,326	8,220	8,579	8,595	8,373	8,537	8,565
Sales taxes	1,976	2,112	2,029	2,084	2,223	2,339	2,472	2,526	2,534	2,677
Motor fuel taxes	673	718	653	639	642	911	1,057	1,010	1,016	1,035
Alcoholic beverage taxes	18	28	30	22	23	19	18	17	15	14
Fire assessments	3,666	4,502	4,591	4,702	5,621	-	-	-	-	-
Intergovernmental revenue	5,842	4,092	3,818	3,774	4,204	4,869	5,383	1,073	1,100	1,098
Unrestricted investment earnings	1,768	911	535	439	291	161	221	809	1,734	2,074
Slot machine proceeds	1,749	1,707	1,922	1,818	1,719	1,649	1,603	1,677	1,475	1,131
Other revenue	1,130	1,893	1,672	1,942	2,665	74	68	31	-	-
Gain on the sale of capital assets	8	11	29	105	-	397	241	258	297	-
Transfers	37	(929)	(638)	(914)	(4,722)	(5,042)	(1,873)	1,852	935	1,395
Total governmental activities general revenues and changes in net position	48,762	47,723	43,844	43,537	41,465	35,775	39,537	46,148	52,200	54,676
Business-type activities:										
Franchise and utility taxes	237	335	240	213	220	165	-	-	-	-
Unrestricted investment earnings	445	227	285	373	193	139	317	395	50	386
Other revenue	53	456	60	46	932	28	1	-	-	-
Impact fees	-	-	-	-	-	-	-	25	793	487
Gain on the sale of capital assets	57	1	22	12	-	-	55	-	-	3
Transfers	(37)	929	638	914	4,722	5,042	1,873	(1,852)	(935)	(1,395)
Total business type activities general revenues and changes in net position	755	1,948	1,245	1,558	6,067	5,374	2,246	(1,432)	(92)	(519)
Total general revenues and other changes in net position	\$ 49,517	\$ 49,671	\$ 45,089	\$ 45,095	\$ 47,532	\$ 41,149	\$ 41,783	\$ 44,716	\$ 52,108	\$ 54,157
Change in net position										
Governmental activities	5,385	8,436	(805)	(6,253)	(1,623)	(6,489)	6,023	(2,652)	(5,321)	236
Business-type activities	6,398	4,208	4,343	2,711	9,186	5,778	(758)	(4,135)	(1,832)	7,695
Total change in net position	\$ 11,783	\$ 12,644	\$ 3,538	\$ (3,542)	\$ 7,563	\$ (711)	\$ 5,265	\$ (6,787)	\$ (7,153)	\$ 7,931

Note: Terminology was revised for all years presented with the implementation of GASB Statement No. 63 and certain amounts were restated for consistency purposes.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Amounts Expressed in Thousands)

	Fiscal Year									
	2009	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016 ⁽²⁾	2017	2018
General Fund										
Reserved	\$ 356	\$ 179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	22,187	26,840	-	-	-	-	-	-	-	-
Non-spendable:										
Inventories	-	-	224	203	189	191	156	125	117	89
Prepaid items	-	-	14	16	31	14	128	-	641	320
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	483	450
Assigned to:										
Vehicles and equipment	-	-	2,221	2,449	2,553	1,803	1,318	884	1,138	601
Excess benefit plan	-	-	-	-	-	-	-	6,437	6,828	6,923
Subsequent year's expenditures	-	-	5,673	6,455	4,356	1,622	-	-	1,879	825
Unassigned	-	-	18,399	15,104	18,721	17,391	20,186	18,963	12,007	9,398
Total general fund	\$ 22,543	\$ 27,019	\$ 26,531	\$ 24,227	\$ 25,850	\$ 21,021	\$ 21,788	\$ 26,409	\$ 23,093	\$ 18,606
All Other Governmental Funds										
Reserved	\$ 2,419	\$ 3,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	22,832	23,516	-	-	-	-	-	-	-	-
Capital projects funds	8,448	7,433	-	-	-	-	-	-	-	-
Non-spendable:										
Prepaid items	-	-	-	-	141	-	-	-	48	16
Restricted for:										
Assets held for resale	-	-	5,552	3,145	1,177	816	6,608	9,476	8,925	9,172
Long-term receivable	-	-	2,327	1,805	1,214	1,337	1,253	1,341	1,922	1,851
Community redevelopment	-	-	-	-	-	1,308	-	663	2,738	3,762
Debt service	-	-	910	955	1,000	1,000	1,517	1,168	1,967	30
Capital projects	-	-	-	-	-	-	-	69,747	62,141	48,571
Developer agreements	-	-	2,623	1,628	502	560	1,502	956	1,274	1,738
Grant programs	-	-	-	-	-	922	366	525	-	4
Law enforcement	-	-	2,638	1,727	1,141	1,055	1,016	986	1,165	1,092
Transportation	-	-	2,764	2,919	2,639	626	346	-	143	194
Safe neighborhood districts	-	-	1,209	1,080	952	937	915	906	923	1,209
Assigned to:										
Computer equipment	-	-	22	22	22	-	-	-	-	-
Police outside services	-	-	79	118	140	151	177	-	-	83
Special revenue funds	-	-	14,243	13,230	7,672	-	-	-	-	-
Capital projects funds	-	-	5,207	4,991	4,054	1,415	365	-	-	-
Subsequent year's expenditure	-	-	-	-	4,054	3,038	-	-	-	-
Unassigned	-	-	-	-	(901)	-	(313)	(105)	(1,997)	(21)
Total all other governmental funds	\$ 33,699	\$ 34,769	\$ 37,574	\$ 31,620	\$ 23,807	\$ 13,165	\$ 13,752	\$ 85,663	\$ 79,249	\$ 67,701

⁽¹⁾ GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", redefined the components of the fund balance of governmental funds, implemented in FY 2011.
⁽²⁾ With the implementation of GASB Statement No. 73, the City is required to report the Excess Benefit Plan in the General Fund, as opposed to the pension Fund.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 31,854	\$ 33,114	\$ 29,194	\$ 28,923	\$ 28,799	\$ 30,397	\$ 30,347	\$ 32,159	\$ 37,902	\$ 39,517
Licenses, fees and permits	1,543	1,857	1,630	1,299	2,329	2,505	2,977	3,031	3,809	3,108
Fines and forfeitures	823	1,925	1,099	938	1,076	865	731	824	890	635
Charges for services	5,759	6,831	6,389	7,206	10,018	8,994	12,143	11,247	10,792	9,433
Intergovernmental	11,079	11,901	9,443	10,376	9,711	11,072	11,964	10,739	10,938	11,630
Investment earnings	1,528	896	513	385	246	216	383	1,014	1,732	2,074
Slot machine proceeds	1,749	1,707	1,922	1,818	1,719	1,649	1,603	1,677	1,475	1,131
Other revenues	4,851	6,385	6,262	6,648	7,800	11,409	7,686	9,456	8,144	9,201
Total revenues	59,186	64,616	56,452	57,593	61,698	67,107	67,834	70,147	75,682	76,729
Expenditures:										
Current:										
General government	9,501	9,632	9,236	9,463	9,244	9,904	9,002	10,655	10,998	12,683
Public safety	30,749	31,428	32,702	34,379	35,620	39,398	40,654	40,286	42,012	43,357
Physical environment	2,355	1,984	2,358	2,443	2,252	2,034	2,028	2,283	2,821	3,510
Transportation	1,416	1,137	937	1,031	1,637	1,909	1,742	1,922	1,763	1,878
Economic environment	2,728	6,376	3,578	6,736	4,680	4,843	4,421	5,693	5,265	5,118
Human services	1,098	859	944	1,140	2,698	2,098	1,837	2,301	2,066	1,849
Culture and recreation	2,120	2,067	2,081	2,290	2,563	3,569	3,773	5,435	5,299	4,324
Capital outlay	4,415	2,557	2,319	7,007	7,022	18,763	9,602	16,186	8,973	18,669
Debt service:										
Principal	891	830	865	910	955	955	1,000	2,450	3,370	3,750
Interest and fiscal charges	1,189	1,153	1,117	1,075	1,031	1,006	957	2,190	3,169	3,424
Total expenditures	56,462	58,023	56,137	66,474	66,702	84,479	75,016	89,401	85,736	98,562
Excess (deficiency) of revenues over (under) expenditures	2,724	6,593	315	(8,881)	(5,004)	(17,372)	(7,182)	(19,254)	(10,054)	(21,833)
Other financing sources (uses)										
Proceeds from the sale of capital assets	14	13	32	35	272	430	27	74	3	2,987
Transfers in	9,636	8,540	5,734	2,512	2,452	5,615	11,160	18,706	1,661	6,026
Transfers out	(7,225)	(9,601)	(6,414)	(2,833)	(3,518)	(5,615)	(7,030)	(16,695)	(1,339)	(4,526)
Issuance of long-term debt	-	-	-	-	-	-	-	86,748	-	1,308
Total other financing sources	2,425	(1,048)	(648)	(286)	(794)	430	4,157	88,833	325	5,795
Net change in fund balances	\$ 5,149	\$ 5,545	\$ (333)	\$ (9,167)	\$ (5,798)	\$ (16,942)	\$ (3,025)	\$ 69,579	\$ (9,729)	\$ (16,038)
Debt Service as a Percentage of Noncapital Expenditures	4.0%	3.6%	3.7%	3.3%	3.3%	3.0%	3.0%	6.3%	8.5%	9.2%

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 5
 TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Amounts Expressed in Thousands)

Fiscal Year	Ad Valorem	Franchise Fees	Utility	Communications Service	Sales	Motor Fuel	Alcoholic Beverage	Total
2009	\$ 23,395	\$ 2,891	\$ 3,560	\$ 2,007	\$ 1,936	\$ 714	\$ 18	\$ 34,521
2010	24,740	2,601	3,783	1,989	2,078	718	28	35,937
2011	20,972	2,639	3,853	1,730	2,030	653	30	31,907
2012	20,600	2,581	3,948	1,794	2,084	639	22	31,668
2013	20,579	2,519	4,123	1,578	2,223	642	23	31,687
2014	21,819	2,696	4,363	1,520	2,339	911	19	33,667
2015	21,752	2,708	4,420	1,467	2,472	1,057	18	33,894
2016	23,786	2,640	4,383	1,350	2,526	1,010	17	35,712
2017	29,365	2,699	4,557	1,280	2,534	710	15	41,160
2018	30,951	2,656	4,647	1,262	2,677	705	14	42,912

Change 2009 - 2018	32.3%	-8.1%	30.5%	-37.1%	38.3%	-1.3%	-22.2%	24.3%
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Notes: Property in Broward County is reassessed once every year, on average. The county assesses property at approximately 85-100% of actual value for commercial and industrial property and 85-100% for residential property, as required by Florida law. Estimated actual taxable value is calculated by dividing taxable value by those percentages. Tax rates are \$1,000 of assessed value. Finally some amounts were restated for consistency purposes.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 6
PROPERTY TAX RATES - DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Tax roll year	Direct City Rate ⁽¹⁾										Overlapping Rates									
	City of Hallandale Beach					Broward County BOCC					School Board of Broward County					Total Direct & Overlapping Rates				
	Fiscal Year	Operating Millage	Debt Service Millage	Total Hallandale Beach	Total	Operating Millage	Debt Service Millage	Total Broward County BOCC	Operating Millage	Debt Service Millage	Total School District	Operating Millage	Debt Service Millage	Total School District	Florida Inland Navigation District	So Florida Water Management District	Children's Services Council	South Broward Hospital District	Golden Isles Safe Neighborhood District ⁽²⁾	Three Islands Safe Neighborhood District ⁽²⁾
2008	2009	4.9818	-	4.9818	4.8889	0.4256	5.3145	7.4170	-	7.4170	0.6240	0.0345	0.3754	1.1913	0.0345	0.6240	0.4243	1.2732	1.0934	0.6600
2009	2010	5.9000	-	5.9000	4.8889	0.5000	5.3889	7.4310	-	7.4310	0.6240	0.0345	0.4243	1.2732	0.0345	0.6240	0.4243	1.2732	1.0934	0.6600
2010	2011	5.9000	-	5.9000	5.1021	0.4509	5.5530	7.6310	-	7.6310	0.6240	0.0345	0.4696	1.2732	0.0345	0.6240	0.4696	1.2732	1.0934	0.6600
2011	2012	5.9000	-	5.9000	5.1860	0.3670	5.5530	7.4180	-	7.4180	0.4363	0.0345	0.4789	0.7500	0.0345	0.4363	0.4789	0.7500	1.0934	0.6600
2012	2013	5.6833	-	5.6833	5.2576	0.2954	5.5530	7.4560	-	7.4560	0.4289	0.0345	0.4902	0.6000	0.0345	0.4289	0.4902	0.6000	1.0934	0.6600
2013	2014	5.6833	-	5.6833	5.4400	0.2830	5.7230	7.4800	-	7.4800	0.4110	0.0345	0.4882	0.4000	0.0345	0.4110	0.4882	0.4000	1.0934	0.6600
2014	2015	5.1918	-	5.1918	5.4584	0.2646	5.7230	7.4380	-	7.4380	0.3842	0.0345	0.4882	0.1863	0.0345	0.3842	0.4882	0.1863	1.0934	0.6600
2015	2016	5.1918	-	5.1918	5.4741	0.2489	5.7230	7.2030	0.0710	7.2740	0.3551	0.0320	0.4882	0.1737	0.0320	0.3551	0.4882	0.1737	1.0934	0.6600
2016	2017	5.1918	0.6080	5.7998	5.4474	0.2216	5.6690	6.8360	0.0703	6.9063	0.3307	0.0320	0.4882	0.1615	0.0320	0.3307	0.4882	0.1615	1.0934	0.6600
2017	2018	5.3093	0.4905	5.7998	5.4623	0.2067	5.6690	6.4740	0.0654	6.5394	0.3100	0.0320	0.4882	0.1496	0.0320	0.3100	0.4882	0.1496	1.0934	0.6600

Note: Tax millage rates (per \$1,000 of taxable value).

Source: Broward County Department of Revenue; Broward County Property Appraiser.

⁽¹⁾ Effective Fiscal year 2017 (Tax Roll Year 2016), the City's millage rate consists of both an operating millage and a debt service millage.

⁽²⁾ Safe Neighborhood Districts are not included in total tax rate, as these do not apply to entire City.

CITY OF HALLANDALE BEACH, FLORIDA
 SCHEDULE 7
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGC

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Gulfstream Park Racing Assn/Casino	\$ 231,009,104	1	4.300%	\$ 168,904,392	1	3.462%
Florida Power & Light Co.	46,627,524	2	0.868%	27,791,227	5	0.570%
17070 Collins Ave. Shopping Ctr	40,960,890	3	0.762%	42,720,650	3	0.876%
Three Islands Associates Residential/Retail	31,125,253	4	0.579%	27,689,400	6	0.568%
Hollywood Greyhound Track Investment Corp.	25,704,810	5	0.478%	28,563,900	4	0.586%
Hallandale Group Limited Partnership	20,913,586	6	0.389%	-	-	-
2500 Hallandale Beach, LLC - Receiver Inc.	20,200,780	7	0.376%	17,627,880	9	0.361%
Village at Gulf Stream Park, LLC	20,040,700	8	0.373%	-	-	-
Romagnole Investment Properties, LLC	17,568,970	9	0.327%	-	-	-
Wal-Mart Stores, Inc.	16,719,109	10	0.311%	15,371,723	10	0.315%
Ocean Marine Yacht Club, LLC	-	-	-	76,411,660	2	1.566%
Diplomat Properties Ltd. Partnership	-	-	-	25,066,868	7	0.514%
600 Hallandale, LLC	-	-	-	19,918,500	8	0.408%
Total	\$ 470,870,726		8.765%	\$ 450,066,200		9.226%

Source: Broward County, Florida, Department of Revenue.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 8
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Amounts Expressed in Thousands)

Fiscal Year Ended September 30th	Digest Tax Year	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount ⁽²⁾	Percentage of Levy		Amount ⁽²⁾	Percentage of Levy
2009	2008	\$ 24,950	\$ 23,891	95.76%	\$ 869	\$ 24,760	99.24%
2010	2009	24,832	24,187	97.40%	377	24,564	98.92%
2011	2010	21,343	21,061	98.68%	1	21,062	98.69%
2012	2011	21,237	21,161	99.64%	-	21,161	99.64%
2013	2012	21,117	21,093	99.89%	-	21,093	99.89%
2014	2013	22,534	22,487	99.79%	-	22,487	99.79%
2015	2014	22,681	22,504	99.22%	-	22,504	99.22%
2016	2015	24,721	24,594	99.49%	3	24,597	99.50%
2017	2016	30,435	30,299	99.55%	49	30,348	99.71%
2018	2017	31,814	31,625	99.41%	-	31,625	99.41%

Source: Broward County, Florida, Department of Revenue.

⁽¹⁾ Amounts include Golden Isles, Three Islands Safe Neighborhood Districts, and the Hallandale Beach Community Redevelopment Agency, which are component units of the City of Hallandale Beach, Florida.

⁽²⁾ Gross amounts presented (does not include discounts, interest & penalties, etc.).

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE 9
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Amounts Expressed in Thousands)**

Fiscal Year	Real Property ⁽¹⁾			Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (mills)	Estimated Actual Taxable Value ⁽²⁾	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Property						
2009	\$5,314,439	\$ 682,485	\$ 150,501	\$ 134,656	\$ 1,383,597	\$ 4,898,484	4.9818	\$ 6,282,081	78.0%
2010	4,171,536	720,600	152,985	126,396	1,037,262	4,134,255	5.9000	5,171,517	79.9%
2011	3,360,656	702,187	178,327	116,524	807,371	3,550,323	5.9000	4,357,694	81.5%
2012	3,314,833	729,340	188,369	114,532	797,854	3,549,220	5.9000	4,347,074	81.6%
2013	3,421,664	712,733	191,941	108,570	803,365	3,631,543	5.8833	4,434,908	81.9%
2014	3,778,517	714,609	185,921	120,434	921,193	3,878,288	5.6833	4,799,481	80.8%
2015	4,564,963	748,318	188,137	121,879	1,375,207	4,248,090	5.1918	5,623,297	75.5%
2016	5,043,846	773,600	193,328	128,697	1,514,373	4,625,098	5.1918	6,139,471	75.3%
2017	5,462,533	818,576	214,874	167,335	1,536,431	5,126,887	5.1918	6,663,318	76.9%
2018	5,659,280	863,001	223,657	154,518	1,494,759	5,405,697	5.3093	6,900,456	78.3%

Source: Broward County Revenue Collection Division.

⁽¹⁾ Based on market values.

⁽²⁾ Includes tax exempt properties.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 11
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
 (Amounts Expressed in Thousands except per Capita)

Fiscal Year	G.O. Bonds Series 2016	Assessed Value of Taxable Property ⁽¹⁾	Percentage of Estimated Actual Taxable Value	Population ⁽²⁾	Per Capita
	\$	\$			\$
2009	-	4,898,484	0.00%	37,400	-
2010	-	4,134,255	0.00%	37,117	-
2011	-	3,550,323	0.00%	37,113	-
2012	-	3,549,220	0.00%	37,732	-
2013	-	3,631,543	0.00%	38,391	-
2014	-	3,878,288	0.00%	38,273	-
2015	-	4,248,090	0.00%	38,424	-
2016	61,766	4,625,098	1.34%	38,621	1.60
2017	60,462	5,126,887	1.18%	38,746	1.56
2018	59,197	5,405,697	1.10%	39,054	1.52

⁽¹⁾ See Assessed Value and Estimated Actual Value of Taxable Property Table (Schedule 9) for property value data.

⁽²⁾ See Demographic and Economic Statistics Table (Schedule 14) for population data.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Debt balances are inclusive of related premiums and discounts.

The current ordinances of the City of Hallandale Beach do not specify a legal debt margin.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 12
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2018

Jurisdiction	Net debt Outstanding	Percentage applicable to City of Hallandale Beach	Amount applicable to City of Hallandale Beach
Overlapping:			
Broward County	\$ 193,497,000 ⁽¹⁾	3.055%	\$ 5,910,390
Broward School District	151,991,000 ⁽²⁾	2.807%	4,265,971
Subtotal, overlapping debt	<u>345,488,000</u>		<u>10,176,361</u>
Direct Debt:			
City of Hallandale Beach	95,397,110	100.000%	95,397,110
Total direct and overlapping debt	<u>\$ 440,885,110</u>		<u>\$ 105,573,471</u>

⁽¹⁾ Source: Broward County, Florida

⁽²⁾ Source: School Board of Broward County, Florida

Note: The percentage of overlapping debt is estimated using taxable assessed property values. Value that is within the City boundaries are divided by the County's and School Board's total taxable assessed value.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 13
PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal year	Utility Revenue Bonds, 2014A and Series 2012 Revenue Note ⁽¹⁾ (2)										State Revolving Loan Fund										Rev. Note Series 2002, Rev. Bonds 2007A and Refunding Rev. Bonds, Series 2016 ⁽³⁾										HBCRA Redevelopment Revenue Bonds									
	Less:					Net					Net					Net					Net					Net					Net									
	Utility Service Charges	Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Available Revenue ⁽⁴⁾	Debt Service Principal	Debt Service Interest	Coverage	Pledged Revenue ⁽⁵⁾	Debt Service Principal	Debt Service Interest	Coverage	Pledged Revenue ⁽⁵⁾	Debt Service Principal	Debt Service Interest	Coverage	Pledged Revenue ⁽⁶⁾	Debt Service Principal	Debt Service Interest	Coverage	Pledged Revenue ⁽⁶⁾	Debt Service Principal	Debt Service Interest	Coverage	Pledged Revenue ⁽⁶⁾	Debt Service Principal	Debt Service Interest	Coverage										
2009	23,115,163	18,184,821	4,930,342	520,000	562,540	4.55	4,930,342	520,000	562,540	4.55	37,137,163	96,385	1,035	1,035	680,000	1,301,576	1,301,576	17.86	-	-	-	-	-	-	-	-	-	-	-	-	-									
2010	22,934,776	20,701,617	2,233,159	545,000	507,178	2.12	2,233,159	545,000	507,178	2.12	41,379,803	-	-	-	795,000	1,187,552	1,187,552	20.87	-	-	-	-	-	-	-	-	-	-	-	-	-									
2011	23,615,907	20,246,971	3,368,936	565,000	484,653	3.21	3,368,936	565,000	484,653	3.21	36,203,914	-	-	-	830,000	1,153,092	1,153,092	18.26	-	-	-	-	-	-	-	-	-	-	-	-	-									
2012	23,932,305	22,512,735	1,419,570	370,000	306,465	2.10	1,419,570	370,000	306,465	2.10	37,801,983	-	-	-	865,000	1,117,215	1,117,215	18.93	-	-	-	-	-	-	-	-	-	-	-	-	-									
2013	25,602,349	22,725,740	2,876,609	390,000	292,378	4.28	2,876,609	390,000	292,378	4.28	44,239,028	-	-	-	910,000	1,055,925	1,055,925	22.50	-	-	-	-	-	-	-	-	-	-	-	-	-									
2014	25,789,203	22,840,398	2,948,805	395,000	277,390	4.39	2,948,805	395,000	277,390	4.39	30,906,838	-	-	-	955,000	1,012,750	1,012,750	15.71	-	-	-	-	-	-	-	-	-	-	-	-	-									
2015	25,136,776	22,753,653	2,383,123	410,000	263,046	3.54	2,383,123	410,000	263,046	3.54	51,649,089	-	-	-	1,000,000	965,000	965,000	26.28	-	-	-	-	-	-	-	-	-	-	-	-	-									
2016	25,097,771	24,165,992	931,779	785,000	142,966	1.00	931,779	785,000	142,966	1.00	25,269,135	-	-	-	1,050,000	888,750	888,750	13.03	-	-	-	-	-	-	-	-	-	-	-	-	-									
2017	25,432,288	23,833,939	1,598,329	800,000	127,068	1.72	1,598,329	800,000	127,068	1.72	22,867,207	-	-	-	1,105,000	85,625	85,625	12.19	-	-	-	-	-	-	-	-	-	-	-	-	-									
2018	29,879,915	19,984,746	9,895,169	815,000	116,302	10.63	9,895,169	815,000	116,302	10.63	24,813,617	-	-	-	1,160,000	29,000	29,000	10.13	-	-	-	-	-	-	-	-	-	-	-	-	-									
							6,210,067	13,079	3,122	383.31					285,000	976,038	976,038																							

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

(1) In 2012, the Series 2001A Bonds were refunded with the issuance of the Series 2012 Revenue Note.

(2) In 2014, the Series 2005A Bonds were refunded with the issuance of Series 2014A Bonds.

(3) In 2016, the City issued Capital Improvement Refunding Revenue Bonds, Series 2016 to partially advance refund the Revenue Bonds, Series 2007A.

(4) Pledged revenues for the State Revolving Fund Loan are defined as gross revenues derived yearly from the operation of the water and sewer systems after operation and maintenance expenses and the satisfaction of yearly payment obligations on senior obligations (Series 2014A and 2012 Revenue Notes).

(5) Pledged revenues for the Revenue Note, Series 2002, Revenue Bonds 2007A, and Refunding Revenue Bonds, Series 2016 are Non-Ad Valorem revenues other than water and sewer revenues.

(6) Pledged revenues for the HBCRA Redevelopment Revenue Bonds are tax increment revenues and water public service tax revenues.

CITY OF HALLANDALE BEACH, FLORIDA
SCHEDULE 14
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Broward County Per capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Unemployment Rate		Public School Enrollment ⁽⁶⁾
					Broward County	Hallandale Beach	
2009	37,400	\$ 1,459,909,000	\$ 39,035	50.9	9.80%	10.70% ⁽⁴⁾	3,070
2010	37,117	1,486,535,850	40,050	50.9	10.60%	12.10% ⁽⁴⁾	2,933
2011	37,113	1,532,952,465	41,305	46.7	9.00%	10.40% ⁽⁴⁾	2,850
2012	37,732	1,580,442,552	41,866	46.7	7.90%	8.90% ⁽⁴⁾	2,777
2013	38,391	1,599,253,887	41,657	46.7	6.70%	7.10% ⁽⁴⁾	3,299
2014	38,273	1,656,570,259	43,283	46.7	5.80%	6.00% ⁽⁴⁾	2,928
2015	38,424	1,725,583,416	44,909	46.7	4.90%	5.40% ⁽⁵⁾	3,506
2016	38,621	1,811,556,626	46,906	46.7	4.60%	4.90% ⁽⁵⁾	2,988
2017	38,746	1,886,155,280	48,680	46.7	3.30%	4.10% ⁽⁵⁾	2,992
2018	39,054	*	*	46.2	3.10%	3.60% ⁽⁵⁾	2,834

⁽¹⁾ Source: University of Florida, Bureau of Economic and Business Research for Hallandale Beach (estimates).

⁽²⁾ Source: U.S. Department of Commerce, Bureau of Economic Analysis for year ended December 31.

⁽³⁾ Source: 2010 U. S. Census.

⁽⁴⁾ Source: U.S. Department of Labor, Bureau of Labor Statistics.

⁽⁵⁾ Source: FL Unemployment Rate & Employment.

⁽⁶⁾ Source: Broward County Public Schools.

* Data not yet available.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 15
 PRINCIPAL EMPLOYERS
 CURRENT AND NINE YEARS AGO

Employer	2018			2009		
	Employees	Rank	% of total City Employment	Employees	Rank	% of total City Employment
Gulfstream Park Racing & Casino	1,144	1	6.353%	1,067	1	6.576%
City of Hallandale Beach	540	2	2.999%	465	3	2.866%
Wal-Mart Stores, Inc.	404	3	2.243%	255	5	1.572%
The Big Easy Casino	368	4	2.044%	729	2	4.493%
School Board of Broward County	282	5	1.566%	387	4	2.385%
Publix Supermarket	200	6	1.111%	225	6	1.387%
Winn Dixie Supermarkets	189	7	1.050%	203	7	1.251%
Burlington Coat Factory	117	8	0.650%			
US Post Office	114	9	0.633%			
Diplomat Beach Resort	96	10	0.533%	82	8	0.505%
Kelley Chevrolet				80	9	0.493%
Smith Barney				43	10	0.265%
	<u>3,454</u>		<u>19.182%</u>	<u>3,536</u>		<u>21.793%</u>

Source: Individual employers and State of Florida Unemployment Statistics.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 16
 BUDGETED FULL-TIME POSITIONS FOR CITY EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Commission	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General Government	8.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	7.00	7.74
Management	-	-	-	-	-	-	-	-	-	3.00
Budget program and monitoring	4.00	4.00	4.00	4.00	5.00	4.00	4.00	5.00	5.00	5.00
General services/procurement department	4.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	5.00
City attorney	9.75	9.75	9.77	11.77	11.75	11.77	11.00	13.00	13.00	11.00
Finance	5.00	5.00	5.00	5.00	5.00	5.00	6.00	7.00	8.00	7.00
Innovation technology	5.00	5.00	5.92	5.20	5.94	5.77	5.50	6.50	6.50	5.82
Personnel	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City clerk	28.75	22.62	24.00	21.00	22.20	26.00	26.00	28.00	29.00	30.50
Development services	2.00	1.50	-	-	-	2.00	4.00	4.00	3.00	5.00
Other										
Police										
Officers	101.00	98.00	95.00	99.00	113.47	98.47	98.00	99.50	103.00	107.12
Civilians	41.00	40.52	38.54	37.00	22.27	39.27	39.22	39.50	39.50	35.50
Fire										
Paramedics, firefighters, officers	78.00	75.00	75.00	75.00	87.62	77.00	77.00	77.00	77.00	77.00
Civilians	3.00	2.00	3.00	3.00	4.00	14.85	14.15	14.13	14.13	13.69
Public Works										
Administration	5.76	3.00	5.00	5.00	4.00	1.00	1.00	1.00	3.00	1.00
Equipment maintenance	10.75	9.75	8.77	8.77	8.77	-	-	-	-	-
Grounds maintenance	16.54	14.76	13.77	15.81	15.81	9.31	9.52	9.50	9.50	10.50
Building maintenance	11.28	9.52	11.31	10.29	8.00	8.00	8.00	8.00	8.00	8.00
Human services	10.10	10.15	10.31	9.80	11.67	11.95	13.94	19.30	18.30	22.27
Parks and recreation	31.12	29.04	27.40	29.67	43.46	56.37	60.95	72.43	75.43	63.90
Transportation	4.25	3.27	3.27	4.77	10.77	10.77	10.63	10.63	10.63	10.00
Sanitation	22.29	24.00	23.93	22.54	24.41	27.85	26.78	25.75	23.75	20.00
Cemetery	-	1.76	1.77	1.77	1.77	1.77	2.26	2.25	2.25	2.25
Water	40.50	45.03	44.31	43.56	47.02	47.77	46.88	46.88	47.51	47.50
Stormwater	5.53	7.52	6.54	2.00	2.00	4.00	5.00	5.00	5.00	7.63
Sewer	16.00	15.00	14.00	12.00	12.00	12.00	12.00	12.00	13.00	11.00
Marina	-	-	-	-	2.25	1.54	1.26	1.25	-	-
Fleet services	-	-	-	-	8.77	9.00	10.00	10.00	9.00	9.00
Risk management	-	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	471.62	455.19	449.61	446.95	497.95	507.46	515.09	539.62	544.50	536.42

Source: City Budget Office.

Notes: A full-time employee is scheduled to work 2,088 hours per year, including holidays, vacation and sick leave
 Full-time equivalent employment is calculated by dividing total labor hours by 2,088

CITY OF HALLANDALE BEACH, FLORIDA

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Development Services										
Building permits issued	2,704	3,390	3,261	3,403	3,377	3,435	5,368	3,589	3,738	4,633
Building inspections conducted	10,387	9,556	8,934	9,624	10,179	13,028	13,028	10,711	11,347	14,156
Police										
Physical arrests	1,524	1,610	1,222	1,383	1,305	1,281	1,281	964	621	714
Parking violations	3,093	2,382	2,090	2,263	1,850	1,335	1,335	2,079	2,581	2,506
Traffic violations	10,434	10,085	9,127	12,001	12,623	11,709	11,709	10,067	7,082	12,049
Fire										
EMS responses	5,192	4,719	5,690	5,938	6,304	6,275	6,275	6,436	6,114	5,846
Other emergency responses	2,466	2,025	2,413	2,622	2,466	2,344	2,344	2,465	2,778	2,686
Fires	122	108	117	113	98	93	93	102	101	89
Inspections	1,467	1,713	2,294	2,438	2,641	2,276	2,276	2,077	3,199	3,115
Refuse Collection										
Refuse collected (tons per year)	26,611	22,766	24,315	26,652	25,885	26,321	26,321	26,489	24,954	24,408
Other Public Works										
Street resurfacing (miles)	6	4	-	-	-	-	-	-	-	-
Number of streets repaired	685	673	796	667	827	1,590	1,590	973	894	852
Asphalt used (tons)	125	334	258	217	99	101	101	116	159	116
Parks and Recreation										
Summer camp participants	194	63	70	66	89	125	125	125	125	100
Athletic teams	76	84	78	76	-	-	-	97	99	105
Water										
New/Replacement connections	86	47	7	48	32	34	34	6,752	71	18
Average daily consumption (1000's of gallons)	5,516	5,313	5,493	5,801	5,461	6,220	6,220	6,406	5,990	6,000
Peak daily consumption (1000's of gallons)	6,890	6,570	6,400	7,738	6,890	7,517	7,517	7,341	6,542	6,700
Wastewater										
Average daily sewage transmitted (1000's of gallons)	6,906	6,483	7,286	6,936	7,049	6,965	6,965	7,113	7,113	6,792
Transit										
Total route miles per year	99,505	99,505	99,505	152,047	152,047	152,047	152,047	151,488	150,358	179,520
Passengers per year	163,370	178,461	211,298	264,577	246,592	265,545	265,545	251,559	234,260	278,559

Sources: Various City departments.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 18
 CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
Refuse collection										
Collection trucks	18	20	20	20	20	20	20	20	20	20
Other public works										
Streets (miles)	67	74	74	74	74	74	74	74	74	74
Sidewalks (miles)	41	42	42	43	43	43	43	43	43	43
Streetlights	1,391	1,391	1,391	1,391	1,391	1,391	1,391	1,391	1,391	1,391
Traffic signals	42	42	42	42	42	42	42	42	42	42
Parks and recreation										
Playgrounds	10	10	10	10	11	11	10	10	10	10
Baseball/softball diamonds	4	4	4	4	4	3	2	2	2	-
Outdoor pavilions	7	7	7	7	7	10	13	13	13	15
Community centers	5	5	5	5	5	5	5	5	5	5
Pool	1	1	1	1	1	2	2	2	2	1
Tennis courts	14	14	14	14	14	14	14	14	14	12
Water										
Water mains (miles)	79	79	80	80	80	80	81	81	81	81
Fire hydrants	554	554	554	572	572	572	578	578	578	578
Storage capacity (millions of gallons)	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	5.0	4.7
Wastewater										
Sanitary sewers (miles)	73	73	73	73	73	73	72	72	72	72
Storm sewers (miles)	38	39	40	40	40	40	41	41	41	41
Transmission capacity (millions of gallons per day)	6.65	6.65	6.65	6.65	6.65	6.65	6.65	6.65	7.00	7.00

Sources: Various City departments.
 Note: No capital asset indicators are available for the general government functions.

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CITY OF HALLANDALE BEACH, FLORIDA

COMPLIANCE REPORTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

CITY OF HALLANDALE BEACH, FLORIDA
COMPLIANCE REPORTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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CITY OF HALLANDALE BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
(Passed through Broward County Community Development Division)				
Community Development Block Grants - Entitlement Cluster				
43rd Year CDBG - Friends of the Hepburn Center				
After School Tutorial Enrichment Program	14.218	NA	\$ 91,121	\$ -
42nd Year CDBG - Public Works Improvement Project	14.218	NA	109,842	-
Total U.S. Department of Housing and Urban Development			<u>200,963</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct:				
Bulletproof Vest Partnership Program 2016	16.607	NA	6,323	-
Bulletproof Vest Partnership Program 2017	16.607	NA	105	-
Federal Equitable Sharing Program	16.922	FL0060400	202,560	-
Subtotal direct programs			<u>208,988</u>	<u>-</u>
(Passed through Broward County Sheriff's Office)				
Edward Byrne Memorial Justice Assistance Grant 2015	16.738	2015-DJ-BX-1021	14,691	-
Edward Byrne Memorial Justice Assistance Grant 2016	16.738	2016-DJ-BX-0574	17,613	-
Subtotal indirect programs			<u>32,304</u>	<u>-</u>
Total U.S. Department of Justice			<u>241,292</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Federal Equitable Sharing Program	21.016	FL0060400	4,776	-
Total U.S. Department of Treasury			<u>4,776</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
(Passed through the Florida Department of Transportation)				
USF High Visibility Enforcement - Pedestrian and Bicycle Safety (Highway Planning and Construction Cluster)	20.205	G0023	12,461	-
Total U.S. Department of Transportation			<u>12,461</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
(Passed through Florida Department of Health and Rehabilitative Services)				
Area-wide Council on Aging of Broward County, Inc.: Special Programs for the Aging, Title III, part B - Aging Cluster	93.044	JA118-78-2018	44,372	-
Programs for the Aging, Title III, part B - Aging Cluster	93.044	JA117-78-2017	26,173	-
Total U.S. Department of Health and Human Services			<u>70,545</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Direct:				
Assistance to Firefighters (noncash award)	97.044	EMW-2016-FR-00316	70,000	-
Assistance to Firefighters - Fire prevention and Safety Grant	97.044	EMW-2016-FP-00772	12,858	-
Subtotal direct programs			<u>82,858</u>	<u>-</u>
(Passed through Broward County EFSP Board)				
Emergency Food & Shelter National Board Program-Phase 34	97.024	NA	2,946	-
(Passed through the State of Florida Division of Emergency Management)				
Hazard Mitigation - Northeast Drainage Project	97.039	17-HM-3B-11-16-02-213	391,031	-
Subtotal indirect programs			<u>393,977</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>476,835</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,006,872</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Hallandale Beach, Florida (the "City") under programs of the federal government for the year ended September 30, 2018. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in net position or cash flows of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All awards received directly from federal and state agencies, as well as amounts passed through other government agencies are included in the accompanying schedule of expenditures of federal awards.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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



**INDEPENDENT AUDITOR'S 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**

**To the Honorable Mayor, City Commission
and City Manager
Hallandale Beach, Florida**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hallandale Beach, Florida (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the Police Officers and Firefighters' Personnel Retirement Trust, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or on compliance and other matters that are reported separately by those auditors. Our report also includes reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, as of October 1, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Finding

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

Purpose of this Report

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



Bradenton, Florida
May 31, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

**To the Honorable Mayor, City Commission
and City Manager
Hallandale Beach, Florida**

Report on Compliance for Each Major Federal Program

We have audited the City of Hallandale Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal programs 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

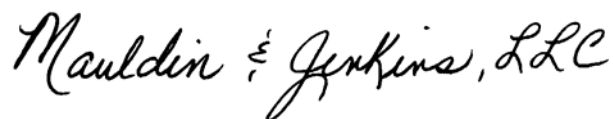
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 31, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Bradenton, Florida
May 31, 2019

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for
major federal programs and state financial assistance Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the Uniform Guidance? Yes No

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.039	U.S. Department of Homeland Security Hazard Mitigation Grants
97.044	U.S. Department of Homeland Security Assistance to Firefighters

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

2018-001 Governmental Fixed Assets

Criteria	Prudent policies include a formal closing process with supervisory Finance Department personnel who are responsible for the review of transactions and balances recorded. This includes evaluating construction projects in process, as well as completed construction projects, to ensure that all costs incurred to place the asset into service are properly capitalized in accordance with generally accepted accounting principles.
Condition/Context	During the course of our audit procedures over capital assets for the fiscal year ended September 30, 2018, management indicated that there were items that should have been capitalized as part of construction projects in prior fiscal years that had not been reported. This resulted in a current year adjustment to correct governmental capital asset account balances.
Cause	In prior years, the City failed to properly evaluate construction projects to ensure that all costs related to placing the asset into service were properly accounted for and capitalized.
Effect	An adjustment was required to be recorded in the City's governmental activities to increase the capital asset balances.
Recommendation	We recommend that the City establish a process in which it evaluates construction projects to ensure that all costs incurred to place the asset in service are captured and properly recorded on at least an annual basis.
Views of Responsible Officials	The City concurs with the auditor's findings and recommendations for establishing a process to evaluate construction projects that ensures that all costs incurred are properly recorded on a timely basis. See corrective action plan for additional information.

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

CITY OF HALLANDALE BEACH, FLORIDA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

STATUS OF PRIOR YEAR AUDIT FINDINGS

2017-001 Financial Close and Reporting

Criteria Prudent policies include a formal closing process with supervisory finance department personnel who are responsible for the review of transactions and balances recorded. This includes implementing a year-end closing checklist assigning responsibility for completing the procedures to specific City personnel. Timeliness of closing procedures is crucial to providing accurate financial information including interim and year-end financial statements.

Condition During the course of our audit procedures for the fiscal year ended September 30, 2017, there were auditor adjusting journal entries required to correct account balances. These entries are noted below:

- Record debt service payment for the 2007A bonds as a reduction of cash and an increase in expense.
- Record adjustments to the CRA loan receivables and reclassifications between revenue and expenditure accounts to properly reflect the September 30, 2017, balances.

Status Resolved.

2017-002 Noncompliance with Florida Statute 218.415, Local Government Investment Policies

Criteria Florida Statute 218.415 states, investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body.

Condition/Cause As a result of the implementation of GASB 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*, investments related to the City's Professional/Management Retirement Plan's (the Plan) excess benefit plan are required to be reported as assets of the City and not in the Plan's pension trust fund. Approximately \$6,800,000 was invested in domestic and international equity investment funds, which are not in compliance with the City's investment policy.

Status Resolved.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

**To the Honorable Mayor, City Commission
and City Manager
Hallandale Beach, Florida**

Report on the Financial Statements

We have audited the financial statements of the City of Hallandale Beach, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 31, 2019. We did not audit the financial statements of the Police Officers' and Firefighters' Personnel Retirement Trust which represents 66% of the assets, 67% of the net position, and 57% of the revenues of the City's aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Officers' and Firefighters' Personnel Retirement Trust is based solely on the report of the other auditors.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; 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, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and 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.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have a recommendation to improve financial management noted as item MLC 2018-001 in Appendix A.

Special District Component Units


Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

Additional Matters

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

Purpose of this Letter

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



Bradenton, Florida
May 31, 2019

CITY OF HALLANDALE BEACH, FLORIDA
APPENDIX A – CURRENT YEAR RECOMMENDATIONS
TO IMPROVE FINANCIAL MANAGEMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

MLC 2018-001 – Operating Account Bank Reconciliation

Observation

During our testing of the City's operating cash account, which is pooled across most all City funds, we noted that the bank reconciliation was not finalized in a timely manner and was not provided to us for audit until late May 2019. Additionally, we noted a reconciling item in the amount of approximately \$291,000 that was not supported by proper documentation. This resulted in a proposed and passed audit adjustment in the City's current financial statements.

Recommendation

We noted that the difference mentioned above related to fiscal year 2013 and is currently being investigated by finance staff to determine the appropriate course of action. We however, recommend the City complete its bank reconciliations in a timely manner and ensure that all reconciling items are supported by adequate documentation. Differences should be investigated immediately and adjustments/corrections made timely to ensure accurate financial information is being provided to the City Commission on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions

The City concurs with the observation and recommendation above. The reconciling item was caused by a correcting journal entry relating to fiscal year 2013. City staff is currently investigating the difference to clear the item and expects to have it corrected in fiscal year 2019.



INDEPENDENT ACCOUNTANT'S REPORT

**To the Honorable Mayor, City Commission
and City Manager
Hallandale Beach, Florida**

We have examined the City of Hallandale Beach, Florida's (the "City") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2018. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Bradenton, Florida
May 31, 2019



CORRECTIVE ACTION PLAN
May 31, 2019

The City of Hallandale Beach respectfully submits the following corrective action plan for the year ended September 30, 2018.

CORRECTIVE ACTION PLAN
2CFR § 200.511(c)

Finding 2018-001: Governmental Fixed Assets

EMIL LOPEZ
Finance Director

The City concurs with the auditor's findings and recommendations for establishing a process to evaluate construction projects that ensures that all costs incurred are properly recorded on a timely basis.

During fiscal year 2018, various internal control deficiencies were identified by management relating to the capital assets reporting process. As a result, finance staff evaluated all completed and ongoing construction projects to identify any unrecorded transactions. This resulted in a correction of approximately \$2.2 million in unrecorded capital assets primarily consisting of prior year capital related expenditures charged to noncapital accounts.

Joy D. Adams
Mayor

Sabrina Javellana
Vice Mayor

Mike Butler
Commissioner

Michele Lazarow
Commissioner

Anabelle Lima-Taub
Commissioner

In addition, the City recently hired a new Controller in March 2019 with the skills, knowledge and experience to continue the Finance Department's dedicated effort to improve internal control over capital assets reporting. The Controller has been tasked with updating the City's current fixed asset policies, improve current standard operating procedures, implementing the changes across City departments and transitioning the process to an accountant position that is currently vacant. The improved process will include stronger internal controls over acquiring and safeguarding capital assets, depreciating capital assets, disposing of capital assets, maintaining an accurate and complete capital assets subledger, and assessing assets for impairment.

The Administration is committed to establishing and maintaining effective controls of the City's financial activities and providing accurate financial information. We anticipate internal control deficiencies over capital assets reporting to be fully corrected for fiscal year ending September 30, 2019 as we are in the process of developing additional policies and procedures during the current fiscal year.

Anticipated Completion Date: September 2019

Person(s) Responsible:

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Finance Department
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Hallandale Beach, Florida 33009-6433
954.457.1370
For more information visit our website
www.cohb.org

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