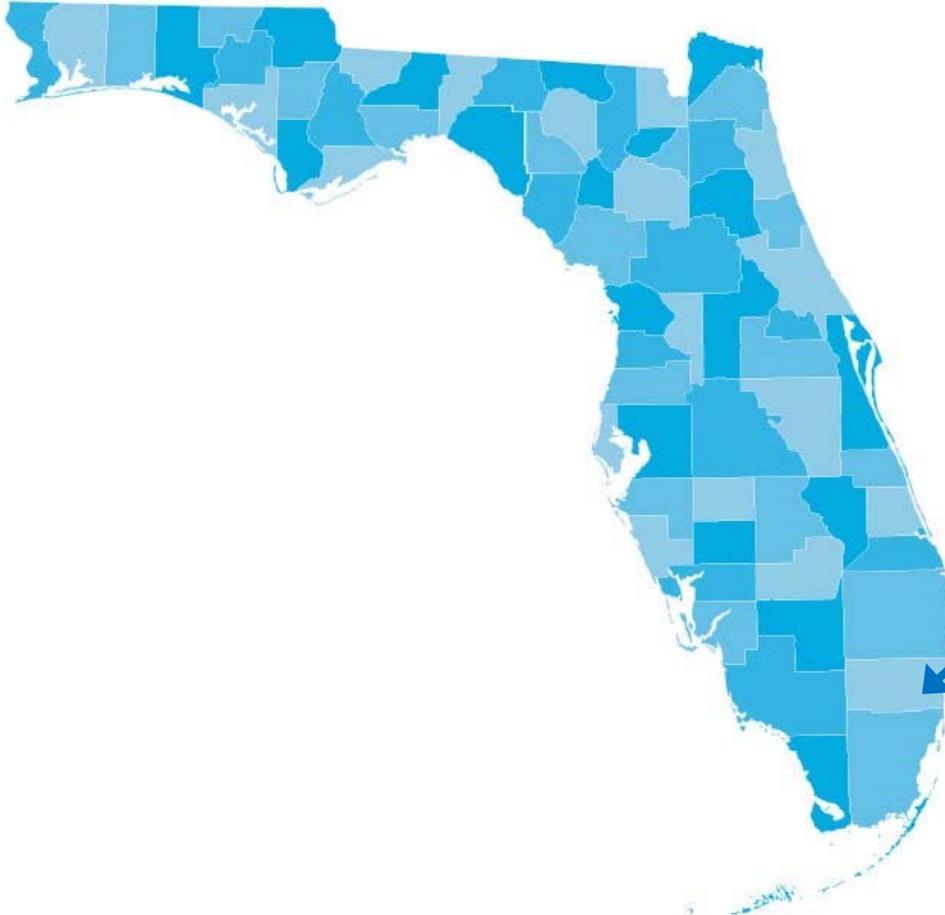


COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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**CITY OF HALLANDALE BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2017**



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, 2017

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Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Introductory Section



June 11, 2018

Office of the City
Manager

Roger M. Carlton
City Manager

Keith S. London
Mayor

Michele Lazarow
Vice Mayor

Anabelle Lima-Taub
Commissioner

Richard Dally
Commissioner

Mike Butler
Commissioner

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, 2017. 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, 2017, 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, 2017. 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.

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Hallandale Beach, FL
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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, incorporated in 1927, is located in the southeast corner of Broward County on the Atlantic Ocean. The City encompasses 4.4 square miles and has a population of 39,831 residents as of July 1, 2017. The City's demographics continue to change as younger families move to Hallandale Beach for its location and quality of life attributes. The 2016 American Community Survey showed that the median age has dropped from 50.9 in 2000 to 46.2 in 2016. 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, 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 the Florida Legislature's Office of Economic and Demographic Research (EDR), during June 2017, Florida's economic growth ranked 13th in the country with a 3.6% growth rate, ahead of the national average of 2.8%. Personal income growth, one of the main factors used to measure the economic health of an individual state, was 3.8% for the 2017 calendar year, ranking Florida 4th in the country among all states. Florida's Gross Domestic Product (GDP) growth in 2016 was 2.6%.

Two key measures of employment are job growth and the unemployment rate. Florida's unemployment rate continues to drift downward and is now below the "full employment" unemployment rate (assumed to be about 4%). The state's actual unemployment rate in December 2017 was lower than the nation at 3.7%, compared to 4.1% in the United States. The City of Hallandale Beach unemployment rate has dropped from 4.9% in December of 2016 to 4.3% in September 2017.

The City continues to display positive signs of growth in the areas of new construction and existing real estate values. The City has seen an increase in building permit submissions locally. In 2017, the City recorded an increase in taxable values for the sixth 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 separate dependent district with defined boundaries within the City of Hallandale Beach. The City Commission serves as the HBCRA Board of Directors.

The HBCRA's efforts are to guide quality growth, by creating dynamic changes in the City's long-term livability and economic health. During the past few years, the HBCRA has advanced many projects, plans and programs to keep the commercial and residential sectors going strong. Tax Increment Financing (TIF) incentivized the Village at Gulfstream Park, a redevelopment project featuring a racetrack, casino and approximately 375,000 square feet of lifestyle and entertainment space featuring upscale shops and specialty stores, and 70,000 square feet of office space.

The HBCRA's Down Payment Assistance/Affordable Housing Program assists homebuyers with the cost of construction of a new single-family home or the purchase of an existing home, condominium or townhome. This program was vital in providing homeownership opportunities to five new homeowners during FY16/17. The HBCRA has completed construction on five infill single-family homes located in the northwest quadrant of the HBCRA, thereby increasing availability of quality affordable housing in the area while reducing blight.

Capital Outlay and Improvements

OB Johnson Park and Hepburn Center Facility: The improvements under this project were funded from CRA loan proceeds and consisted of a complete redesign and new construction of the Park Facility including a 41,894 square foot Intergenerational facility to optimize the recreational land use and services for the City of Hallandale Beach Community. The exterior of the park includes a Police Athletic League Building (Office/Storage/Restroom/Concession), playground with shade cover, walking path, multi-purpose field, tennis courts, and on-site parking for 114 vehicles. This \$15.1 million capital project was completed in two phases. Phase I: The inter-generation building was opened in September 2016, and Phase II: The multi-purpose field opened in May 2017.

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, will include 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 is schedule to be completed in third quarter of fiscal year 2018. Construction costs are estimated at \$9.2 million.

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 goal is to complete the plan by fiscal year 2019/2020. The parks included are Bluestein Park, Ingalls Park, Golden Isle Tennis Center, Sunrise Park, Historic Village, Chaves Lake and Sunset Park. Sunset Park redesign which include walking trails, upgraded park furniture, new playground with rubberized surface and shade structures was completed in June 2017.

Major Developments

Beacon Office Building: This project was administratively approved on May 2016 and is currently under construction. It consists of an eight-story office building with 75,860 square feet of office and retail space.

Cinemex Movie Theater – Gulfstream Park: The major development/site plan application was approved by the City Commission on May 2017. Project consists of a 47,200 square feet Cinemex with 996 seats and 11 screens.

Hallandale Artsquare: It's a mixed-use project consisting of 268 multi-family mid-rise units including 8 live/work units in 6-7 story buildings, 90 garden apartments in 3 story buildings, a 2-level parking structure with surface parking, residential amenities, and 12,755 square feet of commercial space. Project is under construction.

Highlights of the Current Fiscal Year 2017

Social Outreach: The Innovation Technology Department (ITD) deployed five social media channels for increased communications and engagement with the community. The new "Hallandale Beach Happenings" newsletter was implemented and it is distributed quarterly. ITD also increased the frequency to bi-weekly of the digital citizen engagement by introducing live streaming videos and electronic newsletters.

Cybersecurity and Information Systems: The ITD Enhanced Cybersecurity by upgrading firewalls, hardening information security appliances and implementing security training to key personnel. Implemented new Graphical Information Systems internally to support greater mapping capabilities across City Departments and for Emergency Operations.

NEOGOV Insight: This is an automated hiring and selection process software that was implemented by the Human Resources Department (HR). It helps reduce application review and screen time and also allows to send candidates automatic notifications, salary and benefits information as well as decentralizing the Citywide recruitment effort.

Procurement Services: To expedite the routing of agreements after City Commission approval, the Procurement Department introduced the "Agreement Review and Transmittal Execution" form. It successfully released eleven formal solicitations and expanded employee training to augment adherence to procurement rules.

Playful City USA: The City of Hallandale Beach was named a "Playful City USA Community" for the fifth consecutive year. Once again, the City was identified as having made a commitment to play and physical activity by developing a unique local action plan to increase the quantity and quality of play in the community.

Afterschool Tutorial Program (ASP): The implementation of Smart Technology Club by The Human Services Department continues to enhance student achievement. Science, Technology, Engineering and Mathematics (STEM) jobs are expected to increase exponentially over the next decade. Certified teachers with endorsements in Exceptional Student Education (ESE), Reading, Varying Exceptionalities, Gifted and Social Sciences will provide ASP students with engaging ways to learn computer science concepts in their after-school club. Club members participate in fun, project-based, hands-on contextual learning activities designed to build a variety of skills and competencies, while embedding curriculum that builds academic skills.

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 program is a Fit2Play health, wellness, and Obesity Prevention Afterschool site where we work to make kids healthier in a fun way.

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 are 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 2017 the state financial assistance expenditures did 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 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.

The City established a budgetary policy to maintain reservations of Fund Balance. The following reservations were established for the General Fund:

- 1) Minimum Level of Unassigned Fund Balance – there will be an unassigned fund balance of no less than 16.6% or two months of regular General Fund operating expenditures.
- 2) Assigned Fund Balance – the following assigned fund balances were established:
 - a) Subsequent Year’s Budget – the portion of the existing unassigned fund balance to eliminate a projected deficit in the subsequent year’s budget in an amount no greater than the projected excess of expected expenditures over expected revenues.
 - b) Fire Equipment – a reserve for the replacement of fire equipment.
 - c) Computer Equipment – a reserve for the replacement of computer equipment.

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 total assessed valuation of the taxable property within the City’s boundaries. The current calculated general obligation debt limit is \$511,534,977. The City’s general obligation debt for the fiscal year ended September 30, 2017, was \$105,871,804.

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 detail 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.

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) awards a Certificate of Achievement for excellence in Financial Reporting. 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. Unfortunately, due to the delay in issuance of the 2016 audit report, the City was not able to submit its CAFR to the GFOA for participation in the certificate program for last year. 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 dedicated services and effort of the entire staff of the Finance Department. Their hard work, commitment and professionalism contributed to the timely preparation of the CAFR.

We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. The guidance, cooperation, and continue support of the Mayor, Vice-Mayor, Commissioners and the City Manager's Staff in planning and conducting the financial affairs of the City is greatly appreciated.

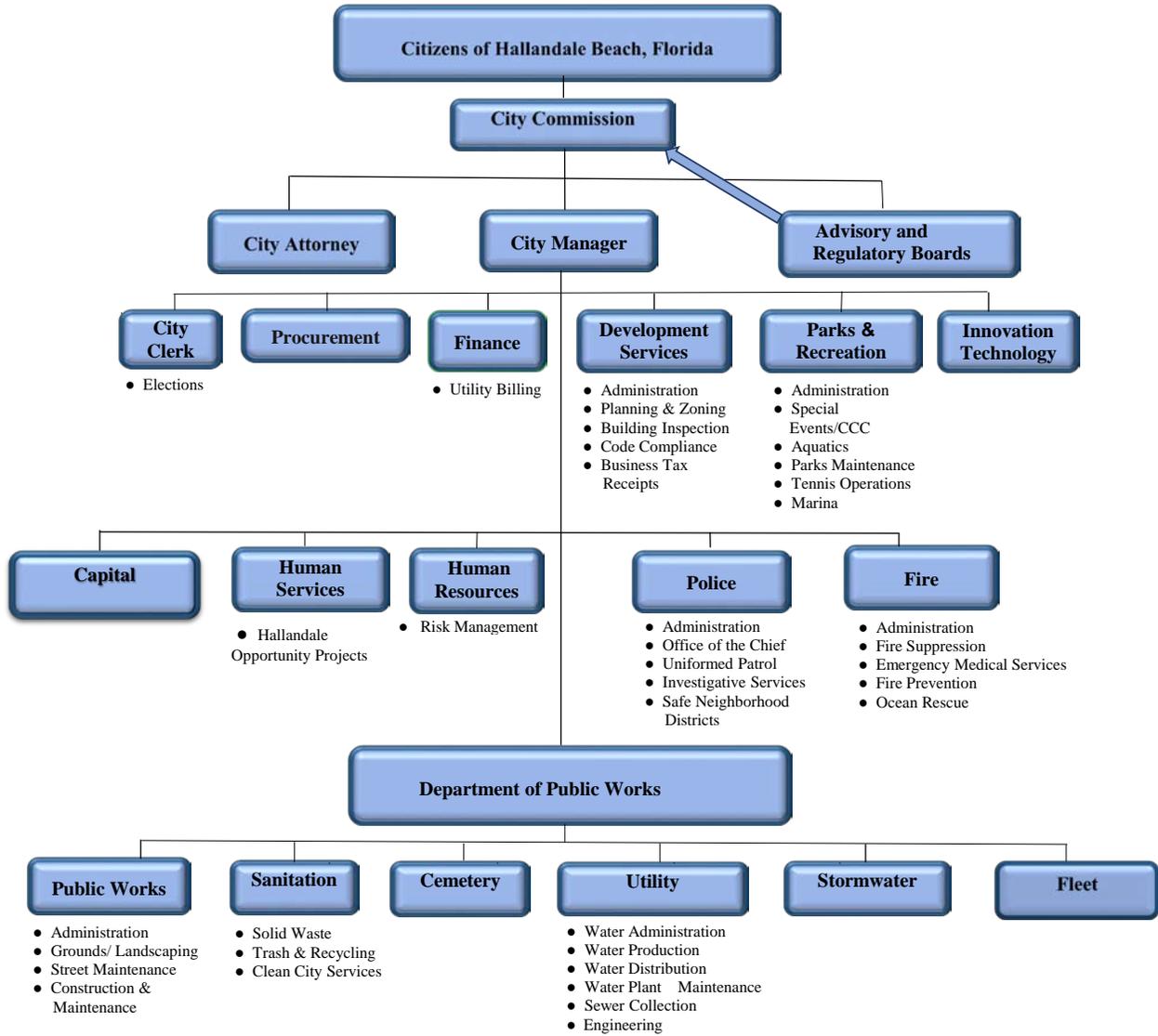
Respectfully submitted,



Roger M. Carlton
City Manager



Emil Lopez
Finance Director



CITY OF HALLANDALE BEACH, FLORIDA

**LIST OF CITY OFFICIALS
SEPTEMBER 30, 2017**

<u>Title</u>	<u>Name</u>
<u>Elected Officials</u>	
Mayor	Keith London
Vice-Mayor	Michelle Lazarow
Commissioner	Anabelle Lima-Taub
Commissioner	Richard Dally
Commissioner	Mike Butler
<u>Appointed Officials</u>	
City Manager	Roger M. Carlton
Deputy City Manager	Nydia Rafols Sallaberry
Assistant City Manager	Dr. Jeremy Earle
Assistant City Manager/Public Works Director	Steven Parkinson
Assistant City Manager/Chief Information Officer	Greg Chavarria
City Attorney	Jennifer Merino
City Clerk	Mario Bataille
Director of Finance	Celeste Lucia
Director of Development Services	Keven Klopp
Director of Human Resources/Labor Relations	Radu Dodea
Director of Human Services	Beverly Sanders-Mayweather
Director of Parks and Recreation	Cathleen Schanz
Director of Procurement	Andrea Lues
Fire Chief	Mark Ellis
Police Chief	Sonia Quiñones
Risk Manager	James Buschman



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Financial Section



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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2017, 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 required supplementary information for OPEB and the pension trust funds (on pages 77-84) 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 June 11, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 11, 2018



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Management's Discussion and Analysis

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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, 2017. 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 2016, the City began implementing the Governmental Accounting Standards Board (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*". In fiscal year 2017, the City implemented the requirements of this Statement that addresses financial reporting for pension liabilities. Accordingly, the Excess Benefit Plan is no longer reported in the Pension Trust Fund. This change in accounting principle required a restatement of fiscal year 2016 by decreasing governmental activities beginning net position in the amount of \$13.7 million. In addition, the City has assigned \$6.8 million to offset future obligations. 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 \$86.1 million (net position) at September 30, 2017.*
- The City's total net position decreased \$7.2 million over the course of this year's operations. Net position of governmental activities decreased \$5.3 million and the net position of business-type activities decreased \$1.8 million.
- The total unrestricted net position decreased by \$21.5 million, resulting in a deficit of \$35.0 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, 2017, the City's total pension related liabilities was \$100.0 million.
- The City's governmental activities total net position of \$22.5 million decreased \$19.1 million. The change in net position was due to increases in pension liabilities for reporting purposes, of which \$13.7 million is a prior period adjustment to record the excess benefit plan's total pension liability.
- The City's business-type activities total net position of \$63.6 million decreased \$1.8 million, driven by greater operating expenses than operating revenues.
- The City's governmental funds reported combined fund balances of \$102.3 million, a decrease of \$9.7 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 \$23.1 million. Of this amount, the unassigned fund balance was \$12.0 million, or 20.1% of total general fund expenditures.

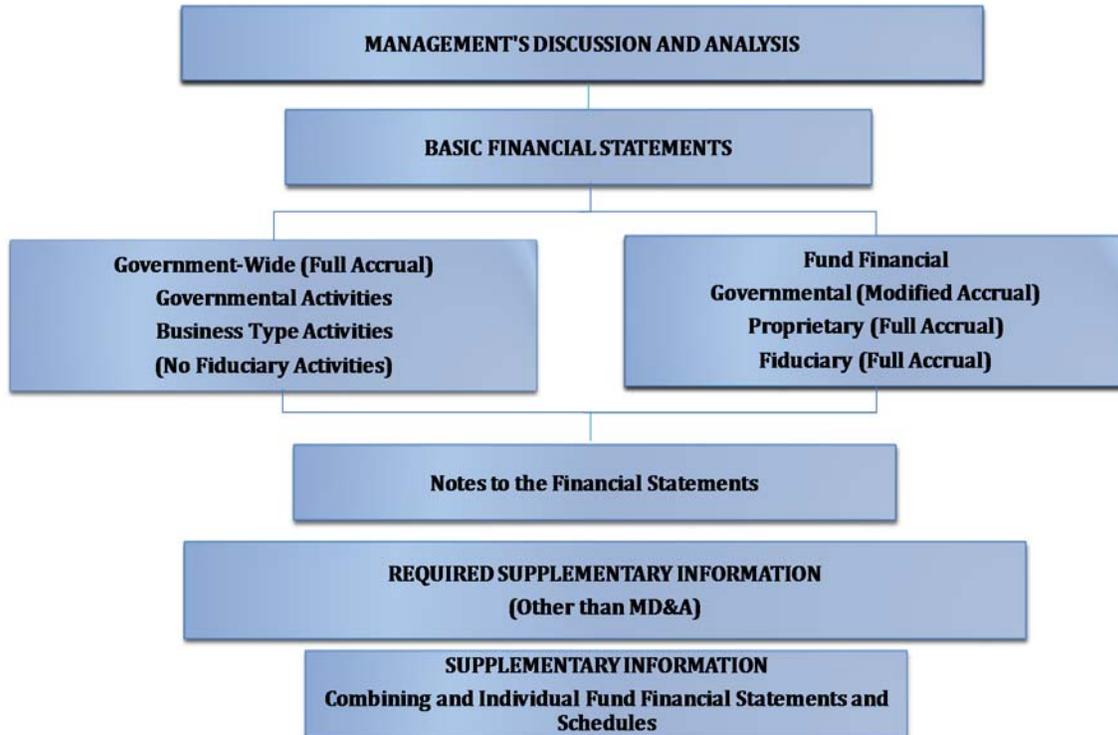
Overview of the Financial Statements

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.

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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



CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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.

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 21-22 of this report.

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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.

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 35-76 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 77-89 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 90-112 of this report.

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Government-Wide Financial Analysis

The table below presents a summary of net position as of September 30, 2017 and 2016, derived from the government-wide Statement of Net Position:

	Net Position (in thousands)					
	Governmental		Business - type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$111,081	\$120,101	\$ 35,935	\$ 36,169	\$147,016	\$156,270
Capital assets	100,498	95,019	42,883	44,744	143,381	139,763
Total assets	211,579	215,120	78,818	80,913	290,397	296,033
Deferred outflows of resources	28,884	23,186	2,292	2,111	31,176	25,297
Long-term liabilities	209,618	189,285	12,449	12,776	222,067	202,061
Other liabilities	7,989	6,454	4,795	4,361	12,784	10,815
Total liabilities	217,607	195,739	17,244	17,137	234,851	212,876
Deferred inflows of resources	378	1,027	244	433	622	1,460
Net position:						
Net investment in capital assets	63,929	66,595	36,563	37,651	100,492	104,246
Restricted	19,540	16,021	1,084	291	20,624	16,312
Unrestricted	(60,991)	(41,076)	25,975	27,512	(35,016)	(13,564)
Total net position	\$ 22,478	\$ 41,540	\$ 63,622	\$ 65,454	\$ 86,100	\$106,994

The City's overall net position of \$86.1 million at September 30, 2017, decreased by \$20.9 million; however, this includes a prior period adjustment related to the implementation of GASB 73 to record the excess benefit plan's total pension liability which reduced the beginning net position by \$13.7 million.

The City's total net position decreased from operations by \$7.2 million during the fiscal year, which is a \$0.4 million unfavorable variance compared to the prior year. Governmental activities expenses were greater than revenues by \$5.3 million, with program expenses of \$87.2 million compared to revenues and transfers of \$81.8 million. The overall decrease in the current year is primarily due to capital expenditures paid for with bond proceeds received in prior years. Fluctuations over prior year included increases in Public safety cost of \$6.2 million offset by an increase in property taxes of \$6.0 million. Net position of business-type activities from operations decreased by \$1.8 million, with program expenses and transfers of \$34.4 million compared revenues of \$32.6 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 an almost \$61 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 \$100.5 million or 116.7%. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources need 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
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Governmental activities total assets decreased by \$3.5 million or 1.6% primarily driven by increases in internal balances (\$2.5 million) and decreases in total cash and investments (\$6.1 million) offset by an increase in total capital assets of \$5.5 million. Total governmental liabilities increased by \$21.9 million from 2016 primarily due to increases in pension liabilities and the implementation of GASB 68 and 73. As a result, the City recorded a prior period adjustment of \$13.7 million to record the excess benefit plan's total pension liability.

The table below presents a summary of changes in net position for the years ended September 30, 2017 and 2016, as derived from the Government-wide Statement of Activities:

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 28,373	\$ 27,620	\$ 30,833	\$ 30,800	\$ 59,206	\$ 58,420
Operating grants and contributions	1,157	1,378	-	-	1,157	1,378
Capital grants and contributions	111	1,096	907	-	1,018	1,096
General Revenues:						
Property taxes	34,557	28,522	-	-	34,557	28,522
Other taxes	12,102	11,926	-	-	12,102	11,926
Other revenues	4,606	3,848	843	420	5,449	4,268
Total revenues	80,906	74,390	32,583	31,220	113,489	105,610
Expenses:						
General government	19,868	18,435	-	-	19,868	18,435
Public safety	45,541	39,329	-	-	45,541	39,329
Physical environment	2,936	2,234	-	-	2,936	2,234
Transportation	1,913	1,972	-	-	1,913	1,972
Economic environment	5,319	5,743	-	-	5,319	5,743
Culture and recreation	6,508	6,063	-	-	6,508	6,063
Human services	2,117	2,353	-	-	2,117	2,353
Interest and other fiscal charges	2,960	2,765	-	-	2,960	2,765
Sanitation	-	-	5,829	5,864	5,829	5,864
Stormwater drainage	-	-	3,859	2,705	3,859	2,705
Utility	-	-	23,549	24,722	23,549	24,722
Cemetery	-	-	243	212	243	212
Total expenses	87,162	78,894	33,480	33,503	120,642	112,397
Changes in net position before transfers	(6,256)	(4,504)	(897)	(2,283)	(7,153)	(6,787)
Transfers	935	1,852	(935)	(1,852)	-	-
Change in net position	(5,321)	(2,652)	(1,832)	(4,135)	(7,153)	(6,787)
Net position, beginning, as restated	27,799	44,192	65,454	69,589	93,253	113,781
Net position, ending	\$ 22,478	\$ 41,540	\$ 63,622	\$ 65,454	\$ 86,100	\$ 106,994

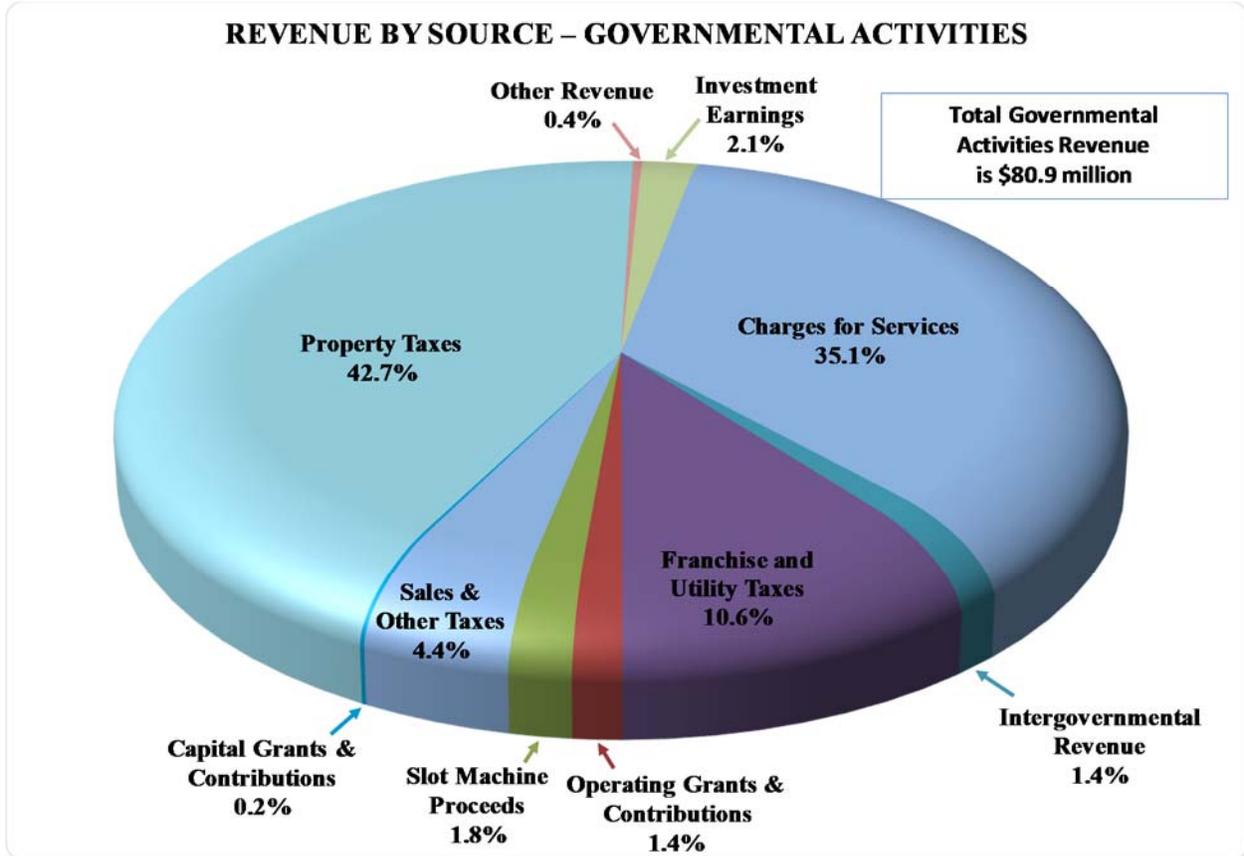
CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Governmental activities

Governmental activities decreased the City of Hallandale Beach’s net position by \$5.3 million from operations. This is in contrast to the \$2.7 million decrease in net position in the prior fiscal year. The overall decrease in net position is due to capital expenditures in the current year funded with bond proceeds received in prior years. Key elements of this \$2.6 million change in net position from the prior year are as follows:

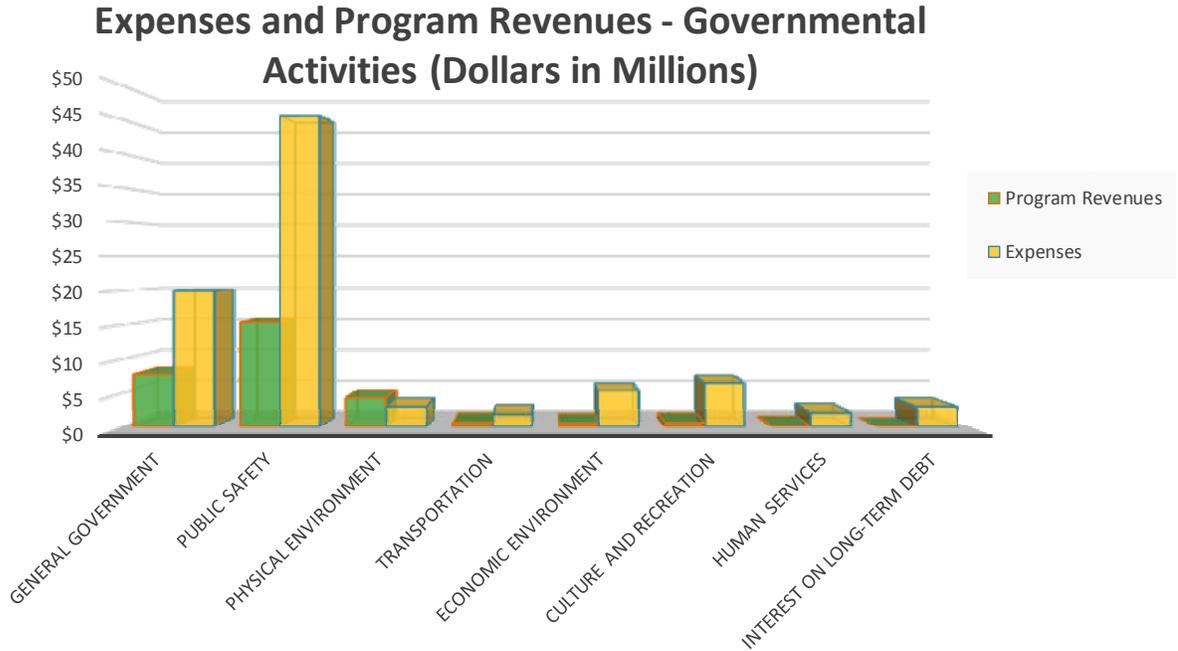
- Public safety expenses increased by \$6.2 million or 15.8% over the previous year due to costs associated with salaries and benefits, including pension;
- General government expenses increased by \$1.4 million to \$19.9 million compared to prior year, due to implementation of GASB 73 which increased pension expense by \$1.4 million which was offset by operational savings;
- Property taxes are the largest component of governmental revenues at \$34.6 million or 42.7%. There was a \$6.0 million or 21.2% 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 2017:

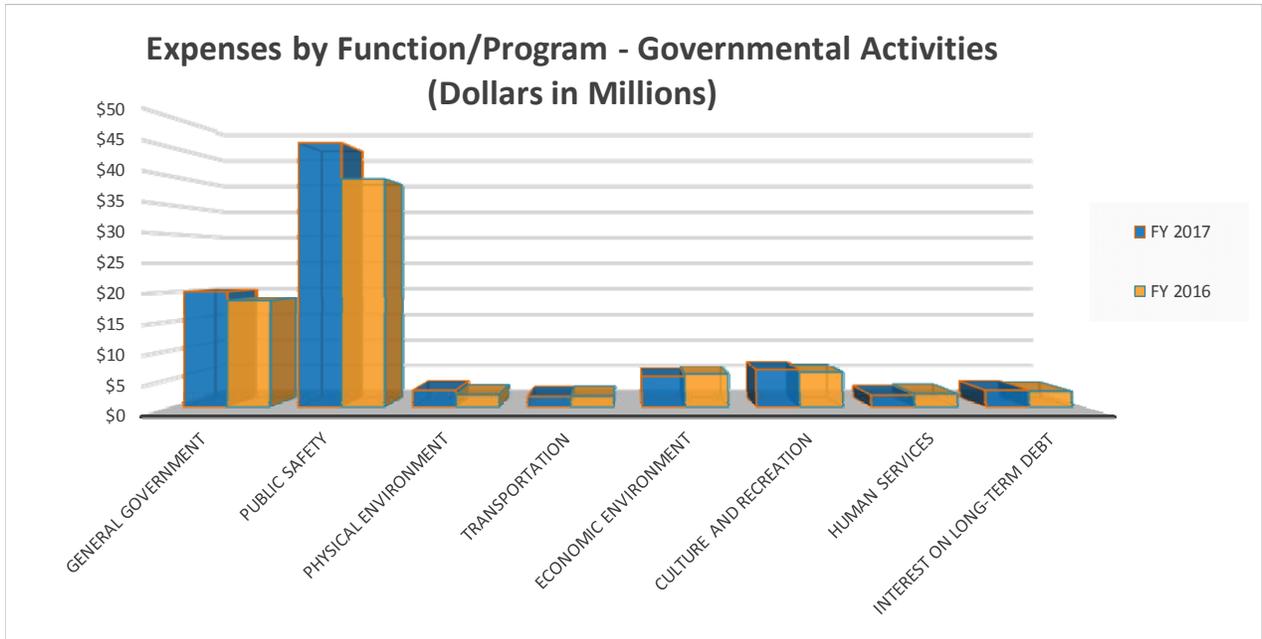


CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

The following chart compares expenses and program revenues for the governmental activities during fiscal year 2017:



The following is a comparative chart of expenses by function/program for governmental activities for the fiscal year 2017 and 2016:



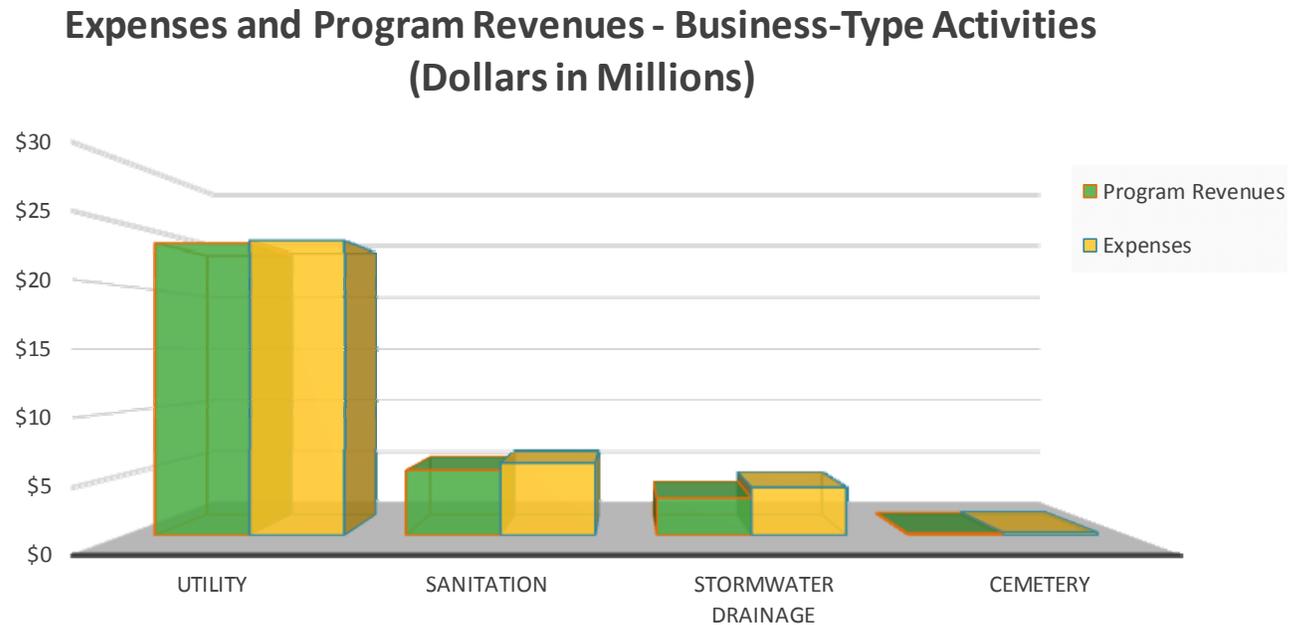
CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Business-type activities

Business-type activities net position decreased by \$1.8 million, which is a change of \$2.3 million over the previous year’s decrease in net position of \$4.1 million. Key elements of this decrease are as follows:

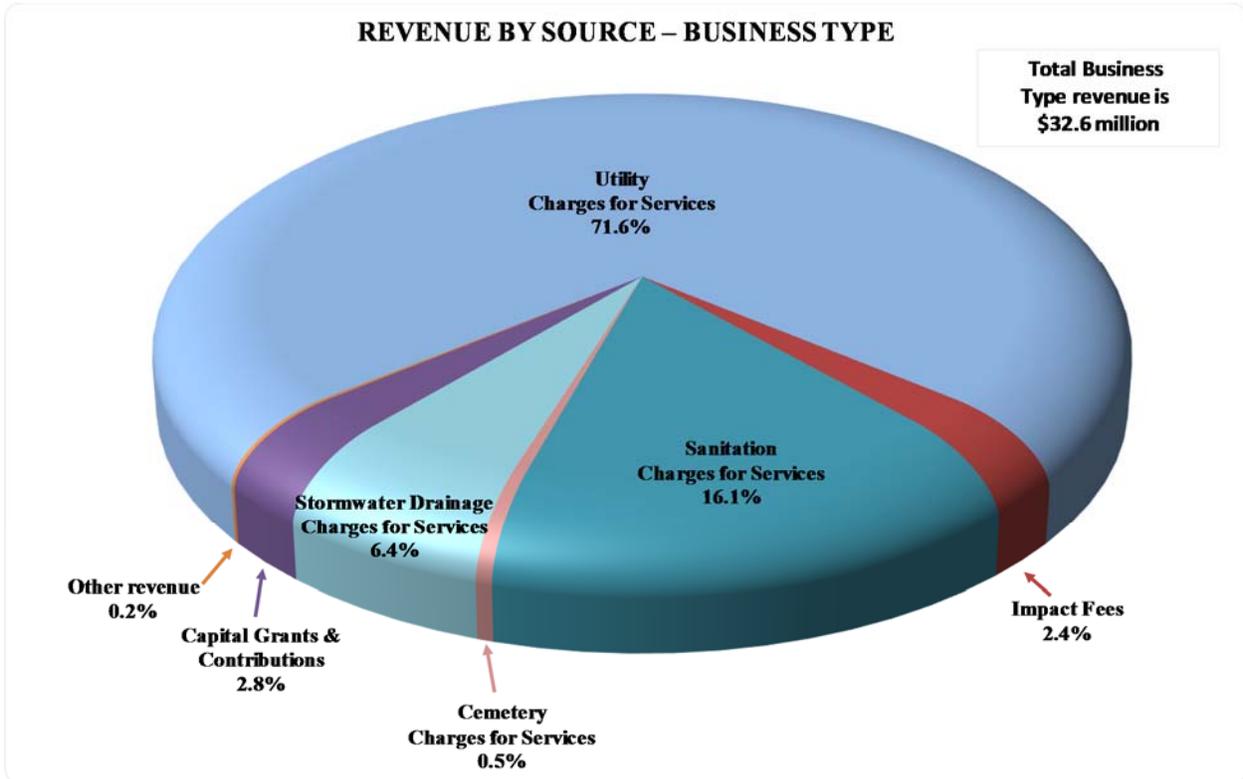
- Utility fund (water and sewer) program expenses exceeded program revenues by \$0.2 million. This represents an improvement over the previous year of \$3.0 million, including a reduction of \$0.8 million in transfers out;
- Stormwater drainage fund program expenses exceeded program revenues by \$0.9 million;
- Sanitation fund program expenses exceeded program revenues by \$0.6 million, due to a decrease in charges for services and an increase in personal expenses.

The following chart compares expenses and program revenues for business-type activities during fiscal year 2017:



CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

The following is a chart of revenues by source of business-type activities by percent of total revenues for fiscal year 2017:



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, the unassigned fund balance of the General Fund was \$12.0 million. This is a \$0.9 million, or 7.1% decrease when compared with the prior year. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 20.1% of total General Fund expenditures, while total fund balance represents 38.7% of that same amount.

The City’s governmental funds reported combined ending fund balances of \$102.3 million, which is a decrease of \$9.7 million from the prior year’s ending fund balance of \$112.1 million. The fund balance is categorized to indicate whether it is not available for new spending because it represents resources that are non-spendable (\$0.8 million), that are restricted for capital projects and other purposes (\$81.7 million), that have already been assigned for excess benefit plan and other purposes (\$9.8 million), or that are unassigned (\$10.0 million).

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

The fund balance of the City's General Fund had a net decrease of \$3.3 million from operations. In comparison, fiscal year 2016 had a \$1.8 million decrease in fund balance from operations, for a fluctuation of \$1.5 million over the prior year. For the General Fund, key factors of the overall decrease compared to fiscal year 2016 are as follows:

- \$1.5 million decrease in net transfers. In the prior year, there were one-time transfers related to the issuance of the GO bonds and Capital Improvement bonds;
- \$1.4 million increase in public safety expenses due to increased costs associated with salaries and benefits, including pension;
- \$1.1 million of expenditures related to Hurricane Irma incurred in fiscal year 2017;
- \$1.0 million decrease in other revenues due to one-time revenues collected in the prior year;
- \$0.9 million decrease in charges for services, primarily driven by a reduction in administrative charges;
- \$1.2 million decrease in capital outlay;
- \$2.1 million increase in property taxes due to an increase in assessed values.

The Hallandale Beach Community Redevelopment Agency ("CRA") fund, accounts for the activities of the CRA. The fund balance of the CRA fund increased \$2.1 million from operations during the fiscal year, in comparison to the prior year's operating increase of \$3.1 million. Fund balance of \$13.6 million is restricted for assets held for resale (\$8.9 million), long-term receivables (\$1.9 million) and other ongoing programs (\$2.7 million). Comparisons to prior year results include:

- A \$1.8 decrease in other financing sources due to the prior year issuance of debt to fund the construction of OB Johnson Park, offset by transfers to the Capital Improvement fund;
- Economic environment spending decreased \$0.5 million related to a reduction in on-going programs;
- A 10.3% or \$0.4 million increase in property taxes.

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 2017, the ending fund balance is \$58.4 million. The \$1.4 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 \$7.3 million with an ending fund balance of \$3.8 million. Major expenditures for this fund include \$4.3 million for the City's Main Fire station, \$2.2 million for the construction of OB Johnson Park and \$1.2 million the 2007A Revenue bonds' debt service payments.

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.

Enterprise Fund unrestricted net position is \$26.0 million at September 30, 2017, a \$1.5 million decrease over the prior year. Restricted net position increase \$0.8 million related to impact fees.

The enterprise Funds showed a \$1.8 million decrease in total net position from the prior year. This consisted \$2.5 million less in operating revenues over operating expenses, and a \$0.7 million increase of non-operating revenues over non-operating expenses related to impact fees.

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

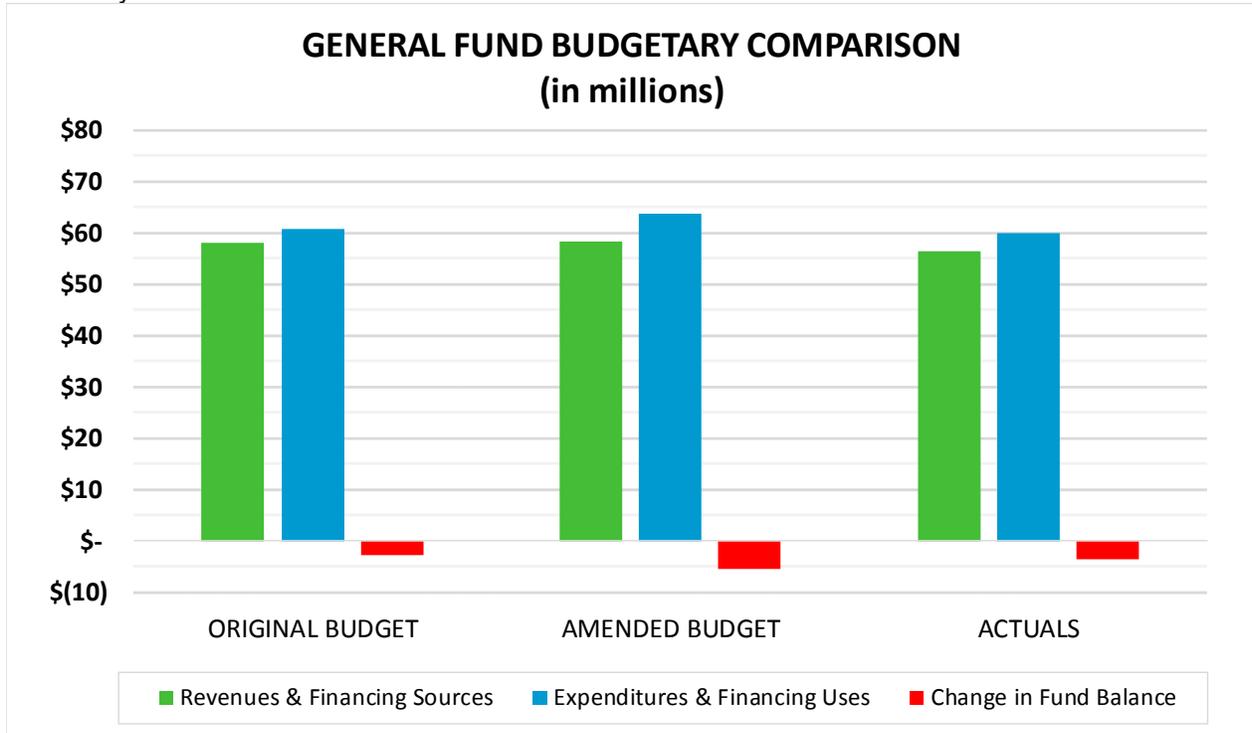
General Fund Budgetary Highlights

Differences between the original budget and the final amended budget are due to appropriations (i.e. encumbrances, hurricane related expenditures and unexpended project budget amounts rolled forward from the prior fiscal year to the current fiscal year) in excess of additional revenues of approximately \$2.7 million. Both the original and final budget anticipated expending \$2.7 million and \$5.4 million, respectively, from available unassigned fund balance. However, the actual net impact on fund balance was a reduction of \$3.7 million.

Actual revenues were less than final budgeted revenues by approximately \$2.1 million, primarily due to revenue from permit and review fees were less than anticipated. This negative impact was offset by significant reductions in expenditures.

Actual expenditures were also less than the final budgeted expenditures by approximately \$3.8 million. There were significant cost savings in operating and personal service expenditures. In addition, capital outlay was \$0.8 million less than anticipated.

The following chart depicts the fiscal year 2017 original and amended budgets, as well as actual results for the fiscal year:



Note schedule excludes \$0.4 million of unbudgeted amounts related to the excess benefit plan’s investments, which are presented in the General fund for financial statement purposes.

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Capital Assets and Debt Administration

Capital assets. As of September 30, 2017 and 2016, the City had \$143.4 and \$139.8 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

	Capital Assets					
	(in thousands, net of depreciation)					
	Governmental		Business - type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 39,555	\$ 39,555	\$ 1,264	\$ 1,264	\$ 40,819	\$ 40,819
Construction in progress	12,931	9,441	3,469	2,233	16,400	11,674
Buildings	9,085	9,754	7,330	8,227	16,415	17,981
Improvements other than buildin	24,263	21,115	2,365	2,330	26,628	23,445
Vehicles and equipment	8,055	7,929	350	658	8,405	8,587
Infrastructure	6,608	7,225	28,105	30,032	34,713	37,257
Total	\$ 100,497	\$ 95,019	\$ 42,883	\$ 44,744	\$ 143,380	\$ 139,763

Major capital asset events during the year included:

- \$4 million was added to construction in progress for the Main Fire Station;
- \$2 million in construction costs for the OB Johnson Park;
- \$1.7 million was spent on City vehicles;
- \$1.4 million in irrigation Improvements in the Three Island community;
- \$0.9 million was added to construction in progress for the Bluestein Park design.

Additional information can be found in Note 6 – Capital Assets of the financial statements on pages 53 and 54.

Long-term debt. As of year-end, the City had \$105.9 million in debt (bonds, notes, etc.) outstanding compared to the \$110.6 million last year. The \$4.8 million decrease is due to 2017 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 57-59:

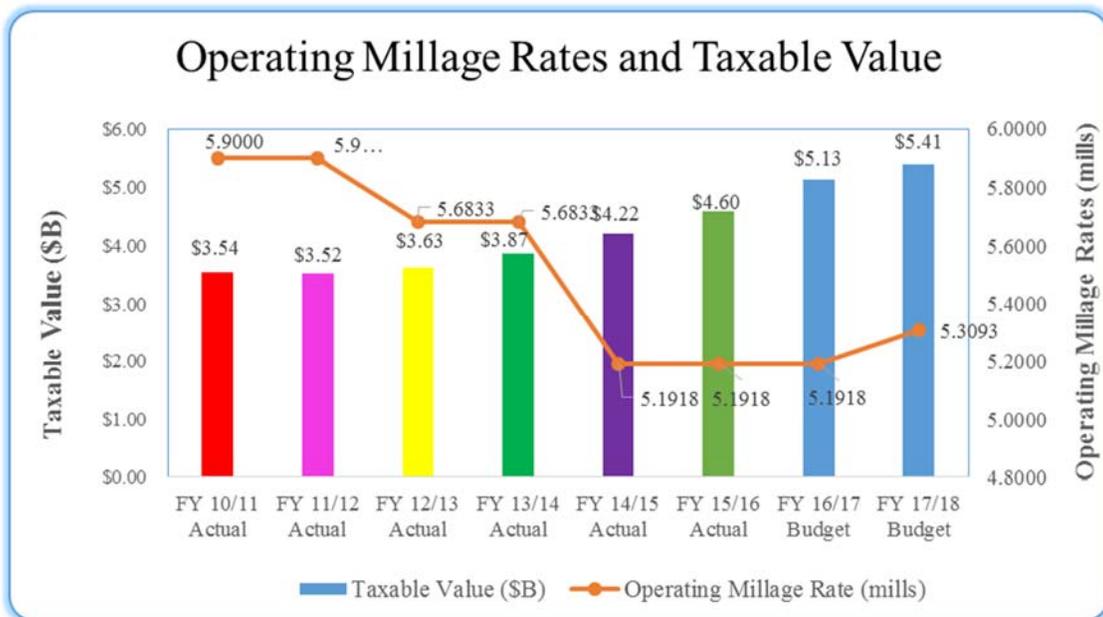
	Bonded Debt, Notes and Lease Payable (in thousands)					
	Governmental		Business - T type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$ 22,880	\$ 23,985	\$ -	\$ -	\$ 22,880	\$ 23,985
General Obligation bonds	56,490	57,500	-	-	56,490	57,500
Notes payable	12,945	14,200	5,995	6,795	18,940	20,995
Capital lease payable	-	-	-	-	-	-
Deferred amounts - premium	7,562	8,141	-	-	7,562	8,141
Total	\$ 99,877	\$ 103,826	\$ 5,995	\$ 6,795	\$ 105,872	\$ 110,621

CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Fitch Ratings and S&P Global Ratings assigned the General Obligation bonds a rating of AA+ and AA, respectively. The ratings assigned for the Capital Improvement Bonds from Fitch Ratings and S&P Global Ratings were AA and AA, respectively.

Economic Factors and Next Year’s Budgets and Rates

- In December 2017, Florida’s unemployment rate of 3.7% was lower than the nation’s 4.1%. The state’s unemployment rate continued to drift downward and is now below the “full employment” unemployment rate (assumed to be about 4%). The City of Hallandale Beach unemployment rate has dropped from 4.9% in December 2016 to 4.3% in November 2017, according to the US Bureau of Labor Statistics.
- The City of Hallandale Beach enjoyed a favorable sale of its bonds at market as a result of its ratings. Fitch Ratings and S&P Global Ratings assigned the General Obligation bonds a rating of AA+ and AA, respectively. The ratings assigned for the Capital Improvement Bonds from Fitch Ratings and S&P Global Ratings were AA and AA, respectively.
- After several years of deflated real estate prices in South Florida, business reports suggest that real estate prices risen above the levels before the 2008 decline. The reported rise in Broward County home sales and prices indicate that assessed values are likely to rise again for tax year 2018. This would be the sixth increase in six 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 City of Hallandale Beach is recovering alongside the nation, and continues to display positive signs of growth in the areas of new construction and existing real estate values. The City has seen an increase in building permit submissions locally, with permit applications increasing each year.
- The City has maintained the millage rate of 5.1918 for fiscal year 2017, while the taxable value has increased over the same time period:



CITY OF HALLANDALE BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

- In the fiscal year 17/18 budget, the City anticipates a 6% increase in property values over fiscal year 16/17, which translates into approximately \$2 million in additional ad valorem revenue. This increase is offset by increases in employee salaries and benefits costs.
- The City faces several ongoing fiscal challenges in fiscal year 17/18. 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 17/18.

Overall, the increase in property values and new development 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 <http://cohb.org>.

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



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

Basic Financial Statements

CITY OF HALLANDALE BEACH, FLORIDA

STATEMENT OF NET POSITION SEPTEMBER 30, 2017

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 16,406,234	\$ 4,196,307	\$ 20,602,541
Investments	12,661,802	17,248,211	29,910,013
Investments - excess benefit plan	6,827,790	-	6,827,790
Receivables, net of allowances	3,601,988	4,745,269	8,347,257
Due from other governments	1,563,138	76,109	1,639,247
Internal balances	(6,589,891)	6,589,891	-
Inventories	116,738	433,992	550,730
Prepays	705,092	1,977	707,069
Restricted assets:			
Cash and cash equivalents	26,353,631	2,642,894	28,996,525
Investments	40,509,462	-	40,509,462
Assets held for resale	8,925,356	-	8,925,356
Capital assets:			
Nondepreciable	52,485,868	4,732,223	57,218,091
Depreciable, net of accumulated depreciation	48,011,645	38,150,765	86,162,410
Total assets	211,578,853	78,817,638	290,396,491
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	27,511,678	2,292,494	29,804,172
Excess benefit plan	565,165	-	565,165
Loss on refunding	807,465	-	807,465
Total deferred outflows of resources	28,884,308	2,292,494	31,176,802
LIABILITIES			
Accounts payable and accrued liabilities	5,960,292	3,209,395	9,169,687
Accrued interest	1,271,506	26,576	1,298,082
Deposits	103,175	1,558,784	1,661,959
Unearned revenues	653,992	-	653,992
Noncurrent liabilities			
Due within one year	5,514,783	1,167,536	6,682,319
Due in more than one year	204,102,728	11,282,221	215,384,949
Total liabilities	217,606,476	17,244,512	234,850,988
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	-	76,144	76,144
Pensions	378,273	167,916	546,189
Total deferred inflows or resources	378,273	244,060	622,333
NET POSITION			
Net investment in capital assets	63,929,052	36,562,918	100,491,970
Restricted for debt service	2,450,038	-	2,450,038
Restricted for community improvements	13,586,044	-	13,586,044
Restricted for law enforcement	1,165,111	-	1,165,111
Restricted for safe neighborhood districts	922,823	-	922,823
Restricted for developer agreements	1,273,889	-	1,273,889
Restricted for transportation	142,575	-	142,575
Restricted for cemetery care	-	291,498	291,498
Restricted for impact fees	-	792,612	792,612
Unrestricted	(60,991,120)	25,974,532	(35,016,588)
Total net position	\$ 22,478,412	\$ 63,621,560	\$ 86,099,972

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, 2017**

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	\$ 19,867,869	\$ 7,703,674	\$ 33,342	\$ -	\$ (12,130,853)	\$ -	\$ (12,130,853)
Public safety	45,541,688	14,942,703	485,689	-	(30,113,296)	-	(30,113,296)
Physical environment	2,935,934	4,156,895	-	110,662	1,331,623	-	1,331,623
Transportation	1,913,014	495,773	232,200	-	(1,185,041)	-	(1,185,041)
Economic environment	5,318,711	381,730	204,354	-	(4,732,627)	-	(4,732,627)
Culture and recreation	6,508,339	692,417	-	-	(5,815,922)	-	(5,815,922)
Human services	2,116,914	-	201,619	-	(1,915,295)	-	(1,915,295)
Interest and other fiscal charges	2,959,753	-	-	-	(2,959,753)	-	(2,959,753)
Total governmental activities	<u>87,162,222</u>	<u>28,373,192</u>	<u>1,157,204</u>	<u>110,662</u>	<u>(57,521,164)</u>	<u>-</u>	<u>(57,521,164)</u>
Business-type activities:							
Utility	23,548,679	23,339,910	-	-	-	(208,769)	(208,769)
Sanitation	5,829,494	5,238,828	-	-	-	(590,666)	(590,666)
Stormwater drainage	3,859,074	2,092,358	-	907,217	-	(859,499)	(859,499)
Cemetery	242,660	162,042	-	-	-	(80,618)	(80,618)
Total business-type activities	<u>33,479,907</u>	<u>30,833,138</u>	<u>-</u>	<u>907,217</u>	<u>-</u>	<u>(1,739,552)</u>	<u>(1,739,552)</u>
Total	<u>\$ 120,642,129</u>	<u>\$ 59,206,330</u>	<u>\$ 1,157,204</u>	<u>\$ 1,017,879</u>	<u>(57,521,164)</u>	<u>(1,739,552)</u>	<u>(59,260,716)</u>
General revenues:							
Property taxes					34,557,156	-	34,557,156
Franchise and utility taxes					8,536,671	-	8,536,671
Sales taxes					2,534,223	-	2,534,223
Motor fuel taxes					1,016,498	-	1,016,498
Alcoholic beverage taxes					14,820	-	14,820
Intergovernmental revenue (not restricted to specific purpose)					1,099,566	-	1,099,566
Slot machine revenues					1,475,319	-	1,475,319
Impact fees					-	792,361	792,361
Unrestricted investment earnings					1,733,907	49,365	1,783,272
Gain on sale of capital assets					297,298	-	297,298
Transfers					934,644	(934,644)	-
Total general revenues and transfers					<u>52,200,102</u>	<u>(92,918)</u>	<u>52,107,184</u>
Change in net position					<u>(5,321,062)</u>	<u>(1,832,470)</u>	<u>(7,153,532)</u>
Net position, as previously reported					41,540,338	65,454,030	106,994,368
Prior period adjustment (see Note 15)					(13,740,864)	-	(13,740,864)
Net position, beginning, as restated					<u>27,799,474</u>	<u>65,454,030</u>	<u>93,253,504</u>
Net position, ending					<u>\$ 22,478,412</u>	<u>\$ 63,621,560</u>	<u>\$ 86,099,972</u>

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

CITY OF HALLANDALE BEACH, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

ASSETS	General	Community Redevelopment Agency Fund	Grants Fund	General Obligation Bond Fund	Revenue Bond Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	\$ 501,013	\$ 10,316,669	\$ 9,619	\$ 48,402	\$ 94,278	\$ 638,916	\$ 2,976,510	\$ 14,585,407
Investments	12,661,802	-	-	-	-	-	-	12,661,802
Investments - excess benefit plan	6,827,790	-	-	-	-	-	-	6,827,790
Receivables, net of allowances	1,291,121	1,922,383	-	191,426	-	2,229	51,821	3,458,980
Due from other governments	968,954	162,925	303,592	-	-	-	127,667	1,563,138
Due from other funds	7,263,592	4,045	-	-	369,567	500,000	1,121,000	9,258,204
Inventories	116,738	-	-	-	-	-	-	116,738
Prepays	640,878	-	-	-	-	48,292	-	689,170
Assets held for resale	-	8,925,356	-	-	-	-	-	8,925,356
Restricted assets:								
Cash and cash equivalents	135,798	-	-	18,258,113	1,967,321	5,992,399	-	26,353,631
Investments	-	-	-	40,509,462	-	-	-	40,509,462
Total assets	<u>\$ 30,407,686</u>	<u>\$ 21,331,378</u>	<u>\$ 313,211</u>	<u>\$ 59,007,403</u>	<u>\$ 2,431,166</u>	<u>\$ 7,181,836</u>	<u>\$ 4,276,998</u>	<u>\$ 124,949,678</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued liabilities	\$ 2,523,415	\$ 760,070	\$ 98,680	\$ 90,884	\$ -	\$ 2,168,214	\$ 280,126	\$ 5,921,389
Deposits	27,915	-	-	-	-	-	75,260	103,175
Unearned revenues	187,304	93,949	14,531	-	-	-	358,208	653,992
Due to other funds	4,500,000	6,891,315	200,000	500,000	2,400,000	1,240,515	120,000	15,851,830
Total liabilities	<u>7,238,634</u>	<u>7,745,334</u>	<u>313,211</u>	<u>590,884</u>	<u>2,400,000</u>	<u>3,408,729</u>	<u>833,594</u>	<u>22,530,386</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	76,526	-	-	-	-	-	-	76,526
FUND BALANCES								
Nonspendable:								
Inventory	116,738	-	-	-	-	-	-	116,738
Prepays	640,878	-	-	-	-	48,292	-	689,170
Restricted for:								
Assets held for resale	-	8,925,356	-	-	-	-	-	8,925,356
Long-term receivables	-	1,922,383	-	-	-	-	-	1,922,383
Community redevelopment	-	2,738,305	-	-	-	-	-	2,738,305
Debt service	482,717	-	-	-	1,967,321	-	-	2,450,038
Law enforcement	-	-	-	-	-	-	1,165,111	1,165,111
Developer agreements	-	-	-	-	-	-	1,273,889	1,273,889
Transportation	-	-	-	-	-	-	142,575	142,575
Safe neighborhood districts	-	-	-	-	-	-	922,823	922,823
Capital projects	-	-	-	58,416,519	-	3,724,815	-	62,141,334
Assigned								
Fire equipment	1,127,510	-	-	-	-	-	-	1,127,510
Excess benefit plan	6,827,790	-	-	-	-	-	-	6,827,790
Computer equipment	10,607	-	-	-	-	-	-	10,607
Subsequent year's expenditures	1,878,924	-	-	-	-	-	-	1,878,924
Unassigned	12,007,362	-	-	-	(1,936,155)	-	(60,994)	10,010,213
Total fund balances	<u>23,092,526</u>	<u>13,586,044</u>	<u>-</u>	<u>58,416,519</u>	<u>31,166</u>	<u>3,773,107</u>	<u>3,443,404</u>	<u>102,342,766</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,407,686</u>	<u>\$ 21,331,378</u>	<u>\$ 313,211</u>	<u>\$ 59,007,403</u>	<u>\$ 2,431,166</u>	<u>\$ 7,181,836</u>	<u>\$ 4,276,998</u>	<u>\$ 124,949,678</u>

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, 2017

Total fund balances for governmental funds		\$ 102,342,766
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	\$ 152,590,817	
Less accumulated depreciation	<u>(57,427,343)</u>	95,163,474
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		76,526
Deferred outflows of resources are not current financial resources and therefore are not reported in the funds.		
Deferred outflows relating to pensions	27,248,101	
Deferred outflows relating to the excess benefit plan	565,165	
Deferred outflows relating to the loss on refunding of debt	<u>807,465</u>	28,620,731
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.		
		2,541,614
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		(358,397)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Bond premium	(7,561,802)	
Bonds payable	(92,315,000)	
Accrued Interest payable	(1,271,506)	
Net OPEB obligation	(6,456,347)	
Total pension liability - excess benefit plan	(15,054,792)	
Net pension liability	(79,586,454)	
Compensated absences	<u>(3,662,401)</u>	<u>(205,908,302)</u>
Net position of governmental activities		<u>\$ 22,478,412</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, 2017

	General	Community Redevelopment Agency Fund	Grants Fund	General Obligation Bond Fund	Revenue Bond Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals Governmental Funds
REVENUES								
Property taxes	\$ 21,343,293	\$ 4,344,462	\$ -	\$ -	\$ -	\$ -	\$ 3,677,184	\$ 29,364,939
Utility taxes	4,557,194	-	-	-	-	-	-	4,557,194
Charges for services	9,142,766	16,948	-	-	-	-	1,632,555	10,792,269
Licenses and permits	3,808,917	-	-	-	-	-	-	3,808,917
Intergovernmental	3,766,931	5,177,913	989,856	-	-	-	1,003,146	10,937,846
Franchise taxes	3,937,759	-	-	-	-	-	41,718	3,979,477
Fire assessments	6,923,116	-	-	-	-	-	-	6,923,116
Fines and forfeitures	377,651	-	-	-	-	-	512,278	889,929
Investment earnings	943,552	42,952	-	375,819	1,677	365,593	2,623	1,732,216
Slot machine revenues	1,475,319	-	-	-	-	-	-	1,475,319
Other revenues	839,043	265,427	-	-	-	-	116,512	1,220,982
Total revenues	<u>57,115,541</u>	<u>9,847,702</u>	<u>989,856</u>	<u>375,819</u>	<u>1,677</u>	<u>365,593</u>	<u>6,986,016</u>	<u>75,682,204</u>
EXPENDITURES								
Current:								
General government	10,982,658	-	-	-	-	15,503	-	10,998,161
Public safety	39,272,823	-	398,220	-	-	209,885	2,131,771	42,012,699
Physical environment	2,470,172	-	276,412	-	-	-	75,039	2,821,623
Transportation	-	-	-	-	-	-	1,762,764	1,762,764
Economic environment	-	5,230,790	34,000	-	-	-	-	5,264,790
Culture and recreation	4,764,102	-	-	386,801	-	147,791	-	5,298,694
Human services	1,846,517	-	201,619	-	-	-	17,751	2,065,887
Debt service:								
Principal	-	1,255,000	-	-	-	1,105,000	1,010,000	3,370,000
Interest and other fiscal charges	-	386,240	-	-	685,484	93,699	2,003,618	3,169,041
Capital outlay	361,975	500,784	79,605	1,399,914	-	6,207,727	422,879	8,972,884
Total expenditures	<u>59,698,247</u>	<u>7,372,814</u>	<u>989,856</u>	<u>1,786,715</u>	<u>685,484</u>	<u>7,779,605</u>	<u>7,423,822</u>	<u>85,736,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,582,706)</u>	<u>2,474,888</u>	<u>-</u>	<u>(1,410,896)</u>	<u>(683,807)</u>	<u>(7,414,012)</u>	<u>(437,806)</u>	<u>(10,054,339)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	121,143	-	-	-	714,973	100,000	725,013	1,661,129
Transfers out	(858,096)	(369,567)	-	-	-	-	(111,512)	(1,339,175)
Proceeds from the sale of capital assets	2,901	-	-	-	-	-	-	2,901
Total other financing sources (uses)	<u>(734,052)</u>	<u>(369,567)</u>	<u>-</u>	<u>-</u>	<u>714,973</u>	<u>100,000</u>	<u>613,501</u>	<u>324,855</u>
Net change in fund balances	(3,316,758)	2,105,321	-	(1,410,896)	31,166	(7,314,012)	175,695	(9,729,484)
Fund balances, beginning of year	<u>26,409,284</u>	<u>11,480,723</u>	<u>-</u>	<u>59,827,415</u>	<u>-</u>	<u>11,087,119</u>	<u>3,267,709</u>	<u>112,072,250</u>
Fund balances, end of year	<u>\$ 23,092,526</u>	<u>\$ 13,586,044</u>	<u>\$ -</u>	<u>\$ 58,416,519</u>	<u>\$ 31,166</u>	<u>\$ 3,773,107</u>	<u>\$ 3,443,404</u>	<u>\$ 102,342,766</u>

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, 2017**

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

Net change in fund balances - total governmental funds		\$ (9,729,484)
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.		
Current year capital asset additions	\$ 8,899,992	
Depreciation expense	<u>(3,525,299)</u>	
		5,374,693
The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.		
		(5,767)
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	14,304	
Recognition of gain on sale-leaseback transaction	<u>211,719</u>	
		226,023
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.		
		299,857
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.		
		3,370,000
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	(290,492)	
Change in deferred inflows and outflows relating to pensions and the net pension liability	(2,426,047)	
Change in total pension liability - excess benefits plan	(1,667,538)	
Change in net OPEB obligation	(711,601)	
Change in compensated absences	(260,486)	
Amortization of deferred loss on refunding	(79,769)	
Amortization of bond premiums	<u>579,549</u>	
		<u>(4,856,384)</u>
		<u>\$ (5,321,062)</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, 2017**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise Funds		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,653,832	\$ 73,186	\$ 1,455,988	\$ 13,301	\$ 4,196,307	\$ 1,820,827
Investments	14,765,446	2,482,765	-	-	17,248,211	-
Restricted assets, cash	1,952,400	398,996	-	291,498	2,642,894	-
Receivables, net of allowances	3,925,841	571,653	228,839	18,936	4,745,269	143,008
Due from other governments	-	-	76,109	-	76,109	-
Due from other funds	5,133,785	104,452	2,400,408	-	7,638,645	1,603,735
Inventories	84,025	-	-	349,967	433,992	-
Prepays	1,977	-	-	-	1,977	15,922
Total current assets	28,517,306	3,631,052	4,161,344	673,702	36,983,404	3,583,492
Noncurrent assets:						
Capital assets:						
Nondepreciable	3,914,255	-	442,490	375,478	4,732,223	-
Depreciable, net of accumulated depreciation	21,062,442	117,878	16,946,788	23,657	38,150,765	5,334,039
Total noncurrent assets	24,976,697	117,878	17,389,278	399,135	42,882,988	5,334,039
Total assets	53,494,003	3,748,930	21,550,622	1,072,837	79,866,392	8,917,531
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	1,435,869	724,837	65,894	65,894	2,292,494	263,577
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	2,791,855	158,411	252,737	6,392	3,209,395	38,903
Accrued interest	18,834	-	7,742	-	26,576	-
Compensated absences	250,294	86,564	10,996	4,682	352,536	35,691
Notes payable	577,870	-	237,130	-	815,000	-
Accrued claims for self-insured risks	-	-	-	-	-	1,174,000
Due to other funds	248,754	800,000	-	-	1,048,754	1,600,000
Payable from restricted assets:						
Deposits	1,159,788	398,996	-	-	1,558,784	-
Total current liabilities	5,047,395	1,443,971	508,605	11,074	7,011,045	2,848,594

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise Funds		
Noncurrent liabilities:						
Compensated absences	75,095	28,469	1,902	1,019	106,485	10,449
Accrued claims for self-insured risks	-	-	-	-	-	3,052,000
Notes payable	3,580,581	-	1,599,421	-	5,180,002	-
Net pension liability	3,038,529	1,508,843	137,168	137,168	4,821,708	548,671
Net OPEB obligation	794,920	302,977	60,848	15,281	1,174,026	159,904
Total noncurrent liabilities	<u>7,489,125</u>	<u>1,840,289</u>	<u>1,799,339</u>	<u>153,468</u>	<u>11,282,221</u>	<u>3,771,024</u>
Total liabilities	<u>12,536,520</u>	<u>3,284,260</u>	<u>2,307,944</u>	<u>164,542</u>	<u>18,293,266</u>	<u>6,619,618</u>
DEFERRED INFLOWS OF RESOURCES						
Gain on refunding	50,185	-	25,959	-	76,144	-
Pensions	103,321	54,657	4,969	4,969	167,916	19,876
Total deferred inflows of resources	<u>153,506</u>	<u>54,657</u>	<u>30,928</u>	<u>4,969</u>	<u>244,060</u>	<u>19,876</u>
NET POSITION						
Net investment in capital assets	20,559,642	117,878	15,486,263	399,135	36,562,918	5,334,039
Restricted for cemetery care	-	-	-	291,498	291,498	-
Restricted for impact fees	792,612	-	-	-	792,612	-
Unrestricted	20,887,592	1,016,972	3,791,381	278,587	25,974,532	(2,792,425)
Total net position	<u>\$ 42,239,846</u>	<u>\$ 1,134,850</u>	<u>\$ 19,277,644</u>	<u>\$ 969,220</u>	<u>\$ 63,621,560</u>	<u>\$ 2,541,614</u>

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

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

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 23,339,910	\$ 5,238,828	\$ 2,090,358	\$ 162,042	\$ 30,831,138	\$ 4,911,019
Other revenues	-	-	2,000	-	2,000	-
Total operating revenues	<u>23,339,910</u>	<u>5,238,828</u>	<u>2,092,358</u>	<u>162,042</u>	<u>30,833,138</u>	<u>4,911,019</u>
OPERATING EXPENSES						
Personal services	5,237,713	2,190,330	427,397	133,838	7,989,278	1,123,834
Cost of sales and services	16,084,672	3,506,861	2,084,157	101,499	21,777,189	1,032,383
Claims expense	-	-	-	-	-	1,230,024
Depreciation	2,146,203	132,303	1,311,045	7,323	3,596,874	1,927,747
Total operating expenses	<u>23,468,588</u>	<u>5,829,494</u>	<u>3,822,599</u>	<u>242,660</u>	<u>33,363,341</u>	<u>5,313,988</u>
Operating loss	<u>(128,678)</u>	<u>(590,666)</u>	<u>(1,730,241)</u>	<u>(80,618)</u>	<u>(2,530,203)</u>	<u>(402,969)</u>
NONOPERATING REVENUES (EXPENSES)						
Impact fees	792,361	-	-	-	792,361	-
Investment earnings	37,623	501	11,215	26	49,365	1,691
Interest expense	(80,091)	-	(36,475)	-	(116,566)	-
Gain on disposal of capital assets	-	-	-	-	-	88,445
Total nonoperating revenues (expenses)	<u>749,893</u>	<u>501</u>	<u>(25,260)</u>	<u>26</u>	<u>725,160</u>	<u>90,136</u>
Income (loss) before capital contributions and transfers	<u>621,215</u>	<u>(590,165)</u>	<u>(1,755,501)</u>	<u>(80,592)</u>	<u>(1,805,043)</u>	<u>(312,833)</u>
Capital grants and contributions	-	-	907,217	-	907,217	-
Transfers in	-	-	-	-	-	1,317,833
Transfers out	<u>(825,013)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(9,631)</u>	<u>(934,644)</u>	<u>(705,143)</u>
Change in net position	<u>(203,798)</u>	<u>(640,165)</u>	<u>(898,284)</u>	<u>(90,223)</u>	<u>(1,832,470)</u>	<u>299,857</u>
Net position, beginning	<u>42,443,644</u>	<u>1,775,015</u>	<u>20,175,928</u>	<u>1,059,443</u>	<u>65,454,030</u>	<u>2,241,757</u>
Net position, ending	<u>\$ 42,239,846</u>	<u>\$ 1,134,850</u>	<u>\$ 19,277,644</u>	<u>\$ 969,220</u>	<u>\$ 63,621,560</u>	<u>\$ 2,541,614</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, 2017**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 23,239,923	\$ 5,259,152	\$ 2,005,361	\$ 168,331	\$ 30,672,767	\$ 5,067,934
Payments to suppliers for goods, services, claims and administrative charges	(15,699,073)	(3,665,691)	(1,863,909)	(110,641)	(21,339,314)	(2,122,067)
Payments to employees	(5,225,322)	(2,139,679)	(391,243)	(119,167)	(7,875,411)	(1,128,831)
Payments to other funds	(2,823,299)	(1,777)	(50,408)	-	(2,875,484)	(303,658)
Receipts from other funds	248,754	100,000	-	-	348,754	-
Net cash provided by (used by) operating activities	<u>(259,017)</u>	<u>(447,995)</u>	<u>(300,199)</u>	<u>(61,477)</u>	<u>(1,068,688)</u>	<u>1,513,378</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to other funds	(825,013)	(50,000)	(50,000)	(9,631)	(934,644)	(705,143)
Transfers from other funds	-	-	-	-	-	1,317,833
Net cash provided by (used by) noncapital financing activities	<u>(825,013)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(9,631)</u>	<u>(934,644)</u>	<u>612,690</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,244,913)	-	(477,468)	(13,665)	(1,736,046)	(2,037,492)
Proceeds from impact fees	792,361	-	-	-	792,361	-
Capital grants and contributions	-	-	907,217	-	907,217	-
Proceeds from the disposal of capital assets	-	-	-	-	-	88,445
Principal paid on long term debt	(567,773)	-	(232,225)	-	(799,998)	-
Interest paid on long term debt	(89,763)	-	(41,092)	-	(130,855)	-
Net cash provided by (used by) capital and related financing activities	<u>(1,110,088)</u>	<u>-</u>	<u>156,432</u>	<u>(13,665)</u>	<u>(967,321)</u>	<u>(1,949,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(8,533,520)	(1,616,344)	-	-	(10,149,864)	-
Proceeds from the sale of investments	10,353,250	1,920,419	-	-	12,273,669	-
Interest and investment income received	134,315	17,490	11,215	26	163,046	1,691
Net cash provided by (used by) investing activities	<u>1,954,045</u>	<u>321,565</u>	<u>11,215</u>	<u>26</u>	<u>2,286,851</u>	<u>1,691</u>

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise Funds		
Net increase (decrease) in cash and cash equivalents	(240,073)	(176,430)	(182,552)	(84,747)	(683,802)	178,712
Cash and cash equivalents, beginning	4,846,305	648,612	1,638,540	389,546	7,523,003	1,642,115
Cash and cash equivalents, ending	<u>\$ 4,606,232</u>	<u>\$ 472,182</u>	<u>\$ 1,455,988</u>	<u>\$ 304,799</u>	<u>\$ 6,839,201</u>	<u>\$ 1,820,827</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 2,653,832	\$ 73,186	\$ 1,455,988	\$ 13,301	\$ 4,196,307	\$ 1,820,827
Restricted assets, cash and cash equivalents	1,952,400	398,996	-	291,498	2,642,894	-
	<u>\$ 4,606,232</u>	<u>\$ 472,182</u>	<u>\$ 1,455,988</u>	<u>\$ 304,799</u>	<u>\$ 6,839,201</u>	<u>\$ 1,820,827</u>

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise Funds		
Reconciliation of operating loss to net cash provided (used) by operating activities:						
Operating loss	\$ (128,678)	\$ (590,666)	\$ (1,730,241)	\$ (80,618)	\$ (2,530,203)	\$ (402,969)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:						
Depreciation	2,146,203	132,303	1,311,045	7,323	3,596,874	1,927,747
Changes in assets and liabilities:						
(Increase) decrease in receivables	(126,073)	21,285	(10,888)	6,289	(109,387)	(143,008)
(Increase) decrease in due from other governments	2,859	-	(76,109)	-	(73,250)	-
(Increase) decrease in inventories	-	-	-	24,926	24,926	-
(Increase) decrease in due from other funds	(2,823,299)	(1,777)	(50,408)	-	(2,875,484)	296,265
(Increase) decrease in prepaids and other assets	(1,977)	-	-	-	(1,977)	2,550
(Increase) decrease in deferred outflows of resources	(25,276)	(114,443)	(28,473)	(13,732)	(181,924)	7,705
Increase (decrease) in accounts payable	387,576	(158,830)	220,248	3,963	452,957	(46,210)
Increase (decrease) in accrued liabilities	-	-	-	(36,005)	(36,005)	-
Increase (decrease) in customer deposits	23,227	(961)	-	-	22,266	-
Increase (decrease) in compensated absences	(44,212)	(56,220)	(130)	-	(100,562)	11,476
Increase (decrease) in self insured claims liability	-	-	-	-	-	184,000
Increase (decrease) in net pension liability	122,256	241,589	59,555	29,019	452,419	(14,977)
Increase (decrease) in net OPEB obligation	83,658	28,747	6,583	1,237	120,225	17,037
Increase (decrease) in due to other funds	248,754	100,000	-	-	348,754	(300,000)
Increase (decrease) in deferred inflows of resources	(124,035)	(49,022)	(1,381)	(3,879)	(178,317)	(26,238)
Net cash provided by (used by) operating activities	<u>\$ (259,017)</u>	<u>\$ (447,995)</u>	<u>\$ (300,199)</u>	<u>\$ (61,477)</u>	<u>\$ (1,068,688)</u>	<u>\$ 1,513,378</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Unrealized loss on investments	\$ (89,692)	\$ (16,989)	\$ -	\$ -	\$ (106,681)	\$ -
Gain on debt refunding	6,922	-	3,580	-	10,502	-
	<u>\$ (82,770)</u>	<u>\$ (16,989)</u>	<u>\$ 3,580</u>	<u>\$ -</u>	<u>\$ (96,179)</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, 2017**

	Agency Funds	Pension Trust Funds
ASSETS		
Cash and cash equivalents	\$ 2,366,610	\$ 6,603,635
State contributions receivable	-	629,395
Accounts receivable	263,969	-
Employer contributions receivable	-	752,606
Employee contributions receivable	-	59,366
Accrued interest and dividends	-	233,769
Due from brokers	-	180,769
Investments:		
Corporate bonds	-	10,953,999
Equity securities	-	99,538,781
U.S. obligations	-	16,111,805
Hedge funds	-	19,470,121
Equity pooled separate accounts	-	33,642,349
Fixed income pooled separate accounts	-	34,537,127
Real estate pooled separate accounts	-	5,973,333
Real estate investment trust	-	7,074,738
Total investments	2,630,579	235,761,793
Prepays	-	7,988
Total assets	2,630,579	235,769,781
LIABILITIES		
Accounts payable	117,574	215,472
Due to others	2,513,005	-
Due to brokers	-	186,428
Total liabilities	2,630,579	401,900
NET POSITION		
Restricted for pension benefits	\$ -	\$ 235,367,881

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, 2017**

ADDITIONS	
Contributions:	
Employer	\$ 11,302,534
Plan members	1,737,595
State of Florida	629,395
Other income	32,378
Total contributions	13,701,902
Investment income:	
Interest and dividends	2,792,624
Net increase in fair value of investments	22,354,216
Total investment income	25,146,840
Less investment expense	(1,168,990)
Net investment income	23,977,850
Total additions	37,679,752
DEDUCTIONS	
Benefits	14,131,099
Professional services	183,827
Total deductions	14,314,926
Change in net position	23,364,826
Net position, beginning	212,003,055
Net position, ending	\$ 235,367,881

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, 2017

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. A component unit is a legally separate organization for which the City is financially accountable.

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. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. Accordingly, 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.

Blended Component Units:

Golden Isles Safe Neighborhood 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

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.

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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For the most part, interfund activities have been removed from these statements. 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.

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 90 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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 Revenue Bond Fund accounts for the accumulation of transfers from other funds and other revenues for the payment of principal and interest on various revenue bonds.

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

The City reports the following major proprietary 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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 90 days to be uncollectible unless a lien can be placed against the property of the customer.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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. Interest is capitalized on projects of the business-type activities and proprietary funds during construction based upon the cost of borrowings less interest earned on related investments acquired with the proceeds of borrowings. There was no interest to be capitalized in the 2017 fiscal year. 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 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, closing 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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 accrued liability for other post-employment benefits represents the excess of the annual required contribution for other post-employment benefits over the actuarially determined implicit subsidy for the current year. The expense for the implicit subsidy portion is recorded within the operating funds as part of the health care costs incurred.

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, 2017

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 and pension 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 and pension 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 2016-17 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, 2017**

NOTE 3. DEPOSITS AND INVESTMENTS

The City's cash, cash equivalents and investments consist of the following at September 30, 2017:

Cash and cash equivalents:	
Money market funds	\$ 1,401,881
Deposits with financial institutions	24,675,331
Commercial paper	7,459,131
Florida PRIME	18,429,333
	<hr/>
	51,965,676
Investments:	
U.S. Government agencies	33,376,558
Corporate notes	21,061,039
U.S. Government treasuries	10,606,034
Domestic equity investment funds	5,534,948
Collateralized mortgage obligations	5,375,843
International equity investment funds	824,653
Domestic fixed income investment funds	468,190
	<hr/>
	77,247,265
Total cash, cash equivalents, and investments	<hr/> <hr/>
	\$ 129,212,941

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	\$ 20,602,541
Investments	29,910,013
Investments - excess benefit plan	6,827,790
Restricted cash and cash equivalents	28,996,525
Restricted investments	40,509,462
Amounts as presented on the fiduciary statement of net position:	
Cash and cash equivalents - agency funds	<hr/>
	2,366,610
Total cash, cash equivalents, and investments	<hr/> <hr/>
	\$ 129,212,941

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 depositories 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, 2017

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, 2017, 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. As of September 30, 2017, the City has not 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, 2017, 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>\$ 56,449,132</u>
<u>Professional/Management Employees Retirement Plan</u>	
Principal Financial Group	<u>\$ 17,703,677</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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	\$ 33,376,558	\$ 14,995,145	\$ 18,381,413	\$ -	\$ -
Corporate notes	21,061,039	11,991,617	9,069,422	-	-
U.S. Government treasuries	10,606,034	1,000,312	9,605,722	-	-
Commercial paper	7,459,131	7,459,131	-	-	-
Collateralized Mortgage Obligations	5,375,843	-	5,056,805	319,038	-
Florida PRIME	18,429,333	18,429,333	-	-	-
Domestic fixed income investment funds	468,190	-	-	468,190	-
Total	\$ 96,776,128	\$ 53,875,538	\$ 42,113,362	\$ 787,228	\$ -
<u>Professional/Management Employees Retirement Plan</u>					
Fixed income pooled separate accounts	\$ 6,888,135	\$ 4,638,679	\$ 706,882	\$ 1,542,574	\$ -
<u>General Employees Retirement Plan</u>					
Fixed income pooled separate accounts	\$ 27,648,992	\$ 18,658,056	\$ 2,824,662	\$ 6,166,274	\$ -
<u>Police and Fire Retirement Plan</u>					
U.S. Government agencies	\$ 10,252,610	\$ -	\$ -	\$ 182,472	\$ 10,070,138
U.S. Government treasuries	5,859,195	1,684,705	2,914,545	-	1,259,945
Corporate bonds	10,953,999	607,918	3,062,646	3,626,831	3,656,604
Total	\$ 27,065,804	\$ 2,292,623	\$ 5,977,191	\$ 3,809,303	\$ 14,986,687

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017, 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, 2017:

Average Rating	Corporate Bonds and Notes	US Govt Obligations	Domestic Fixed Income Investment Funds	Collateralized Mortgage Obligations	Commercial Paper	Florida PRIME	Total
AAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,429,333	\$ 18,429,333
AA+	360,864	43,982,592	-	5,375,843	-	-	49,719,299
AA	708,117	-	-	-	-	-	708,117
AA-	6,151,521	-	-	-	-	-	6,151,521
A+	4,527,878	-	-	-	-	-	4,527,878
A	3,420,222	-	-	-	-	-	3,420,222
A-	2,584,805	-	-	-	-	-	2,584,805
A-1	-	-	-	-	5,964,357	-	5,964,357
A-1+	-	-	-	-	1,494,774	-	1,494,774
BBB+	3,307,632	-	-	-	-	-	3,307,632
Unrated	-	-	468,190	-	-	-	468,190
TOTAL	\$ 21,061,039	\$ 43,982,592	\$ 468,190	\$ 5,375,843	\$ 7,459,131	\$ 18,429,333	\$ 96,776,128

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, 2017:

Average Rating	Total
Aaa	\$ 5,859,194
A1	551,970
A2	604,163
A3	692,074
Aa3	451,766
Baa1	1,760,353
Baa2	2,848,181
Baa3	3,063,337
Ba1	203,220
Ba2	97,514
B2	114,000
Unrated	10,820,032
Total	\$27,065,804

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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, 2017**

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, 2017:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value at 9/30/17</u>
Debt securities:				
U.S. Government agencies	\$ -	\$ 33,376,558	\$ -	\$ 33,376,558
Corporate notes	-	21,061,039	-	21,061,039
U.S. Government treasuries	-	10,606,034	-	10,606,034
Commercial paper	7,459,131	-	-	7,459,131
Collateralized mortgage obligations	-	5,375,843	-	5,375,843
Domestic fixed income investment funds	468,190	-	-	468,190
Total debt securities	<u>7,927,321</u>	<u>70,419,474</u>	-	<u>78,346,795</u>
Equity securities:				
Domestic equity investment funds	5,534,948	-	-	5,534,948
International equity investment funds	824,653	-	-	824,653
Total equity securities	<u>6,359,601</u>	-	-	<u>6,359,601</u>
Total investments measured at fair value	<u>\$ 14,286,922</u>	<u>\$ 70,419,474</u>	<u>\$ -</u>	84,706,396
Investments not subject to level disclosure:				
Florida PRIME				18,429,333
Money market funds				1,401,881
Deposits with financial institutions				24,675,331
Total investments and cash equivalents				<u>\$ 129,212,941</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 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, 2017**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of September 30, 2017, 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>9/30/2017</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Equity pooled separate accounts	\$ 9,392,499	\$ -	Daily	1 Day
Fixed income pooled separate accounts	6,888,135	-	Daily	1 Day
Real estate pooled separate accounts	<u>1,423,043</u>	<u>-</u>	Daily	1 Day
Total investments measured at NAV	<u>\$17,703,677</u>	<u>\$ -</u>		

As of September 30, 2017, 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>9/30/2017</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Equity pooled separate accounts	\$24,249,850	\$ -	Daily	1 Day
Fixed income pooled separate accounts	27,648,992	-	Daily	1 Day
Real estate pooled separate accounts	<u>4,550,290</u>	<u>-</u>	Daily	1 Day
Total investments measured at NAV	<u>\$56,449,132</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, 2017**

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, 2017:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value at 9/30/17</u>
Debt securities:				
U.S. Government agencies	\$ -	\$ 10,252,610	\$ -	\$ 10,252,610
Corporate bonds	-	10,953,999	-	10,953,999
U.S. Government treasuries	5,859,195	-	-	5,859,195
Total debt securities	<u>5,859,195</u>	<u>21,206,609</u>	<u>-</u>	<u>27,065,804</u>
Equity securities:				
Common stocks	97,595,426	-	-	97,595,426
Mutual funds	1,943,355	-	-	1,943,355
Total equity securities	<u>99,538,781</u>	<u>-</u>	<u>-</u>	<u>99,538,781</u>
Total investments measured at fair value	<u>\$ 105,397,976</u>	<u>\$ 21,206,609</u>	<u>\$ -</u>	126,604,585
Investments measured at NAV*				
Real estate investment trust				7,074,738
Hedge fund				19,470,121
Total investments measured at NAV				<u>26,544,859</u>
Investments not subject to level disclosure:				
Money market funds				6,603,635
Total investments and cash equivalents				<u>\$ 159,753,079</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, 2017**

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	9/30/2017	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund ⁽¹⁾	\$ 7,074,738	\$ 600,000	Quarterly	45 Days
Hedge fund ⁽²⁾	6,259,282	-	Quarterly	91 Days
Hedge fund ⁽³⁾	6,221,895	-	Quarterly	95 Days
Hedge fund ⁽⁴⁾	6,988,944	-	Semiannual	95 Days
Total investments measured at NAV	<u>\$26,544,859</u>	<u>\$ 600,000</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 by the fund 45 days prior to quarter end.

⁽²⁾ Hedge fund: This fund seeks equity-like returns over a full market cycle with low market correlation, reduced volatility, and limited risk. It seeks to achieve its investment objective by investing substantially all of its assets through a “master-feeder” fund structure, which in turn invests in a portfolio of hedge funds, other investment entities, and/or separate accounts. The investment is valued at NAV and redemption requests must be received by the fund 91 days prior to quarter end.

⁽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⁾ 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 95 day notice period.

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, 2017, were as follows:

	General	Community Redevelopment Agency Fund	General Obligation Bond Fund	Capital Projects Fund	Nonmajor Funds	Internal Service Funds	Total Governmental Activities
Governmental activities							
Utility and sales tax	\$ 492,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,411
Franchise fees	523,102	-	-	-	-	-	523,102
Sales and user fees	106,826	-	-	-	53,884	-	160,710
Beach concession	2,500	-	-	-	-	-	2,500
Miscellaneous	221,894	-	-	-	208	163,616	385,718
Interest	37,648	-	191,426	2,229	-	-	231,303
CRA loans	-	1,949,580	-	-	-	-	1,949,580
Gross receivables	1,384,381	1,949,580	191,426	2,229	54,092	163,616	3,745,324
Less: allowance for uncollectibles	(93,260)	(27,197)	-	-	(2,271)	(20,608)	(143,336)
Net total receivables	<u>\$ 1,291,121</u>	<u>\$ 1,922,383</u>	<u>\$ 191,426</u>	<u>\$ 2,229</u>	<u>\$ 51,821</u>	<u>\$ 143,008</u>	<u>\$ 3,601,988</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017, were as follows:

	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise	Total Business-type Activities
Business-type activities					
Water sales	\$ 1,835,953	\$ -	\$ -	\$ -	\$ 1,835,953
Sewer service charges	2,153,308	-	-	-	2,153,308
Garbage and trash	-	534,162	-	-	534,162
Special trash	-	47,789	-	-	47,789
Recycling	-	25,550	-	-	25,550
Franchise fees	-	37,413	-	-	37,413
Stormwater drainage	-	-	266,367	-	266,367
Interest receivable	43,903	7,383	-	-	51,286
Burial rights contracts	-	-	-	18,798	18,798
Other	55,753	-	560	138	56,451
Gross receivables	<u>4,088,917</u>	<u>652,297</u>	<u>266,927</u>	<u>18,936</u>	<u>5,027,077</u>
Less: allowance for uncollectibles	<u>(163,076)</u>	<u>(80,644)</u>	<u>(38,088)</u>	<u>-</u>	<u>(281,808)</u>
Net total receivables	<u>\$ 3,925,841</u>	<u>\$ 571,653</u>	<u>\$ 228,839</u>	<u>\$ 18,936</u>	<u>\$ 4,745,269</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, 2017, include the following:

	General Fund	Community Redevelopment Agency Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Activities
Governmental activities					
Federal Government	\$ 44,614	\$ -	\$ 75,944	\$ 11,840	\$ 132,398
Florida Dept of Revenue	294,210	162,925	206,843	115,827	779,805
Local Governments	630,130	-	20,805	-	650,935
	<u>\$ 968,954</u>	<u>\$ 162,925</u>	<u>\$ 303,592</u>	<u>\$ 127,667</u>	<u>\$ 1,563,138</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 6. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2017:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 39,554,492	\$ -	\$ -	\$ -	\$ 39,554,492
Construction in progress	9,441,987	5,890,414	-	(2,401,025)	12,931,376
Total capital assets, not being depreciated	<u>48,996,479</u>	<u>5,890,414</u>	<u>-</u>	<u>(2,401,025)</u>	<u>52,485,868</u>
Capital assets, being depreciated:					
Buildings	26,262,395	-	-	49,500	26,311,895
Improvements other than buildings	28,666,871	2,191,707	-	2,253,530	33,112,108
Vehicles and equipment	22,343,254	2,855,362	(380,184)	95,745	24,914,177
Infrastructure	26,584,352	-	-	2,250	26,586,602
Total capital assets, being depreciated	<u>103,856,872</u>	<u>5,047,069</u>	<u>(380,184)</u>	<u>2,401,025</u>	<u>110,924,782</u>
Less accumulated depreciation for:					
Buildings	(16,508,628)	(717,951)	-	-	(17,226,579)
Improvements other than buildings	(7,552,035)	(1,296,641)	-	-	(8,848,676)
Vehicles and equipment	(14,414,342)	(2,819,106)	374,417	-	(16,859,031)
Infrastructure	(19,359,504)	(619,347)	-	-	(19,978,851)
Total accumulated depreciation	<u>(57,834,509)</u>	<u>(5,453,045)</u>	<u>374,417</u>	<u>-</u>	<u>(62,913,137)</u>
Total capital assets, being depreciated, net	<u>46,022,363</u>	<u>(405,976)</u>	<u>(5,767)</u>	<u>2,401,025</u>	<u>48,011,645</u>
Governmental activities capital assets, net	<u>\$ 95,018,842</u>	<u>\$ 5,484,438</u>	<u>\$ (5,767)</u>	<u>\$ -</u>	<u>\$ 100,497,513</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, 2017, \$5,334,039 of Internal Service Fund related capital assets are included in the above amounts.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 1,263,102	\$ -	\$ -	\$ -	\$ 1,263,102
Construction in progress	2,233,621	1,611,791	-	(376,291)	3,469,121
Total capital assets, not being depreciated	<u>3,496,723</u>	<u>1,611,791</u>	<u>-</u>	<u>(376,291)</u>	<u>4,732,223</u>
Capital assets, being depreciated:					
Buildings	21,230,219	-	-	-	21,230,219
Improvements other than buildings	4,204,894	1,585	-	214,086	4,420,565
Vehicles and equipment	8,107,596	101,356	-	-	8,208,952
Infrastructure	67,682,585	21,314	-	162,205	67,866,104
Total capital assets, being depreciated	<u>101,225,294</u>	<u>124,255</u>	<u>-</u>	<u>376,291</u>	<u>101,725,840</u>
Less accumulated depreciation for:					
Buildings	(13,003,002)	(897,005)	-	-	(13,900,007)
Improvements other than buildings	(1,874,756)	(181,071)	-	-	(2,055,827)
Vehicles and equipment	(7,449,919)	(408,616)	-	-	(7,858,535)
Infrastructure	(37,650,524)	(2,110,182)	-	-	(39,760,706)
Total accumulated depreciation	<u>(59,978,201)</u>	<u>(3,596,874)</u>	<u>-</u>	<u>-</u>	<u>(63,575,075)</u>
Total capital assets, being depreciated, net	<u>41,247,093</u>	<u>(3,472,619)</u>	<u>-</u>	<u>376,291</u>	<u>38,150,765</u>
Business-type activities capital assets, net	<u>\$ 44,743,816</u>	<u>\$ (1,860,828)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,882,988</u>

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

Governmental activities:	
General government	\$ 3,818,098
Public safety	388,110
Physical environment	7,155
Transportation	123,108
Economic environment	40,060
Culture and recreation	1,044,434
Human services	32,080
Total depreciation expense - governmental activities	<u>\$ 5,453,045</u>
Business-type activities:	
Utility	\$ 2,146,203
Sanitation	132,303
Stormwater drainage	1,311,045
Cemetery	7,323
Total depreciation expense - business-type activities	<u>\$ 3,596,874</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 7. INTERFUND ACTIVITIES

Interfund receivable and payable balances as of September 30, 2017, are as follows:

<u>Due From</u>	<u>Due To</u>								<u>Total</u>	
	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Revenue Bond Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>		<u>Internal Service Funds</u>
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500,000	\$ -	\$ -	\$ -	\$ 4,500,000
Community Redevelopment	6,491,452	-	369,567	-	1,000	23,376	1,777	408	3,735	6,891,315
Grants Fund	-	-	-	-	200,000	-	-	-	-	200,000
General Obligation Bond	-	-	-	500,000	-	-	-	-	-	500,000
Revenue Bond Fund	-	-	-	-	-	-	-	2,400,000	-	2,400,000
Capital Projects Fund	523,386	4,045	-	-	-	610,409	102,675	-	-	1,240,515
Nonmajor Governmental	-	-	-	-	120,000	-	-	-	-	120,000
Utility Fund	248,754	-	-	-	-	-	-	-	-	248,754
Sanitation Fund	-	-	-	-	800,000	-	-	-	-	800,000
Internal service funds	-	-	-	-	-	-	-	-	1,600,000	1,600,000
Total	\$ 7,263,592	\$ 4,045	\$ 369,567	\$ 500,000	\$ 1,121,000	\$ 5,133,785	\$ 104,452	\$ 2,400,408	\$ 1,603,735	\$ 18,500,584

Transfers: The composition of interfund transactions for the year ended September 30, 2017, is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Revenue Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 100,000	\$ 345,406	\$ -	\$ 412,690	\$ 858,096
Community Redevelopment	-	-	369,567	-	-	369,567
Nonmajor Governmental	111,512	-	-	-	-	111,512
Utility Fund	-	-	-	725,013	100,000	825,013
Stormwater Drainage	-	-	-	-	50,000	50,000
Sanitation Fund	-	-	-	-	50,000	50,000
Nonmajor Enterprise	9,631	-	-	-	-	9,631
Internal Service	-	-	-	-	705,143	705,143
Total	\$ 121,143	\$ 100,000	\$ 714,973	\$ 725,013	\$ 1,317,833	\$ 2,978,962

The transfer from the General Fund to the Capital Projects Fund is to fund various capital project expenditures. The transfers into the General Fund relate to the closure of the Marina Fund and to support various operating costs. The transfers into the Revenue Bond Fund are to provide funding for the repayment of the Capital Improvement Refunding Revenue Bonds, Series 2016. The transfer into the Nonmajor Governmental funds were to cover deficits in the Transportation Fund. The transfers into the Internal Service Funds are to provide funding for payment of claims and other expenses.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017, were as follows:

	General Fund	Community Redevelopment Agency Fund	Grants Fund	General Obligation Bond Fund
<u>Governmental activities</u>				
Vendor payables	\$ 2,031,627	\$ 681,749	\$ 98,680	\$ 90,388
Retainage payables	1,716	67,504	-	496
Other liabilities	490,072	10,817	-	-
Total payables	<u>\$ 2,523,415</u>	<u>\$ 760,070</u>	<u>\$ 98,680</u>	<u>\$ 90,884</u>

	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Vendor payables	\$ 1,289,310	\$ 280,126	\$ 38,903	\$ 4,510,783
Retainage payables	878,904	-	-	948,620
Other liabilities	-	-	-	500,889
Total payables	<u>\$ 2,168,214</u>	<u>\$ 280,126</u>	<u>\$ 38,903</u>	<u>\$ 5,960,292</u>

Accounts payable and accrued liabilities for the City's business-type activities, each major and nonmajor enterprise fund as of September 30, 2017, were as follows:

	Utility Fund	Sanitation Fund	Stormwater Drainage Fund	Nonmajor Enterprise	Total Business-type Activities
<u>Business-type activities</u>					
Vendor payables	\$ 2,447,088	\$ 158,377	\$ 212,232	\$ 6,392	\$ 2,824,089
Retainage payables	208,419	34	40,505	-	248,958
Accrued wastewater treatment expense	135,980	-	-	-	135,980
Other liabilities	368	-	-	-	368
Total payables	<u>\$ 2,791,855</u>	<u>\$ 158,411</u>	<u>\$ 252,737</u>	<u>\$ 6,392</u>	<u>\$ 3,209,395</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable					
Revenue bonds - Series 2007A	\$ 2,265,000	\$ -	\$ (1,105,000)	\$ 1,160,000	\$ 1,160,000
Refunding revenue bonds - Series 2016	21,720,000	-	-	21,720,000	285,000
HBCRA Redevelopment Revenue Bonds	14,200,000	-	(1,255,000)	12,945,000	1,290,000
G.O. bonds - Series 2016	57,500,000	-	(1,010,000)	56,490,000	1,015,000
Unamortized bond premium	8,141,351	-	(579,549)	7,561,802	-
	<u>103,826,351</u>	<u>-</u>	<u>(3,949,549)</u>	<u>99,876,802</u>	<u>3,750,000</u>
Other long-term liabilities:					
Accrued claims for self-insured risks	4,042,000	1,438,781	(1,254,781)	4,226,000	1,174,000
Net pension liability	72,093,230	35,866,745	(27,824,850)	80,135,125	-
Total pension liability-excess benefit plan (restated)	13,388,686	2,232,703	(566,597)	15,054,792	-
Net OPEB obligation	5,887,613	1,181,112	(452,474)	6,616,251	-
Compensated absences	3,436,579	4,202,908	(3,930,946)	3,708,541	590,783
	<u>98,848,108</u>	<u>44,922,249</u>	<u>(34,029,648)</u>	<u>109,740,709</u>	<u>1,764,783</u>
Governmental activity					
Long-term liabilities	<u>\$ 202,674,459</u>	<u>\$ 44,922,249</u>	<u>\$ (37,979,197)</u>	<u>\$ 209,617,511</u>	<u>\$ 5,514,783</u>
Business-type activities:					
Revenue note - Series 2014	\$ 4,905,000	\$ -	\$ (495,000)	\$ 4,410,000	\$ 505,000
Revenue note - Series 2012	1,890,000	-	(304,998)	1,585,002	310,000
	<u>6,795,000</u>	<u>-</u>	<u>(799,998)</u>	<u>5,995,002</u>	<u>815,000</u>
Other long-term liabilities:					
Net pension liability	4,369,289	3,015,836	(2,563,417)	4,821,708	-
Net OPEB obligation	1,053,801	209,584	(89,359)	1,174,026	-
Compensated absences	557,557	564,519	(663,055)	459,021	352,536
	<u>5,980,647</u>	<u>3,789,939</u>	<u>(3,315,831)</u>	<u>6,454,755</u>	<u>352,536</u>
Business-type activity					
Long-term liabilities	<u>\$ 12,775,647</u>	<u>\$ 3,789,939</u>	<u>\$ (4,115,829)</u>	<u>\$ 12,449,757</u>	<u>\$ 1,167,536</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 are not general obligation bonds of the City, bear interest at rates ranging from 4.25-5.00% and are to be repaid solely from non-ad valorem revenue. Principal is payable annually and the bonds mature on October 1, 2017. 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.

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, 2041.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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. The note bears an interest rate of 2.72% and the final maturity is February 1, 2026.

Business-type activities Revenue Bonds and Notes: The Revenue Note, Series 2012 was issued through the issuance of a revenue note in the amount of \$2,770,000 at 1.5% interest. 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.

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. A summary of annual debt service requirements as of September 30, 2017, is as follows:

Year Ending September 30,	Governmental Activities							
	Revenue Bonds Series 2007A		Refunding Revenue Bonds Series 2016		HBCRA Redevelopment Revenue Note		General Obligation Bonds Series 2016	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,160,000	\$ 29,000	\$ 285,000	\$ 976,038	\$ 1,290,000	\$ 352,104	\$ 1,015,000	\$ 2,064,756
2019	-	-	1,365,000	934,787	1,325,000	317,016	1,065,000	2,014,006
2020	-	-	1,435,000	864,787	1,360,000	280,976	1,120,000	1,960,756
2021	-	-	1,505,000	791,287	1,395,000	243,984	1,175,000	1,904,756
2022	-	-	1,580,000	714,163	1,435,000	206,040	1,230,000	1,846,006
2023 - 2027	-	-	9,190,000	2,270,563	6,140,000	422,960	7,150,000	8,242,031
2028 - 2032	-	-	4,105,000	606,606	-	-	9,085,000	6,305,481
2033 - 2037	-	-	2,255,000	149,500	-	-	10,760,000	4,625,231
2038 - 2042	-	-	-	-	-	-	12,480,000	2,911,181
2043 - 2046	-	-	-	-	-	-	11,410,000	901,594
	<u>\$ 1,160,000</u>	<u>\$ 29,000</u>	<u>\$21,720,000</u>	<u>\$ 7,307,731</u>	<u>\$12,945,000</u>	<u>\$ 1,823,080</u>	<u>\$56,490,000</u>	<u>\$32,775,798</u>

Year Ending September 30,	Business-type Activities			
	Revenue Note Series 2012		Revenue Note Series 2014	
	Principal	Interest	Principal	Interest
2018	\$ 310,000	\$ 21,450	\$ 505,000	\$ 93,544
2019	310,000	16,800	520,000	82,013
2020	315,000	12,113	530,000	70,200
2021	320,000	7,350	545,000	58,106
2022	330,000	2,475	560,000	45,675
2023 - 2027	-	-	1,750,000	59,850
	<u>\$ 1,585,000</u>	<u>\$ 60,188</u>	<u>\$ 4,410,000</u>	<u>\$ 409,388</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017. 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, 2017:

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:							
Revenue Bonds, Series 2007A	Non Ad Valorem		\$ 22,867,207	\$ 1,190,625	5.21%	\$ 1,189,000	2018
Refunding Revenue Bonds, Series 2016	Non Ad Valorem		22,867,207	685,483	3.00%	29,027,731	2036
General Obligation Bonds, Series 2016	Ad Valorem		25,687,755	3,013,618	11.73%	89,265,798	2046
HBCRA Redevelopment Revenue Note	Tax Increment		9,522,375	1,641,240	17.24%	14,768,080	2026
Business-type Activities							
Revenue Note, Series 2014	Net revenues of water, sewer and stormwater utility		1,598,329	599,794	37.53%	4,819,388	2025
Revenue Note, Series 2012	Net revenues of water, sewer and stormwater utility		1,598,329	331,063	20.71%	1,645,188	2022

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.

Investments

Plan investments are valued as described in Note 3, Fair Value Hierarchy. Unrealized gains and losses are presented as net appreciation (depreciation) 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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

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, which covers all City employees except police officers, firefighters and management/professional employees. As of the date of the most recent actuarial valuation, October 1, 2017, employee membership data related to the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	150
Inactive plan members entitled to, but not receiving benefits	73
Active plan members	96
Total	<u>319</u>

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 and contribution provisions. 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.

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.

The City does not issue a stand-alone financial report for the Plan.

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, 2017, there were 12 DROP participants, with a total balance of \$1,263,460. These funds are included in the Plan's Fiduciary Net Position.

Actuarially determined contribution requirements and contributions made: 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.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10. PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

The employees, in accordance with City ordinance, made contributions for the year ending September 30, 2017, totaling \$206,247. Employer contributions for same period, as determined by the October 1, 2015, actuarial valuation, totaled \$2,799,601 or 100% of the actual amount required.

Portfolio allocations: The Plan's investment policy establishes authorized investment classes and stipulated the following maximum portfolio percentages for the years ended September 30, 2017 and 2016.

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. equity	30%
International equity	10%
Fixed income - core bonds	45%
Fixed income - high yield	5%
Real estate	5%
Conservative asset allocation	5%
Total	<u>100%</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. As of the date of the most recent actuarial valuation, October 1, 2016, employee membership data related to the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	183
Inactive plan members entitled to, but not receiving benefits	8
Active plan members	<u>150</u>
Total	<u>341</u>

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 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.

Covered employees are required by ordinance to contribute 9.5% of their salary to the plan. 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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

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

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 \$28,879,598. These funds are included in the Plan's Fiduciary Net Position.

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.

Actuarially determined contribution requirements and contributions made: 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.

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 premiums collected on property insurance policies covering property within the City. This amount totaled \$629,395 for the year ended September 30, 2017. This amount was recognized as an expenditure and revenue in the General Fund. Contributions for year ended September 30, 2017, consisting of \$7,933,609 for the employer, or 100% of the required employer contribution, \$1,479,694 for the employees and \$629,395 from the State of Florida, 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, 2015.

Portfolio allocations: The Plan's investment policy establishes authorized investment classes and stipulates the following maximum portfolio percentages for the years ended September 30, 2017 and 2016.

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	62.5%
Fixed income	17.5%
Real estate	5.0%
Hedge funds	15.0%
Total	100.0%

Professional/Management Retirement Plan

Plan description: The City of Hallandale Beach Professional/Management Retirement Plan is a single-employer defined-benefit plan, which 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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 10. PENSION PLANS (CONTINUED)

Professional/Management Retirement Plan (Continued)

As of the date of the most recent actuarial valuation, October 1, 2017, employee membership data related to the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	22
Inactive plan members entitled to, but not receiving benefits	9
Active plan members	7
Total	<u>38</u>

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 three-year 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.

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.

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, 2017, there were four DROP participants, with a total asset balance of \$896,458. These funds are included in the Plan's Fiduciary Net Position.

The City does not issue a stand-alone financial report for the plan.

Actuarially determined contribution requirements and contributions made: 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 employees, in accordance with plan documents, made contributions for the year ended September 30, 2017, totaling \$51,654. Employer contributions for the same period, as determined by the October 1, 2015, actuarial valuation totaled \$569,324 or 100% of the actual amount required. Payments of contributions, benefits and refunds are recognized in the financial statements as they are paid.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10. PENSION PLANS (CONTINUED)

Professional/Management Retirement Plan (Continued)

Portfolio allocations: The Plan's investment policy establishes authorized investment classes and stipulated the following maximum portfolio percentages for the years ended September 30, 2017 and 2016.

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. equity	37.5%
International equity	12.5%
Fixed income - core bonds	36%
Fixed income - high yield	4%
Real estate	5%
Conservative asset allocation	5%
Total	<u>100%</u>

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, 2017**

	<u>General Employees Retirement Plan</u>	<u>Professional/ Management Retirement Plan</u>
Assets		
Employer contributions receivable	\$ 699,900	\$ -
Investments:		
Equity pooled separate accounts	24,249,850	9,392,499
Fixed income pooled separate accounts	27,648,992	6,888,135
Real estate pooled separate accounts	4,550,290	1,423,043
Total investments	<u>56,449,132</u>	<u>17,703,677</u>
Total assets	<u>57,149,032</u>	<u>17,703,677</u>
Liabilities		
Accounts payable	<u>-</u>	<u>9,346</u>
Net position		
Restricted for pension benefits	<u>\$ 57,149,032</u>	<u>\$ 17,694,331</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10. PENSION PLANS (CONTINUED)

Professional/Management and General Employees Retirement Plans (Continued)

	<u>General Employees Retirement Plan</u>	<u>Professional/ Management Retirement Plan</u>
Additions		
Contributions:		
Employer	\$ 2,799,601	\$ 569,324
Plan members	206,247	51,654
Total contributions	<u>3,005,848</u>	<u>620,978</u>
Investment income:		
Net increase in fair value of investments	5,329,713	1,912,781
Less: investment expense	<u>(65,725)</u>	<u>(36,221)</u>
Net investment income	<u>5,263,988</u>	<u>1,876,560</u>
Total additions	8,269,836	2,497,538
Deductions		
Benefits	<u>3,829,680</u>	<u>946,826</u>
Change in net position	4,440,156	1,550,712
Net position, beginning	<u>52,708,876</u>	<u>16,143,619</u>
Net position, ending	<u>\$ 57,149,032</u>	<u>\$ 17,694,331</u>

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

As of September 30, 2017, the City reported the following net pension liability (NPL) which was measured as of September 30, 2016, (measurement date in accordance with GASB Statement No. 68) associated with each plan:

	<u>Professional/ Management Retirement Plan</u>	<u>Police Officers' and Firefighters' Retirement Trust</u>	<u>General Employees Retirement Plan</u>
Total pension liability	\$ 19,833,370	\$ 210,700,892	\$ 66,425,626
Plan fiduciary net position	<u>(16,143,619)</u>	<u>(143,150,560)</u>	<u>(52,708,876)</u>
Net pension liability	<u>\$ 3,689,751</u>	<u>\$ 67,550,332</u>	<u>\$ 13,716,750</u>
Plan fiduciary net position as a percentage of the total pension liability	81.40%	67.94%	79.35%
Total net pension liability			<u>\$ 84,956,833</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10. PENSION PLANS (CONTINUED)

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

In addition, in accordance with GASB Statement No. 67, information related to each plan measured as of September 30, 2017 has been disclosed:

	<u>Professional/ Management Retirement Plan</u>	<u>Police Officers' and Firefighters' Retirement Trust</u>	<u>General Employees Retirement Plan</u>
Total pension liability	\$ 20,495,104	\$ 219,162,984	\$ 69,146,540
Plan fiduciary net position	(17,694,331)	(160,524,518)	(57,149,032)
Net pension liability	<u>\$ 2,800,773</u>	<u>\$ 58,638,466</u>	<u>\$ 11,997,508</u>
 Plan fiduciary net position as a percentage of the total pension liability	 86.33%	 73.24%	 82.65%
 Total net pension liability			 <u>\$ 73,436,747</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 after 2000	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years after 2000	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years after 2000

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2016	September 30, 2016	September 30, 2016
Actuarial valuation	October 1, 2015	October 1, 2015	October 1, 2015
Interest rates:			
Single discount rate	7.00%	7.70%	7.25%
Inflation rate	2.25%	2.30%	2.25%
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 after 2000	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years after 2000	RP-2000 Combined Healthy Annuitant Participant table for males or females, with mortality improvement projected to all future years after 2000

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, 2017 and 2016, are summarized in the following table:

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%

Asset Class	Long-term Expected Real Rate of Return - 2016		
	General Employees Retirement Plan	Police and Fire Retirement Plan	Professional/ Management Retirement Plan
U.S. equities	7.80%	7.42%	7.80%
International equities	8.25%	6.90%	8.25%
Fixed income - core bonds	3.60%	2.40%	3.60%
Fixed income - high yield	6.80%	-	6.80%
Hedge fund of funds	-	2.63%	-
Real estate	6.70%	3.70%	6.70%
Conservative asset allocation	6.75%	-	6.75%

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017 and 2016, 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>Professional / Management Retirement Plan</u>	<u>Police and Fire Retirement Plan</u>	<u>General Employees Retirement Plan</u>
2017	12.05%	11.85%	10.23%
2016	7.72%	8.40%	7.48%

Discount rate: The discount rate used to measure the total pension liability at September 30, 2017 and 2016 was 7.25% for the Professional/Management Retirement Plan, 7.65% and 7.70%, 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.

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>
Professional/Management Retirement Plan				
September 30, 2017	City's net pension liability	\$ 5,310,055	\$ 2,800,773	\$ 718,865
September 30, 2016	City's net pension liability	6,155,845	3,689,751	1,662,731
Police Officers' and Firefighters' Retirement Trust				
September 30, 2017	City's net pension liability	81,934,436	58,638,466	39,422,307
September 30, 2016	City's net pension liability	90,149,974	67,550,332	48,421,125
General Employees Retirement Plan				
September 30, 2017	City's net pension liability	19,904,488	11,997,508	5,352,883
September 30, 2016	City's net pension liability	21,379,868	13,716,750	7,279,437

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017, based on a September 30, 2016, measurement date, the City recognized total pension expense of \$11,030,279, which includes \$1,136,602 for the Professional/Management Retirement Plan, \$7,106,715 for the Police and Fire Retirement Plan, and \$2,786,962 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>
Professional/Management Retirement Plan		
City contributions subsequent to the measurement date	\$ 569,324	\$ -
Differences between expected and actual experience	-	49,303
Changes in assumptions	231,316	-
Differences between expected and actual investment earnings	674,164	-
Police Officers' and Firefighters' Retirement Trust		
City contributions subsequent to the measurement date	8,563,004	-
Differences between expected and actual experience	2,364,054	-
Changes in assumptions	6,741,144	-
Differences between expected and actual investment earnings	4,071,740	-
General Employees Retirement Plan		
City contributions subsequent to the measurement date	2,799,601	-
Differences between expected and actual experience	-	496,886
Changes in assumptions	1,763,558	-
Differences between expected and actual investment earnings	2,026,267	-
Totals	<u>\$ 29,804,172</u>	<u>\$ 546,189</u>

The deferred outflows of resources associated with the City's contributions to each Plan subsequent to the measurement date of September 30, 2017, in the amount of \$569,324 for the Professional/Management Retirement Plan, \$8,563,004 for Police and Fire Retirement Plan, and \$2,799,601 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, 2018. 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,	Professional/ Management Retirement Plan	Police Officers' and Firefighters' Retirement Trust	General Employees Retirement Plan
2018	\$ 396,066	\$ 4,893,841	\$ 1,459,909
2019	214,055	3,756,067	1,122,000
2020	252,702	4,676,184	733,427
2021	(6,646)	(149,154)	(22,397)
	<u>\$ 856,177</u>	<u>\$ 13,176,938</u>	<u>\$ 3,292,939</u>

Payable to the pension plan: At September 30, 2017, the City reported payables of \$52,706 and \$699,900 for the outstanding amount of contributions to the Police and Fire Retirement Plan and the General Employees Retirement Plan, respectively, required for the year ended September 30, 2017.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 plan. 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 plans are administered by an independent third party administrator.

The City's contributions were calculated using the covered payroll amount of approximately \$9,635,000. The City's contribution amounted to approximately \$999,000 or 10.4% 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 as a separate 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, 2017, 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	7
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.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 11. EXCESS BENEFIT PLAN (CONTINUED)

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.

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, 2017, the City has set aside \$6,827,790 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, 2016, and determined by an actuarial valuation as of that date.

Changes in the total pension liability: As of September 30, 2017, the City reported a total pension liability of \$15,054,792 for the Excess Benefit Plan. Changes in the City's total pension liability are as follows:

Balance at October 1, 2016	\$ 13,388,686
Changes for the year:	
Service cost	104,295
Interest	538,954
Benefit payments	(566,597)
Differences between expected and actual experience	52,033
Changes in assumptions	1,537,421
Net changes	<u>1,666,106</u>
Balance at September 30, 2017	<u>\$ 15,054,792</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, 2016, using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation rate	2.0%
Annual salary increases	Not applicable
Discount rate	3.66%
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.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 11. EXCESS BENEFIT PLAN (CONTINUED)

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 3.66%.

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 (2.66%)	Current Discount Rate (3.66%)	1% Increase (4.66%)
City's total pension liability	\$ 17,553,399	\$ 15,054,792	\$ 13,090,621

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended September 30, 2017, based on a September 30, 2016, measurement date, the City recognized total pension expense of \$2,232,703 for the Excess Benefit Plan. In addition, the City reported \$565,165 in deferred outflows for benefit payments made subsequent to the measurement date will be recognized as a reduction to the City's total pension liability in the year ended September 30, 2018. There were no deferred inflows of resources related to this plan.

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS

Pursuant to Section 112.081, 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.

The plan does not issue a separate financial statement.

Plan description: The City of Hallandale Beach administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance benefits to its employees and retirees, and their eligible dependents. These retirees pay 100% of the blended rate for active and retired employees with no explicit subsidy from the City. Because the blended rate is 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.

Funding policy: An actuarial valuation was performed as of October 1, 2016, the date of the most recent valuation, for the purpose of enhancing the City's understanding of the OPEB obligation and to establish policy implications regarding the funding of this obligation. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the implicit subsidy is considered to be an Other Post Employment Benefit (OPEB) obligation of the City. The actuary's estimate, using the Projected Unit Credit Method as of October 1, 2016, included other actuarial assumptions as classified above. The calculation produced an unfunded actuarially accrued liability (UAAL) of \$10,758,919, and an estimated net OPEB obligation of \$7,790,277 as of September 30, 2017.

Actuarial methods: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations 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. Actuarial calculations reflect a long-term perspective.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the current year were as follows:

Actuarial valuation date	10/1/2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	4.50%
Projected salary increases*	N/A
Inflation rate	3.00%
Post retirement benefit increases	Benefits tied to premium rate (see health care cost Health care cost trend: Initial Health Care Cost Trend Rate - 7.00%; Ultimate Health Care Cost Trend of 5.00% in 2027

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

Annual required contribution (ARC)	\$ 1,486,126
Interest on net OPEB obligation	312,365
Adjustments to annual required contribution	<u>(407,794)</u>
Annual OPEB cost	1,390,697
Contributions made (pay as you go)	<u>(541,834)</u>
Increase in net OPEB obligation	848,863
Net OPEB obligation, beginning of year	<u>6,941,414</u>
Net OPEB obligation, end of year	<u>\$ 7,790,277</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

	Fiscal Year Ended		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual OPEB cost	\$ 1,390,697	\$ 1,529,083	\$ 1,545,116
Percentage of OPEB cost contributed	38.96%	34.32%	24.52%
Net OPEB obligation	7,790,277	6,941,414	5,937,170

Schedule of Funding Progress: Funding progress of the OPEB liability as of October 1, 2016, the date of the latest valuation date, is presented below:

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
10/1/2016	\$ -	\$10,758,919	\$10,758,919	0.00%	\$31,389,305	34.28%

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 \$66,000,000 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.

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, 2017, of \$4,226,000 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, 2017 and 2016, the total estimated liabilities on pending claims were as follows:

	2017	2016
Claims payable - beginning	\$ 4,042,000	\$ 2,139,355
Incurred claims	1,438,781	2,848,419
Payments on claims	(1,254,781)	(945,774)
Claims payable - ending	<u>\$ 4,226,000</u>	<u>\$ 4,042,000</u>

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES

Construction and purchase commitments: The City has active construction and economic development projects as of September 30, 2017. 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, 2017, the City's significant commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitments
Water and Wastewater	\$ 2,062,453	\$ 56,211
Landscaping and beautification projects	3,984,052	11,540
Sanitary sewer improvements	1,267,348	63,634
Parks & Recreation/Open Spaces projects	15,963,514	689,655
Fire Station Construction	7,208,169	111,671
Total	<u>\$ 30,485,536</u>	<u>\$ 932,711</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.

CITY OF HALLANDALE BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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.

NOTE 15. RESTATEMENT OF PRIOR YEAR BALANCES

The City has determined that a restatement to the October 1, 2016, beginning net position is required to recognize the change in accounting principle for 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*. This adjustment resulted in a change to the beginning net position of the City as follows:

	<u>Governmental Activities</u>
Beginning net position, October 1, 2016, as previously reported	\$ 41,540,338
Change in accounting principle due to the implementation of GASB Statement No. 73:	
Removal of net pension asset	(918,775)
Recording of beginning deferred outflow	566,597
Recording of beginning balance of total pension liability	<u>(13,388,686)</u>
Total change	(13,740,864)
Beginning net position, October 1, 2016, as restated	<u>\$ 27,799,474</u>

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017:

	<u>Deposits</u>	<u>Withdrawals</u>
Source of deposits:		
Tax increment revenues - Hallandale Beach	\$ 4,344,462	\$ -
Tax increment revenues - other agencies	5,177,913	-
Loan repayments	29,518	-
Loan application fees	16,948	-
Investment income	42,952	-
Other revenue	235,909	-
Purpose of withdrawals:		
Salaries and benefits	-	552,150
Materials and supplies	-	11,630
Repairs and maintenance	-	6,815
Community redevelopment programs	-	1,373,076
Grants to community organizations	-	106,964
Professional and outside services	-	2,618,176
Other service charges	-	71,325
Subsidized loan programs	-	218,259
Administrative charges	-	272,395
Capital outlay	-	500,784
Debt service	-	1,641,240
Transfer to Capital Projects Fund	-	369,567
	<u>\$ 9,847,702</u>	<u>\$ 7,742,381</u>

NOTE 17. SALE AND LEASEBACK TRANSACTION

In connection with the sale of the Fire Station Parcel (the "Parcel") on September 8, 2014, the City entered into an operating lease with a two year initial term, with the City reserving the right to remain a tenant on a month to month basis for an additional 12 month period. Monthly lease payments for the initial term were prepaid at the date of the transaction at a rate of \$9,420. As of September 30, 2017, the City has remained as a tenant on a month to month basis. The additional 12 month renewal requires monthly payments of \$9,703 which represents an increase of 3%. The lease is classified as an operating lease and the gain on the sale of the Parcel has been recorded as a deferred inflow and is being recognized to income over the three year term of the lease. For the year ended September 30, 2017, the remaining deferred inflow balance of \$211,719 was fully recognized.

NOTE 18. DEFICIT FUND EQUITY

The Police Outside Services Fund, the 2016 G.O. Bond Fund, and General Liability Trust Fund, each present a deficit fund equity of \$46,608, \$14,386, and \$1,190,111, respectively, at September 30, 2017. The deficits related to the Police Outside Services Fund and 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 19. SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 11, 2018, the date which the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional disclosure in the financial statements.



Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 21,467,470	\$ 21,467,470	\$ 21,343,293	\$ (124,177)
Other taxes	4,520,072	4,520,072	4,557,194	37,122
Charges for services	9,734,703	10,037,703	9,142,766	(894,937)
Licenses and permits	4,421,011	4,421,011	3,808,917	(612,094)
Intergovernmental	3,803,675	3,803,675	3,766,931	(36,744)
Franchise fees	4,123,248	4,123,248	3,937,759	(185,489)
Fire assessments	6,951,789	6,951,789	6,923,116	(28,673)
Fines and forfeitures	513,500	513,500	377,651	(135,849)
Investment earnings	26,628	26,628	8,261	(18,367)
Slot machine revenues	1,606,000	1,606,000	1,475,319	(130,681)
Other revenues	775,112	775,112	839,043	63,931
Total revenues	<u>57,943,208</u>	<u>58,246,208</u>	<u>56,180,250</u>	<u>(2,065,958)</u>
EXPENDITURES:				
Personal services	50,388,374	50,928,060	48,785,314	2,142,746
Operating expenditures	9,077,031	10,315,752	9,512,067	803,685
Contingency	-	-	-	-
Grants and aids	553,270	563,377	494,055	69,322
Capital outlay	400,787	1,174,960	361,975	812,985
Total expenditures	<u>60,419,462</u>	<u>62,982,149</u>	<u>59,153,411</u>	<u>3,828,738</u>
Deficiency of revenues under expenditures	<u>(2,476,254)</u>	<u>(4,735,941)</u>	<u>(2,973,161)</u>	<u>1,762,780</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	68,500	68,500	121,143	52,643
Transfers out	(317,849)	(737,989)	(858,096)	(120,107)
Proceeds from the sale of capital assets	50,500	50,500	2,901	(47,599)
Total other financing uses	<u>(198,849)</u>	<u>(618,989)</u>	<u>(734,052)</u>	<u>(115,063)</u>
Net change in fund balances	<u>(2,675,103)</u>	<u>(5,354,930)</u>	<u>(3,707,213)</u>	<u>1,647,717</u>
Fund balances, beginning	<u>26,409,284</u>	<u>26,409,284</u>	<u>26,409,284</u>	<u>-</u>
Fund balances, ending	<u>\$ 23,734,181</u>	<u>\$ 21,054,354</u>		<u>\$ 1,647,717</u>
Excess benefit plan (see Note 2)			<u>390,455</u>	
Fund balances, ending			<u>\$ 23,092,526</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 4,331,771	\$ 4,344,462	\$ 4,344,462	\$ -
Charges for services	13,075	16,000	16,948	948
Intergovernmental	5,208,009	5,177,913	5,177,913	-
Investment earnings	3,378,713	36,590	42,952	6,362
Other revenues	810,549	548,801	265,427	(283,374)
Total revenues	<u>13,742,117</u>	<u>10,123,766</u>	<u>9,847,702</u>	<u>(276,064)</u>
EXPENDITURES:				
Personal services	661,251	555,176	552,150	3,026
Operating expenditures	5,938,825	5,172,452	4,678,640	493,812
Debt service	1,594,331	1,641,240	1,641,240	-
Capital outlay	4,315,388	2,374,908	500,784	1,874,124
Total expenditures	<u>12,509,795</u>	<u>9,743,776</u>	<u>7,372,814</u>	<u>2,370,962</u>
Excess of revenues over expenditures	<u>1,232,322</u>	<u>379,990</u>	<u>2,474,888</u>	<u>2,094,898</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(498,446)</u>	<u>(369,567)</u>	<u>(369,567)</u>	<u>-</u>
Net change in fund balances	733,876	10,423	2,105,321	2,094,898
Fund balances, beginning	<u>11,480,723</u>	<u>11,480,723</u>	<u>11,480,723</u>	<u>-</u>
Fund balances, ending	<u>\$ 12,214,599</u>	<u>\$ 11,491,146</u>	<u>\$ 13,586,044</u>	<u>\$ 2,094,898</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 - GRANTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 969,146	\$ 989,856	\$ 20,710
Total revenues	-	969,146	989,856	20,710
EXPENDITURES:				
Personal services	-	341,481	404,319	(62,838)
Operating expenditures	-	498,622	505,932	(7,310)
Capital outlay	-	83,273	79,605	3,668
Total expenditures	-	923,376	989,856	(66,480)
Net change in fund balances	-	45,770	-	(45,770)
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 45,770	\$ -	\$ (45,770)

See Notes to Required Supplementary Information.

CITY OF HALLANDALE BEACH, FLORIDA

**NOTES TO BUDGETARY COMPARISON SCHEDULES (UNAUDITED)
SEPTEMBER 30, 2017**

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 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 Special Revenue Funds on a basis consistent with GAAP, except for unbudgeted amounts related to the excess benefit plan's investments, which are presented in the General Fund 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 \$2,982,827.

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	\$ 935,291
Excess benefit payments	<u>(544,836)</u>
Net Change in Fund Balance - Excess Benefit Plan	<u>\$ 390,455</u>

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,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 245,137	\$ 217,129	\$ 278,376	\$ 271,262
Interest on total pension liability	1,418,847	1,358,496	1,346,589	1,211,250
Differences between expected and actual experience	(55,424)	(219,313)	(387,152)	1,606,105
Changes of assumptions	-	1,028,958	-	-
Benefit payments, including refunds of employee contributions	<u>(946,826)</u>	<u>(954,956)</u>	<u>(1,402,625)</u>	<u>(849,115)</u>
Net change in total pension liability	<u>661,734</u>	<u>1,430,314</u>	<u>(164,812)</u>	<u>2,239,502</u>
Total pension liability - beginning	<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>\$ 20,495,104</u>	<u>\$ 19,833,370</u>	<u>\$ 18,403,056</u>	<u>\$ 18,567,868</u>
Plan fiduciary net position				
Contributions - employer	\$ 569,324	\$ 691,355	\$ 748,978	\$ 912,745
Contributions - employee	51,654	61,774	55,316	85,052
Net investment income	1,901,704	1,158,157	(140,977)	1,282,016
Benefit payments, including refunds of member contributions	(946,826)	(954,956)	(1,402,625)	(849,115)
Administrative expenses	<u>(25,144)</u>	<u>(26,140)</u>	<u>(21,723)</u>	<u>(22,133)</u>
Net change in plan fiduciary net position	<u>1,550,712</u>	<u>930,190</u>	<u>(761,031)</u>	<u>1,408,565</u>
Plan fiduciary net position - beginning	<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>\$ 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>\$ 2,800,773</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	86.33%	81.40%	82.67%	86.03%
Covered-employee payroll	\$ 737,299	\$ 814,214	\$ 763,897	\$ 738,758
Net pension liability as a percentage of covered-employee payroll	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,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 2,668,846	\$ 2,198,923	\$ 2,114,287	\$ 2,068,244
Interest on total pension liability	16,069,318	14,732,084	13,946,642	13,484,951
Differences between expected and actual experience	(1,906,123)	1,635,041	3,413,322	-
Changes of assumptions	847,814	8,988,193	-	-
Benefit payments, including refunds of employee contributions	(9,354,592)	(9,537,098)	(9,377,998)	(9,905,885)
Contributions - buy back	136,829	22,723	33,396	-
Net change in total pension liability	8,462,092	18,039,866	10,129,649	5,647,310
Total pension liability - beginning	210,700,892	192,661,026	182,531,377	176,884,067
Total pension liability - ending (a)	\$ 219,162,984	\$ 210,700,892	\$ 192,661,026	\$ 182,531,377
Plan fiduciary net position				
Contributions - employer	\$ 8,563,004	\$ 8,475,832	\$ 8,524,870	\$ 8,651,807
Contributions - employee	1,294,496	1,285,750	1,205,723	1,190,421
Contributions - buy back	136,829	22,723	33,396	-
Net investment income	16,869,679	10,988,258	(574,125)	13,794,259
Benefit payments, including refunds of member contributions	(9,354,592)	(9,537,098)	(9,377,998)	(9,905,885)
Administrative expenses	(183,827)	(148,100)	(137,847)	(109,957)
Prior year adjustment	-	-	204,046	-
Net change in plan fiduciary net position	17,325,589	11,087,365	(121,935)	13,620,645
Plan fiduciary net position - beginning	143,198,929	132,111,564	132,233,499	118,612,854
Plan fiduciary net position - ending (b)	\$ 160,524,518	\$ 143,198,929	\$ 132,111,564	\$ 132,233,499
City's net pension liability - ending (a) - (b)	\$ 58,638,466	\$ 67,501,963	\$ 60,549,462	\$ 50,297,878
Plan fiduciary net position as a percentage of the total pension liability	73.24%	67.96%	68.57%	72.44%
Covered-employee payroll	\$ 13,626,274	\$ 13,167,794	\$ 14,267,482	\$ 12,179,211
Net pension liability as a percentage of covered-employee payroll	430.33%	512.63%	424.39%	412.98%

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
GENERAL EMPLOYEES RETIREMENT PLAN**

	September 30,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 1,054,461	\$ 1,047,059	\$ 1,121,826	\$ 1,302,508
Interest on total pension liability	4,586,246	4,402,093	4,339,134	4,198,485
Differences between expected and actual experience	909,887	(329,785)	(1,349,496)	(786,563)
Changes of assumptions	-	3,005,500	-	-
Benefit payments, including refunds of employee contributions	(3,829,680)	(3,049,800)	(2,972,541)	(2,395,369)
Contributions - buy back	-	-	-	-
Net change in total pension liability	<u>2,720,914</u>	<u>5,075,067</u>	<u>1,138,923</u>	<u>2,319,061</u>
Total pension liability - beginning	66,425,626	61,350,559	60,211,636	57,892,575
Total pension liability - ending (a)	<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	\$ 2,799,601	\$ 3,331,672	\$ 3,659,156	\$ 3,940,595
Contributions - employee	206,247	228,118	230,059	262,685
Contributions - buy back	-	-	-	-
Net investment income	5,305,524	3,618,252	(286,916)	3,508,511
Benefit payments, including refunds of member contributions	(3,829,680)	(3,049,800)	(2,972,541)	(2,395,369)
Administrative expenses	(41,536)	(46,495)	(38,415)	(38,785)
Prior year adjustment	-	-	-	-
Net change in plan fiduciary net position	<u>4,440,156</u>	<u>4,081,747</u>	<u>591,343</u>	<u>5,277,637</u>
Plan fiduciary net position - beginning	52,708,876	48,627,129	48,035,786	42,758,149
Plan fiduciary net position - ending (b)	<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>\$ 11,997,508</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	82.65%	79.35%	79.26%	79.78%
Covered-employee payroll	\$ 6,000,261	\$ 6,501,387	\$ 6,818,960	\$ 7,447,800
Net pension liability as a percentage of covered-employee payroll	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,	
	2017	2016
Total Pension Liability		
Service cost	\$ 146,603	\$ 104,295
Interest	546,028	538,954
Benefit payments	(565,165)	(566,597)
Differences between expected and actual experience	(612,654)	52,033
Changes in assumptions	(339,565)	1,537,421
Net change in total pension liability	<u>(824,753)</u>	<u>1,666,106</u>
Total pension liability - beginning	15,054,792	13,388,686
Total pension liability - ending	<u>\$ 14,230,039</u>	<u>\$ 15,054,792</u>
Covered-employee payroll	737,299	814,214
Total pension liability as a percentage of covered-employee payroll	1930.02%	1849.00%

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

Methods and assumptions used to determine contribution rates for the year ending September 30, 2017:

Valuation date	October 1, 2015
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	17 years (as of 10/1/2015)
Actuarial asset valuation method	4 year smooth (market)
Inflation and other general increases	2.50%
Cost-of-living adjustment	2.00% per year
Projected salary increases	6.38% - 9.6%
Discount rate of return	7.50%
Retirement age	Normal retirement age as defined in summary of plan provisions.
Mortality	IRS Prescribed Mortality - generational non-annuitant, male and female.

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

Methods and assumptions used to determine contribution rates for the year ending September 30, 2017:

Valuation date	October 1, 2015
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	Aggregate
Amortization method	Level payment
Remaining amortization period	N/A
Actuarial asset valuation method	4 year smooth (market)
Inflation and other general increases	2.50%
Cost-of-living adjustment	None
Projected salary increases	4.68% - 7.90%
Investment rate of return	7.25%
Retirement age	Normal retirement age as defined in summary of plan provisions.
Mortality	IRS Prescribed Mortality - generational non-annuitant, male and female.

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,				September 30,				
	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 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	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)	\$ -	\$ 52,278	\$ (52,279)	\$ -	\$ -	\$ (6,197)	\$ -	\$ (229,154)	\$ -
Covered employee payroll	\$ 13,626,274	\$ 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-employee payroll	62.8%	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, 2017:

Valuation date	October 1, 2015
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	27 years (as of 10/1/2015)
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	7.75%
Retirement age	
Mortality	RP2000, combined healthy mortality table without projection.

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

CITY OF HALLANDALE BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF 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>
2017	12.05%	11.85%	10.23%
2016	7.72%	8.40%	7.48%
2015	-0.92%	-0.39%	-0.60%
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 FUNDING PROGRESS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
Other Post-Employment Benefits						
10/1/2016	\$ -	\$ 10,758,919	\$ 10,758,919	0.00%	\$ 31,389,305	34.28%
10/1/2014	-	11,812,058	11,812,058	0.00%	27,215,000	43.40%
10/1/2012	-	8,126,096	8,126,096	0.00%	27,215,000	29.86%



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



Hallandale Beach
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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.

Grants Fund – to account for grant revenues restricted to use approved projects.

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 accumulate ad valorem tax revenues for the exclusive purpose of servicing the debt of the 2016 General Obligation Bond.

CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Special Revenue 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
ASSETS										
Cash and cash equivalents	\$ 66,533	\$ 77,039	\$ 787,125	\$ 147,983	\$ 531,946	\$ 370,325	\$ 699,364	\$ 290,789	\$ 5,406	\$ 2,976,510
Receivables, net of allowances	-	51,613	-	-	-	-	-	-	208	51,821
Due from other governments	-	-	11,840	114,503	-	-	-	1,324	-	127,667
Due from other funds	-	-	-	200,000	-	101,000	800,000	20,000	-	1,121,000
Total assets	<u>\$ 66,533</u>	<u>\$ 128,652</u>	<u>\$ 798,965</u>	<u>\$ 462,486</u>	<u>\$ 531,946</u>	<u>\$ 471,325</u>	<u>\$ 1,499,364</u>	<u>\$ 312,113</u>	<u>\$ 5,614</u>	<u>\$ 4,276,998</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 10,446	\$ 71,703	\$ 29,022	\$ 51,426	\$ 115,475	\$ 2,054	\$ -	\$ 280,126
Due to other funds	-	100,000	-	-	-	-	-	-	20,000	120,000
Deposits	-	75,260	-	-	-	-	-	-	-	75,260
Unearned revenues	-	-	-	248,208	-	-	110,000	-	-	358,208
Total liabilities	<u>-</u>	<u>175,260</u>	<u>10,446</u>	<u>319,911</u>	<u>29,022</u>	<u>51,426</u>	<u>225,475</u>	<u>2,054</u>	<u>20,000</u>	<u>833,594</u>
FUND BALANCES (DEFICITS)										
Restricted for:										
Law enforcement	66,533	-	788,519	-	-	-	-	310,059	-	1,165,111
Grant programs	-	-	-	-	-	-	1,273,889	-	-	1,273,889
Transportation	-	-	-	142,575	-	-	-	-	-	142,575
Safe neighborhood districts	-	-	-	-	502,924	419,899	-	-	-	922,823
Unassigned	-	(46,608)	-	-	-	-	-	-	(14,386)	(60,994)
Total fund balances (deficits)	<u>66,533</u>	<u>(46,608)</u>	<u>788,519</u>	<u>142,575</u>	<u>502,924</u>	<u>419,899</u>	<u>1,273,889</u>	<u>310,059</u>	<u>(14,386)</u>	<u>3,443,404</u>
Total liabilities and fund balances	<u>\$ 66,533</u>	<u>\$ 128,652</u>	<u>\$ 798,965</u>	<u>\$ 462,486</u>	<u>\$ 531,946</u>	<u>\$ 471,325</u>	<u>\$ 1,499,364</u>	<u>\$ 312,113</u>	<u>\$ 5,614</u>	<u>\$ 4,276,998</u>

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, 2017

	Special Revenue 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
Revenues:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 293,476	\$ 385,164	\$ -	\$ -	\$ 2,998,544	\$ 3,677,184
Charges for services	-	1,329,214	-	303,341	-	-	-	-	-	1,632,555
Intergovernmental	-	-	-	1,003,145	-	-	1	-	-	1,003,146
Franchise taxes	-	-	-	41,718	-	-	-	-	-	41,718
Fines and forfeitures	19,400	-	329,079	-	-	-	-	163,799	-	512,278
Interest revenue	41	4	369	1	335	371	645	169	688	2,623
Other revenues	-	111,512	-	5,000	-	-	-	-	-	116,512
Total revenues	19,441	1,440,730	329,448	1,353,205	293,811	385,535	646	163,968	2,999,232	6,986,016
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	18,936	1,295,819	107,998	-	201,537	344,401	-	163,080	-	2,131,771
Physical environment	-	-	-	-	-	-	75,039	-	-	75,039
Transportation	-	-	-	1,762,764	-	-	-	-	-	1,762,764
Human services	-	-	-	-	-	-	17,751	-	-	17,751
Capital outlay	-	-	43,827	147,843	71,264	44,987	114,958	-	-	422,879
Debt service										
Principal	-	-	-	-	-	-	-	-	1,010,000	1,010,000
Interest	-	-	-	-	-	-	-	-	2,003,618	2,003,618
Total expenditures	18,936	1,295,819	151,825	1,910,607	272,801	389,388	207,748	163,080	3,013,618	7,423,822
Excess (deficiency) of revenues over (under) expenditures	505	144,911	177,623	(557,402)	21,010	(3,853)	(207,102)	888	(14,386)	(437,806)
Other financing sources (uses)										
Transfers in	-	-	-	725,013	-	-	-	-	-	725,013
Transfers out	-	(111,512)	-	-	-	-	-	-	-	(111,512)
Total other financing sources (uses)	-	(111,512)	-	725,013	-	-	-	-	-	613,501
Net change in fund balances	505	33,399	177,623	167,611	21,010	(3,853)	(207,102)	888	(14,386)	175,695
Fund balances (deficits), beginning	66,028	(80,007)	610,896	(25,036)	481,914	423,752	1,480,991	309,171	-	3,267,709
Fund balances (deficits), ending	\$ 66,533	\$ (46,608)	\$ 788,519	\$ 142,575	\$ 502,924	\$ 419,899	\$ 1,273,889	\$ 310,059	\$ (14,386)	\$ 3,443,404

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 19,400	\$ 12,400
Interest revenue	262	262	41	(221)
Total revenues	<u>7,262</u>	<u>7,262</u>	<u>19,441</u>	<u>12,179</u>
EXPENDITURES				
Cost of sales and service	25,000	25,000	18,936	6,064
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>18,936</u>	<u>6,064</u>
Net change in fund balance	(17,738)	(17,738)	505	18,243
FUND BALANCE, beginning	<u>66,028</u>	<u>66,028</u>	<u>66,028</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 48,290</u>	<u>\$ 48,290</u>	<u>\$ 66,533</u>	<u>\$ 18,243</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 1,100,000	\$ 1,431,563	\$ 1,329,214	\$ (102,349)
Interest revenue	140	140	4	(136)
Other revenues	68,500	68,500	111,512	43,012
Total revenues	<u>1,168,640</u>	<u>1,500,203</u>	<u>1,440,730</u>	<u>(59,473)</u>
EXPENDITURES				
Personal services	1,100,140	1,403,253	1,295,819	107,434
Total expenditures	<u>1,100,140</u>	<u>1,403,253</u>	<u>1,295,819</u>	<u>107,434</u>
Excess of revenues over expenditures	<u>68,500</u>	<u>96,950</u>	<u>144,911</u>	<u>47,961</u>
Other financing uses				
Transfers out	(68,500)	(68,500)	(111,512)	(43,012)
Total other financing uses	<u>(68,500)</u>	<u>(68,500)</u>	<u>(111,512)</u>	<u>(43,012)</u>
Net change in fund balance	-	28,450	33,399	4,949
FUND BALANCE, beginning	<u>(80,007)</u>	<u>(80,007)</u>	<u>(80,007)</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ (80,007)</u>	<u>\$ (51,557)</u>	<u>\$ (46,608)</u>	<u>\$ 4,949</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 329,079	\$ 329,079
Interest revenue	3,318	3,318	369	(2,949)
Total revenues	<u>3,318</u>	<u>3,318</u>	<u>329,448</u>	<u>326,130</u>
EXPENDITURES				
Operating expenditures	164,260	185,481	107,998	77,483
Capital outlay	56,000	54,779	43,827	10,952
Total expenditures	<u>220,260</u>	<u>240,260</u>	<u>151,825</u>	<u>88,435</u>
Net change in fund balance	(216,942)	(236,942)	177,623	414,565
FUND BALANCE, beginning	<u>610,896</u>	<u>610,896</u>	<u>610,896</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 393,954</u>	<u>\$ 373,954</u>	<u>\$ 788,519</u>	<u>\$ 414,565</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 312,526	\$ 312,526	\$ 303,341	\$ (9,185)
Intergovernmental	997,219	997,219	1,003,145	5,926
Franchise taxes	39,171	39,171	41,718	2,547
Interest revenue	1,200	1,200	1	(1,199)
Other revenues	-	-	5,000	5,000
Total revenues	<u>1,350,116</u>	<u>1,350,116</u>	<u>1,353,205</u>	<u>3,089</u>
EXPENDITURES				
Personal services	780,045	780,045	756,478	23,567
Operating expenditures	1,140,425	1,140,425	1,006,286	134,139
Capital outlay	50,000	282,544	147,843	134,701
Total expenditures	<u>1,970,470</u>	<u>2,203,014</u>	<u>1,910,607</u>	<u>292,407</u>
Excess of revenues over expenditures	<u>(620,354)</u>	<u>(852,898)</u>	<u>(557,402)</u>	<u>295,496</u>
Other financing uses				
Transfers in	725,013	725,013	725,013	-
Total other financing uses	<u>725,013</u>	<u>725,013</u>	<u>725,013</u>	<u>-</u>
Net change in fund balance	104,659	(127,885)	167,611	295,496
FUND BALANCE, beginning	<u>(25,036)</u>	<u>(25,036)</u>	<u>(25,036)</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 79,623</u>	<u>\$ (152,921)</u>	<u>\$ 142,575</u>	<u>\$ 295,496</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 303,905	\$ 303,905	\$ 293,476	\$ (10,429)
Interest revenue	1,746	1,746	335	(1,411)
Other revenues	-	-	-	-
Total revenues	<u>305,651</u>	<u>305,651</u>	<u>293,811</u>	<u>(11,840)</u>
EXPENDITURES				
Operating expenditures	201,344	214,359	201,537	12,822
Capital outlay	-	205,262	71,264	133,998
Total expenditures	<u>201,344</u>	<u>419,621</u>	<u>272,801</u>	<u>146,820</u>
Net change in fund balance	104,307	(113,970)	21,010	134,980
FUND BALANCE, beginning	<u>481,914</u>	<u>481,914</u>	<u>481,914</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 586,221</u>	<u>\$ 367,944</u>	<u>\$ 502,924</u>	<u>\$ 134,980</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 388,336	\$ 388,336	\$ 385,164	\$ (3,172)
Interest revenue	2,706	2,706	371	(2,335)
Total revenues	<u>391,042</u>	<u>391,042</u>	<u>385,535</u>	<u>(5,507)</u>
EXPENDITURES				
Operating expenditures	365,625	365,625	344,401	21,224
Capital outlay	-	52,987	44,987	8,000
Total expenditures	<u>365,625</u>	<u>418,612</u>	<u>389,388</u>	<u>29,224</u>
Net change in fund balance	25,417	(27,570)	(3,853)	23,717
FUND BALANCE, beginning	<u>423,752</u>	<u>423,752</u>	<u>423,752</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 449,169</u>	<u>\$ 396,182</u>	<u>\$ 419,899</u>	<u>\$ 23,717</u>

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - DEVELOPER AGREEMENTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 231,603	\$ 572,717	\$ 1	\$ (572,716)
Interest revenue	-	-	645	645
Total revenues	<u>231,603</u>	<u>572,717</u>	<u>646</u>	<u>(572,071)</u>
EXPENDITURES				
Personal services	208,442	17,186	17,751	(565)
Operating expenditures	243,748	293,321	75,039	218,282
Capital outlay	-	140,250	114,958	25,292
Total expenditures	<u>452,190</u>	<u>450,757</u>	<u>207,748</u>	<u>243,009</u>
Net change in fund balance	(220,587)	121,960	(207,102)	(329,062)
FUND BALANCE, beginning	<u>1,480,991</u>	<u>1,480,991</u>	<u>1,480,991</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 1,260,404</u>	<u>\$ 1,602,951</u>	<u>\$ 1,273,889</u>	<u>\$ (329,062)</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 163,799	\$ 163,799
Interest revenue	1,921	1,921	169	(1,752)
Total revenues	<u>1,921</u>	<u>1,921</u>	<u>163,968</u>	<u>162,047</u>
EXPENDITURES				
Personal services	-	-	11,478	(11,478)
Operating expenditures	231,788	232,788	151,602	81,186
Total expenditures	<u>231,788</u>	<u>232,788</u>	<u>163,080</u>	<u>69,708</u>
Net change in fund balance	(229,867)	(230,867)	888	231,755
FUND BALANCE, beginning	<u>309,171</u>	<u>309,171</u>	<u>309,171</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 79,304</u>	<u>\$ 78,304</u>	<u>\$ 310,059</u>	<u>\$ 231,755</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 3,023,618	\$ 3,023,618	\$ 2,998,544	\$ (25,074)
Interest revenue	-	-	688	688
Total revenues	<u>3,023,618</u>	<u>3,023,618</u>	<u>2,999,232</u>	<u>(24,386)</u>
EXPENDITURES				
Debt service	<u>3,013,618</u>	<u>3,013,618</u>	<u>3,013,618</u>	<u>-</u>
Total expenditures	<u>3,013,618</u>	<u>3,013,618</u>	<u>3,013,618</u>	<u>-</u>
Net change in fund balance	10,000	10,000	(14,386)	(24,386)
FUND BALANCE, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (14,386)</u>	<u>\$ (24,386)</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ 1,677	\$ 1,677
Total revenues	-	-	1,677	1,677
EXPENDITURES				
Debt service	685,484	714,973	685,484	29,489
Total expenditures	685,484	714,973	685,484	29,489
Deficiency of revenues over expenditures	(685,484)	(714,973)	(683,807)	31,166
Other financing sources				
Transfers in	685,484	714,973	714,973	-
Total other financing sources	685,484	714,973	714,973	-
Net change in fund balance	-	-	31,166	31,166
FUND BALANCE, beginning	-	-	-	-
FUND BALANCE, ending	\$ -	\$ -	\$ 31,166	\$ 31,166



Hallandale Beach
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Proprietary Funds

CITY OF HALLANDALE BEACH, FLORIDA

NONMAJOR ENTERPRISE FUNDS

Operations of enterprise funds are designed to be self-supporting.

Cemetery Fund – The Cemetery Fund was established to account for the Municipal Cemetery's operations, including the sale of cemetery lots, vaults, niches, and markers as well as the ongoing maintenance of the cemetery property.

Marina Fund – The Marina Fund was established to account for the Marina Dock operations, including the rental of docks as well as the supplies and maintenance of the docks, such as equipment, utilities, and licenses.

CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

SEPTEMBER 30, 2017

	<u>Cemetery Fund</u>	<u>Marina Fund</u>	<u>Totals</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 13,301	\$ -	\$ 13,301
Restricted assets, cash	291,498	-	291,498
Accounts receivable, net of allowances	18,936	-	18,936
Inventories	349,967	-	349,967
Total current assets	<u>673,702</u>	<u>-</u>	<u>673,702</u>
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	375,478	-	375,478
Depreciable, net of accumulated depreciation	23,657	-	23,657
Total noncurrent assets	<u>399,135</u>	<u>-</u>	<u>399,135</u>
Total assets	<u>1,072,837</u>	<u>-</u>	<u>1,072,837</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>65,894</u>	<u>-</u>	<u>65,894</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6,392	-	6,392
Compensated absences	4,682	-	4,682
Total current liabilities	<u>11,074</u>	<u>-</u>	<u>11,074</u>
NONCURRENT LIABILITIES			
Compensated absences	1,019	-	1,019
Net pension liability	137,168	-	137,168
Net OPEB liability	15,281	-	15,281
Total noncurrent liabilities	<u>153,468</u>	<u>-</u>	<u>153,468</u>
Total liabilities	<u>164,542</u>	<u>-</u>	<u>164,542</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>4,969</u>	<u>-</u>	<u>4,969</u>
NET POSITION			
Investment in capital assets	399,135	-	399,135
Restricted for cemetery care	291,498	-	291,498
Unrestricted	278,587	-	278,587
Total net position	<u>\$ 969,220</u>	<u>\$ -</u>	<u>\$ 969,220</u>

CITY OF HALLANDALE BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Cemetery Fund</u>	<u>Marina Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 162,042	\$ -	\$ 162,042
Total operating revenues	<u>162,042</u>	<u>-</u>	<u>162,042</u>
OPERATING EXPENSES			
Personal services	133,838	-	133,838
Cost of sales and services	101,499	-	101,499
Depreciation	7,323	-	7,323
Total operating expenses	<u>242,660</u>	<u>-</u>	<u>242,660</u>
Operating income (loss)	<u>(80,618)</u>	<u>-</u>	<u>(80,618)</u>
NONOPERATING REVENUES			
Investment earnings	26	-	26
Total nonoperating revenues	<u>26</u>	<u>-</u>	<u>26</u>
Income (loss) before transfers	<u>(80,592)</u>	<u>-</u>	<u>(80,592)</u>
TRANSFERS			
Transfers out	<u>-</u>	<u>(9,631)</u>	<u>(9,631)</u>
Change in net position	(80,592)	(9,631)	(90,223)
NET POSITION, beginning	<u>1,049,812</u>	<u>9,631</u>	<u>1,059,443</u>
NET POSITION, ending	<u>\$ 969,220</u>	<u>\$ -</u>	<u>\$ 969,220</u>

CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Cemetery Fund</u>	<u>Marina Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 168,331	\$ -	\$ 168,331
Payments to suppliers for goods, services, and administrative charges	(71,770)	(38,871)	(110,641)
Payments to employees	<u>(119,167)</u>	<u>-</u>	<u>(119,167)</u>
Net cash used in operating activities	<u>(22,606)</u>	<u>(38,871)</u>	<u>(61,477)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>-</u>	<u>(9,631)</u>	<u>(9,631)</u>
Net cash used in noncapital financing activities	<u>-</u>	<u>(9,631)</u>	<u>(9,631)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(13,665)</u>	<u>-</u>	<u>(13,665)</u>
Net cash used in capital and related financing activities	<u>(13,665)</u>	<u>-</u>	<u>(13,665)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and investment income received	<u>26</u>	<u>-</u>	<u>26</u>
Net cash provided by investing activities	<u>26</u>	<u>-</u>	<u>26</u>
Net change in cash and cash equivalents	(36,245)	(48,502)	(84,747)
Cash and cash equivalents:			
Beginning	<u>341,044</u>	<u>48,502</u>	<u>389,546</u>
Ending	<u>\$ 304,799</u>	<u>\$ -</u>	<u>\$ 304,799</u>
Classified as:			
Cash	\$ 13,301	\$ -	\$ 13,301
Restricted assets, cash	<u>291,498</u>	<u>-</u>	<u>291,498</u>
	<u>\$ 304,799</u>	<u>\$ -</u>	<u>\$ 304,799</u>

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Cemetery Fund</u>	<u>Marina Fund</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (80,618)	\$ -	\$ (80,618)
Adjustments to reconcile operating income (loss) to net cash used in operating activities			
Depreciation	7,323	-	7,323
Changes in assets and liabilities:			
Decrease in accounts receivable	6,289	-	6,289
Decrease in inventory	24,926	-	24,926
Increase in deferred outflows of resources	(13,732)	-	(13,732)
Increase (decrease) in accounts payable	4,803	(840)	3,963
Increase (decrease) in accrued liabilities	2,026	(38,031)	(36,005)
Increase in net OPEB liability	1,237	-	1,237
Increase in net pension liability	29,019	-	29,019
Decrease in deferred inflows of resources	(3,879)	-	(3,879)
Net cash used in operating activities	<u>\$ (22,606)</u>	<u>\$ (38,871)</u>	<u>\$ (61,477)</u>

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.

CITY OF HALLANDALE BEACH, FLORIDA

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

SEPTEMBER 30, 2017

	<u>General Liability Trust Fund</u>	<u>Workers' Compensation Fund</u>	<u>Fleet Fund</u>	<u>Totals</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,088,030	\$ 686,425	\$ 46,372	\$ 1,820,827
Accounts receivable, net of allowances	143,008	-	-	143,008
Due from other funds	-	1,600,077	3,658	1,603,735
Prepays	15,922	-	-	15,922
Total current assets	<u>1,246,960</u>	<u>2,286,502</u>	<u>50,030</u>	<u>3,583,492</u>
NONCURRENT ASSETS				
Capital assets:				
Depreciable, net of accumulated depreciation	-	-	5,334,039	5,334,039
Total noncurrent assets	-	-	<u>5,334,039</u>	<u>5,334,039</u>
Total assets	<u>1,246,960</u>	<u>2,286,502</u>	<u>5,384,069</u>	<u>8,917,531</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	65,894	-	197,683	263,577
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	24,512	2,478	11,913	38,903
Compensated absences	6,849	-	28,842	35,691
Accrued claims for self-insured risks	662,000	512,000	-	1,174,000
Due to other funds	-	-	1,600,000	1,600,000
Total current liabilities	<u>693,361</u>	<u>514,478</u>	<u>1,640,755</u>	<u>2,848,594</u>
NONCURRENT LIABILITIES				
Compensated absences	2,123	-	8,326	10,449
Net pension liability	137,168	-	411,503	548,671
Net OPEB liability	27,344	-	132,560	159,904
Accrued claims for self-insured risks	1,638,000	1,414,000	-	3,052,000
Total noncurrent liabilities	<u>1,804,635</u>	<u>1,414,000</u>	<u>552,389</u>	<u>3,771,024</u>
Total liabilities	<u>2,497,996</u>	<u>1,928,478</u>	<u>2,193,144</u>	<u>6,619,618</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	4,969	-	14,907	19,876
NET POSITION				
Investment in capital assets	-	-	5,334,039	5,334,039
Unrestricted	(1,190,111)	358,024	(1,960,338)	(2,792,425)
Total net position	<u>\$ (1,190,111)</u>	<u>\$ 358,024</u>	<u>\$ 3,373,701</u>	<u>\$ 2,541,614</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, 2017

	General Liability Trust Fund	Workers' Compensation Fund	Fleet Fund	Totals
OPERATING REVENUES				
Charges for services	\$ 254,965	\$ 1,219,095	\$ 3,436,959	\$ 4,911,019
Total operating revenues	<u>254,965</u>	<u>1,219,095</u>	<u>3,436,959</u>	<u>4,911,019</u>
OPERATING EXPENSES				
Personal services	277,278	-	846,556	1,123,834
Cost of sales and services	415,427	237,082	379,874	1,032,383
Claims expense	423,435	806,589	-	1,230,024
Depreciation	-	-	1,927,747	1,927,747
Total operating expenses	<u>1,116,140</u>	<u>1,043,671</u>	<u>3,154,177</u>	<u>5,313,988</u>
Operating income (loss)	<u>(861,175)</u>	<u>175,424</u>	<u>282,782</u>	<u>(402,969)</u>
NONOPERATING REVENUES				
Investment earnings	605	1,086	-	1,691
Gain on disposal of capital assets	-	-	88,445	88,445
Total nonoperating revenues	<u>605</u>	<u>1,086</u>	<u>88,445</u>	<u>90,136</u>
Income (loss) before transfers	<u>(860,570)</u>	<u>176,510</u>	<u>371,227</u>	<u>(312,833)</u>
TRANSFERS				
Transfers out	-	(705,143)	-	(705,143)
Transfers in	905,143	412,690	-	1,317,833
Total transfers	<u>905,143</u>	<u>(292,453)</u>	<u>-</u>	<u>612,690</u>
Change in net position	44,573	(115,943)	371,227	299,857
NET POSITION, beginning	<u>(1,234,684)</u>	<u>473,967</u>	<u>3,002,474</u>	<u>2,241,757</u>
NET POSITION, ending	<u>\$ (1,190,111)</u>	<u>\$ 358,024</u>	<u>\$ 3,373,701</u>	<u>\$ 2,541,614</u>

CITY OF HALLANDALE BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	General Liability Trust Fund	Workers' Compensation Fund	Fleet Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 111,957	\$ 1,519,018	\$ 3,436,959	\$ 5,067,934
Payments to suppliers for goods, services, claims and administrative charges	(817,218)	(904,193)	(400,656)	(2,122,067)
Payments to employees	(246,914)	-	(881,917)	(1,128,831)
Payments to other funds	-	-	(303,658)	(303,658)
Net cash provided by (used in) operating activities	<u>(952,175)</u>	<u>614,825</u>	<u>1,850,728</u>	<u>1,513,378</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	(705,143)	-	(705,143)
Transfers from other funds	905,143	412,690	-	1,317,833
Net cash provided by (used in) noncapital financing activities	<u>905,143</u>	<u>(292,453)</u>	<u>-</u>	<u>612,690</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(2,037,492)	(2,037,492)
Proceeds from the disposal of capital assets	-	-	88,445	88,445
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,949,047)</u>	<u>(1,949,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment income received	605	1,086	-	1,691
Net cash provided by investing activities	<u>605</u>	<u>1,086</u>	<u>-</u>	<u>1,691</u>
Net change in cash and cash equivalents	(46,427)	323,458	(98,319)	178,712
Cash and cash equivalents:				
Beginning	1,134,457	362,967	144,691	1,642,115
Ending	<u>\$ 1,088,030</u>	<u>\$ 686,425</u>	<u>\$ 46,372</u>	<u>\$ 1,820,827</u>
Classified as:				
Cash	\$ 1,088,030	\$ 686,425	\$ 46,372	\$ 1,820,827
	<u>\$ 1,088,030</u>	<u>\$ 686,425</u>	<u>\$ 46,372</u>	<u>\$ 1,820,827</u>

(Continued)

CITY OF HALLANDALE BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>General Liability Trust Fund</u>	<u>Workers' Compensation Fund</u>	<u>Fleet Fund</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (861,175)	\$ 175,424	\$ 282,782	\$ (402,969)
Adjustments to reconcile operating income (loss) to net cash (provided by) used in operating activities				
Depreciation	-	-	1,927,747	1,927,747
Changes in assets and liabilities:				
Increase in accounts receivable	(143,008)	-	-	(143,008)
(Increase) decrease in due from other funds	-	299,923	(3,658)	296,265
(Increase) decrease in prepaids and other assets	2,550	-	-	2,550
(Increase) decrease in deferred outflows of resources	(25,490)	-	33,195	7,705
Increase (decrease) in accounts payable	(27,906)	2,478	(20,782)	(46,210)
Increase in compensated absences	867	-	10,609	11,476
Increase (decrease) in due to other funds	-	-	(300,000)	(300,000)
Increase in self insured claims payable	47,000	137,000	-	184,000
Increase in net OPEB liability	3,695	-	13,342	17,037
Increase (decrease) in net pension liability	53,193	-	(68,170)	(14,977)
Decrease in deferred inflows of resources	(1,901)	-	(24,337)	(26,238)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>\$ (952,175)</u>	<u>\$ 614,825</u>	<u>\$ 1,850,728</u>	<u>\$ 1,513,378</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.

CITY OF HALLANDALE BEACH, FLORIDA

COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2017

	<u>Payroll Trust Fund</u>	<u>General Trust Fund</u>	<u>Total Agency Funds</u>	<u>General Employees Pension Fund</u>	<u>Police and Firefighters' Pension Fund</u>	<u>Professional/ Management Pension Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS							
Cash and cash equivalents	\$ 1,510,471	\$ 856,139	2,366,610	\$ -	\$ 6,603,635	\$ -	\$ 6,603,635
State contributions receivable	-	-	-	-	629,395	-	629,395
Accounts receivable	263,687	282	263,969	-	-	-	-
Employer contributions receivable	-	-	-	699,900	52,706	-	752,606
Employee contributions receivable	-	-	-	-	59,366	-	59,366
Accrued interest and dividends	-	-	-	-	233,769	-	233,769
Due to brokers	-	-	-	-	180,769	-	180,769
Investments:							
Corporate bonds	-	-	-	-	10,953,999	-	10,953,999
Equity securities	-	-	-	-	99,538,781	-	99,538,781
U.S. obligations	-	-	-	-	16,111,805	-	16,111,805
Hedge funds	-	-	-	-	19,470,121	-	19,470,121
Equity pooled separate accounts	-	-	-	24,249,850	-	9,392,499	33,642,349
Fixed income pooled separate accounts	-	-	-	27,648,992	-	6,888,135	34,537,127
Real estate pooled separate accounts	-	-	-	4,550,290	-	1,423,043	5,973,333
Real estate investment trust	-	-	-	-	7,074,738	-	7,074,738
Total investments	<u>1,774,158</u>	<u>856,421</u>	<u>2,630,579</u>	<u>57,149,032</u>	<u>160,909,084</u>	<u>17,703,677</u>	<u>235,761,793</u>
Prepays	-	-	-	-	7,988	-	7,988
Total assets	<u>1,774,158</u>	<u>856,421</u>	<u>2,630,579</u>	<u>57,149,032</u>	<u>160,917,072</u>	<u>17,703,677</u>	<u>235,769,781</u>
LIABILITIES							
Accounts payable	117,574	-	117,574	-	206,126	9,346	215,472
Due to others	1,656,584	856,421	2,513,005	-	-	-	-
Due from brokers	-	-	-	-	186,428	-	186,428
Total liabilities	<u>1,774,158</u>	<u>856,421</u>	<u>2,630,579</u>	<u>-</u>	<u>392,554</u>	<u>9,346</u>	<u>401,900</u>
NET POSITION							
Restricted for pension benefits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,149,032</u>	<u>\$ 160,524,518</u>	<u>\$ 17,694,331</u>	<u>\$ 235,367,881</u>

CITY OF HALLANDALE BEACH, FLORIDA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2017

	<u>General Employees Pension Fund</u>	<u>Police and Firefighters' Pension Fund</u>	<u>Professional/ Management Pension Fund</u>	<u>Total Pension Trust Funds</u>
ADDITIONS				
Contributions:				
Employer	\$ 2,799,601	\$ 7,933,609	\$ 569,324	\$ 11,302,534
Plan members	206,247	1,479,694	51,654	1,737,595
State of Florida	-	629,395	-	629,395
Other income	-	32,378	-	32,378
Total contributions	<u>3,005,848</u>	<u>10,075,076</u>	<u>620,978</u>	<u>13,701,902</u>
Investment income:				
Interest and dividends	-	2,792,624	-	2,792,624
Net increase in fair value of investments	5,329,713	15,111,722	1,912,781	22,354,216
Total investment income	<u>5,329,713</u>	<u>17,904,346</u>	<u>1,912,781</u>	<u>25,146,840</u>
Less investment expense	(65,725)	(1,067,044)	(36,221)	(1,168,990)
Net investment income	<u>5,263,988</u>	<u>16,837,302</u>	<u>1,876,560</u>	<u>23,977,850</u>
Total additions	<u>8,269,836</u>	<u>26,912,378</u>	<u>2,497,538</u>	<u>37,679,752</u>
DEDUCTIONS				
Benefits	3,829,680	9,354,593	946,826	14,131,099
Professional services	-	183,827	-	183,827
Total deductions	<u>3,829,680</u>	<u>9,538,420</u>	<u>946,826</u>	<u>14,314,926</u>
Change in net position	4,440,156	17,373,958	1,550,712	23,364,826
Net position, beginning	52,708,876	143,150,560	16,143,619	212,003,055
Net position, ending	<u>\$ 57,149,032</u>	<u>\$ 160,524,518</u>	<u>\$ 17,694,331</u>	<u>\$ 235,367,881</u>

CITY OF HALLANDALE BEACH, FLORIDA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Payroll Trust Fund			
	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and cash equivalents	\$ 1,385,242	\$ 57,038,750	\$ (56,913,521)	\$ 1,510,471
Accounts receivable	20,687	769,052	(526,052)	263,687
Due from other governments	147,210	-	(147,210)	-
Total assets	<u>\$ 1,553,139</u>	<u>\$ 57,807,802</u>	<u>\$ (57,586,783)</u>	<u>\$ 1,774,158</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 13,407	\$ 19,944,693	\$ (19,840,526)	\$ 117,574
Due to others	1,539,732	37,863,109	(37,746,257)	1,656,584
Total liabilities	<u>\$ 1,553,139</u>	<u>\$ 57,807,802</u>	<u>\$ (57,586,783)</u>	<u>\$ 1,774,158</u>
	General Trust Fund			
	Beginning Balance	Increases	Decreases	Ending Balance
ASSETS				
Cash and cash equivalents	\$ 808,013	\$ 144,153	\$ (96,027)	\$ 856,139
Due from other governments	282	-	-	282
Total assets	<u>\$ 808,295</u>	<u>\$ 144,153</u>	<u>\$ (96,027)</u>	<u>\$ 856,421</u>
LIABILITIES				
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ -
Due to others	808,295	144,153	(96,027)	856,421
Total liabilities	<u>\$ 808,295</u>	<u>\$ 144,153</u>	<u>\$ (96,027)</u>	<u>\$ 856,421</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.

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<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	118 - 122
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	123 - 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.

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 37,148	\$ 39,425	\$ 45,621	\$ 45,545	\$ 48,484	\$ 42,885	\$ 59,760	\$ 59,840	\$ 66,595	\$ 63,929
Restricted	18,832	22,576	24,788	28,498	25,446	20,408	11,599	13,523	16,021	19,540
Unrestricted	37,555	36,920	33,243	31,454	25,314	34,225	19,671	(35,637)	(41,076)	(60,991)
Total governmental activities net position	<u>\$ 93,535</u>	<u>\$ 98,921</u>	<u>\$ 103,652</u>	<u>\$ 105,497</u>	<u>\$ 99,244</u>	<u>\$ 97,518</u>	<u>\$ 91,030</u>	<u>\$ 37,726</u>	<u>\$ 41,540</u>	<u>\$ 22,478</u>
Business-type activities										
Net investment in capital assets	\$ 27,519	\$ 26,859	\$ 28,347	\$ 27,910	\$ 24,702	\$ 28,361	\$ 33,465	\$ 35,544	\$ 37,651	\$ 36,563
Restricted	-	-	-	-	-	-	292	291	291	1,084
Unrestricted	16,381	23,438	26,158	30,937	34,028	38,672	40,562	33,754	27,512	25,975
Total business-type activities net position	<u>\$ 43,900</u>	<u>\$ 50,297</u>	<u>\$ 54,505</u>	<u>\$ 58,847</u>	<u>\$ 58,730</u>	<u>\$ 67,033</u>	<u>\$ 74,319</u>	<u>\$ 69,589</u>	<u>\$ 65,454</u>	<u>\$ 63,622</u>
Primary government										
Net investment in capital assets	\$ 64,667	\$ 66,284	\$ 73,968	\$ 73,455	\$ 73,186	\$ 71,246	\$ 93,225	\$ 95,384	\$ 104,246	\$ 100,492
Restricted	18,832	22,576	24,788	28,498	25,446	20,408	11,891	13,814	16,312	20,624
Unrestricted	53,936	60,358	59,401	62,391	59,342	72,897	60,233	(1,883)	(13,564)	(35,016)
Total primary government net position	<u>\$ 137,435</u>	<u>\$ 149,218</u>	<u>\$ 158,157</u>	<u>\$ 164,344</u>	<u>\$ 157,974</u>	<u>\$ 164,551</u>	<u>\$ 165,349</u>	<u>\$ 107,315</u>	<u>\$ 106,994</u>	<u>\$ 86,100</u>

Note: GASB 68 was implemented during fiscal year 2015.

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 11,986	\$ 11,990	\$ 9,633	\$ 11,684	\$ 11,530	\$ 9,302	\$ 15,289	\$ 13,876	\$ 18,435	\$ 19,868
Public safety	30,601	31,654	32,167	33,038	34,941	36,091	39,809	36,359	39,329	45,542
Physical environment	3,841	2,839	2,037	2,411	2,507	2,312	2,028	1,897	2,234	2,936
Transportation	1,574	1,571	1,295	1,127	1,221	1,943	2,142	1,850	1,972	1,913
Economic environment	4,946	3,227	6,479	3,659	6,820	4,798	4,879	4,474	5,743	5,319
Culture and Recreation	2,467	2,445	2,438	2,417	2,622	2,005	3,806	4,145	6,063	6,508
Human services	1,141	1,139	931	1,014	1,215	2,684	2,139	1,822	2,353	2,117
Interest and fiscal charges	1,272	1,220	1,056	1,110	1,068	1,078	1,861	956	2,765	2,960
Total governmental activities expenses	<u>57,828</u>	<u>56,085</u>	<u>56,036</u>	<u>56,460</u>	<u>61,924</u>	<u>60,213</u>	<u>71,953</u>	<u>65,379</u>	<u>78,894</u>	<u>87,163</u>
Business-type activities:										
Nonmajor	104	134	333	231	253	277	272	280	212	243
Sanitation	5,274	5,213	4,943	4,724	4,775	5,267	6,422	6,211	5,864	5,829
Stormwater drainage	1,382	1,425	1,932	1,873	1,678	1,768	2,075	2,215	2,705	3,859
Utility (Water & Sewer)	17,498	17,323	19,263	18,852	21,281	21,288	21,819	24,902	24,722	23,549
Total business-type activities expenses	<u>24,258</u>	<u>24,095</u>	<u>26,471</u>	<u>25,680</u>	<u>27,987</u>	<u>28,600</u>	<u>30,588</u>	<u>33,608</u>	<u>33,503</u>	<u>33,480</u>
Total expenses	<u>\$ 82,086</u>	<u>\$ 80,180</u>	<u>\$ 82,507</u>	<u>\$ 82,140</u>	<u>\$ 89,911</u>	<u>\$ 88,813</u>	<u>\$ 102,541</u>	<u>\$ 98,987</u>	<u>\$ 112,397</u>	<u>\$ 120,643</u>
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 4,659	\$ 5,564	\$ 4,456	\$ 4,409	\$ 1,627	\$ 1,757	\$ 6,840	\$ 7,719	\$ 7,075	\$ 7,704
Public safety	7,178	3,966	5,512	4,735	4,022	6,591	13,831	13,445	12,668	14,943
Physical environment	-	39	40	-	1,881	3,560	4,786	5,233	5,182	4,157
Transportation	131	156	197	240	292	465	518	622	507	496
Economic environment	-	-	20	-	941	236	433	943	1,473	382
Culture and Recreation	99	101	79	50	25	218	332	899	715	692
Human services	-	-	-	-	60	398	482	477	-	-
Operating grants and contributions	1,893	1,267	5,384	1,811	1,589	901	892	816	1,378	1,157
Capital grants and contributions	839	1,615	1,061	566	1,697	2,999	1,575	1,711	1,096	111
Total governmental activities program revenues	<u>\$ 14,799</u>	<u>\$ 12,708</u>	<u>\$ 16,749</u>	<u>\$ 11,811</u>	<u>\$ 12,134</u>	<u>\$ 17,125</u>	<u>\$ 29,689</u>	<u>\$ 31,865</u>	<u>\$ 30,094</u>	<u>\$ 29,642</u>
Business-type activities:										
Charges for services										
Nonmajor	\$ 105	\$ 342	\$ 353	\$ 210	\$ 226	\$ 229	\$ 219	\$ 193	\$ 281	\$ 162
Sanitation	5,474	5,636	5,435	4,920	4,971	4,955	4,925	5,238	5,422	5,239
Stormwater drainage	1,347	1,420	1,429	1,542	1,979	1,958	2,065	2,591	2,088	2,092
Utility (Water & Sewer)	17,365	21,696	21,505	22,074	21,953	23,644	23,724	22,545	23,009	23,340
Capital grants and contributions	28	644	9	32	11	933	59	37	-	907
Total business-type activities program revenues	<u>24,319</u>	<u>29,738</u>	<u>28,731</u>	<u>28,778</u>	<u>29,140</u>	<u>31,719</u>	<u>30,992</u>	<u>30,604</u>	<u>30,800</u>	<u>31,740</u>
Total program revenues	<u>\$ 39,118</u>	<u>\$ 42,446</u>	<u>\$ 45,480</u>	<u>\$ 40,589</u>	<u>\$ 41,274</u>	<u>\$ 48,844</u>	<u>\$ 60,681</u>	<u>\$ 62,469</u>	<u>\$ 60,894</u>	<u>\$ 61,382</u>

(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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 24,287	\$ 23,369	\$ 24,340	\$ 20,972	\$ 20,600	\$ 20,579	\$ 21,819	\$ 21,752	\$ 28,522	\$ 34,557
Franchise and utility taxes	8,148	8,486	8,338	8,231	8,326	8,220	8,579	8,595	8,373	8,537
Sales taxes	2,107	1,976	2,112	2,029	2,084	2,223	2,339	2,472	2,526	2,534
Motor fuel taxes	649	673	718	653	639	642	911	1,057	1,010	1,016
Alcoholic beverage taxes	21	18	28	30	22	23	19	18	17	15
Fire assessments	3,266	3,686	4,502	4,591	4,702	5,621	-	-	-	-
Intergovernmental revenue	7,221	5,842	4,092	3,818	3,774	4,204	4,869	5,383	1,073	1,100
Unrestricted Investment earnings	2,188	1,788	911	535	439	291	161	221	809	1,734
Slot machine proceeds	1,985	1,749	1,707	1,922	1,818	1,719	1,649	1,603	1,677	1,475
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	(100)	37	(929)	(638)	(914)	(4,722)	(5,042)	(1,873)	1,852	935
Total governmental activities general revenues and changes in net position	<u>49,772</u>	<u>48,762</u>	<u>47,723</u>	<u>43,844</u>	<u>43,537</u>	<u>41,465</u>	<u>35,775</u>	<u>39,537</u>	<u>46,148</u>	<u>52,200</u>
Business-type activities:										
Franchise and utility taxes	214	237	335	240	213	220	165	-	-	-
Unrestricted investment earnings	783	445	227	285	373	193	139	317	395	50
Other revenue	288	53	456	60	46	932	28	1	-	-
Impact fees	-	-	-	-	-	-	-	-	25	793
Gain on the sale of capital assets	-	57	1	22	12	-	-	55	-	-
Transfers	100	(37)	929	638	914	4,722	5,042	1,873	(1,852)	(935)
Total business type activities general revenues and changes in net position	<u>1,385</u>	<u>755</u>	<u>1,948</u>	<u>1,245</u>	<u>1,558</u>	<u>6,067</u>	<u>5,374</u>	<u>2,246</u>	<u>(1,432)</u>	<u>(92)</u>
Total general revenues and other changes in net position	<u>\$ 51,157</u>	<u>\$ 49,517</u>	<u>\$ 49,671</u>	<u>\$ 45,089</u>	<u>\$ 45,095</u>	<u>\$ 47,532</u>	<u>\$ 41,149</u>	<u>\$ 41,783</u>	<u>\$ 44,716</u>	<u>\$ 52,108</u>
Change in net position										
Governmental activities	6,743	5,385	8,436	(805)	(6,253)	(1,623)	(6,489)	6,023	(2,652)	(5,321)
Business-type activities	1,446	6,398	4,208	4,343	2,711	9,186	5,778	(758)	(4,135)	(1,832)
Total change in net position	<u>\$ 8,189</u>	<u>\$ 11,783</u>	<u>\$ 12,644</u>	<u>\$ 3,538</u>	<u>\$ (3,542)</u>	<u>\$ 7,563</u>	<u>\$ (711)</u>	<u>\$ 5,265</u>	<u>\$ (6,787)</u>	<u>\$ (7,153)</u>

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									
	2008	2009	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016 ⁽²⁾	2017
General Fund										
Reserved	\$ 624	\$ 356	\$ 179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,133	22,187	26,840	-	-	-	-	-	-	-
Non-spendable:										
Inventories	-	-	-	224	203	189	191	156	125	117
Prepaid items	-	-	-	14	16	31	14	128	-	641
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	-	483
Assigned to:										
Vehicles and equipment	-	-	-	2,221	2,449	2,553	1,803	1,318	884	1,138
Excess benefit plan	-	-	-	-	-	-	-	-	6,437	6,828
Subsequent year's expenditures	-	-	-	5,673	6,455	4,356	1,622	-	-	1,879
Unassigned	-	-	-	18,399	15,104	18,721	17,391	20,186	18,963	12,007
Total general fund	\$ 20,757	\$ 22,543	\$ 27,019	\$ 26,531	\$ 24,227	\$ 25,850	\$ 21,021	\$ 21,788	\$ 26,409	\$ 23,093
All Other Governmental Funds										
Reserved	\$ 14,623	\$ 2,419	\$ 3,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,009	22,832	23,516	-	-	-	-	-	-	-
Capital projects funds	8,704	8,448	7,433	-	-	-	-	-	-	-
Non-spendable:										
Prepaid Items	-	-	-	-	-	141	-	-	-	48
Restricted for:										
Assets held for resale	-	-	-	5,552	3,145	1,177	816	6,608	9,476	8,925
Long-term receivable	-	-	-	2,327	1,805	1,214	1,337	1,253	1,341	1,922
Community Redevelopment	-	-	-	-	-	-	1,308	-	663	2,738
Debt service	-	-	-	910	955	1,000	1,000	1,517	1,168	1,967
Capital projects	-	-	-	-	-	-	-	-	69,747	62,141
Developer agreements	-	-	-	2,623	1,628	502	560	1,502	956	1,274
Grant programs	-	-	-	-	-	-	922	366	525	-
Law enforcement	-	-	-	2,638	1,727	1,141	1,055	1,016	986	1,165
Transportation	-	-	-	2,764	2,919	2,639	626	346	-	143
Safe neighborhood districts	-	-	-	1,209	1,080	952	937	915	906	923
Assigned to:										
Computer equipment	-	-	-	22	22	22	-	-	-	-
Police outside services	-	-	-	79	118	140	151	177	-	-
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)
Total all other governmental funds	\$ 30,336	\$ 33,699	\$ 34,769	\$ 37,574	\$ 31,620	\$ 23,807	\$ 13,165	\$ 13,752	\$ 85,663	\$ 79,249

⁽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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 32,665	\$ 31,854	\$ 33,114	\$ 29,194	\$ 28,923	\$ 28,799	\$ 30,397	\$ 30,347	\$ 32,159	\$ 37,902
Licenses, fees and permits	1,756	1,543	1,857	1,630	1,299	2,329	2,505	2,977	3,031	3,809
Fines and forfeitures	3,769	823	1,925	1,099	938	1,076	865	731	824	890
Charges for services	5,045	5,759	6,831	6,389	7,206	10,018	8,994	12,143	11,247	10,792
Intergovernmental	11,890	11,079	11,901	9,443	10,376	9,711	11,072	11,964	10,739	10,938
Investment earnings	1,895	1,528	896	513	385	246	216	383	1,014	1,732
Slot machine proceeds	1,985	1,749	1,707	1,922	1,818	1,719	1,649	1,603	1,677	1,475
Other revenues	4,616	4,851	6,385	6,262	6,648	7,800	11,409	7,686	9,456	8,144
Total revenues	<u>63,621</u>	<u>59,186</u>	<u>64,616</u>	<u>56,452</u>	<u>57,593</u>	<u>61,698</u>	<u>67,107</u>	<u>67,834</u>	<u>70,147</u>	<u>75,682</u>
Expenditures:										
Current:										
General government	10,596	9,501	9,632	9,236	9,463	9,244	9,904	9,002	10,655	10,998
Public safety	29,760	30,749	31,428	32,702	34,379	35,620	39,398	40,654	40,286	42,012
Physical environment	3,366	2,355	1,984	2,358	2,443	2,252	2,034	2,028	2,283	2,821
Transportation	1,390	1,416	1,137	937	1,031	1,637	1,909	1,742	1,922	1,763
Economic environment	4,923	2,728	6,376	3,578	6,736	4,680	4,843	4,421	5,693	5,265
Human services	1,087	1,098	859	944	1,140	2,698	2,098	1,837	2,301	2,066
Culture and recreation	2,118	2,120	2,067	2,081	2,290	1,563	3,569	3,773	5,435	5,299
Capital outlay	2,476	4,415	2,557	2,319	7,007	7,022	18,763	9,602	16,186	8,973
Debt service:										
Principal	1,180	891	830	865	910	955	955	1,000	2,450	3,370
Interest and fiscal charges	1,318	1,189	1,153	1,117	1,075	1,031	1,006	957	2,190	3,169
Total expenditures	<u>58,214</u>	<u>56,462</u>	<u>58,023</u>	<u>56,137</u>	<u>66,474</u>	<u>66,702</u>	<u>84,479</u>	<u>75,016</u>	<u>89,401</u>	<u>85,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,407</u>	<u>2,724</u>	<u>6,593</u>	<u>315</u>	<u>(8,881)</u>	<u>(5,004)</u>	<u>(17,372)</u>	<u>(7,182)</u>	<u>(19,254)</u>	<u>(10,054)</u>
Other financing sources (uses)										
Proceeds from the sale of capital assets	\$ -	\$ 14	\$ 13	\$ 32	\$ 35	\$ 272	\$ 430	\$ 27	\$ 74	\$ 3
Transfers in	7,444	9,636	8,540	5,734	2,512	2,452	5,615	11,160	18,706	1,661
Transfers out	(8,124)	(7,225)	(9,601)	(6,414)	(2,833)	(3,518)	(5,615)	(7,030)	(16,695)	(1,339)
Issuance of long-term debt	-	-	-	-	-	-	-	-	86,748	-
Total other financing sources	<u>(680)</u>	<u>2,425</u>	<u>(1,048)</u>	<u>(648)</u>	<u>(286)</u>	<u>(794)</u>	<u>430</u>	<u>4,157</u>	<u>88,833</u>	<u>325</u>
Net change in fund balances	<u>\$ 4,727</u>	<u>\$ 5,149</u>	<u>\$ 5,545</u>	<u>\$ (333)</u>	<u>\$ (9,167)</u>	<u>\$ (5,798)</u>	<u>\$ (16,942)</u>	<u>\$ (3,025)</u>	<u>\$ 69,579</u>	<u>\$ (9,729)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>4.5%</u>	<u>4.0%</u>	<u>3.6%</u>	<u>3.7%</u>	<u>3.3%</u>	<u>3.3%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>6.3%</u>	<u>8.5%</u>

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
2008	\$ 24,531	\$ 2,904	\$ 3,367	\$ 1,861	\$ 2,107	\$ 680	\$ 21	\$ 35,471
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	2,657	4,557	1,280	2,534	1,016	15	41,424
Change 2008 - 2017	19.7%	-8.5%	35.3%	-31.2%	20.3%	49.4%	-28.6%	16.8%

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

		Direct City Rate ⁽¹⁾			Overlapping Rates												
		City of Hallandale Beach			Broward County BOCC			School Board of Broward County							Total Direct & Overlapping Rates	Golden Isles Safe Neighborhood District ⁽²⁾	Three Islands Safe Neighborhood District ⁽²⁾
Tax roll year	Fiscal Year	Operating Millage	Debt Service Millage	Total Hallandale Beach	Operating Millage	Debt Service Millage	Total Broward County	Operating Millage	Debt Service Millage	Total School District	So Florida Water Management District	Florida Inland Navigation District	Children's Services Council	South Broward Hospital District			
2007	2008	4.9818	-	4.9818	4.8889	0.3979	5.2868	7.4770	0.1714	7.6484	0.6240	0.0345	0.3572	1.1643	20.0970	1.0934	0.6897
2008	2009	4.9818	-	4.9818	4.8889	0.4256	5.3145	7.4170	-	7.4170	0.6240	0.0345	0.3754	1.1913	19.9385	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	21.0759	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	21.4853	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	20.5707	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	20.2459	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	20.2200	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	19.4460	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	19.2378	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	19.3875	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 FY 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	2017			2008		
	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	\$ 229,618,552	1	4.503%	\$ 152,151,300	1	3.098%
17070 Collins Ave. Shopping Ctr	41,620,430	2	0.816%	40,123,830	2	0.817%
Florida Power & Light Co.	40,408,658	3	0.792%	26,791,864	5	0.545%
Three Islands Associates Residential/Retail	28,317,553	4	0.555%	27,689,400	4	0.564%
Hollywood Greyhound Track	22,779,300	5	0.447%	39,566,539	3	0.806%
Hallandale Group Limited Partnership	19,170,719	6	0.376%	12,464,570	10	0.254%
2500 Hallandale Beach, LLC - Receiver Inc.	18,364,350	7	0.360%	16,528,700	7	0.337%
Romagnole Investment Properties, LLC	17,031,480	8	0.334%	-	-	-
Wal-Mart Stores, Inc.	15,482,780	9	0.304%	13,558,254	9	0.276%
Diplomat Golf Course Ventrue, LLC	14,526,730	10	0.285%	-	-	-
Diplomat Properties Ltd. Partnership	-	-	-	22,447,390	6	0.457%
Ocean Marine Yacht Club, LLC	-	-	-	15,241,390	8	0.310%
Total	<u>\$ 447,320,552</u>		<u>8.772%</u>	<u>\$ 366,563,237</u>		<u>7.464%</u>

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	Percentage of Levy
2008	2007	\$ 25,226	\$ 25,097	99.49%	\$ 126	\$ 25,223	99.99%
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	22,485	22,463	99.90%	-	22,463	99.90%
2016	2015	24,558	24,538	99.92%	-	24,538	99.92%
2017	2016	27,331	26,299	96.22%	-	26,299	96.22%

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						
2008	\$5,556,934	\$ 631,372	\$ 140,400	\$ 98,120	\$ 1,580,177	\$ 4,846,649	4.9818	\$ 6,426,826	75.4%
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%

Source: Broward County Revenue Collection Division.

⁽¹⁾ Based on market values.

⁽²⁾ Includes tax exempt properties.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 10
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal year	Capital Lease	Governmental Activities							Business-Type Activities			Total Primary Government	Percentage Of Personal Income	Per Capita
		Revenue Note Series 2002	Revenue Bonds Series 2007A	Revenue Note Series 2012	Revenue Bonds Series 2001A	Revenue Bonds Series 2016	O.B. Johnson Bonds Series 2015	G.O. Bonds Series 2016	Revenue Bonds Series 2005A	Revenue Note Series 2012	Revenue Bonds Series 2014			
2008	\$ -	\$96,385	\$23,935,000	\$ -	\$3,765,000	\$ -	\$ -	\$ -	\$7,880,000	\$ -	\$ -	\$ 35,676,385	2.28%	953.91
2009	-	-	23,140,000	-	3,575,000	-	-	-	7,550,000	-	-	34,265,000	N/A	916.18
2010	-	-	22,310,000	-	3,375,000	-	-	-	7,205,000	-	-	32,890,000	N/A	886.12
2011	-	-	21,445,000	-	3,165,000	-	-	-	6,850,000	-	-	31,460,000	N/A	847.68
2012	-	-	20,535,000	-	-	-	-	-	6,480,000	2,770,000	-	29,785,000	N/A	789.38
2013	11,768	-	20,535,000	5,050,000	-	-	-	-	6,100,000	2,770,000	-	34,455,000	N/A	897.48
2014	11,081	-	19,762,540	4,440,000	-	-	-	-	5,831,062	2,480,000	-	32,513,602	N/A	849.52
2015	4,394	-	18,738,265	3,725,000	-	-	-	-	-	2,190,000	5,390,000	30,047,659	N/A	782.00
2016	-	-	2,265,000	-	-	25,846,675	14,200,000	61,801,528	-	1,890,000	4,905,000	110,908,203	N/A	2,871.71
2017	-	-	1,160,000	-	-	25,309,930	12,945,000	60,461,872	-	1,585,002	4,410,000	105,871,804	N/A	2,732.46

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 11
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2017

<u>Jurisdiction</u>	<u>Net debt Outstanding</u>	<u>Percentage applicable to City of Hallandale Beach</u>	<u>Amount applicable to City of Hallandale Beach</u>
Broward County	\$ 220,744,000 ⁽¹⁾	3.144%	\$ 6,940,768
Broward School District	1,640,664,000 ⁽²⁾	2.872%	47,114,037
Subtotal, overlapping debt	<u>1,861,408,000</u>		<u>54,054,805</u>
City of Hallandale Beach direct debt	99,876,802	100.000%	99,876,802
Total direct and overlapping debt	<u>\$ 1,961,284,802</u>		<u>\$ 153,931,607</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 12
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS

Fiscal year	Utility Revenue Bonds, 2014A and Series 2012 Revenue Note						Revenue Note Series 2002 and Revenue Bonds 2007A					G.O. Bonds, Series 2016				Revenue Refunding Bonds, Series 2016				
	Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Pledged Revenue	Debt Service		Debt Service		Coverage	Ad Valorem	Debt Service		Coverage	Pledged Revenue	Debt Service		Coverage
				Principal	Interest			Principal	Interest	Principal	Interest			Principal	Interest			Principal	Interest	
2008	18,712,613	18,424,786	287,827	505,000	334,112	0.34	40,356,815	500,000	16,346	680,000	1,301,576	16.16	-	-	-	-	-	-	-	-
2009	23,115,163	18,184,821	4,930,342	520,000	562,540	4.55	37,137,163	96,385	1,035	680,000	1,301,576	17.86	-	-	-	-	-	-	-	-
2010	22,934,776	20,701,617	2,233,159	545,000	507,178	2.12	41,379,803	-	-	795,000	1,187,552	20.87	-	-	-	-	-	-	-	-
2011	23,615,907	20,246,971	3,368,936	565,000	484,653	3.21	36,203,914	-	-	830,000	1,153,092	18.26	-	-	-	-	-	-	-	-
2012	23,932,305	22,512,735	1,419,570	370,000	306,465	2.10	37,801,983	-	-	865,000	1,117,215	18.93	-	-	-	-	-	-	-	-
2013	25,602,349	22,725,740	2,876,609	380,000	292,378	4.28	44,239,028	-	-	910,000	1,055,925	22.50	-	-	-	-	-	-	-	-
2014	25,789,203	22,840,398	2,948,805	395,000	277,390	4.39	30,906,838	-	-	955,000	1,012,750	15.71	-	-	-	-	-	-	-	-
2015	25,136,776	22,753,653	2,383,123	410,000	263,046	3.54	51,649,069	-	-	1,000,000	965,000	26.28	-	-	-	-	-	-	-	-
2016	25,097,771	24,165,992	931,779	785,000	142,566	1.00	25,269,135	-	-	1,050,000	888,750	13.03	-	-	-	-	-	-	-	-
2017	25,432,268	23,833,939	1,598,329	800,000	127,068	1.72	22,867,207	-	-	1,105,000	85,625	19.21	25,687,755	1,010,000	2,003,618	8.52	22,867,207	-	685,483	33.36

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.

CITY OF HALLANDALE BEACH, FLORIDA

SCHEDULE 13
 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	
2008	37,400	\$ 1,565,264,800	\$ 41,852	50.9	6.10%	7.40% ⁽⁴⁾	2,978
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	*	*	46.7	3.30%	4.10% ⁽⁵⁾	2,992

⁽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 14
 PRINCIPAL EMPLOYERS
 CURRENT AND NINE YEARS AGO

Employer	2017			2007		
	Employees	Rank	% of total City Employment	Employees	Rank	% of total City Employment
Gulfstream Park Racing & Casino	811	1	4.391%	1,077	1	6.446%
City of Hallandale Beach	521	2	2.821%	451	3	2.699%
Mardi Gras Racetrack & Gaming Center	519	3	2.810%	717	2	4.291%
Wal-Mart Stores, Inc.	417	4	2.258%	260	6	1.556%
School Board of Broward County	250	5	1.354%	440	4	2.633%
Publix Supermarket	160	6	0.866%	285	5	1.706%
Winn Dixie Supermarkets	145	7	0.785%	185	7	1.107%
Burlington Coat Factory	122	8	0.661%	104	8	0.622%
US Post Office	69	9	0.374%	82	9	0.491%
	<u>3,014</u>		<u>16.318%</u>	<u>3,601</u>		<u>21.553%</u>

Source: Individual employers and State of Florida Unemployment Statistics.

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE 15
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Commission	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General Government										
Management	8.00	8.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	7.00
General Services/Procurement Department	4.00	4.00	4.00	4.00	4.00	5.00	4.00	4.00	5.00	5.00
City Attorney	4.00	4.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Finance	9.75	9.75	9.75	9.77	11.77	11.75	11.77	11.00	13.00	13.00
Innovation Technology	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	7.00	8.00
Personnel	5.50	5.00	5.00	5.92	5.20	5.94	5.77	5.50	6.50	6.50
City Clerk	3.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Development Services	30.75	28.75	22.62	24.00	21.00	22.20	26.00	26.00	28.00	29.00
Other	2.00	2.00	1.50	-	-	-	2.00	4.00	4.00	3.00
Police										
Officers	101.00	101.00	98.00	95.00	99.00	113.47	98.47	98.00	99.50	103.00
Civilians	40.00	41.00	40.52	38.54	37.00	22.27	39.27	39.22	39.50	39.50
Fire										
Paramedics, Firefighters, Officers	77.00	78.00	75.00	75.00	75.00	87.62	77.00	77.00	77.00	77.00
Civilians	3.00	3.00	2.00	3.00	3.00	4.00	14.85	14.15	14.13	14.13
Public Works										
Administration	7.75	5.76	3.00	5.00	5.00	4.00	1.00	1.00	1.00	3.00
Equipment Maintenance	9.50	10.75	9.75	8.77	8.77	8.77	-	-	-	-
Grounds Maintenance	16.00	16.54	14.76	13.77	15.81	15.81	9.31	9.52	9.50	9.50
Building Maintenance	12.50	11.28	9.52	11.31	10.29	8.00	8.00	8.00	8.00	8.00
Human Services	13.20	10.10	10.15	10.31	9.80	11.67	11.95	13.94	19.30	18.30
Parks and Recreation	32.30	31.12	29.04	27.40	29.67	43.46	56.37	60.95	72.43	75.43
Transportation	5.75	4.25	3.27	3.27	4.77	10.77	10.77	10.63	10.63	10.63
Sanitation	23.00	22.29	24.00	23.93	22.54	24.41	27.85	26.78	25.75	23.75
Cemetery	-	-	1.76	1.77	1.77	1.77	1.77	2.26	2.25	2.25
Water	42.50	40.50	45.03	44.31	43.56	47.02	47.77	46.88	46.88	47.51
Stormwater	4.00	5.53	7.52	6.54	2.00	2.00	4.00	5.00	5.00	5.00
Sewer	12.00	16.00	15.00	14.00	12.00	12.00	12.00	12.00	12.00	13.00
Marina	-	-	-	-	-	2.25	1.54	1.26	1.25	-
Fleet Services	-	-	-	-	-	8.77	9.00	10.00	10.00	9.00
Risk Management	-	-	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	476.50	471.62	455.19	449.61	446.95	497.95	507.46	515.09	539.62	544.50

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 16
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Development Services										
Building permits issued	2,558	2,704	3,390	3,261	3,403	3,377	3,435	5,368	3,589	3,738
Building inspections conducted	9,138	10,387	9,556	8,934	9,624	10,179	13,028	13,028	10,711	11,347
Police										
Physical arrests	1,655	1,524	1,610	1,222	1,383	1,305	1,281	1,281	964	621
Parking violations	5,763	3,093	2,382	2,090	2,263	1,850	1,335	1,335	2,079	2,581
Traffic violations	9,254	10,434	10,085	9,127	12,001	12,623	11,709	11,709	10,067	7,082
Fire										
EMS responses	5,277	5,192	4,719	5,690	5,938	6,304	6,275	6,275	6,436	6,114
Other emergency responses	2,285	2,466	2,025	2,413	2,622	2,466	2,344	2,344	2,465	2,778
Fires	129	122	108	117	113	98	93	93	102	101
Inspections	2,451	1,467	1,713	2,294	2,438	2,641	2,276	2,276	2,077	3,199
Refuse Collection										
Refuse collected (tons per year)	25,882	26,611	22,766	24,315	26,652	25,885	26,321	26,321	26,489	24,954
Other Public Works										
Street resurfacing (miles)	-	6	4	-	-	-	-	-	-	-
Number of streets repaired	455	685	673	796	667	827	1,590	1,590	973	894
Asphalt used (tons)	87	125	334	258	217	99	101	101	116	159
Parks and Recreation										
Summer camp participants	593	194	63	70	66	89	125	125	125	125
Athletic teams	77	76	84	78	76	-	-	-	97	99
Water										
New/Replacement connections	80	86	47	7	48	32	34	34	6,752	71
Average daily consumption (1000's of gallons)	5,167	5,516	5,313	5,493	5,801	5,461	6,220	6,220	6,406	5,990
Peak daily consumption (1000's of gallons)	7,500	6,890	6,570	6,400	7,738	6,890	7,517	7,517	7,341	6,542
Wastewater										
Average daily sewage transmitted (1000's of gallons)	6,650	6,906	6,483	7,286	6,936	7,049	6,965	6,965	7,113	7,113
Transit										
Total route miles per year	103,109	99,505	99,505	99,505	152,047	152,047	152,047	152,047	151,488	150,358
Passengers per year	145,200	163,370	178,461	211,298	264,577	246,592	265,545	265,545	251,559	234,260

Sources: Various City departments.

CITY OF HALLANDALE BEACH, FLORIDA

**SCHEDULE 17
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	18	20	20	20	20	20	20	20	20
Other Public Works										
Streets (miles)	67	67	74	74	74	74	74	74	74	74
Sidewalks (miles)	39	41	42	42	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	7	10	10	10	10	11	11	10	10	10
Baseball/softball diamonds	4	4	4	4	4	4	3	2	2	2
Outdoor pavilions	5	7	7	7	7	7	10	13	13	13
Community centers	5	5	5	5	5	5	5	5	5	5
Pool	1	1	1	1	1	1	2	2	2	2
Tennis courts	14	14	14	14	14	14	14	14	14	14
Water										
Water mains (miles)	78	79	79	80	80	80	80	81	81	81
Fire hydrants	554	554	554	554	572	572	572	578	578	578
Storage capacity (millions of gallons)	5	5	5	5	5	5	5	5	5	5
Wastewater										
Sanitary sewers (miles)	72	73	73	73	73	73	73	72	72	72
Storm sewers (miles)	38	38	39	40	40	40	40	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	6.65	7.00

* Data not available.

Sources: Various City departments.

Note: No capital asset indicators are available for the general government functions.



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