



# Hialeah Gardens Police Officers' Pension Trust Fund

Financial Statements  
Years Ended September 30, 2016 and 2015

# **Hialeah Gardens Police Officers' Pension Trust Fund**

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Financial Statements  
Years Ended September 30, 2016 and 2015

# Hialeah Gardens Police Officers' Pension Trust Fund

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## Independent Auditor's Report

Board of Trustees  
Hialeah Gardens Police Officers' Pension Trust Fund  
Hialeah Gardens, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the Hialeah Gardens Police Officers' Pension Fund (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2016, the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

#### *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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.



### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Hialeah Gardens Police Officers' Pension Trust Fund as of September 30, 2016 and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

#### *Adoption of New Accounting Pronouncement*

The Plan has adopted the disclosure requirements of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* in 2016. The provisions of the additional disclosure requirements are discussed in Note 3 to the financial statements. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that "Management's Discussion and Analysis" and the "Required Supplementary Information" listed on the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



*Supplementary Schedules*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary schedules of investment expenses and administrative expenses as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*2015 Financial Statements*

The financial statements of the Plan as of and for the year ended September 30, 2015 were audited by Goldstein Schechter Koch, P.A. ("GSK") whose partners and professional staff joined BDO USA, LLP as of August 16, 2016, and has subsequently ceased operations. GSK expressed an unmodified opinion on those financial statements in their report dated May 3, 2016.

Coral Gables, Florida  
June 5, 2017

*BDO USA, LLP*

Certified Public Accountants

## Financial Statements

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

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Our discussion and analysis of the Hialeah Gardens Police Officers' Pension Fund (the "Plan") financial performance provides an overview of the Plan's financial activities for the fiscal years ended September 30, 2016 and 2015. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements and required supplementary information. Please read it in conjunction with the Plan's financial statements, which follow this discussion.

### *Financial Highlights*

- Plan assets exceeded liabilities at the close of the fiscal years ended September 30, 2016 and 2015 by \$14,847,537 and \$14,283,500, respectively (reported as net position restricted for pensions). The increase of \$564,037 of the respective years has resulted primarily from the changes in the fair value of the Plan's investments due to volatile financial markets.
- Receivables at September 30, 2016 were \$855 (or 0.3%) less than receivables at September 30, 2015 due primarily to the decrease in City contributions receivable.

Receivables at September 30, 2015 were \$238,288 (or 442.3%) greater than receivables at September 30, 2014 due primarily to the increase in state contributions receivable and proceeds from securities sold.

- Liabilities at September 30, 2016 were \$16,511 (or 33.8%) less than liabilities at September 30, 2015 due primarily to a decrease in the amount payable for securities purchased.

Liabilities at September 30, 2015 were \$660,787 (or 93.1%) less than liabilities at September 30, 2014 due primarily to a decrease in the amount payable for securities purchased.

- For the fiscal year ended September 30, 2016, City contributions to the Plan decreased by \$21,750 (or 4.3%) based on the actuarial valuation. Actual City contributions were \$483,461 and \$505,211 for 2016 and 2015, respectively. The Plan was also able to use \$106,487 of State contributions towards the required contribution in fiscal year 2016.

For the fiscal year ended September 30, 2015, City contributions to the Plan increased by \$34,256 (or 7.3%) based on the actuarial valuation. Actual City contributions were \$505,211 and \$470,955 for 2015 and 2014, respectively. The Plan was also able to use \$106,487 of State contributions towards the required contribution in fiscal year 2015.

- For the fiscal year ended September 30, 2016, member contributions increased by \$2,251 (or 2.1%). Actual member contributions were \$111,522 and \$109,271 for 2016 and 2015, respectively. Member contributions increased due to an increase in the number of active participants compared to the prior year.

For the fiscal year ended September 30, 2015, member contributions increased by \$5,489 (or 5.3%). Actual member contributions were \$109,271 and \$103,782 for 2015 and 2014, respectively. Member contributions increased due to an increase in the number of active participants compared to the prior year.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

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- For the fiscal year ended September 30, 2016, net investment income increased by \$1,318,035. Actual results were \$848,115 of net appreciation and \$473,940 of net depreciation in fair market value of investments for 2016 and 2015, respectively, and \$367,980 and \$378,982 in income from interest and dividends for 2016 and 2015, respectively. Investment expenses for the fiscal year September 30, 2016 decreased by \$6,981 (or 8.6%).

For the fiscal year ended September 30, 2015, net investment income decreased by \$1,414,169 (or 114.2%). Actual results were \$473,940 of net depreciation and \$1,029,297 of net appreciation in fair market value of investments for 2015 and 2014, respectively, and \$378,982 and \$293,853 in income from interest and dividends for 2015 and 2014, respectively. Investment expenses for the fiscal year September 30, 2015 decreased by \$3,939 (or 4.6%).

- For the fiscal year ended September 30, 2016, benefit payments and refunds of contributions increased by \$733,285 (or 138.7%) from 2015. The increase is attributable to three DROP participants that received distributions, which totaled \$647,372.

For the fiscal year ended September 30, 2015, benefit payments and refunds of contributions decreased by \$340,191 (or 39.2%) from 2014.

- For the fiscal year ended September 30, 2016, administrative expenses increased by \$13,098 from 2015 (or 24.0%) due primarily to an increase in professional fees.

For the fiscal year ended September 30, 2015, administrative expenses increased by \$6,754 from 2014 (or 14.1%) due primarily to an increase in professional fees.

### *Plan Highlights*

For the fiscal year ended September 30, 2016, the relative return of the portfolio was 8.34% for the trailing year and ranked in the 71<sup>st</sup> percentile of the public fund universe. Actual net returns from investments in 2016 was net investment gain of \$1,142,054 compared with a net investment loss of \$175,980 in 2015.

For the fiscal year ended September 30, 2015, the relative return of the portfolio was -1.11% for the trailing year and ranked in the 57<sup>st</sup> percentile of the public fund universe. Actual net returns from investments in 2015 was net investment loss of \$175,980 compared with a net investment gain of \$1,238,189 in 2014.

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

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### *Overview of the Financial Statements*

The basic financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Plan also includes in this report additional information to supplement the financial statements.

The Plan presents required supplementary schedules, which provide historical trend information about the Plan.

The Plan prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Plan's overall financial status.

### *Description of the Financial Statements*

The *Statement of Fiduciary Net Position* presents information that includes all of the Plan's assets and liabilities, with the balance representing the Net Position Restricted for Pensions. It is a snapshot of the financial position of the Plan at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statement of Changes in Fiduciary Net Position* reports how the Plan's net position changed during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement plan from employers (city and state) and members and net investment income or loss, which includes interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Plan, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. These schedules consist of the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Plan's investment returns.

Additional information is presented as part of *Supplementary Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses*. The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Plan and includes financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Plan.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

### Condensed Statements of Fiduciary Net Position

The tables below reflect condensed comparative statements of Fiduciary Net Position of the Plan at September 30:

	2016	2015	Increase/ (Decrease)	% Change
Cash and cash equivalents	\$ 607,611	\$ 773,055	\$ (165,444)	(21.4%)
Receivables	291,305	292,160	(855)	(0.3)
Investments	14,013,939	13,267,092	746,847	5.6
<b>Total assets</b>	<b>14,912,855</b>	<b>14,332,307</b>	<b>580,548</b>	<b>4.1</b>
Liabilities	65,318	48,807	16,511	33.8
<b>Net position restricted for pensions</b>	<b>\$ 14,847,537</b>	<b>\$ 14,283,500</b>	<b>\$ 564,037</b>	<b>3.9%</b>

	2015	2014	Increase/ (Decrease)	% Change
Cash and cash equivalents	\$ 773,055	\$ 2,786,552	\$ (2,013,497)	(72.3%)
Receivables	292,160	53,872	238,288	442.3
Investments	13,267,092	12,171,903	1,095,189	9.0
<b>Total assets</b>	<b>14,332,307</b>	<b>15,012,327</b>	<b>(680,020)</b>	<b>(4.5)</b>
Liabilities	48,807	709,594	(660,787)	(93.1)
<b>Net position restricted for pensions</b>	<b>\$ 14,283,500</b>	<b>\$ 14,302,733</b>	<b>\$ (19,233)</b>	<b>(0.1%)</b>

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

The tables below reflect condensed comparative statements of the Changes in Fiduciary Net Position and reflect the activities of the Plan for the fiscal years ended September 30:

	2016	2015	Increase/ (Decrease)	% Change
<b>Additions:</b>				
<b>Contributions:</b>				
City	\$ 483,461	\$ 505,211	\$ (21,750)	(4.3%)
Member	111,522	109,271	2,250	2.1
State	156,460	125,343	31,117	24.8
<b>Total contributions</b>	<b>751,443</b>	<b>739,825</b>	<b>11,618</b>	<b>1.6</b>
<b>Net investment income (loss)</b>	<b>1,142,055</b>	<b>(175,980)</b>	<b>1,318,035</b>	<b>749.0</b>
<b>Total additions</b>	<b>1,893,498</b>	<b>563,845</b>	<b>1,329,653</b>	<b>235.8</b>
<b>Deductions:</b>				
Pension benefits paid	1,229,360	521,971	707,389	135.5
Refunds of contributions	32,469	6,573	25,896	394.0
Administrative expenses	67,632	54,534	13,098	24.0
<b>Total deductions</b>	<b>1,329,461</b>	<b>583,078</b>	<b>746,383</b>	<b>128.0</b>
<b>Net increase (decrease)</b>	<b>564,037</b>	<b>(19,233)</b>	<b>583,270</b>	<b>3,032.7</b>
<b>Net position restricted for pensions, at -</b>				
Beginning of year	14,283,500	14,302,733	(19,233)	(0.1)
<b>End of year</b>	<b>\$ 14,847,537</b>	<b>\$14,283,500</b>	<b>\$ 564,035</b>	<b>3.9%</b>

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

	2015	2014	Increase/ (Decrease)	% Change
<b>Additions:</b>				
<b>Contributions:</b>				
City	\$ 505,211	\$ 470,955	\$ 34,256	7.3%
Member	109,271	103,782	5,489	5.3
State	125,343	125,121	222	0.2
<b>Total contributions</b>	<b>739,825</b>	<b>699,858</b>	<b>39,967</b>	<b>5.7</b>
<b>Net investment (loss) income</b>	<b>(175,980)</b>	<b>1,238,189</b>	<b>(1,414,169)</b>	<b>(114.2)</b>
<b>Total additions</b>	<b>563,845</b>	<b>1,938,047</b>	<b>(1,374,202)</b>	<b>(70.9)</b>
<b>Deductions:</b>				
Pension benefits paid	521,971	868,735	(346,764)	(39.9)
Refunds of contributions	6,573	-	6,573	(100)
Administrative expenses	54,534	47,780	6,754	14.1
<b>Total deductions</b>	<b>583,078</b>	<b>916,515</b>	<b>(333,437)</b>	<b>(36.4)</b>
<b>Net (decrease) increase</b>	<b>(19,233)</b>	<b>1,021,532</b>	<b>(1,040,765)</b>	<b>(101.9)</b>
<b>Net position restricted for pensions, at-</b>				
<b>Beginning of year</b>	<b>14,302,733</b>	<b>13,281,201</b>	<b>1,021,532</b>	<b>7.7</b>
<b>End of year</b>	<b>\$ 14,283,500</b>	<b>\$14,302,733</b>	<b>\$ (19,233)</b>	<b>(0.1)%</b>

The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

### *Asset Allocation*

For the fiscal year ended September 30, 2016, the domestic equity portion comprised \$7,012,098 or 48% of the total portfolio. The allocation to fixed income securities was \$3,966,651 or 27.1%, while cash and cash equivalents was \$607,611 or 4.2%. The portion of investments allocated to international equity was \$1,560,560 or 10.7%, and the portion allocated to real estate was \$1,474,630 or 10%.

For the fiscal year ended September 30, 2015, the domestic equity portion comprised \$6,371,130 or 45.4% of the total portfolio. The allocation to fixed income securities was \$4,911,620 or 35.0%, while cash and cash equivalents was \$773,055 or 5.5%. The portion of investments allocated to international equity was \$1,414,903 or 10.0%, and the portion allocated to real estate was \$569,439, or 4.1%.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

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The target asset allocation was as follows, at September 30:

	2016	2015
Domestic equity	47.5%	47.5%
Fixed income	30.0%	30.0%
International equity	12.5%	12.5%
Real estate equity	10.0%	10.0%
Cash	0.0%	0.0%

### *Contacting the Plan's Financial Management*

This financial report is designed to provide the Retirement Board, membership, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Hialeah Gardens Police Officers' Pension Trust Fund, 2955 Myrtle Oak Circle, Davie, FL 33328.

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Statements Fiduciary Position

<i>September 30,</i>	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 607,611	\$ 773,055
Receivables:		
Member contributions	4,281	8,795
City contributions	62,998	82,013
Accrued interest and dividends	24,338	33,686
State contributions	156,460	125,343
Proceeds from securities sold	43,228	42,323
<b>Total receivables</b>	<b>291,305</b>	<b>292,160</b>
Investments, at fair value:		
U.S. government securities	587,949	549,978
Corporate bonds	2,045,625	3,046,270
Domestic equity	7,012,098	6,371,130
International equity	1,560,560	1,414,903
Fixed income fund	1,333,077	1,315,372
Real estate fund	1,474,630	569,439
<b>Total investments, at fair value</b>	<b>14,013,939</b>	<b>13,267,092</b>
<b>Total assets</b>	<b>14,912,855</b>	<b>14,332,307</b>
<b>Liabilities</b>		
Accounts payable	12,946	8,630
Payable for securities purchased	28,996	40,177
Prepaid City Contributions	23,376	-
<b>Total liabilities</b>	<b>65,318</b>	<b>48,807</b>
<b>Net position restricted for pension</b>	<b>\$ 14,847,537</b>	<b>\$ 14,283,500</b>

*See accompanying independent auditor's report and notes to required supplementary information.*

# Hialeah Gardens Police Officers' Pension Trust Fund

## Statement of Changes in Fiduciary Net Position

<i>For the years ended September 30,</i>	<b>2016</b>	<b>2015</b>
<b>Additions:</b>		
Contributions:		
City	\$ 483,461	\$ 505,211
Member	111,522	109,271
State	156,460	125,343
<b>Total contributions</b>	<b>751,443</b>	<b>739,825</b>
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	848,115	(473,940)
Interest and dividends	367,980	378,982
<b>Total investment income (loss)</b>	<b>1,216,095</b>	<b>(94,958)</b>
Less: Investment expenses	74,040	81,022
<b>Net investment income (loss)</b>	<b>1,142,055</b>	<b>(175,980)</b>
<b>Total additions</b>	<b>1,893,498</b>	<b>563,845</b>
<b>Deductions:</b>		
Pension benefits paid	1,229,360	521,971
Refunds of contributions	32,469	6,573
Administrative expenses	67,632	54,534
<b>Total deductions</b>	<b>1,329,461</b>	<b>583,078</b>
Net increase (decrease)	564,037	(19,233)
Net position restricted for pensions		
Beginning of year	14,283,500	14,302,733
<b>End of year</b>	<b>\$ 14,847,537</b>	<b>\$ 14,283,500</b>

*See accompanying independent auditor's report and notes to required supplementary information.*

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

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### 1. Description of the Plan

#### *Organization*

The City of Hialeah Gardens (the "City") established the Hialeah Gardens Police Officers' Pension Trust Fund (the "Plan") as a single employer defined benefit plan on October 1, 1990. The Plan is administered by a pension board. The board has the ability to make recommendations on establishing and amending pension plan provisions which can only be authorized by the City Council. The Plan is reported as a pension trust fund in the City's comprehensive annual financial report as part of the City's financial reporting entity. Participants should refer to the Plan for more detailed and comprehensive information.

The Board of Trustees has five members: two are elected by the participants, two are appointed by the City Council, and the remaining Trustee is elected by a majority of the other Trustees.

#### *Participants*

All full-time police officers employed by the City of Hialeah Gardens, Florida are eligible to participate in the Plan.

#### *Plan Membership*

Membership data at October 1, was as follows:

	2015	2014
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them.	17	17
Active plan participants:		
Vested	10	9
Nonvested	23	25
<b>Total active participants</b>	<b>33</b>	<b>34</b>

#### *Funding Requirements*

Benefits of the Plan are financed by contributions that are paid into the Plan and by investment earnings generated by investment of the pension fund.

#### *Member Contributions*

Member contributions are equal to 5% of salary. If a member terminates their employment before they become eligible to receive benefits, the accumulated contributions will be returned to the member.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

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### City and State Contributions

Pursuant to Florida Statutes, Chapter 185, contributions from the State of Florida consist of excise taxes collected on casualty and fire insurance premiums on policies written within the City. The allowable portion of the State contribution is used to reduce the City's contribution when received. The City is expected to contribute such additional amounts as are necessary on an actuarial basis to fund the Plan's expenses, normal cost and to amortize the unfunded actuarial accrued liability.

### *Pension Benefits*

#### Normal Retirement:

A member is eligible for normal retirement benefits when the member has attained the earlier of the age fifty (50) and completed ten (10) years of credited service, or has attained twenty (20) years of credited service regardless of age.

The normal retirement age for a member not eligible for normal retirement benefits prior to October 1, 2011 shall be the first day of the month on which or after the member attains the age of fifty five (55) and completed ten (10) years of credited service, or has attained twenty (20) years of credited service regardless of age.

For a member eligible for normal retirement prior to October 1, 2011, the member will receive a monthly benefit of 3% of the Average Final Compensation multiplied by years of credited service. For a member not eligible for normal retirement prior to October 1, 2011, the member will received a monthly benefit of 3% of the Average Final Compensation multiplied by credited service prior to October 1, 2011 plus 2.75% of the Average Final Compensation multiplied by years of credited service after October 1, 2011. Average final compensation is calculated by the average compensation of the five highest years of the member's employment.

#### Early Retirement:

A member who has attained age forty-five (45) and completed ten (10) years of credited service may retire with an early retirement benefit.

Upon early retirement, a member will receive a monthly benefit based upon the accrued pension benefit reduced by 3% for each year early.

#### Disability Retirement:

Any member who becomes totally and permanently disabled as certified by a medical examination may retire on a non-service incurred disability retirement benefit after ten years of credited service. A member may retire on a service incurred disability retirement benefit if disabled as a result of the performance of duty, without regard to the credited service at the time of disability.

The monthly non-service incurred disability retirement benefit is the greater of the accrued retirement benefit or twenty-five percent (25%) of Average Final Compensation. The monthly service incurred disability retirement benefit is the greater of the accrued pension benefit or forty-two percent (42%) of Average Final Compensation.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

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### Death Benefits:

In the event that a participant dies prior to retirement, benefits are payable to the participant's designated beneficiary. The benefits payable to the participant's surviving beneficiary shall be the amount of benefits that were otherwise payable to the police officer starting when the participant would have reached retirement age.

### Deferred Retirement Option Plan:

Members who continue employment with the City past normal retirement date may freeze their accrued benefit and enter into the Deferred Retirement Option Plan ("DROP"). Maximum participation in the DROP shall be sixty (60) months.

For members electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits plus interest. Interest shall be based on the actual rate of return for the Plan. As of September 30, 2016 and 2015, there were four and six members in the DROP plan, respectively.

A summary of the changes in the DROP balance as of September 30 is as follows:

	2016	2015
Beginning balance	\$ 1,007,344	\$ 812,745
Additions	157,673	210,231
Distributions	(647,372)	-
Interest	77,935	(15,632)
<b>Ending balance</b>	<b>\$ 595,580</b>	<b>\$ 1,007,344</b>

## 2. Summary of Significant Accounting Policies

### *Basis of Accounting*

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenue when due pursuant to the actuarial valuation. State contributions are recognized as revenue in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

### *Cash Equivalents*

The Plan considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

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### *Investments*

Plan investments are reported at fair value. Fair value is 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. Refer to Note 4 to the financial statements for more detail regarding the methods used to measure the fair value of investments.

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 gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade date basis.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

### *Income Tax Status*

The Plan is tax exempt from Federal income taxes under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

### *Risks and Uncertainties*

Contributions to the Plan and the actuarial information included in the required supplementary information ("RSI") are reported based on certain assumptions pertaining to the interest rates, inflation rates and employee compensation demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *Adoption of Accounting Pronouncements*

In 2016, the Plan adopted Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). GASB 72 addresses accounting and financial reporting issues related to fair value measurement of assets and liabilities. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of GASB 72 resulted in increased disclosures related to the fair value measurement of investments.

### *Subsequent Events*

Management has evaluated subsequent events through June 5, 2017, the date which the financial statements were available for issue.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

### 3. Contributions

#### *Actual Contributions*

The actual contributions from the City and the State of Florida for active members for the fiscal years ended September 30, 2016 and 2015, amounted to \$639,921 and \$630,554, respectively, and the actual amount of covered payroll was approximately \$2,230,000 and \$2,185,000, respectively. The contributions were actuarially determined using an actuarial valuation as of October 1, 2014 for the year ended September 30, 2016 and October 1, 2013 for the year ended September 30, 2015.

The contributions consisted of the following at September 30:

	2016		2015	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
City	\$ 483,461	21.68%	\$ 505,211	23.12%
State of Florida	156,460	7.02	125,343	5.74
<b>Total contributions from City and State of Florida</b>	<b>\$ 639,921</b>	<b>28.70%</b>	<b>\$ 630,554</b>	<b>28.86%</b>

Member contributions were \$111,522 and \$109,271, for the fiscal years ended September 30, 2016 and 2015, respectively.

#### *Actuarially Determined Contributions*

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. For the years ended September 30, 2016 and 2015, the Plan used the "percentage of payroll" method.

The actuarially determined percentages in the October 1, 2015 and 2014 actuarial valuations was 26.45% and 27.99% for the fiscal years ended September 30, 2016 and 2015, respectively. The actual annual covered payroll used in the October 1, 2014 and 2013 calculations was approximately \$2,230,000 and \$2,185,000, respectively.

The actuarially determined contributions consisted of the following for the fiscal years ended September 30:

	2016		2015	
	Amount	Percent of Actuarially Computed Covered Payroll	Amount	Percent of Actuarially Computed Covered Payroll for Contribution Year
Normal cost	\$ 577,108	25.88%	\$ 549,541	25.15%
Amortization of unfunded liability	12,727	0.57	62,157	2.84
<b>Total required from City and State</b>	<b>\$ 589,835</b>	<b>26.45%</b>	<b>\$ 611,698</b>	<b>27.99%</b>

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

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### 4. Deposit and Investment Risk Disclosures

#### *Cash and Cash Equivalents*

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include money market accounts at September 30, 2016 and 2015.

#### *Investment Authorization*

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

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 70% (at market) of the Plan's total asset value. The equity position in any one company shall not exceed 5% of the total portfolio at market. Investments in stocks of foreign companies shall be limited to 25% of the Plan's market value.

Fixed income securities must be rated BBB- or higher by at least one of the three nationally recognized rating agencies. 15% of the bond portfolio can fall below this rating but the overall quality must remain A or better. While the Plan may hold fixed income securities with maturities out to 30 years, the weighted average maturity/duration of the fixed income portfolio shall approximate plus or minus 25% of the target fixed income benchmark.

#### *Types of Investments*

Florida statutes and Plan investment policy authorize the Board of Trustees to invest funds in various investments. The current target and actual allocation of these investments at market is as follows at September 30:

Authorized Investments	2016		2015	
	Target %	Actual %	Target %	Actual%
Domestic equity	47.5%	48.0%	47.5%	45.4%
Fixed income	30.0%	27.1%	30.0%	35.0%
International equity	12.5%	10.7%	12.5%	10.0%
Real Estate	10.0%	10.1%	10.0%	4.1%
Cash and cash equivalents	0.0%	4.2%	0.0%	5.5%

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates 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. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity at September 30:

Investment Type	Fair Value	2016 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasuries	\$ 313,582	\$ -	\$ 114,886	\$ 198,696	\$ -
U.S. Agencies	274,367	535	6,168	93,377	174,287
Corporate bonds	2,045,625	25,001	1,360,050	660,574	-
Fixed income fund	1,333,077	-	1,333,077	-	-
<b>Total fixed income securities</b>	<b>\$ 3,966,651</b>	<b>\$ 25,536</b>	<b>\$ 2,814,181</b>	<b>\$ 952,647</b>	<b>\$ 174,287</b>

Investment Type	Fair Value	2015 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasuries	\$ 324,175	\$ -	\$ 45,028	\$ 249,147	\$ 30,000
U.S. Agencies	225,803	245	11,797	34,827	178,934
Corporate bonds	3,046,270	30,161	1,582,999	1,330,880	102,230
Fixed income fund	1,315,372	-	1,315,372	-	-
<b>Total fixed income securities</b>	<b>\$ 4,911,620</b>	<b>\$ 30,406</b>	<b>\$ 2,955,196</b>	<b>\$ 1,614,854</b>	<b>\$ 311,164</b>

### *Credit Risk*

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

The following table discloses credit ratings by investment type, at September 30, as applicable:

	2016		2015	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 587,949	14.82%	\$ 549,978	11.20%
Quality rating of credit risk debt securities:				
AAA	65,768	1.66	-	-
AA+	-	-	5,065	0.10
AA	32,848	0.83	-	-
AA-	218,840	5.52	104,767	2.13
A+	153,396	3.87	218,641	4.45
A	174,604	4.40	573,517	11.68
A-	489,538	12.34	793,725	16.16
BBB+	386,526	9.74	575,435	11.72
BBB	362,340	9.13	288,039	5.86
BBB-	146,699	3.70	352,593	7.18
BB	1,333,077	33.61	1,315,372	26.78
Not rated	15,066	0.38	134,488	2.74
<b>Total credit risk debt securities</b>	<b>3,378,702</b>	<b>85.18</b>	<b>4,361,642</b>	<b>88.80</b>
<b>Total fixed income securities</b>	<b>\$3,966,651</b>	<b>100.00%</b>	<b>\$ 4,911,620</b>	<b>100.00%</b>

\*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

### *Concentration of Credit Risk*

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2016 and 2015.

### *Custodial Credit Risk*

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Plan's name. The Plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

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Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

### *Rate of Return*

For the years ended September 30, 2016 and 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.71% and -1.60%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Investment Valuation*

GASB 72 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the specific characteristics of the investment. Fair value represents 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. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Investments traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 - Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

Level 3 - Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The Plan has established a framework to consistently measure the fair value of the Plan's assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policy and procedures that will provide reasonable assurance that 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 Plan's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

The following table summarizes the valuation of the Plan's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2016:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Short-term investment funds	\$ 607,520	\$ 607,520	\$ -	\$ -
<b>Total short-term investment funds</b>	<b>607,520</b>	<b>607,520</b>	<b>-</b>	<b>-</b>
<b>Equity securities</b>				
ETF-Equity	48,205	48,205	-	-
Unit Investment-Equity	26,899	26,899	-	-
Foreign Stocks	183,405	183,405	-	-
Common stocks	6,663,882	5,516,469	1,147,413	-
<b>Total equity securities</b>	<b>6,922,391</b>	<b>5,774,978</b>	<b>1,147,413</b>	<b>-</b>
<b>Debt securities</b>				
Government and agency obligations	521,228	313,582	207,646	-
Municipal/provincial obligations	66,721	-	66,721	-
Corporate bonds	2,045,625	-	2,045,625	-
<b>Total debt securities</b>	<b>2,633,574</b>	<b>313,582</b>	<b>2,319,992</b>	<b>-</b>
<b>Total investments by fair value level</b>	<b>10,163,485</b>	<b>\$6,088,560</b>	<b>\$ 3,467,405</b>	<b>\$ -</b>
<b>Investments measured at the net asset value ("NAV")</b>				
Mutual Funds-Equity	1,650,267			
Mutual Funds-Fixed	1,333,077			
Real estate fund	1,474,630			
<b>Total investments measured at the NAV</b>	<b>4,457,974</b>			
<b>Total investments, at fair value</b>	<b>\$ 14,621,459</b>			

Short-term investment funds: These consist primarily of money market funds, commercial paper and similar instruments with maturities of three months or less when purchased. Short term investments are reported at fair value or at cost or amortized cost, which approximates fair value. For those investments which are reported at fair value, the investments are valued using similar methodologies as described within the debt securities section below.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

Equity securities: These include common stock, domestic and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2016 and 2015. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, and foreign debt securities (included in international fixed income in the statement of fiduciary net position). These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

Fixed income fund: The fair value of investments in mutual funds is based on quoted net asset values of the shares as of September 30, 2016 and 2015, respectively.

The Plan's valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2016, are as follows:

2016				
Investments Measured at the NAV				
		Unfunded	Redemption	Redempti
		Commitments	Frequency	on Notice
				Period
Mutual Funds-Equity (1)	\$ 1,650,267	-	Daily	1 Day
Mutual Funds-Fixed (2)	1,333,077	-	Daily	1 Day
Real estate fund (3)	1,474,630	-	Quarterly	30 Days
Total investments measured at the NAV	\$ 4,457,974			

(1) The equity mutual fund invest primarily in publicly traded small midcap domestic equity securities. The fund is valued at the net asset value of units held at the end of the period based on the fair value of the underlying investment.

(2) The fixed income mutual fund invest primarily in high quality bond and other fixed income securities. The fund is valued at the net asset value of units held at the end of the period based on the fair value of the underlying investment.

(3) Real estate funds are valued using their respective net asset value ("NAV") of outstanding units held as of September 30, 2016 and 2015. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors. The real estate fund invests primarily in United States commercial real estate.

# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

### 5. Net Pension Liability of the City

The components of the net pension liability of the City at September 30, were as follows:

	2016	2015
Total pension liability	\$ 16,122,080	\$ 16,022,940
Plan fiduciary net position	(14,847,537)	(14,283,500)
<b>City's net pension liability</b>	<b>\$ 1,274,543</b>	<b>\$ 1,739,440</b>
Plan fiduciary net position as a percentage of total pension liability	92.09%	89.14%
Net pension liability as a percentage of covered employee payroll	57.14%	79.59%

#### *Actuarial Assumptions*

The Actuarially determined net pension liability is calculated as of October 1, 2015 and rolled forward to September 30, 2016:

Actuarial cost method	Entry Age Normal
Asset valuation method	5-year smoothed market
Inflation	3%
Salary Increases	5% to 17.5%, depending on service
Investment Rate of Return	7.64%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP 2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and Plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of October 1, 2015 and 2014 (see the discussion of the Plan's investment policy), respectively, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return*	
	2016	2015
Domestic equity	7.5%	7.5%
International equity	8.5%	8.5%
Domestic bonds	2.5%	2.5%
International bonds	3.5%	3.5%
Real Estate	4.5%	4.5%

\* Real rates of return are net of the long-term inflation assumption of 2.50% for 2016 and 2015.

### *Discount Rate*

A single discount rate of 7.64% for 2016 and 2015, respectively, were used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.64% for 2016 and 2015, respectively. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these 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.

The following presents the net pension liability of the City using the discount rate of 7.64% for 2016 and 2015, respectively, as well as what the employer 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:

	City Net Pension Liability		
	1% Decrease (6.64%)	Current Discount Rate (7.64%)	1% Increase (8.64%)
September 30, 2016	\$ 2,966,916	\$ 1,274,543	\$ (147,072)
September 30, 2015	\$ 3,406,860	\$ 1,739,440	\$ 341,858

## Required Supplementary Information

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**Hialeah Gardens Police Officers' Pension Trust Fund**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability (Unaudited)**  
**Last Three Fiscal Years**

	2016	2015	2014
<b>Total pension liability</b>			
Service cost	\$ 490,341	\$ 491,321	\$ 435,930
Interest	1,213,413	1,149,899	1,080,398
Changes of benefit terms			
Differences between expected and actual experience	(392,758)	67,419	17,978
Benefit payments	(1,229,360)	(521,971)	(868,735)
Refunds of contributions	(32,469)	(6,573)	-
Other (increase in State contribution reserve)	49,973	18,856	18,634
<b>Net change in total pension liability</b>	<b>99,140</b>	<b>1,198,951</b>	<b>684,205</b>
Total pension liability- beginning	16,022,940	14,823,989	14,139,784
<b>Total pension liability- ending</b>	<b>16,122,080</b>	<b>16,022,940</b>	<b>14,823,989</b>
<b>Plan fiduciary net position</b>			
Contributions - City	483,462	505,211	470,955
Contributions - State	156,460	125,343	125,121
Contributions - member	111,522	109,271	103,782
Net investment income (loss)	1,142,054	(175,980)	1,238,189
Benefit payments	(1,229,360)	(521,971)	(868,735)
Refunds of contributions	(32,469)	(6,573)	-
Administrative expenses	(67,632)	(54,534)	(47,780)
<b>Net change in plan fiduciary net position</b>	<b>564,037</b>	<b>(19,233)</b>	<b>1,021,532</b>
Plan fiduciary net position - beginning	14,283,500	14,302,733	13,281,201
<b>Plan fiduciary net position - ending</b>	<b>\$ 14,847,537</b>	<b>\$ 14,283,500</b>	<b>\$ 14,302,733</b>
<b>City's net pension liability</b>	<b>\$ 1,274,543</b>	<b>\$ 1,739,440</b>	<b>\$ 521,256</b>

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*See accompanying independent auditor's report and notes to required supplementary information.*

**Hialeah Gardens Police Officers' Pension Trust Fund**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability (Unaudited)**  
**Last Three Fiscal Years**

	2016	2015	2014
Total pension liability	\$ 16,122,080	\$ 16,022,940	\$ 14,823,989
Plan fiduciary net position	(14,847,537)	(14,283,500)	(14,302,733)
<b>City's net pension liability</b>	<b>\$ 1,274,543</b>	<b>\$ 1,739,440</b>	<b>\$ 521,256</b>
Plan fiduciary net position as a percentage of the total pension liability	92.09%	89.14%	96.48%
Covered - employee payroll	\$ 2,230,433	\$ 2,185,416	\$ 2,075,635
City's net pension liability as a percentage of covered - employee payroll	57.14%	79.59%	25.11%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*See accompanying independent auditor's report and notes to required supplementary information.*

**Hialeah Gardens Police Officers' Pension Trust Fund**  
**Required Supplementary Information**  
**Schedule of Contributions by Employer**  
**Last Three Fiscal Years**

	2016	2015	2014
Actuarially determined contribution	\$ 589,949	\$ 611,698	\$ 577,442
Contributions in relation to the actuarially determined contribution**	(589,949)	(611,698)	(577,442)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 2,230,433	\$ 2,185,416	\$ 2,075,635
Contributions as a percentage of covered-employee payroll	26.45%	27.99%	27.82%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*\* For state contributions, minimum required amount is included.

*See accompanying independent auditor's report and  
notes to required supplementary information.*

**Hialeah Gardens Police Officers' Pension Trust Fund**  
**Required Supplementary Information**  
**Schedule of Investment Returns (Unaudited)**  
**For the Last Three Fiscal Years**

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	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.71%	-1.60%	7.64%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*See accompanying independent auditor's report and notes to required supplementary information.*

**Hialeah Gardens Police Officers' Pension Trust Fund**  
**Required Supplementary Information**  
**Notes to Required Supplementary Information (Unaudited)**  
**Last Three Fiscal Years**

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*Method and assumptions used in calculations of the City's actuarially determined contributions. The actuarially determined contribution rates are calculated as of October 1, 2014 which is two years prior to the end of the fiscal year in which contributions are reported.*

Actuarial cost method	Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary Increases	5% - 17.5%, depending on service
Investment Rate of Return	7.64%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP 2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA
Disability Rates	75% of the disabilities are assumed to be service-connected

Sample Ages	% Becoming Disabled within Next Year	Sample Ages	% Becoming Disabled within Next Year
20	0.14%	40	0.30%
25	0.15%	45	0.51%
30	0.18%	50	1.00%
35	0.23%	55	1.55%

*See accompanying independent auditor's report.*

## Supplementary Schedules

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# Hialeah Gardens Police Officers' Pension Trust Fund

## Supplementary Schedules of Investment Expenses and Administrative Expenses

*For the years ended September 30,* 2016 2015

### Schedule "1" - Schedule of Investment Expenses

Financial management expenses:		
Highland Capital Management	\$ 51,918	\$ 57,762
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<b>Total financial management expenses</b>	<b>51,918</b>	<b>57,762</b>
Investment consultant fees:		
Bogdahn Consulting, LLC	15,500	15,500
Investment custodial fees:		
Salem Trust	6,622	7,760
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<b>Total investment expenses</b>	<b>\$ 74,040</b>	<b>\$ 81,022</b>

### Schedule "2" - Schedule of Administrative Expenses

Professional services:		
Actuarial	\$ 15,507	\$ 14,018
Administrative	12,278	10,438
Audit	16,750	18,915
Legal	18,047	6,113
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<b>Total professional services</b>	<b>62,582</b>	<b>49,484</b>
Other:		
Dues and subscriptions	850	850
Insurance	4,200	4,200
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<b>Total other</b>	<b>5,050</b>	<b>5,050</b>
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<b>Total administrative expenses</b>	<b>\$ 67,632</b>	<b>\$ 54,534</b>

*See accompanying independent auditors' report.*