

# **CITY OF HIALEAH, FLORIDA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**CITY OF HIALEAH, FLORIDA**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

Prepared by:  
Finance Department

# CITY OF HIALEAH, FLORIDA

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## INTRODUCTORY SECTION

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**Carlos Hernandez**

Mayor

**Isis Garcia-Martinez**

Council President

**Luis E. Gonzalez**

Council Vice President



Council Members

**Jose F. Caragol**

**Vivian Casals-Muñoz**

**Jose Yedra**

**Katharine Cue**

**Paul B. Hernandez**

# City of Hialeah

May 15, 2012

To the Members of the City Council and Residents of the City of Hialeah:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Hialeah, Florida, for the fiscal year ending September 30, 2011. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The City of Hialeah's financial statements have been audited by Alberni, Caballero & Company, LLP Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hialeah's financial statements for the fiscal year ended September 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

## **PROFILE OF THE GOVERNMENT**

The City of Hialeah was incorporated in 1925 by the laws of the State of Florida contained in Chapter 11516 Special Acts of 1925. The City of Hialeah occupies a land area of 23 square miles and serves a population of 226,419. The City of Hialeah receives tax levies on real and personal properties located within its boundaries.

**Raul L. Martinez Government Center**  
501 Palm Avenue, Hialeah, FL 33010-4789  
[www.ci.hialeah.fl.us](http://www.ci.hialeah.fl.us)

The City of Hialeah has operated under a strong mayor form of government since its inception. Policy making and legislative authority are vested in a governing council consisting of a seven member council. The council is responsible for, among other things, passing ordinances and adopting the budget. The Mayor is responsible for carrying out the policies and ordinances of the council, overseeing the day-to-day operations of the government, and appointing the heads of various departments.

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

In the past several years home taxable values in the City of Hialeah have declined approximately 34% based on the Miami Dade County Property Appraiser's Office assessments. Nevertheless, the City continues to maintain a stable economic base despite the negative impacts of property tax reform and a slowing housing market being felt nationwide. As our tax rolls decline we will honor the commitment to our residents and not increase the millage rate above the levels that have been set by the administration for the last four (4) years. The following discussion is intended to demonstrate the growth and vitality of the City and to address the challenges and concerns of the near future.

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

**Water and Sewer Reverse Osmosis Water Treatment Plant** – As part of the inter-local agreement between the City and Miami Dade County the City is on schedule to complete the Reverse Osmosis Water Treatment Plant (RO Plant) by October 2012 in the 1,890 acres of annexed area. The design and construction costs will be split evenly between the City and Miami Dade County and each will receive 50% of the daily water production, estimated at 10 million gallons per day. This plant will serve not only the annexed area but adjacent municipalities and unincorporated areas in this sector of the county which will bring additional sources of revenue to the City in the near future.

**American Recovery and Reinvestment Act of 2009** – The American Recovery and Reinvestment Act (ARRA) is an unprecedented effort to jumpstart our economy, preserve and create jobs, make investments in infrastructure, energy and science and provide unemployment assistance for state and local economic stabilization. The ARRA provides \$787 billion in spending and tax relief projects. The City of Hialeah had been awarded approximately \$12.9 million of Federal Stimulus Funding under the ARRA for various City projects which were nearing completion in fiscal year 2011; as of September 30, 2011 the City was in compliance with the grant requirements and in the process of closing out these projects.

## **MAJOR INITIATIVES AND PROGRAMS**

The City's emphasis has been to restore, maintain and beautify urban and residential infrastructure through a program of major renovations and improvements to City parks, streets, sidewalks and development of affordable housing projects while not increasing the millage rate and improving the operational efficiency of the City.

The City entered into an inter-local agreement with Miami Dade County to receive approximately \$8.5 million under the County's General Obligation Bond program (GOB). These funds will be used for the construction of 72-unit affordable housing project and a parking garage to accommodate the project. Construction will take place on City owned property between Palm and East 1<sup>st</sup> Avenue. The parking garage will compensate for the loss of parking the new construction will cause. As of September 30, 2011 construction of the parking garage was nearing completion and commencement of the 72-unit affordable housing project had begun in 2011. This affordable housing project will allow many residents to continue living in the City rather than have rising costs force them elsewhere.

The City is currently in the process of a major renovation project at Milander Park and Milander Auditorium to convert these facilities into a new Performing Arts and Exhibition Center that will significantly upgrade the existing cultural and recreational facilities in the City of Hialeah. For this project, the City has been approved to receive \$6.3 million for the massive reconstruction project through Miami Dade County GOB program.

In an effort to go green, the City is continuing to expand its hybrid fleet in the coming years. At the end of fiscal year 2010, the City purchased four (4) hybrid trucks by means of funds from the Energy Efficiency and Conservation Block Grants (EECB). These trucks were placed into service in fiscal 2011 and will reduce cost to the City while increasing the amount of recycling materials from 7.1 million pounds to an annualized 12.6 million pounds. This effort will benefit the environment as well as save the City money in the years to come. In addition, our Solid Waste Department has initiated an awareness campaign informing our residents and encouraging them to participate in our recycle program.

During fiscal year 2011, the City completed the construction of a 33-unit affordable housing project located at 525 West 1<sup>st</sup> Avenue in Hialeah. This project was made possible through the utilization of federal grant funds from the U.S. Department of Housing and Urban Development, under the Neighborhood Stabilization Program (NSP1). These units, as with all other City owned and operated affordable housing facilities, will be occupied by very-low-income elderly residents. In addition, during 2011 the City broke ground on a 36-unit affordable housing project located on 355 East 32 Street and a 9-unit affordable housing project located at 45 West 6<sup>th</sup> Street in Hialeah. These projects will also be funded by the utilization of federal grant funds from the U.S. Department of Housing and Urban Development, under the Neighborhood Stabilization Program (NSP1).

Setting our sights for the future, the City will continue allocating resources to the development of our annexed area in fiscal year 2012. The City of Hialeah has completed the construction of several projects for the necessary water, sewer and roadway infrastructure in the annexation area; this work continues to date. The City is also continuing with the ongoing program to repair and modernize sewer pump stations around the City in accordance with the State of Florida and Miami Dade County Consent Orders. These stations are upgraded with the latest state-of-the-art pumps and control systems enhancing an already efficient water and sewer department. The City's Water and Sewer Department is also working on retrofitting the City's sewer lines to avoid filtration into the underground pipes, which increases the amount of sewer waste. Completion of this project will reduce expenses in the long-run by reducing the amount paid by the City in water dumping fees.

## **RELEVANT FINANCIAL POLICIES**

**Budgetary Controls** – The annual budget serves as a foundation for the City of Hialeah financial planning and control. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States. The City follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements. Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Upon request of the Mayor, the City Council may transfer, at any time, any part of an unencumbered balance of an appropriation within a department. Upon request of the Mayor and only after the first six months of the budget year have passed, the City Council, in the form of a resolution, may transfer any part of the unencumbered balance of an appropriation between departments. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and shall be subject to future appropriations. The legal level of control is at the department level. The City Council approves supplemental appropriations. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted.

**Water and Sewer** – In fiscal year 2011 the City issued a \$48.2 million bond to fund its share of the costs of the RO Plant being constructed in the City's annexed area. Prior to the issuance of this bond the Water and Sewer Department had approximately \$45 Million in unrestricted cash and investments to fund existing and future operations. Consequently, no adverse effect on the City or Water and Sewer operations is anticipated based on the Water and Sewer Department's cash reserve and positive operating cash flow. The RO Plant is expected to be completed in fiscal year 2012.

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

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hialeah for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the sixth consecutive year that the City of Hialeah has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our 2011 Comprehensive Annual Financial Report continues to meet the high standards of the Certificate of Achievement Program requirements and we are submitting it to the GFOA for consideration of the award certificate.

**ACKNOWLEDGEMENTS**

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

Respectfully submitted,



Carlos Hernandez  
Mayor



Javier Collazo  
Acting Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Hialeah, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

Executive Director

**CITY OF HIALEAH, FLORIDA**

**List of Elected City Officials**

**September 30, 2011**

**Strong Mayor Form of Government**

**CITY COUNCIL**

**Carlos Hernandez, Mayor**

**Isis Garcia-Martinez, Council President**

**Luis E. Gonzalez, Council Vice President**

**Jose F. Caragol**

**Vivian Casals-Muñoz**

**Paul B. Hernandez**

**Katharine Cue**

**Jose Yedra**

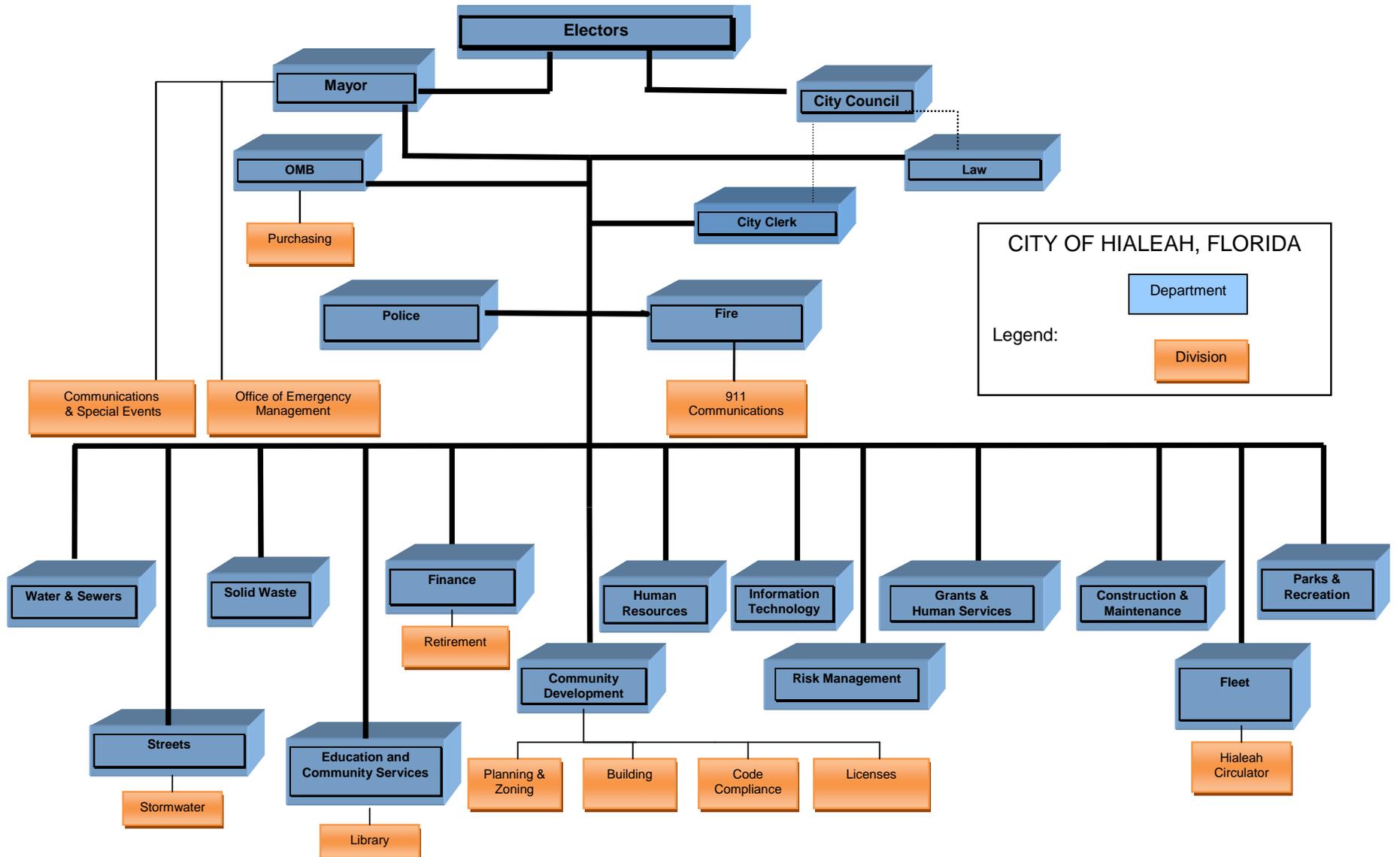
Prepared by:

Finance Department and Administration

# CITY OF HIALEAH, FLORIDA

## ORGANIZATIONAL CHART

SEPTEMBER 30, 2011



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## FINANCIAL SECTION

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REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

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SUITE 404  
CORAL GABLES, FL 33146  
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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

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 Hialeah, Florida (the "City") as of and for the fiscal year ended September 30, 2011 which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2012 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General* and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, schedules and the schedule of expenditures of federal awards and state financial assistance projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
May 15, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hialeah, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011.

### Financial Highlights

- The net assets of the City of Hialeah's Governmental and Business-type funds exceeded its liabilities at the close of the most recent fiscal year by \$237 million.
- Net assets of the City's governmental activities decreased by 18% (\$20.1 million) from \$111.4 million for last fiscal year, compared to \$91.3 million in the current fiscal year. Increases in OPEB liability of \$10.8 million and claims payable of \$5.5 million were the main cause of the current year's decrease. These changes reported in the statement of activities do not require the use of current financial resources.
- Net assets of the City's business-type activities increased by 1% \$1.9 million from \$144.3 million compared to \$146.2 million in the current fiscal year.
- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$26.1 million, a decrease of approximately \$3.6 million.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$12.4 million, or 88% of the total General Fund Balance. The non-spendable fund balance was \$1.4 million which represents inventory and prepaid expenses which are amounts that are not spendable in nature. The \$12.4 million of unassigned fund balance is considered undesignated at the closing of the year; and are funds *available for spending* at the government's discretion. It is important for readers to understand that these funds *available for spending* are essential for long-term commitments and unanticipated contingencies and should not be considered superfluous.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the governmental 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*.

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

The City adopts an annual appropriated budget for its General Fund and other governmental funds. Budgetary comparison statements have been provided for the General Fund and governmental funds with legally adopted budgets to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 19-20 of this report.

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

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

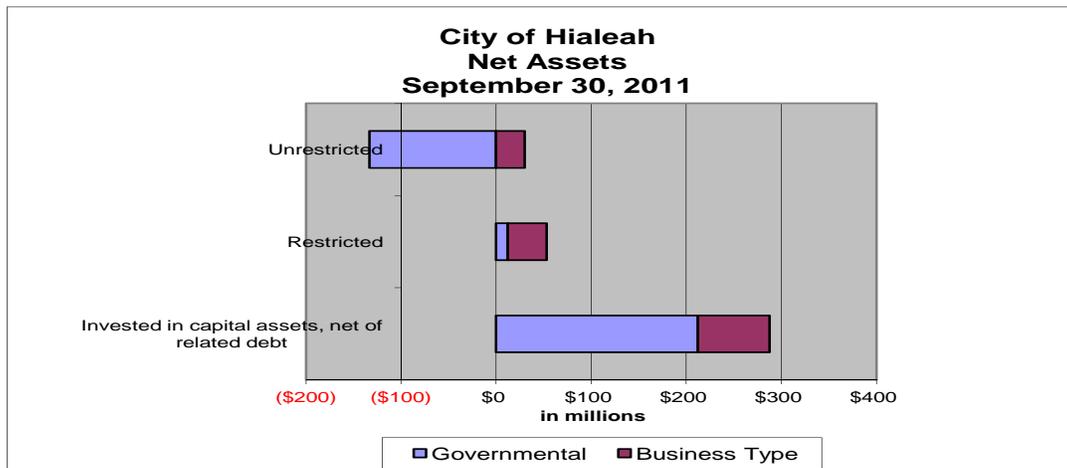
**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29-74 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including, but not limited to, the budgetary comparison schedule of the General Fund and information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 75-79 of this report. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80-115 of this report.

**Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of the City's financial position. In the case of the City of Hialeah, total net assets exceed liabilities by \$237 million at the close of the most recent fiscal year. This is an 11% decrease compared to last year's net assets of \$256 million.



CITY OF HIALEAH - NET ASSETS						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2011</u>	<u>Activities</u>	<u>Activities</u>	<u>2010</u>
Current and other assets	\$ 47,337,112	\$ 46,754,788	\$ 94,091,900	\$ 51,519,882	\$ 45,042,592	\$ 96,562,474
Restricted assets	1,377,763	63,750,788	65,128,551	3,337,569	19,220,627	22,558,196
Capital assets, net	<u>314,504,938</u>	<u>127,609,541</u>	<u>442,114,479</u>	<u>316,662,220</u>	<u>115,717,279</u>	<u>432,379,499</u>
Total assets	<u>363,219,813</u>	<u>238,115,117</u>	<u>601,334,930</u>	<u>371,519,671</u>	<u>179,980,498</u>	<u>551,500,169</u>
Long-term liabilities	237,403,536	63,790,946	301,194,482	239,826,081	21,533,949	261,360,030
Other liabilities	<u>34,504,614</u>	<u>28,085,897</u>	<u>62,590,511</u>	<u>20,292,388</u>	<u>14,111,428</u>	<u>34,403,816</u>
Total liabilities	<u>271,908,150</u>	<u>91,876,843</u>	<u>363,784,993</u>	<u>260,118,469</u>	<u>35,645,377</u>	<u>295,763,846</u>
Net Assets:						
Invested in capital assets, net of related debt	212,133,537	75,538,974	287,672,511	211,733,799	114,011,650	325,745,449
Restricted	12,466,327	40,562,646	53,028,973	6,144,155		6,144,155
Unrestricted	<u>(133,288,201)</u>	<u>30,136,654</u>	<u>(103,151,547)</u>	<u>(106,476,752)</u>	<u>30,323,471</u>	<u>(76,153,281)</u>
Total net assets	<u>\$ 91,311,663</u>	<u>\$ 146,238,274</u>	<u>\$ 237,549,937</u>	<u>\$ 111,401,202</u>	<u>\$ 144,335,121</u>	<u>\$ 255,736,323</u>

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

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance is considered unrestricted net assets and that amount is a negative \$103.1 million. This figure illustrates that if all liabilities became due at this point in time, total assets would be insufficient to cover all our obligations. Capital assets of the City would need to be sold in order to meet contingencies.

Net assets of the City's governmental activities decreased by 18% (\$20.1 million) from \$111.4 million for last fiscal year, compared to \$91.4 million in the current fiscal year. See detailed explanation under Financial Highlights.

Net assets of the City's business-type activities increased by 1% or \$1.9 million from \$144.3 million for last fiscal year, compared to \$146.2 million in the current fiscal year.

<b>CITY OF HIALEAH - CHANGES IN NET ASSETS</b>						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2011</u>	<u>Activities</u>	<u>Activities</u>	<u>2010</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 25,774,786	\$ 61,485,262	\$ 87,260,048	\$ 24,691,964	\$ 59,033,934	\$ 83,725,898
Operating grants & contributions	24,069,595	-	24,069,595	12,701,522	-	12,701,522
Capital grants & contributions	15,486,278	831,849	16,318,127	31,827,725	9,004,831	40,832,556
General Revenues:						
Property taxes	48,550,595	-	48,550,595	58,548,370	-	58,548,370
Utility taxes	22,212,359	-	22,212,359	22,275,529	-	22,275,529
Franchise fees on gross receipts	10,500,154	-	10,500,154	10,365,647	-	10,365,647
Intergovernmental revenue	21,521,902	-	21,521,902	19,773,241	-	19,773,241
Grants & contributions unrestricted	-	-	-	-	-	-
Unrestricted interest	22,944	720,906	743,850	49,530	1,419,630	1,469,160
Total revenues	<u>168,138,613</u>	<u>63,038,017</u>	<u>231,176,630</u>	<u>180,233,528</u>	<u>69,458,395</u>	<u>249,691,923</u>
<b>Expenses:</b>						
General government	66,589,887	-	66,589,887	68,871,742	-	68,871,742
Police	47,628,629	-	47,628,629	46,206,703	-	46,206,703
Fire	43,122,832	-	43,122,832	40,660,842	-	40,660,842
Streets	14,965,763	-	14,965,763	14,581,951	-	14,581,951
Recreation & community service	10,765,871	-	10,765,871	10,852,844	-	10,852,844
Interest on long-term debt	5,155,170	-	5,155,170	5,155,341	-	5,155,341
Water & sewer	-	45,302,229	45,302,229	-	43,158,697	43,158,697
Solid waste	-	15,832,635	15,832,635	-	15,047,591	15,047,591
Hialeah circulator	-	-	-	-	-	-
Total expenses	<u>188,228,152</u>	<u>61,134,864</u>	<u>249,363,016</u>	<u>186,329,422</u>	<u>58,206,288</u>	<u>244,535,710</u>
Change in net assets before transfers	(20,089,539)	1,903,153	(18,186,386)	(6,095,894)	11,252,107	5,156,213
Transfers	-	-	-	(1,576,750)	1,576,750	-
Change in net assets	(20,089,539)	1,903,153	(18,186,386)	(7,672,644)	12,828,857	5,156,213
Net assets-beginning (restated)	<u>111,401,202</u>	<u>144,335,121</u>	<u>255,736,323</u>	<u>119,385,560</u>	<u>141,375,773</u>	<u>260,761,333</u>
Net assets-ending	<u>\$ 91,311,663</u>	<u>\$ 146,238,274</u>	<u>\$ 237,549,937</u>	<u>\$ 111,712,916</u>	<u>\$ 154,204,630</u>	<u>\$ 265,917,546</u>

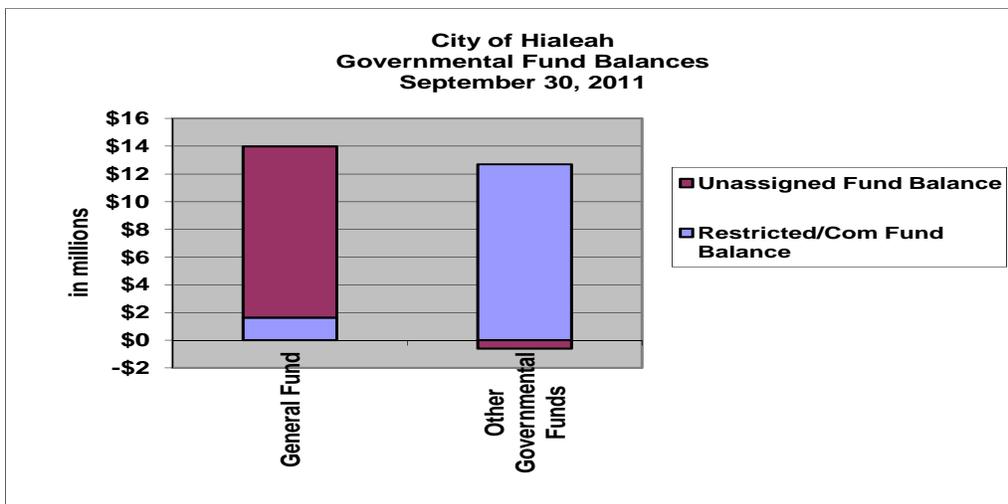
**Governmental activities** - Governmental activities decreased the City's net assets by \$20.1 million. This decrease was due primarily to a charge for Other Post Employment Benefits (OPEB). Increases in OPEB liability of \$10.8 million and claims payable of \$5.5 million were the main cause of the current year's decrease. These changes reported in the statement of activities do not require the use of current financial resources. In addition, revenues in ad valorem taxes decreased by \$10 million in the current fiscal year; this was due to a decrease in the assessed property values within the City by the Miami-Dade County Property Appraisers' Office. This continues to be a challenge for the City of Hialeah to maintain the high level of services while revenues continue to decrease in the current economic crisis. Yet despite these issues, the City of Hialeah remains determine to maintain its promise not to raise taxes. The City's millage rate remained unchanged from the prior fiscal year at a rate of 6.54 mills and will remain at that rate for the coming fiscal year.

**Business-type activities** - Net assets of the City's business-type activities increased by \$1.9 million in the current fiscal year. Net assets beginning balance of the Water and Sewer Fund, as of October 1, 2010, were restated to correct the balances of the construction in progress account and other liabilities associated with the Reverse Osmosis Water Treatment Plant. This was due to a reflect the County's 50% ownership share of the RO Plant, per the Joint Participation Agreement, as a contra account and record the construction in progress net of the total balance of construction (see Note 13). Current year operating loss for Solid Waste fund of \$1.1 million was due primarily to the OPEB expense for the current fiscal year and the depreciation expense amount in the current fiscal year of \$415 and \$835 thousand, respectively. These changes reported in the statement of revenues, expenses and changes in net assets do not require the use of current financial resources and are non-cash transactions. Therefore, not considering these non-cash transactions, the Solid Waste fund had an operating income in the normal course of operation of \$193 thousand in the current fiscal year. Due to the current economic crisis that the nation is undergoing the City decided not to increase the rates charged to the residents for these services in the current fiscal year in order to alleviate their financial burden.

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

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

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



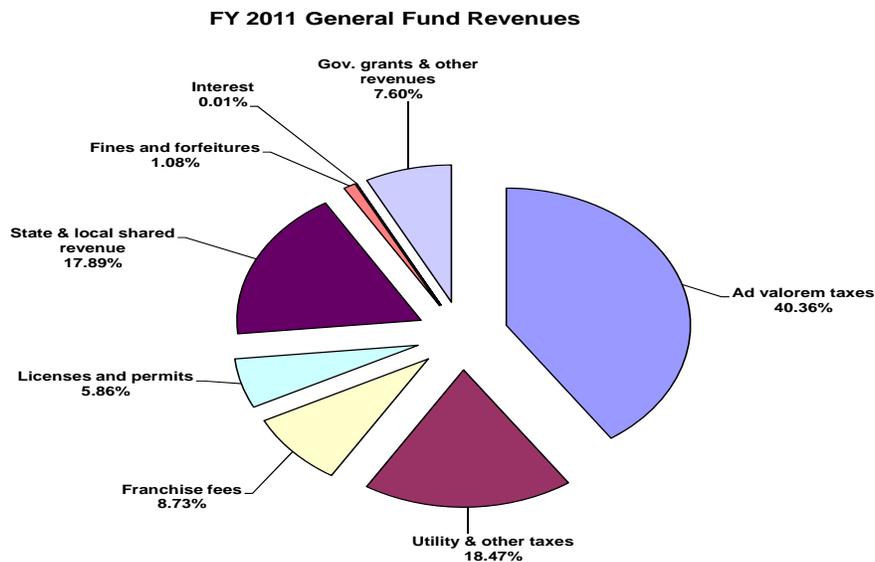
As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (both restricted and unassigned) of \$26.1 million, a decrease of approximately \$3.6 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 85-88 of this report.

Unassigned fund balance in the amount of \$12.4 million in the General Fund constitutes amount which is available for spending as explained earlier under Financial Highlights. The remainder of fund balance is *non-spendable* to indicate it is not available for spending because they are in non-spendable form (i.e. inventory and prepaid expenses).

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

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

Revenue Sources	2011		2010		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	2011 Amount	Percent of Total	2010 Amount	Percent of Total		
Ad valorem taxes	\$ 48,550,595	40.36%	\$ 58,548,370	46.40%	\$ (9,997,775)	-17.08%
Utility & other taxes	22,212,359	18.47%	22,275,529	17.65%	(63,170)	-0.28%
Franchise fees	10,500,154	8.73%	10,365,647	8.22%	134,507	1.30%
Licenses and permits	7,051,641	5.86%	6,458,977	5.12%	592,664	9.18%
State & local shared revenue	21,521,902	17.89%	19,773,241	15.67%	1,748,661	8.84%
Fines and forfeitures	1,300,881	1.08%	1,106,294	0.88%	194,587	17.59%
Interest	17,159	0.01%	32,019	0.03%	(14,860)	-46.41%
Gov. grants & other revenues	9,136,210	7.60%	7,614,846	6.04%	1,521,364	19.98%
<b>Total</b>	<b>\$ 120,290,901</b>	<b>100%</b>	<b>\$ 126,174,923</b>	<b>100%</b>	<b>\$ (5,884,022)</b>	<b>-4.66%</b>



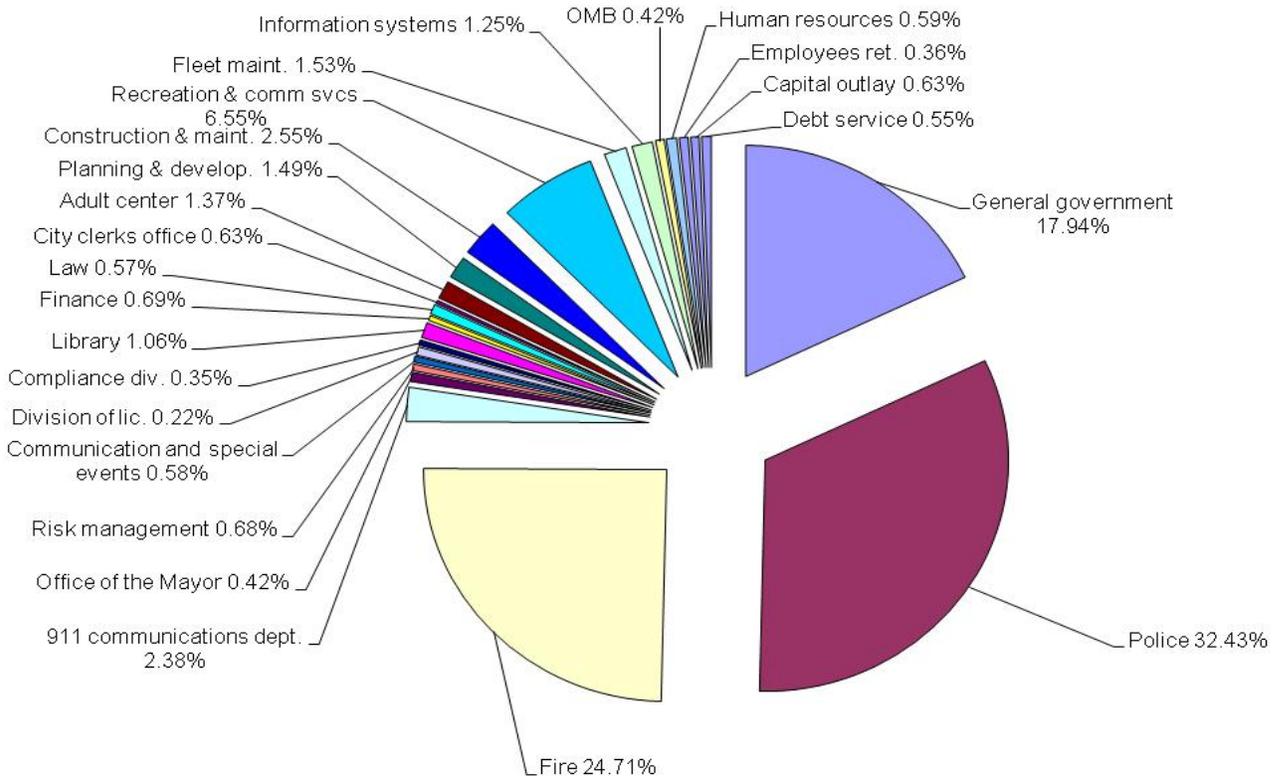
Compared to the prior fiscal year; total General Fund revenues decreased by \$5.9 million or 4.7% in fiscal year 2011. This decrease is due to a decrease in ad valorem taxes which resulted from a decrease in assessed property values by Miami-Dade County Property Appraisers Office during fiscal year 2010 that affected the City's ad valorem revenue in fiscal year 2011. This change had an effect of \$10 million decrease in fiscal year 2011 ad valorem revenue.

However, the City's millage rate remained at a rate of 6.54 mills during the current fiscal year and will remain the same in the coming fiscal year. Yet despite these issues, the City of Hialeah remains determined to maintain its promise not to raise taxes.

Expenditures in the General Fund are shown in the following schedule:

<u>Expenditures</u>	<u>2011</u>	<u>2011</u> <u>Percent of</u> <u>Total</u>	<u>2010</u>	<u>2010</u> <u>Percent of</u> <u>Total</u>	<u>Amount Incr</u> <u>(Decr) from</u> <u>Prior Year</u>	<u>Percent</u> <u>Incr -Decr</u> <u>from Prior Year</u>
General government	\$ 22,998,342	17.94%	\$ 24,805,086	18.84%	\$ (1,806,744)	-7.28%
Police	41,568,007	32.43%	41,815,663	31.76%	(247,656)	-0.59%
Fire	31,677,255	24.71%	29,943,618	22.74%	1,733,637	5.79%
911 communications dept.	3,057,095	2.38%	2,784,860	2.12%	272,235	9.78%
City clerks office	813,123	0.63%	1,164,135	0.88%	(351,012)	-30.15%
OMB	576,663	0.45%	498,549	0.38%	78,114	15.67%
Office of the Mayor	532,856	0.42%	637,840	0.48%	(104,984)	-16.46%
Commun. & spc. events	747,618	0.58%	801,972	0.61%	(54,354)	-6.78%
Employees ret.	463,361	0.36%	537,162	0.41%	(73,801)	-13.74%
Library	1,364,642	1.06%	1,514,939	1.15%	(150,297)	-9.92%
Compliance division	447,585	0.35%	510,496	0.39%	(62,911)	-12.32%
Finance	879,174	0.69%	942,757	0.72%	(63,583)	-6.74%
Division of licenses	286,569	0.22%	431,087	0.33%	(144,518)	-33.52%
Information systems	1,608,553	1.25%	1,439,308	1.09%	169,245	11.76%
Fleet maintenance	1,966,394	1.53%	2,281,377	1.73%	(314,983)	-13.81%
Construction & maint.	3,268,194	2.55%	3,648,104	2.77%	(379,910)	-10.41%
Recr. & comm.	8,402,552	6.55%	8,940,825	6.79%	(538,273)	-6.02%
Planning & develop.	1,909,454	1.49%	2,368,498	1.80%	(459,044)	-19.38%
Adult center	1,750,844	1.37%	1,856,244	1.41%	(105,400)	-5.68%
Law	730,159	0.57%	895,422	0.68%	(165,263)	-18.46%
Risk management	877,824	0.68%	991,704	0.75%	(113,880)	-11.48%
Human resources	752,723	0.59%	782,972	0.59%	(30,249)	-3.86%
Debt service	706,724	0.55%	646,532	0.49%	60,192	9.31%
Capital outlay	806,885	0.63%	1,428,566	1.08%	(621,681)	-43.52%
Total	\$ 128,192,596	100.00%	\$ 131,667,716	100.00%	\$ (3,475,120)	-2.64%

### FY 2011 General Fund Expenditures



In fiscal year 2011, total General Fund expenditures decreased by \$3.5 million or 2.6% as compared to the prior year. The bulk of the decrease was due to approximately \$1.8 million decrease in general government expenditures in the current fiscal year. This decrease was due to decrease in the City's revenue, as described above, which has forced the City to cut cost in areas related to equipment, improvement and building projects.

**Proprietary funds.** The City maintains two proprietary funds. *Enterprise funds* are used to provide the same type of information found in the government-wide financial statements, but in more detail. The City uses proprietary funds to account for its water and sewer and solid waste operations.

Unrestricted net assets of all the enterprise funds at the end of the year amounted to \$30.1 million. Unrestricted net assets at the end of the year for the Water and Sewer Fund and Solid Waste Fund amounted to \$37.6 million and a negative \$7.4 million, respectively. Other factors concerning the finances of these two major funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

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

- Licenses and permits collected were higher than budgeted due to an increase in local business and residents obtaining more licenses and permits during the current fiscal year.
- State and local-shared revenues were higher than budgeted due to increase in Sales tax revenue, which is a major part of this revenue source.
- General government’s expenses were higher than budgeted figures by \$3.7 million or 18% due to anticipated mandated insurance contribution in the amount of \$5.1 million that were budgeted for the entire fiscal year 2011 from the General Employee Bargaining Unit but were subsequently not realized due to contract negotiation during the same fiscal year. In addition, workers’ compensation insurance expenses were approximately \$480 thousand over budget due to increase in workers’ compensation claims.

Differences between the *original budget* and the *final amended budget* for expense accounts increase by \$1.2 million an increase of 1% over the original budget.

**Capital Assets and Debt Administration**

**Capital assets** - The City’s investment in capital assets for its governmental and business type activities as of September 30, 2011 totals \$442 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, and machinery and equipment. The total increase in the City’s investment in capital assets for the current fiscal year was 2.3%.

<b>CITY OF HIALEAH - CAPITAL ASSETS (NET OF DEPRECIATION)</b>						
	<u>September 30, 2011</u>			<u>September 30, 2010</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Land	\$ 29,699,626	\$ 329,356	\$ 30,028,982	\$ 29,343,154	\$ 329,356	\$ 29,672,510
Construction in progress	17,488,554	21,114,834	38,603,388	17,752,967	10,598,061	28,351,028
Buildings and utility plants	76,578,990	2,507,783	79,086,773	78,673,102	1,998,471	80,671,573
Improvements other than buildings	11,326,017	52,624	11,378,641	12,413,762	82,790	12,496,552
Furniture, fixtures, machinery and equipment	12,823,618	4,247,870	17,071,488	14,194,368	3,712,056	17,906,424
Furniture, fixtures, machinery and equipment - Charter School	461,705	-	461,705	428,732	-	428,732
Infrastructure	166,126,429	99,357,074	265,483,503	163,856,135	98,713,554	262,569,689
<b>Total capital assets</b>	<b><u>\$ 314,504,939</u></b>	<b><u>\$ 127,609,541</u></b>	<b><u>\$ 442,114,480</u></b>	<b><u>\$ 316,662,220</u></b>	<b><u>\$ 115,434,288</u></b>	<b><u>\$ 432,096,508</u></b>

Additions to capital assets before depreciation for governmental activities equaled \$14.4 million. Transfers to capital assets before depreciation for governmental activities equaled \$12.1 million. The following additions and transfers include the following items:

- Reconstruction and engineering services of various City street projects totaling \$12.1 million that were completed during the current fiscal year and were subsequently transferred to the Infrastructure asset group once placed in service.
- Continued construction and engineering services in progress of several City street projects totaling approximately \$6 million at the end of FY 2011.
- Continued construction in progress of several City projects including Milander Park and Auditorium and adjacent parking garage, Palm Center 72-units affordable housing project adjacent parking garage, Villa Teresita 33-units affordable housing project totaling approximately \$5.2 million at the end of FY 2011.

Additions to capital assets before depreciation for business type activities equaled \$17.3 million and include the following items:

- Continued construction in progress of the new reverse osmosis water treatment plant in the annexation area totaling \$10.6 million.
- Upgrading or replacing of water mains, repairing and modernizing sewer pump stations around the City in accordance with the State of Florida and Miami-Dade County ongoing program totaling \$4.3 million.

Additional information on the City's capital assets can be found in Note 9 starting on page 51 of this report.

**Long-term debt** - The City's net outstanding debt decreased by approximately \$2.5 million to approximately \$102 million during the current fiscal year. The change was a result of refinancing of outstanding debt and payment of principal on outstanding debt. Additional information on the City's long-term debt can be found in the notes to the financial statements. More in-depth detail on long-term debt can be found on pages 53-58, Note 11.

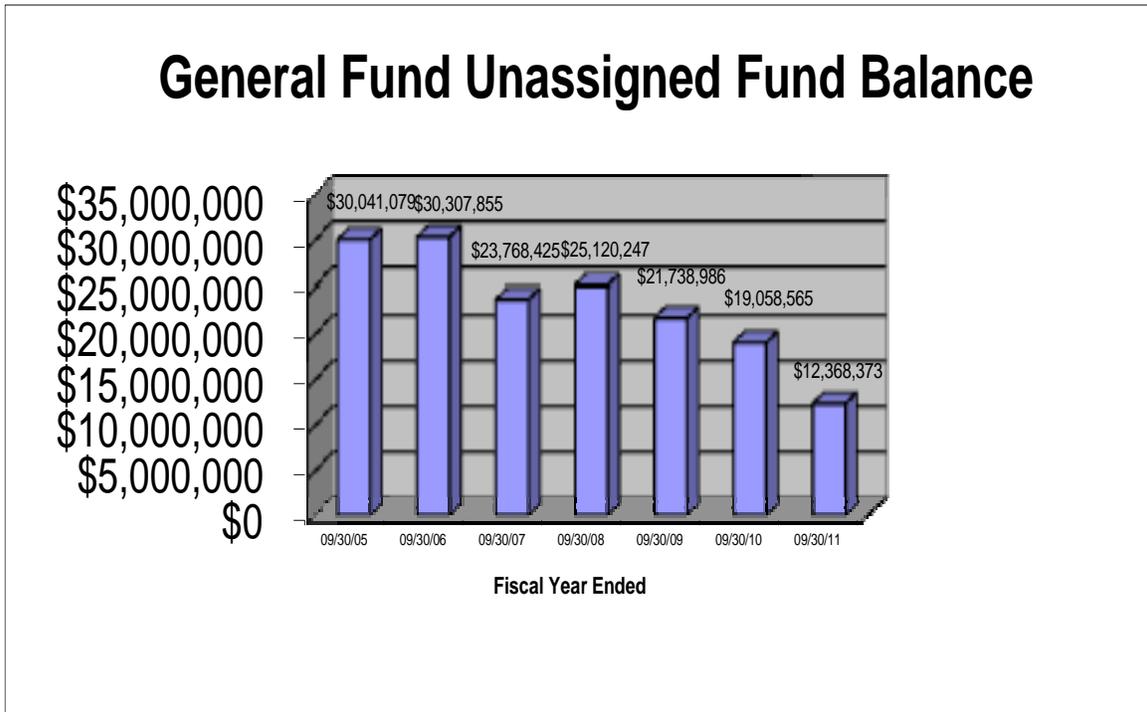
<b>CITY OF HIALEAH'S OUTSTANDING DEBT</b>			
<b>General Obligation, Revenue Bonds and Notes Payable</b>			
	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	
Revenue bonds	\$ 1,672,177	\$ 1,864,063	
Notes payable	<u>100,102,352</u>	<u>102,328,870</u>	
Total	<u>\$ 101,774,529</u>	<u>\$ 104,192,933</u>	

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

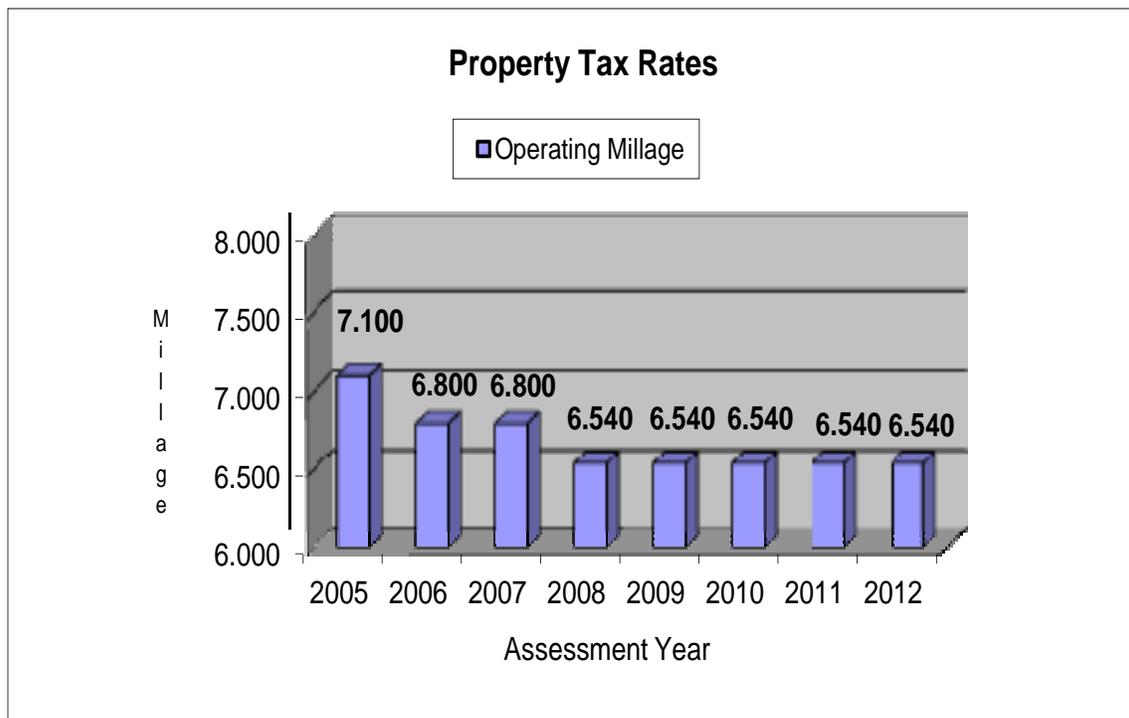
The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 95%.

During the current fiscal year, unassigned fund balance in the General Fund decreased to \$12.4 million. The unassigned fund balance of \$12.4 million is approximately equal to one month of the General Fund expenditures.

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



In 1995, the State of Florida limited all local governments' ability to raise homestead assessed property value in any given year by 3% or cost of living, whichever is lower. As the following graph indicates, the City's property tax rates have been reduced by almost 1 mill since 2002 and have remained unchanged for the past four years. The City's operational expenditures, such as salaries, health insurance, pension contributions and gas and oil continue to increase while our revenue resources have become more and more limited. The City has its own police and fire services, recreational and aquatic facilities and a full service library system, which we maintain at optimum levels without the need for additional voter approved debt. During fiscal year 2011 the City's millage rate remained unchanged at a rate of 6.54 mills. This City has focused on maintaining taxes and service charges to a minimum while providing services to our taxpayers at a maximum level.



For fiscal year 2011-2012, the City did not increase the millage rate again and maintained the millage rate at 6.54 mills. A budget of approximately \$115.6 million was approved for the General Fund with no use of unassigned fund balance projected for the 2011-12 fiscal year.

### **2011 Fiscal Year Accomplishments**

During the 2010/2011 fiscal year, the City of Hialeah, has invested its revenues from all sources in a manner that reflects a vision towards the future. This investment will be enjoyed by the current residents of the City as well as future generations. The following list illustrates a sampling of our major accomplishments this year.

- The City has annexed 1,890 acres of land located in the Northwest section of the City and construction of the infrastructure system is underway. The proposed future land use for this area is as follows:
  - 4,395 Residential units
  - 1,651,680 Square Feet Retail/Commercial/Office
  - 7,623,000 Square Feet Industrial
  - 30 to 50 Acre Park
- Water and Sewer Department
  - Completed repairs and rehabilitation to sewage pump stations around the City of Hialeah
  - Continued construction of the new water treatment plant that will provide service to the new annexed area as well as other areas of the County
  - Continued construction of a regional sewage pump station to serve the newly City annexed area
- Construction and Maintenance
  - Completed construction of a 33-unit affordable housing project located at 525 West 1<sup>st</sup> Avenue
  - Commenced construction of a 36-unit affordable housing project located on 355 East 32 Street
  - Commenced construction of a 9-unit affordable housing project located at 45 West 6<sup>th</sup> Street
- Street Department
  - Completion of road construction and resurfacing projects around the City
  - Continue median beautification/maintenance program
- Recreation Department
  - Continued construction and completion of major renovations and improvements at various City parks and recreational facilities

### **Future Outlook**

- Water and Sewer Department
  - Continue with the construction of a new water treatment plant that will provide service to the new annexed area as well as other areas of the County
  - Continue with ongoing programs to upgrade Sewer Pump Stations
  - Continue with ongoing program of lining an additional 54,000 lineal feet of sewer lines
  - Continue construction of a new regional pump station to support the new annexed area
  - Continue construction of the sanitary sewer system and the water distribution system to service the annexed area and to support development
  - Completed construction and remodeling of a new Water and Sewer Administration building at the existing location continues
- Construction and Maintenance Department
  - Continued construction of a multipurpose facility that will house 72 affordable housing units and an adjacent parking garage for the facility
- Streets Department
  - Continue with road construction and resurfacing projects around the City
  - Continue implementation of median beautification/maintenance program
- Recreation Department
  - Continued construction and major renovations at Milander Park and Auditorium to convert these facilities into a new Performing Arts and Exhibition Center
  - Construction continues on the 300 space parking garage at Milander Park to alleviate parking congestion at the new performing arts center

All these factors were considered in preparing the City's budget for fiscal year 2012.

**Requests for Information**

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

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Javier Collazo, Acting Finance Director, Finance Department, City of Hialeah, 501 Palm Avenue, Hialeah, Florida 33010. In addition, the City's Comprehensive Annual Financial Report may be obtained through the City's website at <http://www.hialeahfl.gov>.

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## BASIC FINANCIAL STATEMENTS

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**CITY OF HIALEAH, FLORIDA**

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,406,752	\$ 21,651,527	\$ 31,058,279
Investments	-	10,658,022	10,658,022
Receivables	24,040,762	12,405,038	36,445,800
Notes receivable	1,934,181	4,800,000	6,734,181
Net pension asset	2,106,486	-	2,106,486
Internal balances	8,376,524	(8,376,524)	-
Inventories	1,195,848	498,431	1,694,279
Prepays and other assets	276,559	5,118,294	5,394,853
Restricted assets:			
Cash and cash equivalents	1,377,763	31,138,437	32,516,200
Investments	-	28,796,604	28,796,604
Other assets	-	3,815,747	3,815,747
Capital assets, not being depreciated	47,188,180	21,444,190	68,632,370
Capital assets, net of accumulated depreciation	<u>267,316,758</u>	<u>106,165,351</u>	<u>373,482,109</u>
Total assets	<u>363,219,813</u>	<u>238,115,117</u>	<u>601,334,930</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	8,478,787	5,567,643	14,046,430
Accrued interest	1,632,765	886,723	2,519,488
Unearned revenue	7,474,278	1,535,716	9,009,994
Liabilities payable from restricted assets	-	18,838,525	18,838,525
Other liabilities	816,838	-	816,838
Non-current liabilities:			
Due within one year	16,101,946	1,257,290	17,359,236
Due in more than one year	<u>237,403,536</u>	<u>63,790,946</u>	<u>301,194,482</u>
Total liabilities	<u>271,908,150</u>	<u>91,876,843</u>	<u>363,784,993</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	212,133,537	75,538,974	287,672,511
Restricted	12,466,327	40,562,646	53,028,973
Unrestricted	<u>(133,288,201)</u>	<u>30,136,654</u>	<u>(103,151,547)</u>
Total net assets	<u>\$ 91,311,663</u>	<u>\$ 146,238,274</u>	<u>\$ 237,549,937</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 66,589,887	\$ 15,711,906	\$ 20,365,992	\$ 2,178,126	\$ (28,333,863)	\$ -	\$ (28,333,863)
Police	47,581,535	1,467,723	569,113	326,425	(45,218,274)	-	(45,218,274)
Fire	43,169,926	3,779,318	727,229	-	(38,663,379)	-	(38,663,379)
Streets	14,965,763	3,697,364	1,245,931	9,537,513	(484,955)	-	(484,955)
Recreation and community services	10,765,871	1,118,475	1,161,330	3,444,214	(5,041,852)	-	(5,041,852)
Interest on long term debt	5,155,170	-	-	-	(5,155,170)	-	(5,155,170)
Total governmental activities	<u>188,228,152</u>	<u>25,774,786</u>	<u>24,069,595</u>	<u>15,486,278</u>	<u>(122,897,493)</u>	<u>-</u>	<u>(122,897,493)</u>
Business-type activities:							
Water and sewer	45,302,229	46,709,579	-	831,849	-	2,239,199	2,239,199
Solid waste	15,832,635	14,775,683	-	-	-	(1,056,952)	(1,056,952)
Total business-type activities	<u>61,134,864</u>	<u>61,485,262</u>	<u>-</u>	<u>831,849</u>	<u>-</u>	<u>1,182,247</u>	<u>1,182,247</u>
	<u>\$ 249,363,016</u>	<u>\$ 87,260,048</u>	<u>\$ 24,069,595</u>	<u>\$ 16,318,127</u>	<u>(122,897,493)</u>	<u>1,182,247</u>	<u>(121,715,246)</u>
General revenues:							
Property taxes					48,550,595	-	48,550,595
Utility taxes					22,212,359	-	22,212,359
Franchise fees on gross receipts					10,500,154	-	10,500,154
Intergovernmental revenues not restricted to specific program					21,521,902	-	21,521,902
Unrestricted interest					22,944	720,906	743,850
Total general revenues					<u>102,807,954</u>	<u>720,906</u>	<u>103,528,860</u>
Change in net assets					(20,089,539)	1,903,153	(18,186,386)
Net assets - beginning					<u>111,401,202</u>	<u>144,335,121</u>	<u>255,736,323</u>
Net assets - ending					<u>\$ 91,311,663</u>	<u>\$ 146,238,274</u>	<u>\$ 237,549,937</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,234,513	\$ 172,239	\$ 9,406,752
Receivables	10,555,075	13,485,687	24,040,762
Due from other funds	21,110,212	17,202,276	38,312,488
Inventories	1,167,186	28,662	1,195,848
Prepays	262,000	14,559	276,559
Notes receivable	1,934,181	-	1,934,181
Restricted cash	429,809	947,954	1,377,763
Total assets	<u>\$ 44,692,976</u>	<u>\$ 31,851,377</u>	<u>\$ 76,544,353</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Vouchers payable and accrued liabilities	\$ 6,014,721	\$ 2,464,066	\$ 8,478,787
Compensated absences payable	752,990	-	752,990
Self-insurance claims payable	1,095,048	-	1,095,048
Due to other funds	16,817,164	13,118,800	29,935,964
Deferred revenue	5,205,970	4,202,489	9,408,459
Other liabilities	816,838	-	816,838
Total liabilities	<u>30,702,731</u>	<u>19,785,355</u>	<u>50,488,086</u>
Fund balances:			
Nonspendable	1,429,186	43,221	1,472,407
Restricted	-	12,466,327	12,466,327
Committed	192,686	174,865	367,551
Unassigned	12,368,373	(618,391)	11,749,982
Total fund balances	<u>13,990,245</u>	<u>12,066,022</u>	<u>26,056,267</u>
Total liabilities and fund balances	<u>\$ 44,692,976</u>	<u>\$ 31,851,377</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			314,504,938
Long-term liabilities, including bonds payable, are not due and payable in the current period			(103,169,779)
Compensated absences			(19,080,085)
Claims payable			(46,016,523)
Accrued interest			(1,632,765)
Net pension asset			2,106,486
Net pension obligation			(41,820,057)
Notes receivable- long term			1,934,181
OPEB Liability			(41,571,000)
Net assets of governmental activities			<u>\$ 91,311,663</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 48,550,595	\$ -	\$ 48,550,595
Utility taxes	22,212,359	3,697,364	25,909,723
Franchise fees	10,500,154	-	10,500,154
Licenses and permits	7,051,641	-	7,051,641
State and local shared revenues	21,521,902	12,073,117	33,595,019
Fines and forfeitures	1,300,881	559,366	1,860,247
Interest	17,159	5,785	22,944
Government grants and other revenues	<u>9,136,210</u>	<u>31,512,080</u>	<u>40,648,290</u>
Total revenues	<u>120,290,901</u>	<u>47,847,712</u>	<u>168,138,613</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	22,998,342	4,519,064	27,517,406
Police	41,568,007	233,028	41,801,035
Fire	31,677,255	3,800,352	35,477,607
911 communications department	3,057,095	-	3,057,095
Streets	-	4,286,467	4,286,467
Grants and human services	-	6,923,729	6,923,729
State housing initiative program	-	1,133,537	1,133,537
Work Investment Act programs	-	2,044,010	2,044,010
City Clerk's office	813,123	-	813,123
Office of Management and Budget	576,663	-	576,663
Office of the Mayor	532,856	-	532,856
Communications and special events	747,618	-	747,618
Employee retirement	463,361	-	463,361
Library	1,364,642	-	1,364,642
Compliance division	447,585	-	447,585
Finance	879,174	-	879,174
Division of licenses	286,569	-	286,569
Information systems	1,608,553	-	1,608,553
Fleet maintenance	1,966,394	-	1,966,394
Construction and maintenance	3,268,194	-	3,268,194
Recreation and community services	8,402,552	-	8,402,552
Planning and development	1,909,454	-	1,909,454
Adult center	1,750,844	-	1,750,844
Law	730,159	-	730,159
Risk management	877,824	-	877,824
Human resources	752,723	-	752,723
<b>Debt service:</b>			
Principal	273,462	3,435,839	3,709,301
Interest	433,262	4,574,048	5,007,310
Capital outlay	<u>806,885</u>	<u>13,844,067</u>	<u>14,650,952</u>
Total expenditures	<u>128,192,596</u>	<u>44,794,141</u>	<u>172,986,737</u>
Deficiency of revenues over expenditures before other financing sources (uses)	<u>(7,901,695)</u>	<u>3,053,571</u>	<u>(4,848,124)</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	67,768	67,768
Transfers out	(41,258)	(26,510)	(67,768)
Payments to refund debt	-	(30,100,120)	(30,100,120)
Refunding debt issued	1,036,465	30,003,375	31,039,840
Issuance of debt	<u>212,560</u>	-	<u>212,560</u>
Total other financing sources (uses)	<u>1,207,767</u>	<u>(55,487)</u>	<u>1,152,280</u>
Net change in fund balances	(6,693,928)	2,998,084	(3,695,844)
Fund balances - beginning	<u>20,684,173</u>	<u>9,067,938</u>	<u>29,752,111</u>
Fund balances - ending	<u>\$ 13,990,245</u>	<u>\$ 12,066,022</u>	<u>\$ 26,056,267</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2011

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

Net change in fund balances - total governmental funds (Page 20)	\$	(3,695,844)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 14,650,952	
Depreciation expense	<u>(16,544,975)</u>	
Net adjustment		(1,894,023)

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.

Capital outlay which did not meet the threshold for capitalization	(263,259)
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The issuance of long-term debt (e.g., bonds, master leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

The details of the differences are as follows:

Issuance of debt	<u>(31,252,400)</u>	
Principal payments:		
Revenue bonds	191,886	
Notes payable	33,356,358	
Mortgage payable	117,969	
Capital leases	<u>143,208</u>	
	<u>33,809,421</u>	
Net adjustment		2,557,021

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

The details of the difference are as follows:

Increase in net pension obligation	(692,752)	
Increase in net pension asset	30,846	
Increase in OPEB liability	(10,751,638)	
Increase in accrued interest	(168,518)	
Increase in claims payable	(5,523,066)	
Amortization bond issue costs	(71,624)	
Amortization of bond discount/premium	92,283	
Decrease in compensated absences	<u>291,035</u>	
Net adjustment		<u>(16,793,434)</u>

Change in net assets of governmental activities (Page 18)	\$	<u>(20,089,539)</u>
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# CITY OF HIALEAH, FLORIDA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2011

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 21,651,527	\$ -	\$ 21,651,527
Investments	10,658,022	-	10,658,022
Customers accounts receivable	11,373,333	-	11,373,333
Note receivable	4,800,000	-	4,800,000
Other receivables	1,031,705	-	1,031,705
Due from other funds	507,603	3,969,289	4,476,892
Inventories	498,431	-	498,431
Prepays	886,723	-	886,723
Other assets	2,895,131	-	2,895,131
Restricted assets:			
Cash and cash equivalents	31,138,437	-	31,138,437
Investments	28,796,604	-	28,796,604
Other assets	<u>3,815,747</u>	<u>-</u>	<u>3,815,747</u>
Total current assets	<u>118,053,263</u>	<u>3,969,289</u>	<u>122,022,552</u>
Non-current assets:			
Capital assets, not being depreciated	21,272,906	171,284	21,444,190
Capital assets, net of accumulated depreciation	<u>101,922,870</u>	<u>4,242,481</u>	<u>106,165,351</u>
Total capital assets, net	<u>123,195,776</u>	<u>4,413,765</u>	<u>127,609,541</u>
Loan costs	<u>1,336,440</u>	<u>-</u>	<u>1,336,440</u>
 Total assets	 <u>\$ 242,585,479</u>	 <u>\$ 8,383,054</u>	 <u>\$ 250,968,533</u>

(Continued)

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 (Continued)

SEPTEMBER 30, 2011

	Water and Sewers Utility System	Solid Waste Utility System	Total
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 3,615,645	\$ 1,951,998	\$ 5,567,643
Current portion of self-insurance claims payable	50,892	90,997	141,889
Current portion of loans payable	531,890	361,700	893,590
Current portion of compensated absences	136,324	85,487	221,811
Interest payable	886,723	-	886,723
Due to other funds	<u>4,039,676</u>	<u>2,859,541</u>	<u>6,899,217</u>
	<u>9,261,150</u>	<u>5,349,723</u>	<u>14,610,873</u>
Current liabilities payable from restricted assets:			
DERM payable	4,013,160	-	4,013,160
Due to other funds	5,954,199	-	5,954,199
Other liabilities- RO Plant	1,056,666	-	1,056,666
Accounts payable- RO Plant	6,175,270	-	6,175,270
Customer deposits	<u>7,593,429</u>	<u>-</u>	<u>7,593,429</u>
Total current liabilities payable from restricted assets	<u>24,792,724</u>	<u>-</u>	<u>24,792,724</u>
Total current liabilities	<u>34,053,874</u>	<u>5,349,723</u>	<u>39,403,597</u>
Non-current liabilities:			
Revolving loan	1,805,177	-	1,805,177
Loan payable	47,925,000	1,446,800	49,371,800
Deferred revenues, net	-	45,000	45,000
Deferred interest, net	1,490,716	-	1,490,716
Self-insurance claims payable	2,451,213	3,519,264	5,970,477
OPEB liability	3,033,956	2,352,610	5,386,566
Compensated absences payable	<u>772,500</u>	<u>484,426</u>	<u>1,256,926</u>
Total non-current liabilities	<u>57,478,562</u>	<u>7,848,100</u>	<u>65,326,662</u>
Total liabilities	<u>91,532,436</u>	<u>13,197,823</u>	<u>104,730,259</u>
Net assets:			
Invested in capital assets, net of related debt	72,933,709	2,605,265	75,538,974
Restricted	40,562,646	-	40,562,646
Unrestricted	<u>37,556,688</u>	<u>(7,420,034)</u>	<u>30,136,654</u>
Total net assets	<u>\$ 151,053,043</u>	<u>\$ (4,814,769)</u>	<u>\$ 146,238,274</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Water and Sewers Utility System	Solid Waste Utility System	Total
Operating revenues:			
Metered water sales	\$ 17,398,156	\$ -	\$ 17,398,156
Sanitary sewer service	27,772,698	-	27,772,698
Sanitation fees	-	14,664,777	14,664,777
Other	<u>1,538,725</u>	<u>110,906</u>	<u>1,649,631</u>
Total operating revenues	<u>46,709,579</u>	<u>14,775,683</u>	<u>61,485,262</u>
Operating expenses:			
Operating, administrative and maintenance	41,026,418	14,997,676	56,024,094
Depreciation	<u>4,225,315</u>	<u>834,959</u>	<u>5,060,274</u>
Total operating expenses	<u>45,251,733</u>	<u>15,832,635</u>	<u>61,084,368</u>
Operating income (loss)	<u>1,457,846</u>	<u>(1,056,952)</u>	<u>400,894</u>
Non-operating revenues (expenses):			
Interest income	720,906	-	720,906
Interest expense	<u>(50,496)</u>	<u>-</u>	<u>(50,496)</u>
Net non-operating revenues (expenses)	<u>670,410</u>	<u>-</u>	<u>670,410</u>
Income (loss) before contributions	2,128,256	(1,056,952)	1,071,304
Capital contributions	<u>831,849</u>	<u>-</u>	<u>831,849</u>
Change in net assets	2,960,105	(1,056,952)	1,903,153
Net assets - beginning	<u>148,092,938</u>	<u>(3,757,817)</u>	<u>144,335,121</u>
Net assets, ending	<u>\$ 151,053,043</u>	<u>\$ (4,814,769)</u>	<u>\$ 146,238,274</u>

See notes to basic financial statements.

# CITY OF HIALEAH, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 44,743,406	\$ 15,450,951	\$ 60,194,357
Cash received from others	1,538,725	110,906	1,649,631
Cash paid for interfund services used	(3,274,506)	(1,558,791)	(4,833,297)
Cash payments to suppliers	(28,934,290)	(9,165,970)	(38,100,260)
Cash payments to employees	(4,376,927)	(5,050,552)	(9,427,479)
Net cash provided by (used in) operating activities	<u>9,696,408</u>	<u>(213,456)</u>	<u>9,482,952</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(14,954,143)	(1,595,044)	(16,549,187)
Proceeds from issuance of debt	48,702,374	1,808,500	50,510,874
Loan costs	(1,355,002)	-	(1,355,002)
Interest paid	(132,819)	-	(132,819)
Capital contributions	428,500	-	428,500
Payments on long-term debt	(145,936)	-	(145,936)
Net cash provided by capital and related financing activities	<u>32,542,974</u>	<u>213,456</u>	<u>32,756,430</u>
Cash flows from investing activities:			
Purchases net of sales of investments	(20,333,096)	-	(20,333,096)
Interest received on investments	720,906	-	720,906
Net cash (used in) investing activities	<u>(19,612,190)</u>	<u>-</u>	<u>(19,612,190)</u>
Net increase in cash and cash equivalents	22,627,192	-	22,627,192
Cash and cash equivalents, beginning	<u>30,162,772</u>	<u>-</u>	<u>30,162,772</u>
Cash and cash equivalents, ending	<u>\$ 52,789,964</u>	<u>\$ -</u>	<u>\$ 52,789,964</u>
Cash and cash equivalents per statement of net assets:			
Unrestricted	\$ 21,651,527	\$ -	\$ 21,651,527
Restricted - current	31,138,437	-	31,138,437
	<u>\$ 52,789,964</u>	<u>\$ -</u>	<u>\$ 52,789,964</u>

(Continued)

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Water and Sewers Utility <u>System</u>	Solid Waste Utility <u>System</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 1,457,846	\$ (1,056,952)	\$ 400,894
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	4,225,315	834,959	5,060,274
Amortization	18,562	-	18,562
Allowance for uncollectable accounts	426,312	-	426,312
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(853,760)	786,174	(67,586)
Other receivables	(1,245,105)	-	(1,245,105)
Due from other funds	134,296	(1,562,206)	(1,427,910)
Inventories	93,159	-	93,159
Other asset	(2,100)	-	(2,100)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	2,476,165	1,818,494	4,294,659
Self insurance claims payable	(1,023,299)	1,091,843	68,544
Compensated absences payable	(287,900)	(348,871)	(636,771)
OPEB liability	725,487	414,610	1,140,097
Due to other funds	3,355,831	(2,191,507)	1,164,324
Customer deposits	<u>195,599</u>	<u>-</u>	<u>195,599</u>
Total adjustments	<u>8,238,562</u>	<u>843,496</u>	<u>9,082,058</u>
Net cash provided by (used in) operating activities	<u>\$ 9,696,408</u>	<u>\$ (213,456)</u>	<u>\$ 9,482,952</u>
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets from developers	<u>\$ 403,349</u>	<u>\$ -</u>	<u>\$ 403,349</u>

See notes to basic financial statements.

# CITY OF HIALEAH, FLORIDA

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

SEPTEMBER 30, 2011

<u>ASSETS</u>	Pension <u>Trust</u>
Cash and cash equivalents	\$ 16,846,342
Securities lending cash collateral	148,572,091
Investments, at fair value:	
U.S. Treasury bonds and notes	31,379,151
U.S. Government securities	10,860,434
Asset backed securities	18,375,092
Mortgage backed securities	85,661,860
Real estate investment trusts	9,333,222
Corporate bonds and notes	67,179,200
Mutual funds- bonds	3,110,582
Mutual funds- equity	3,703,426
Common stocks	251,855,323
Receivables:	
Other receivables	202,884
Employer and employee contributions	905,429
Accrued interest and dividends	1,637,900
Fraud recovery	227,351
Investments sold	1,111,322
Loans to members	10,334,771
Total assets	<u>661,296,380</u>
<u>LIABILITIES AND NET ASSETS</u>	
Obligations under securities lending	148,572,091
Due to retired participants	40,417,871
Investments purchased	900,472
Accounts payable and accrued liabilities	1,178,012
DROP payable	5,304,650
Total liabilities	<u>196,373,096</u>
Net assets held in trust for pension benefits	<u>\$ 464,923,284</u>

See notes to basic financial statements.

# CITY OF HIALEAH, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Pension <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 22,477,045
Employee	6,252,077
State	<u>461,877</u>
Total contributions	<u>29,190,999</u>
Investment income:	
Net depreciation in fair value of investments	(5,804,953)
Investment earnings	<u>14,265,237</u>
	8,460,284
Less investment expenses	<u>1,282,567</u>
Net investment income	<u>7,177,717</u>
Total additions	<u>36,368,716</u>
DEDUCTIONS	
Pension benefits	40,436,982
Refunds of contributions	8,504,025
DROP benefits	<u>3,686,735</u>
Total deductions	<u>52,627,742</u>
Net decrease	(16,259,026)
Net assets held in trust for pension benefits:	
Beginning	<u>481,182,310</u>
Ending	<u>\$ 464,923,284</u>

See notes to basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. The Financial Reporting Entity

The financial statements were prepared in accordance with *Government Accounting Standards*, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. 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 would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading. Based upon the application of these criteria, the City of Hialeah Education Academy, Inc. met the criteria described above.

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

A blended component unit, although legally separate, is, in substance, part of the City's Operations. The City has only one blended component unit, the City of Hialeah Education Academy, Inc. (the "COHE"). For financial reporting purposes, the COHE is reported as if it were a part of the City's operations. The COHE is a charter school operating as a charter-school-municipality through a school charter agreement between the School Board of Miami Dade County, Florida and the City. The School is governed by an Oversight Committee which was established by City Ordinance 08-48 and is composed of the City's Mayor and council members. The members of the oversight committee also serve as the COHE Board of Directors. The oversight committee approves the budget and oversees the COHE operations. The COHE has been presented as a blended component unit classified as a special revenue fund.

#### ***Related Organization***

The City Council is also responsible for appointing the members of the Board of the Hialeah Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. In fiscal year 2011, the City appropriated an operating grant of approximately \$135,000 to this organization, of which \$135,000 was expended.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

#### c. Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The *Water and Sewers Utility System Fund* accounts for the activities of the Water and Sewers Department. The Department operates the sewage treatment plan, sewage pumping stations and collection systems, and the water distribution system.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to his same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Assets or Equity

##### 1. *Deposits and Investments*

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

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

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

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

##### 2. *Interfund Activity*

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

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 3. Inventories

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

##### 4. Capital Assets

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

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

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 5. *Compensated Absences*

City employees are granted vacation and sick leave in varying amounts based on length of service and the department which the employee services.

The City's vacation and sick leave policy is to permit employees to accumulate earned but unused sick pay benefits. Such leave is accrued and reported as a fund liability when it is probable that the City will compensate the employee with expendable available financial resources. Vacation and sick leave is accrued when incurred in proprietary funds and reported as a fund liability. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### 6. *Unearned/ Deferred Revenues*

Unearned revenues at the government-wide level, governmental funds and proprietary funds are reported when the City receives resources before it has earned the revenues. Furthermore, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

##### 7. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 8. Net Assets

In accordance with GASB Statement No. 34, total equity as of September 30, 2011, is classified into three components of net assets:

- Invested in capital assets, net of related debt: This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- Restricted net assets: This category consists of net assets restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- Unrestricted net assets: This category includes all of the remaining net assets that do not meet the definition of the other two categories.

##### 9. Fund Balance

As of September 30, 2011, fund balances of the governmental funds are classified as follows:

- Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed — Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.
- Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- Unassigned — All other spendable amounts.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

**d. Assets, Liabilities and Net Assets or Equity (Continued)**

**9. Fund Balance (Continued)**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepays	\$ 262,000	\$ 14,559	\$ 276,559
Inventories	1,167,186	28,662	1,195,848
Restricted:			
Transportation	-	4,160,549	4,160,549
Stormwater	-	4,204,307	4,204,307
Capital projects	-	771,324	771,324
Public safety	-	1,295,922	1,295,922
Human services	-	623,456	623,456
Debt service	-	1,410,769	1,410,769
Committed:			
Encumbrances	192,686	174,865	367,551
Assigned:	-	-	-
Unassigned:	<u>12,368,373</u>	<u>(618,391)</u>	<u>11,749,982</u>
Total Fund Balances	<u>\$ 13,990,245</u>	<u>\$ 12,066,022</u>	<u>\$ 26,056,267</u>
Fund Balances:			
Nonspendable	\$ 1,429,186	\$ 43,221	\$ 1,472,407
Restricted	-	12,466,327	12,466,327
Committed	192,686	174,865	367,551
Assigned	-	-	-
Unassigned	<u>12,368,373</u>	<u>(618,391)</u>	<u>11,749,982</u>
Total Fund Balances	<u>\$ 13,990,245</u>	<u>\$ 12,066,022</u>	<u>\$ 26,056,267</u>

**Adjustments to Net Assets of Government-Wide and Fund Financial Statements**

Net assets of the governmental activities, as of October 1, 2010, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 111,712,915
Correction of receivables	<u>(311,713)</u>
Net assets – beginning as restated	<u>\$111,401,202</u>

Net assets of the water and sewer fund, as of October 1, 2010, were restated to correct the adjustments noted below:

Net assets – Invested in capital assets net of related debt – beginning as previously reported	\$ 120,227,479
Adjustment to other liabilities – RO Plant	282,991
Adjustment to construction in progress for County contribution of RO Plant	<u>(10,152,500)</u>
Net assets – Invested in capital assets net of related debt - beginning as restated	<u>\$110,357,970</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 9. Fund Balance (Continued)

##### Adjustments to Net Assets of Government-Wide and Fund Financial Statements (Continued)

Fund balances of the Hialeah Parking Garage Capital Projects Fund, as of October 1, 2010, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 311,713
Correction of receivables	<u>(311,713)</u>
Net assets – beginning as restated	<u>\$ -</u>

##### 10. Capital Contributions

Capital contributions in proprietary fund financial statements arise from grants or outside contributions of resources restricted to capital acquisition and construction.

##### 11. Utility Billings

Utility customers are billed monthly on a cycle basis. Unbilled revenue is recognized in the accompanying financial statements based upon estimates of revenues for services rendered between billing cycle dates and fiscal year end.

##### 12. Rebatable Arbitrage

The City has elected the option of treating rebatable arbitrage as a reduction of investment income. However, for the fiscal year ended September 30, 2011, there was no rebatable arbitrage required to be recorded.

##### 13. Employee Benefit Plans and Net Pension Asset/Obligation

The City provides two separate defined benefit pension plans for its employees and elected officials. At September 30, 2011, the City recorded a net pension obligation related to the Employees' Retirement System and a net pension asset related to the Elected Officials' Retirement System in its government-wide statement of net assets. The net pension asset/obligations are functions of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers contributions made to the Plans. Please refer to Note 14 for further information.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

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

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

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

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

##### 15. *Risk Management*

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Assets or Equity (Continued)

##### 16. Use of Estimates

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

##### 17. Fund Deficits

The following funds had deficits in the amounts indicated as of September 30, 2011:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$4,814,769
Special Revenue:	
Fire Prevention Fund	286,784
Tele-Communication Grant Fund	96,231
Building Better Communities	193,240
WIA	38,408
Capital Projects:	
Parking Garage Construction Fund	3,728

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

**d. Assets, Liabilities and Net Assets or Equity** (Continued)

**18. Excess of Expenditures over Appropriations**

For fiscal year ended September 30, 2011, expenditures exceeded appropriations in the following departments for the General Fund.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Police	\$39,626,011	\$41,568,007	\$1,941,996
Fire	30,890,646	31,677,255	786,609
Risk management	827,212	877,824	50,612
General government	20,514,626	24,230,921	3,716,295
Information systems	1,534,535	1,608,553	74,018

These excess of expenditures in those departments were funded with surpluses in other departments.

For fiscal year ended September 30, 2011, expenditures exceeded appropriations in the following non-major governmental funds.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Streets Transportation Fund	\$2,643,013	\$2,851,485	\$208,472
Urban Area Security Grants	355,103	355,637	534
MDCPW 138 <sup>th</sup> Street	1,621,015	1,998,688	377,673

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 2. PROPERTY TAXES

Property taxes (ad valorem taxes) are assessed on January 1 and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until a tax sale certificate is sold at auction. Assessed values are established by the Miami-Dade County Property Appraiser at approximately fair market value. The County bills and collects all property taxes for the City. Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2011 was 6.540 mills per \$1,000 of assessed valuation.

### NOTE 3. CASH AND INVESTMENTS

#### *Cash*

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

#### *Investments*

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Interest Rate Risk*

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

	Fair Value	Less Than 1	Investment Maturities (In Years)		
			1 to 5	6 to 10	More Than 10
<b><u>City of Hialeah Employees' Retirement System's</u></b>					
U.S. Treasuries	\$ 31,379,151	\$ 4,924,450	\$ 13,887,181	\$ 11,691,946	\$ 875,574
U.S. Agencies/Instrumentalities	10,860,434	1,832,646	9,027,788	-	-
Corporate Bonds	67,179,200	4,219,708	31,661,660	28,980,482	2,317,350
Mortgage Backed Securities	85,661,860	-	431,136	18,764,699	66,466,025
Asset Backed Securities	<u>18,375,092</u>	<u>-</u>	<u>17,889,645</u>	<u>412,864</u>	<u>72,583</u>
Sub-total	<u>213,455,737</u>	<u>10,976,804</u>	<u>72,897,410</u>	<u>59,849,991</u>	<u>69,731,532</u>
Real estate investment trusts	9,333,222				
Common stocks	<u>251,855,323</u>				
Sub-total	<u>474,644,282</u>				
	Fair Value	Less Than 1	Investment Maturities (In Years)		
			1 to 5	6 to 10	More Than 10
<b><u>Elected Officials Retirement Plan</u></b>					
Vanguard-bond mutual funds	<u>3,110,582</u>	<u>-</u>	<u>3,110,582</u>	<u>-</u>	<u>-</u>
Sub-total	<u>3,110,582</u>	<u>-</u>	<u>3,110,582</u>	<u>-</u>	<u>-</u>
Vanguard-equity funds	<u>3,703,426</u>				
Sub-total	<u>6,814,008</u>				
<b><u>Primary Government</u></b>					
Money market funds	11,766,042	11,766,042	-	-	-
FMLvT-bond mutual funds	<u>39,454,626</u>	<u>29,818,885</u>	<u>9,635,741</u>	<u>-</u>	<u>-</u>
Sub-total	<u>39,454,626</u>	<u>29,818,885</u>	<u>9,635,741</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 524,023,498</u>				

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### **Concentration Credit Risk**

GASB Statement No. 40 requires disclosure of investments in any one issuer that represents 5% or more of the total of the City's investments. Conversely, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from the concentration of credit risk disclosure requirement.

As of September 30, 2011, concentration of the City of Hialeah Employees' Retirement System's investments was as follows:

Freddie Mac Reference REMIC	6.09%
FNMA Pool MA0654	6.13%
WI Treasury Security	6.42%

#### **Custodial Credit Risk**

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

#### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The City of Hialeah Employees' Retirement System has exposure to foreign currency fluctuations as follows:

Currency	Holdings Valued in U.S. Dollars
	<u>International Equities</u>
CANADIAN DOLLAR	\$ 625,145
EURO CURRENCY	7,819,516
HONG KONG DOLLAR	1,214,949
JAPANESE YEN	1,970,249
NORWEGIAN KRONE	368,715
POUND STERLING	4,284,536
SINGAPORE DOLLAR	899,655
SWEDISH KRONA	439,232
SWISS FRANC	<u>1,859,053</u>
	<u>\$ 19,481,050</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 3. CASH 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. The City has an investment policy that limits investments to the highest ratings by nationally recognized statistical rating organizations (NRSPO) – (Standard and Poor’s, Moody’s Investors Services and Fitch Ratings). Excess funds are also invested daily with the Florida Municipal Investment Trust (FMIvT).

As of September 30, 2011, the City’s investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
<b><u>City of Hialeah Employees’ Retirement System’s</u></b>		
U.S. Treasuries	504,845	AAA
U.S. Treasuries	30,874,307	NR
U.S. Agencies/Instrumentalities	10,860,434	Aaa
Mortgage Backed Securities	80,379,126	AAA
Mortgage Backed Securities	1,440,960	Aaa
Mortgage Backed Securities	3,841,774	NR
Asset Backed Securities	15,275,073	Aaa
Asset Backed Securities	3,100,019	NR
Corporate Bonds	505,525	AAA
Corporate Bonds	7,567,840	A1
Corporate Bonds	12,078,226	A2
Corporate Bonds	9,907,932	A3
Corporate Bonds	7,087,674	AA2
Corporate Bonds	5,153,545	AA3
Corporate Bonds	9,340,341	BAA1
Corporate Bonds	10,214,014	BAA2
Corporate Bonds	3,222,601	BAA3
Corporate Bonds	<u>2,101,501</u>	NR
Sub-total	<u>213,455,737</u>	
<b><u>Elected Officials Retirement Plan</u></b>		
Inter-Term Bond Index Adm	1,867,690	Aa2/Aa3
Short-Term Bond Index Adm	519,467	Aa2/Aa3
GNMA Fund Admiral Shares	<u>723,425</u>	Aaa
Sub-total	<u>3,110,582</u>	
<b><u>Primary Government</u></b>		
<b>Florida Municipal Investment Trust:</b>		
0-2 Year High Quality Bond	29,818,885	AAA/V1
1-3 Year High Quality Bond	1,033,967	AAA/V2
Intermediate High Quality Fund	4,305,018	AAA/V3
Broad Market High Quality Fund	<u>4,296,756</u>	AA/V4
Sub-total	<u>39,454,626</u>	
Total	<u>256,020,945</u>	

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 4. SECURITIES LENDING TRANSACTIONS

State statutes do not prohibit the Plan from participating in securities lending transactions. The City of Hialeah Employees' Retirement System (the "Plan"), pursuant to a Securities Lending Authorization Agreement, has authorized State Street Bank and Trust Company ("State Street") to act as the Plan's agent in lending the Plan's securities to approved borrowers. State Street, as agent enters into Securities Loan Agreements with borrowers. Cash collateral received in respect to the Plan's securities lent to approved borrowers was invested at the direction of the Plan, in the Quality D Duration and Quality Investment Fund D (the "Fund") which are comprised of liquidity pools and duration pools. Please note the following:

- a. Method for Determining Fair Value. The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service.
- b. Policy for Utilizing Amortized Cost Method. As the Fund is not a mutual fund and does not otherwise meet the requirements of the Investment Company Act of 1940 pursuant to which amortized cost accounting may be permissible, State Street has valued the Fund's investments at fair value for reporting purposes.
- c. Regulatory Oversight. The Fund is not registered with the Securities and Exchange Commission. State Street and the investment vehicles it sponsors (including the Fund) are subject to oversight by the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Plan's position in the Fund is equal to the value of the Fund shares.
- d. Involuntary Participation. There was no involuntary participation in an external investment pool by the Plan for the Fiscal Year.
- e. Necessary Information. Not Applicable.
- f. Income Assignment. No income from one fund was assigned to another fund by State Street during the fiscal year.

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

During the fiscal year, the Plan and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2011, such investment pool had an average duration of 22.45 days and an average weighted final maturity of 59.36 days for USD collateral. As of this date the duration pool had an average duration of 36.65 days and an average weighted final maturity of 501.49 days for USD collateral. Because the securities lending transactions were terminable at will their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

GASB Statement No. 28, Accounting and Financial Reporting for Securities Lending Transactions, establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their balance sheets unless the entity did not have the ability to pledge or sell collateral securities absent a borrower default as the case with the Plan. Cash received as collateral and investments made with that cash must also be reported as assets. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them. On September 30, 2011, the Plan had no credit risk exposure to borrowers. The market values of collateral held and the market value (USD) of securities on loan for the Plan as of September 30, 2011, was \$148,572,091. The \$148,572,091 was cash and securities collateral and has been reported in the statement of net assets as an asset of the Plan along with the liability of \$148,572,091 for obligations under security lending.

### NOTE 5. RECEIVABLES

Receivables as of September 30, 2011 for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water & Sewers	Nonmajor Governmental Funds	Total
Receivables:				
Billed	\$ -	\$ 12,032,033	\$ 2,282,345	\$ 14,314,378
Unbilled	-	4,187,600	-	4,187,600
Franchise and utility	4,568,732	-	-	4,568,732
Intergovernmental	2,258,961	-	2,117,252	4,376,213
Grants	277,721	-	10,139,344	10,417,065
Note	1,934,181	4,800,000	-	6,734,181
Other	1,195,122	1,032,464	-	2,227,586
Sales taxes	<u>2,254,539</u>	-	-	<u>2,254,539</u>
Gross receivables	<u>12,489,256</u>	<u>22,052,097</u>	<u>14,538,941</u>	<u>49,080,294</u>
Less: allowances for uncollectibles	<u>-</u>	<u>1,031,312</u>	<u>1,053,254</u>	<u>2,084,566</u>
Net total receivables	<u>\$ 12,489,256</u>	<u>\$ 21,020,785</u>	<u>\$ 13,485,687</u>	<u>\$ 46,995,728</u>

Approximately 36% or \$9,318,762 of the \$25,974,943 in governmental activities receivable is due from Miami Dade County.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 5. RECEIVABLES (Continued)

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

Revenues of the Fire Prevention and Rescue Transportation fund are reported net of uncollectible amounts. Total amount charged to the provision related to revenues of the current period was \$344,704.

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

Occupational licenses	\$ 2,128,827
Grants and other deferred revenues	2,015,962
Community Development Block Grant (CDBG)	2,481,619
State Housing Initiative Program (SHIP)	847,870
Notes receivable (see note 6)	<u>1,934,181</u>
	<u>\$9,408,459</u>

### NOTE 6. NOTES RECEIVABLE

#### **Note Receivable- Palm Centre**

The Hialeah Housing Authority (the "Authority") assumed a Housing Development Grant ("HODAG Loan") awarded on July 12, 1989 to a developer through the City in the amount of \$2,843,097 through the purchase of the Palm Centre Project (the "Project"). The HODAG Loan bears interest at 10.125% and is payable in full, including interest, on May 1, 2025 unless the Project is sold or transferred, or due to a violation of the grant covenants with HUD. Interest does not accrue unless the Project's revenues exceed the sum of the Project's net operating income (after payment of debt service in the Palm Centre Bonds) plus a cumulative return to the Authority of twelve percent (12%) per annum on the Authority's equity contribution. The HODAG loan is secured by a Second Mortgage issued to the City and is subordinated to Hialeah Housing Authority Bonds.

The Project was constructed on land leased from the City of Hialeah for a period of 49 years (starting December 26, 1985) with an option to renew for an additional 50 years. The Authority as part of the acquisition of the Project assumed the lease with the City. The lease agreement requires for lease payments to the City based on annual rent revenues generated by the property. In 2006, the City and the Authority amended the land lease agreement and the City accepted a payment of \$500,000 as payment in full of all past due rents due from the Authority.

#### The amended land lease agreement provides for the following terms:

1. Provides free tenant selection services to the City for City owned housing units,
2. Provides the City each year a minimum of six thousand five hundred (6,500) square feet of commercial space in the Palm Centre, free of charge, and
3. Provides forty-two (42) affordable lower-income housing units to be rented at below market rents for the term of the HODAG loan

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. NOTES RECEIVABLE (Continued)

#### **Note Receivable- Palm Centre** (Continued)

The future minimum receivable and net present value of these minimum payments as of September 30, 2011 were

Long-term receivable	\$3,578,872
Less present value	<u>(1,644,691)</u>
Present value of future receivable payments	<u>\$1,934,181</u>

In connection with the construction of the Hialeah Housing Project mentioned above, the United States Department of Housing and Urban Development ("HUD") has challenged the manner in which certain of the proceeds of the HODAG Loan were used. HUD has claimed that \$989,039 of the HODAG Loan was expended for nonqualified purposes (the "Claim"). The City has challenged the Claim. The Authority has agreed that the City will not be responsible for payment of any such challenged cost in the event it is required to fully indemnify the City for any payments to HUD regarding the claim. In a subordination agreement, the Authority and the City have agreed that, in the event that litigation is instituted by HUD regarding payment of the Claim, the City will fully cooperate with the Authority to resolve the litigation, and that the City will not foreclose on the Second Mortgage in the event the Claim is not paid on demand.

The City has recorded the note receivable in its governmental-wide financial statements as of September 30, 2011. No allowance against the note receivable is deemed necessary at September 30, 2011. The note receivable was also recorded in the City's general fund and offset by deferred revenues since the proceeds of the receivables are not considered to be available to liquidate liabilities of the current period.

#### **Note Receivable- Villas Hialeah**

Pursuant to a "Reaffirmation of HODAG Note Obligation and Extension of Maturity Date with Interest" agreement (the "Reaffirmation Agreement") dated November 25, 2009; the City recorded a note receivable of \$4,800,000 due from a developer. The developer through a Subordination and Assumption Agreement dated December 23, 2002 (Subordination Agreement) had assumed a Housing Development Grant ("HODAG Note") awarded on November 25, 1987 to an unrelated developer through the City in the amount of \$4,800,000 with payment due in full on November 25, 2009. No payment of principal and interest was due on the HODAG Note until the first loan is paid in full or with proceeds from the re-financing of the property. The HODAG Note is secured by a Second Mortgage issued to the City and is subordinate to the loan provided to the developer in the amount of \$15,793,850 to purchase the property from the original owner. The HODAG Note matures on November 25, 2009 and the City through the Reaffirmation Agreement has extended the maturity to November 25, 2011 in exchange for an interest payment of 5% with the option to extend the maturity for an additional one year period for a 6% interest payment.

In 2010, the \$4,800,000 note receivable was sold to the Water & Sewer Department of the City of Hialeah. The general fund recognized \$4,800,000 from the proceeds of the sale of a long-term asset.

Subsequent to year end the City's Water & Sewer Department collected the \$4,800,000.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. INTERFUND ACTIVITY

The amounts due from/to other funds at September 30, 2011 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	<u>\$21,110,212</u>	<u>\$16,817,164</u>
Non-Major Governmental Funds	<u>17,202,276</u>	<u>13,118,800</u>
Major Proprietary Type Funds		
Water and Sewer	507,603	9,993,875
Solid Waste	<u>3,969,289</u>	<u>2,859,541</u>
Total Major Proprietary Type Funds	<u>4,476,892</u>	<u>12,853,416</u>
	<u>\$42,789,380</u>	<u>\$42,789,380</u>

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

As of September 30, 2011, major fund and non-major fund activity was as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
Major Governmental Funds		
General Fund	\$ _____ -	\$ 41,258
Total Major Governmental Funds	_____ -	41,258
Non-Major Governmental Funds	<u>67,768</u>	<u>26,510</u>
	<u>\$ 67,768</u>	<u>\$ 67,768</u>

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. RESTRICTED ASSETS

Restricted assets consist of the cash restricted for debt service, capital projects, advances, public safety and customer deposits at September 30, 2011:

#### **Water and Sewers Fund**

Customers' deposit - cash and investments	\$7,548,9895
Restricted for Miami-Dade County DERM – DERM Fee	4,013,160
Reverse Osmosis Plant- Bond Proceeds	40,562,646
Reverse Osmosis Plant- Joint Participation Agreement	<u>7,810,250</u>
Total restricted cash water and sewers fund	<u>59,935,041</u>

#### **Other restricted assets**

Customer accounts - Solid Waste Fund	2,507,386
Customer accounts - Stormwater Fund	814,630
Customer accounts - City Utility Tax	<u>493,731</u>
Total other restricted assets water and sewers fund	<u>3,815,747</u>

Total restricted assets water and sewers fund 63,750,788

#### **Governmental Funds**

General fund- capital projects	\$429,809
Capital Project Funds- Capital Improvement Construction Fund	14,577
Capital Project Funds- 300 Units Development Fund	<u>2,375</u>
Total Restricted for Capital Projects	<u>446,764</u>

Debt Service Fund- Fire Admin. Debt Service Fund	<u>19,031</u>
Total Restricted for Debt Service	<u>19,031</u>

#### **Special Revenue Funds**

Rescue Transportation	\$372,296
Fire Prevention	83,571
State Law Enforcement Trust	301,571
Federal Law Enforcement Trust	<u>154,533</u>
Total Restricted for Public Safety	<u>911,971</u>

Total Restricted Assets \$65,128,554

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2011 is as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Ending <u>Balance</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 29,343,154	\$ 356,472	\$ -	\$ -	\$ 29,699,626
Construction in Progress	<u>17,752,967</u>	<u>11,863,353</u>	<u>-</u>	<u>(12,127,766)</u>	<u>17,488,554</u>
Total capital assets not being depreciated	<u>47,096,121</u>	<u>12,219,825</u>	<u>-</u>	<u>(12,127,766)</u>	<u>47,188,180</u>
Capital assets being depreciated:					
Buildings	100,022,462	177,740	-	-	100,200,202
Improvements other than buildings	25,766,807	187,989	-	-	25,954,796
Furniture, fixtures, machinery and equipment	45,104,738	1,589,311	-	-	46,694,049
Infrastructure	<u>321,730,173</u>	<u>212,828</u>	<u>-</u>	<u>12,127,766</u>	<u>334,070,767</u>
Total capital assets being depreciated	<u>492,624,181</u>	<u>2,167,868</u>	<u>-</u>	<u>12,127,766</u>	<u>506,919,815</u>
Less accumulated depreciation for:					
Buildings	21,349,360	2,271,853	-	-	23,621,213
Improvements other than buildings	13,353,045	1,275,734	-	-	14,628,779
Furniture, fixtures, machinery and equipment	30,481,638	2,927,088	-	-	33,408,726
Infrastructure	<u>157,874,038</u>	<u>10,070,300</u>	<u>-</u>	<u>-</u>	<u>167,944,338</u>
Total accumulated depreciation	<u>223,058,081</u>	<u>16,544,975</u>	<u>-</u>	<u>-</u>	<u>239,603,056</u>
Total capital assets being depreciated, net	<u>269,566,100</u>	<u>(14,377,107)</u>	<u>-</u>	<u>12,127,766</u>	<u>267,316,759</u>
Governmental activities capital assets, net	<u>\$ 316,662,220</u>	<u>\$ (2,157,282)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,504,938</u>
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Ending <u>Balance</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 329,356	\$ -	\$ -	\$ -	\$ 329,356
Construction in progress	<u>10,598,061</u>	<u>10,559,133</u>	<u>-</u>	<u>(42,360)</u>	<u>21,114,834</u>
Total capital assets not being depreciated	<u>10,927,417</u>	<u>10,559,133</u>	<u>-</u>	<u>(42,360)</u>	<u>21,444,190</u>
Capital assets being depreciated:					
Buildings and utility plant	4,322,741	663,227	-	-	4,985,968
Improvements to other than building	320,533	-	-	-	320,533
Machinery and equipment	19,216,248	1,683,091	-	-	20,899,339
Infrastructure	<u>169,516,104</u>	<u>4,330,076</u>	<u>-</u>	<u>42,360</u>	<u>173,888,540</u>
Total capital assets being depreciated	<u>\$ 193,375,626</u>	<u>\$ 6,676,394</u>	<u>\$ -</u>	<u>\$ 42,360</u>	<u>\$ 200,094,380</u>
Less accumulated depreciation for:					
Buildings and utility plant	2,324,270	153,915	-	-	2,478,185
Improvements other than building	237,743	30,166	-	-	267,909
Machinery and equipment	15,504,192	1,147,277	-	-	16,651,469
Infrastructure	<u>70,802,550</u>	<u>3,728,916</u>	<u>-</u>	<u>-</u>	<u>74,531,466</u>
Total accumulated depreciation	<u>88,868,755</u>	<u>5,060,274</u>	<u>-</u>	<u>-</u>	<u>93,929,029</u>
Total capital assets being depreciated, net	<u>104,506,871</u>	<u>1,616,120</u>	<u>-</u>	<u>42,360</u>	<u>106,165,351</u>
Business-type activities capital assets, net	<u>\$ 115,434,288</u>	<u>\$ 12,175,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,609,541</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

**NOTE 9. CAPITAL ASSETS (Continued)**

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

Governmental activities:

General government	\$ 2,020,435
Police	1,501,861
Fire	1,319,785
Streets	10,284,446
Recreation	<u>1,518,448</u>
Total depreciation expense - governmental activities	<u>\$16,544,975</u>

Business-type activities:

Water and sewer	\$ 4,225,315
Solid waste	<u>834,959</u>
Total depreciation expense - business-type activities	<u>\$ 5,060,274</u>

**NOTE 10. CAPITAL LEASES**

The City has entered into several lease agreements for equipment totaling \$1,820,626. The lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets section and the related liability in the governmental-wide financial statements.

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

	Governmental Activities
Equipment-Energy Efficiency Retrofits	\$ 875,500
Equipment- Fire Pumper	362,788
Equipment- Fire Engine	369,788
Vehicles- Ford Trucks	212,560
Less: accumulated depreciation	<u>(959,211)</u>
	<u>\$ 861,425</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011 were:

Fiscal Year End	Principal	Interest	Total
2012	\$ 223,011	\$ 20,473	\$ 243,484
2013	225,800	12,933	238,733
2014	<u>148,061</u>	<u>5,116</u>	<u>153,177</u>
	<u>\$ 596,872</u>	<u>\$ 38,522</u>	<u>\$ 635,394</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 11. LONG-TERM DEBT

#### *Revenue Bonds*

On December 16, 2007, the City issued \$2,283,000 of Capital Improvement Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") the Series 2007 bonds mature in December 2018 and bear interest at 4.33%. The Series 2007 Bonds are secured by a lien upon revenues derived by rescue transport service fees. The City will budget non-ad valorem revenues if such revenue is not adequate to pay debt service costs.

The net proceeds of \$2,283,000 were used to advance refund the Series 1993 Bonds with a total principal amount of \$2,610,000 and an interest rate ranging from 3.1% to 5.5%. Proceeds from the Series 1993 Bonds were used to finance construction of a new fire administration building, fund the debt service account and pay certain issuance costs.

The advance refunding reduced debt payments in the short-term. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$200,000.

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 200,250	\$ 70,320	\$ 270,570
2013	209,387	61,184	270,570
2014	218,732	51,839	270,570
2015	228,493	42,077	270,570
2016	238,598	31,972	270,570
2017-2019	<u>576,717</u>	<u>32,066</u>	<u>608,783</u>
	<u>\$ 1,672,177</u>	<u>\$ 289,458</u>	<u>\$ 1,961,635</u>

#### *State of Florida Loan Payable*

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

The loan agreement provides that the State will deposit the loan proceeds in a restricted, interest-bearing investment account to be used by the Water and Sewers Fund as debt service reserves and for future construction requirements. Interest earned on the construction funds during the time the East Side Sewer was being built, which is credited to the Water and Sewers Fund, has been deferred and is being amortized to income over the same period that the related capitalized interest is being expensed (50 years). At September 30, 2011, the unamortized deferred interest balance was \$1,490,716. The City paid off the State of Florida loan in 2008.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Notes Payable*

#### 1) Bank of America Promissory Note Series 2011 (Refi-1999 FMLC Loan Payable)

On August 20, 2011 the City entered into a loan agreement with Bank of America (Bank of America Loan) to refinance the outstanding loan from the Florida Municipal Loan Council Revenue Bonds, Series 1999 Bonds and to pay interest on the loan for up to three years. The proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 1999 were used to fund major roadway improvements and infrastructure projects. The City will budget non-ad valorem revenues if such revenue is not adequate to pay debt service costs. The Bank of America Loan matures on April 1, 2019 with options to extend to April 1, 2026 and 2031. Interest payments are due semi-annually at a rate of 2.74% with annual principal payments due April 1.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 954,127	\$ 268,327	\$ 1,222,453
2013	2,063,297	381,607	2,444,904
2014	2,115,829	329,076	2,444,904
2015	2,169,698	275,207	2,444,904
2016	2,224,938	219,966	2,444,904
2017-2019	7,022,112	314,211	7,336,322
	<u>\$ 16,550,000</u>	<u>\$ 1,788,393</u>	<u>\$ 18,338,393</u>

#### 2) Florida Municipal Loan Council Revenue Bond Series 2003- Loan Payable

On May 1, 2003, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,135,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2003A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$40,995,000 and calls for annual payments due on May 1, commencing on May 1, 2004 through May 1, 2033 and bears interest at varying rates ranging from 2.0% to 5.25%.

Annual debt service requirements to maturity for the Series 2003 loan payable are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,055,000	\$ 2,047,588	\$ 3,102,588
2013	1,110,000	1,994,838	3,104,838
2014	1,165,000	1,936,563	3,101,563
2015	1,230,000	1,875,400	3,105,400
2016	1,295,000	1,810,825	3,105,825
2017-2021	7,555,000	7,961,600	15,516,600
2022-2026	9,630,000	5,888,775	15,518,775
2027-2031	12,185,000	3,329,750	15,514,750
2032-2033	5,770,000	436,250	6,206,250
	<u>\$ 40,995,000</u>	<u>\$ 27,281,588</u>	<u>\$ 68,276,588</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

**Notes Payable (Continued)**

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

On February 15, 2005, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$29,090,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2005A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$25,810,000 and calls for annual payments due on February 1, commencing on February 1, 2006 through February 1, 2035 and bears interest at varying rates ranging from 3.0% to 5.0%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2011.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 620,000	\$ 1,226,540	\$ 1,846,540
2013	640,000	1,202,357	1,842,357
2014	665,000	1,176,594	1,841,594
2015	690,000	1,151,904	1,841,904
2016	715,000	1,124,710	1,839,710
2017-2021	4,090,000	5,087,023	9,177,023
2022-2026	5,225,000	3,917,009	9,142,009
2027-2031	6,600,000	2,510,589	9,110,589
2032-2035	<u>6,565,000</u>	<u>690,382</u>	<u>7,255,382</u>
	<u>\$ 25,810,000</u>	<u>\$ 18,087,106</u>	<u>\$ 43,897,106</u>

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

On June 14, 2000, the City executed a loan agreement with the U.S. Department of Housing and Urban Development (HUD) under HUD's Community Development Block Grant (CDBG) Section 108 Loan Program. The loan totaled \$4,400,000 and calls for semi-annual principal and interest payments at varying interest rates commencing on August 1, 2000 through August 1, 2019. The loan is payable to a bank as the trustee and registered holder of the note, guaranteed by HUD and collateralized by future CDBG funds granted to the City. The loan had an outstanding balance of \$2,455,000 at September 30, 2011.

The City granted all of the guaranteed loan funds to a local business to finance economic development activities, including the purchase of machinery and equipment for the local business warehousing and distributing facilities and corporate headquarters. A grant agreement was also executed with the local business and the City obtained a first priority security interest in the local business machinery and equipment as stipulated in the grant agreement. The City paid the local business \$4,000,000 of the loan amount and has designated the additional \$400,000 net of transaction fees in the City's CDBG special revenue fund.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

**Notes Payable (Continued)**

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

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 240,000	\$ 192,435	\$ 432,435
2013	255,000	174,080	429,080
2014	275,000	154,399	429,399
2015	295,000	133,064	428,064
2016	310,000	110,031	420,031
2017-2019	<u>1,080,000</u>	<u>175,488</u>	<u>1,255,488</u>
	<u>\$ 2,455,000</u>	<u>\$ 939,497</u>	<u>\$ 3,394,497</u>

**5) Revolving Loan**

On May 11, 2001, the City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection for the purpose of providing financial assistance for planning and designing water and sewer system improvements. At September 30, 2011 the project had not been completed and the amount of the loan available for the project was \$2,997,370 of which the City had withdrawn \$2,779,844. The loan shall be repaid in 18 semiannual loan payments of \$110,945 beginning September 15, 2007, which is based on the total amount owed. The amount due as of September 30, 2011 was \$2,027,067, which includes capitalized interest and other costs.

**6) City of Hialeah Affordable Housing Note, Series 2011 (TD Bank Note)**

On March 23, 2011 City issued the City of Hialeah Affordable Housing Note, Series 2011 (the TD Bank Note) in the principal amount of \$14,489,840 to refund and extend the maturity of the Amended and Restated Bond Anticipation Refunding Note, Series 2010 and pay-off the mortgage payable due to the Miami-Dade Housing Agency. The proceeds of the Series 2010 note were used for the purpose of financing the construction of a 300-unit affordable housing project in the City of Hialeah. The TD Bank Note is secured by a pledge of net rental income and a covenant to budget and appropriate non-ad valorem revenues sufficient to pay the principal and interest due on the note for the fiscal year. At September 30, 2011, the TD Bank Note had an outstanding balance of \$14,292,352. Annual debt service requirements to maturity for the TD Bank Note are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 336,043	\$ 620,536	\$ 956,579
2013	351,005	605,573	956,579
2014	366,634	589,945	956,579
2015	382,958	573,621	956,579
2016	400,009	556,570	956,579
2017-2021	2,283,599	2,499,295	4,782,894
2022-2026	2,839,314	1,943,580	4,782,894
2027-2031	3,530,262	1,252,632	4,782,894
2032-2036	<u>3,802,528</u>	<u>398,442</u>	<u>4,200,970</u>
	<u>\$ 14,292,352</u>	<u>\$ 9,040,194</u>	<u>\$ 23,332,546</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

**Notes Payable (Continued)**

**7) Florida Municipal Loan Council Revenue Bond Series 2011D- Loan Payable**

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

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 875,585	\$ 875,585
2013	310,000	2,406,188	2,716,188
2014	320,000	2,396,888	2,716,888
2015	580,000	2,387,288	2,967,288
2016	850,000	2,369,888	3,219,888
2017-2021	5,110,000	11,400,213	16,510,213
2022-2026	6,250,000	10,281,288	16,531,288
2027-2031	7,935,000	8,611,750	16,546,750
2032-2036	10,285,000	6,290,050	16,575,050
2037-2041	13,440,000	3,164,975	16,604,975
2042	3,155,000	173,525	3,328,525
	<u>\$ 48,235,000</u>	<u>\$ 50,357,635</u>	<u>\$ 98,592,635</u>

**8) Loan Payable- Recycling Containers**

On October 28, 2010 the City executed an equipment purchase agreement to borrow \$1,808,500 for the purchase of recycling containers. The loan calls for sixty monthly principal and interest payments commencing November 1, 2011 and bears interest rates of 3.15%.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 361,700	\$ 34,887	\$ 396,587
2013	361,700	34,887	396,587
2014	361,700	34,887	396,587
2015	361,700	34,887	396,587
2016	361,700	34,887	396,587
	<u>\$ 1,808,500</u>	<u>\$ 174,434</u>	<u>\$ 1,982,934</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Changes in Long-Term Liabilities*

The following is a summary of changes in the long-term debt for the year ended September 30, 2011:

	Balance September 30, 2010	Additions	Reductions	Balance September 30, 2011	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds-2007	\$ 1,864,063	\$ -	\$ (191,886)	\$ 1,672,177	\$ 200,250
Notes:					
CDBG Sec 108	2,680,000	-	(225,000)	2,455,000	240,000
FMLC 1999 Loan Payable	16,660,000	-	(16,660,000)	-	-
Bank of America (refi-FMLC 1999)	-	16,550,000	-	16,550,000	954,127
FMLC 2003 Loan Payable	42,000,000	-	(1,005,000)	40,995,000	1,055,000
FMLC 2005 Loan Payable	26,405,000	-	(595,000)	25,810,000	620,000
Bond Anticipation Loan	14,583,870	-	(14,583,870)	-	-
TB Bank (ref-bond anticipation loan)	-	14,489,840	(197,488)	14,292,352	336,043
Notes payable	<u>102,328,870</u>	<u>31,039,840</u>	<u>(33,266,358)</u>	<u>100,102,352</u>	<u>3,205,170</u>
Less deferred amounts:					
Loan costs	(1,274,994)	-	66,574	(1,208,420)	(66,574)
Discount	(42,922)	-	5,050	(37,872)	(5,050)
Premium	<u>2,136,953</u>	<u>-</u>	<u>(92,283)</u>	<u>2,044,670</u>	<u>92,283</u>
	<u>819,037</u>	<u>-</u>	<u>(20,659)</u>	<u>798,378</u>	<u>20,659</u>
Notes payable net	<u>103,147,907</u>	<u>31,039,840</u>	<u>(33,287,017)</u>	<u>100,900,730</u>	<u>3,225,829</u>
Capital Leases	527,520	212,560	(143,208)	596,872	223,011
Lease- Charter School	90,000	-	(90,000)	-	-
Mortgage payable	117,969	-	(117,969)	-	-
Claims payable	42,119,176	25,127,941	(20,135,546)	47,111,571	9,422,314
Compensated absences	20,012,779	11,193,718	(11,373,422)	19,833,075	3,030,542
OPEB liability	30,819,362	10,751,638	-	41,571,000	-
Net Pension Obligation	<u>41,127,305</u>	<u>692,752</u>	<u>-</u>	<u>41,820,057</u>	<u>-</u>
Total Governmental activities	<u>\$ 239,826,081</u>	<u>\$ 79,018,449</u>	<u>\$ (65,339,048)</u>	<u>\$ 253,505,482</u>	<u>\$ 16,101,946</u>
<b>Business-type activities:</b>					
Revolving loan	\$ 1,705,629	\$ 467,374	\$ (145,936)	\$ 2,027,067	\$ 221,890
Loan payable	-	1,808,500	-	1,808,500	361,700
FMLC 2011D Loan Payable	-	<u>48,235,000</u>	-	<u>48,235,000</u>	<u>310,000</u>
Notes payable	<u>1,705,629</u>	<u>50,510,874</u>	<u>(145,936)</u>	<u>52,070,567</u>	<u>893,590</u>
Less deferred amounts:					
Loan costs	-	1,355,002	(18,562)	1,336,440	-
Notes payable net	<u>1,705,629</u>	<u>51,865,876</u>	<u>(164,498)</u>	<u>53,407,007</u>	<u>893,590</u>
Claims payable	6,043,822	2,679,255	(2,610,713)	6,112,364	141,889
OPEB liability	4,246,468	1,140,098	-	5,386,566	-
Compensated absences	<u>2,115,508</u>	<u>841,753</u>	<u>(1,478,524)</u>	<u>1,478,737</u>	<u>221,811</u>
Total Business-type activities	<u>\$ 14,111,427</u>	<u>\$ 56,526,982</u>	<u>\$ (4,253,735)</u>	<u>\$ 66,384,674</u>	<u>\$ 1,257,290</u>

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 12. RISK MANAGEMENT

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

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

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

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning	\$48,162,998	\$45,727,217	\$46,003,644
Incurred claims (including IBNR)	27,807,196	28,644,623	29,292,555
Claims payments	<u>(22,746,259)</u>	<u>(26,208,858)</u>	<u>(29,568,982)</u>
Unpaid claims, ending	<u>\$53,223,935</u>	<u>\$48,162,998</u>	<u>\$45,727,217</u>

### NOTE 13. COMMITMENTS AND CONTINGENCIES

#### **Grants**

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

#### **Hialeah Branch Courthouse Lease**

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### ***Charter School Agreements***

On April 17, 2008, the City executed a contract with the School Board of Miami-Dade County, Florida that provides for The City of Hialeah Education Academy (the "HEA") to (1) provide a high-quality career-oriented curriculum for 21<sup>st</sup> Century occupations; (2) prepare students for productive employment within a multilingual work environment; and (3) prepare students for successful progression into postsecondary studies. The contract ends on June 30, 2013 but provides for a renewal of up to 15 years by mutual agreement of both parties.

During 2011, the City executed a charter school agreement with the School Board of Miami-Dade County for the City of Hialeah Construction, Architecture, and Design Academy ("CAD"). The contract is effective for the CAD's 2011-2012 fiscal year and ends June 30, 2016.

The City has entered into an agreement with Academica Dade LLC to provide administrative and educational services for HEA. The agreement terminates on June 30, 2013 with an option for renewal for two additional years.

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

The Department of Water and Sewers has entered into two agreements with the Miami-Dade Water and Sewer Department (the "County"), whereby the County will sell treated water and provide wastewater treatment and disposal services to the extent required by the City. Rates paid by the City of Hialeah vary depending on usage and costs incurred by the County. The charges to operations under these agreements for the year ended September 30, 2011 were \$14,347,823 for water services and \$13,868,197 for wastewater treatment and disposal services.

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

The Department of Water and Sewers (the "Department") entered into an "Administrative Consent Agreement" with the Miami-Dade County Department of Environmental Resources Management ("DERM") pursuant to Section 24-7(15)(c), of the Miami-Dade County Code (the "MDCC"). Pursuant to this agreement the City has agreed to correct deficiencies for thirty five (35) pump stations within the City's sewer collection and transmission system that were not in conformance with the requirements of MDCC Section 24-42.2. The agreement required the City to have corrected all the deficiencies noted in the SESS Phase III Report by September 30, 2010. The City has reached an agreement with DERM for a two year extension to comply with the agreement to September 30, 2012 and with an optional third year. Of the 35 basins identified in need of repairs the Department has completed 26 basins with 19 basins remaining. It is estimated that repairs will cost the Department approximately \$4 to \$6 million to correct (depending on the complexity of the problems identified) the remaining pump stations to meet the requirements of the agreement.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### ***Joint Participation Agreement- Reverse Osmosis Water Treatment Plant***

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

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

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

The County provided \$9.5 million at the time the Agreement was executed. The County continues to provide incremental payments as set forth in the in the Cash Flow Agreement between the County and the City. During 2011, the City issued the \$48,235,000 Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) to fund its share of the costs to construct the Plant. The schedule below provides a reconciliation of the construction in progress as of September 30, 2011 and the total contributions from the County. As of September 30, 2011, the County's 50% ownership share of the Plant has been recorded as a contra account to the construction in progress totaling \$20,290,427. Reimbursements provided by the County and the County's 50% share of the grants from the South Florida Water Management District in excess of the 50% required County contribution totaling \$1,056,665 have been recorded as Other Liabilities – RO Plant.

	October 1,			September 30,
	<u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>2011</u>
Construction in Progress- RO Plant	\$ 20,305,000	\$ 20,275,855	\$ -	\$ 40,580,855
Contra Account (Miami Dade County)	<u>(10,152,500)</u>	<u>(10,137,927)</u>	<u>-</u>	<u>(20,290,427)</u>
	<u>10,152,500</u>	<u>10,137,928</u>	<u>-</u>	<u>20,290,428</u>
Other Liabilities - Miami Dade County	<u>\$ 1,227,855</u>	<u>\$ 9,966,737</u>	<u>\$ (10,137,927)</u>	<u>\$ 1,056,665</u>
Total Contributed by Miami Dade County				
Advances to the City	\$ 19,038,237			
50% Share of grants from SFWMD	<u>2,308,855</u>			
	<u>\$ 21,347,092</u>			
Total in contra account	\$ 20,290,427			
Total in other liabilities-Miami Dade County	<u>1,056,665</u>			
	<u>\$ 21,347,092</u>			

#### **Construction Commitments**

At September 30, 2011, the City had in process various construction projects that were not completed with a remaining balance totaling approximately \$28,150,000. Funding of these projects is to be made primarily through the proceeds of loans, tax revenues and grants.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Litigation*

The City is a defendant in various lawsuits incidental to its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City attorney that resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### *Unfair Labor Practice Charge*

On August 27, 2010, Florida Public Employees Council 79, American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) (collectively referred to as the Union) filed an unfair labor practice charge with the State of Florida Public Employees Relations Commission (PERC) alleging that the City violated Section 447.51(1)(a) and (c), Florida Statutes (2010), by the manner in which it conducted itself during the impasse resolution procedure. On March 4, 2011, PERC concluded that the City engaged in an unfair labor practice violating Section 447.51(1)(a) and (c), Florida Statutes (2010). The PERC order did not require the City to make a monetary reimbursement to the employees. On April 4, 2012 the Third District Court of Appeal affirmed PERC's opinion. This matter is not concluded to the extent that AFSCME has not filed an enforcement action and the City will vigorously contest any request for monetary relief.

If the City is required to return concessions previously implemented it could potentially cost the City the 10% pre-tax health contribution taken from AFSCME bargaining unit members from July 13, 2010 to March 4, 2011 which represents approximately \$2.4 million. This amount does represent a cash outlay but could be distributed in the additional hours placed in employee individual time banks. However, it is the opinion of the City attorney that the only cost to the City would be the requirement to pay the fees for litigation of the charging parties' attorneys, estimated to be \$35,000 for the administrative proceeding and \$20,000 for appellate fees.

### NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS

#### *EMPLOYEES' RETIREMENT SYSTEM*

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Hialeah Employees' Retirement System Plan document for more complete information.

#### *Plan Description*

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

Membership in the Plan as of October 1, 2010 consisted of the following:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,267
Terminated employees entitled to benefits but not yet receiving them	<u>83</u>
Subtotal	<u>1,350</u>
Active employees:	
General employees	608
Police officers and firefighters	<u>656</u>
Subtotal	<u>1,264</u>
Total members	<u>2,614</u>

#### **Loans to Members**

The Employees' Retirement System Plan permits members to borrow from the Plan assets (subject to the rules of the Internal Revenue Service) at rates determined by the Plan Trustees. Interest charged on loans is 1.5% above the Wall Street Journal prime rate (4.75% as of September 30, 2011). Such loans are limited to and fully secured by the respective member's annuity savings account. Loan payments are deducted directly from the member's bi-weekly payroll.

#### **Administrative Expenses**

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

#### **Funding Policy**

Plan members are required to contribute 7% of their basic compensation to the Annuity Savings Fund. The City is required to contribute at an actuarially determined rate. Plan participants are permitted to purchase a maximum of four years of membership credit service time. The contribution requirements of the plan members and the City are established and may be amended by the Employees' Retirement System Board of Trustees.

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

***Annual Pension Cost and Net Pension Obligation***

The City's annual pension cost and net pension obligation for the current year are as follows:

Annual required contribution	\$21,470,324
Interest on net pension obligation	3,316,745
Adjustment to annual required contribution	<u>(2,505,865)</u>
Annual pension cost	22,281,204
Contributions made	<u>(21,920,464)</u>
Increase in net pension obligation	360,740
Net pension obligation, beginning of year	<u>41,459,317</u>
Net pension obligation, end of year	<u>\$ 41,820,057</u>

The annual required contribution for the current year was determined as part of the October 1, 2010 actuarial valuation using the entry age normal method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases ranging from 3.5% to 12% per year. Both (a) and (b) included an inflation component of 3.5%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using 5-year smoothed expected vs. actual returns method. The unfunded actuarial accrued liability is being amortized using the level percent open basis. The remaining amortization period was 30 years.

<u>Fiscal Year Ending</u>	<u>Three-Year Trend Information</u>		
	Annual	Percentage	Net
	Pension	of APC	Pension
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
9/30/2009	\$18,812,640	103%	\$39,905,248
9/30/2010	\$21,005,831	94%	\$41,459,317
9/30/2011	\$22,281,204	98%	\$41,820,057

***DROP Plan***

Effective March 1, 2007, the City established a deferred retirement option plan (DROP) for Police and Firefighters. An active participant of the City's retirement system may enter into the DROP, on the first day of the month following completion of 25 years of membership service credit, provided that the sum of the member's age and years of service is 70 points or more. Upon entry into the DROP, a member's monthly retirement benefits, which would have been payable had the member elected to cease employment and receive a normal retirement benefit, shall be paid into the member's DROP account. The maximum duration for participation in the DROP shall not exceed thirty-six (36) months. As of September 30, 2011, there were eighty-eight (88) DROP participants.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### ***ELECTED OFFICIALS' RETIREMENT SYSTEM***

##### ***Plan Description***

The City of Hialeah Elected Officials' Retirement System (EORS) is a single employer defined benefit pension plan administered by the City of Hialeah. The EORS was established by City Ordinance effective June 1998. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All qualified elected officials and city attorneys are eligible to participate in the plan. The Plan does not issue a stand alone financial report. Employer contribution requirements for the year ended September 30, 2011 were based on the October 1, 2010 valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council.

Membership in the Plan as of October 1, 2010, the date of the most recent actuarial valuation, was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>13</u>
Current employees:	
Vested	13
Non-vested	<u>-</u>
Total	<u>13</u>

##### ***Pension Benefits***

Participants earn one vesting credit for each year of service completed. A participant is considered fully vested after 8 years of credited service. After 8 years of credited service, the participant need not render any further service as an employee of the City, in order to begin receiving a pension benefit upon attaining eligibility.

A participant is eligible for normal retirement benefits when the participant has attained age 55 and 8 vesting credits or has attained 20 vesting credits regardless of age.

Normal retirement benefits are based on 3% of average final compensation multiplied by the years of service for each year of prior service.

##### ***Contributions and Funding Policy***

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements of the Plan is the individual entry age method. This method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry age of the member and the assumed exit age.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

***Basis of Accounting***

The financial statements of the Plan are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

***Method Used to Value Investments***

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Net appreciation in fair value of investments includes realized and unrealized gains and losses. Interest and dividends are reported as investment earnings. Realized gains and losses are determined on the basis of specific cost. Purchases and sales are recorded on the trade-date basis.

***Annual Pension Cost and Net Pension Obligation (Asset)***

The City's annual pension cost and net pension asset for the current year are as follows:

Annual required contribution	\$ 315,853
Interest on net pension obligation	(124,538)
Adjustment to annual required contribution	<u>91,680</u>
Annual pension cost	282,995
Contributions made	<u>313,841</u>
Increase in net pension obligation (asset)	(30,846)
Net pension obligation (asset), beginning of year	<u>(2,075,640)</u>
Net pension obligation (asset), end of year	<u><u>\$ (2,106,486)</u></u>

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2009	350,048	143%	(1,901,565)
9/30/2010	325,925	153%	(2,075,640)
9/30/2011	282,995	111%	(2,106,486)

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

The annual required contribution for the current year was determined as part of the October 1, 2010 actuarial valuation, using the individual entry age normal method. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 6% per year compounded annually, (b) projected salary increases of 8% per year compounded annually, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques, which express it as a percentage of the actuarial accrued liability. The unfunded actuarial accrued liability is being expressed as a percentage of covered payroll which approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. The unfunded actuarial accrued liability is being amortized using the level percent of payroll closed basis. The remaining amortization period at September 30, 2011 was 30 years.

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

#### STATEMENT OF NET ASSETS SEPTEMBER 30, 2011

##### ASSETS

Cash and cash equivalents	<u>\$380,691</u>
Investments, at fair value:	
Mutual Funds – Bonds	3,110,582
Mutual Funds – Equity	<u>3,703,426</u>
Total Investments, at fair value	<u>6,814,008</u>
Total assets	<u>7,194,699</u>

##### LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>435,464</u>
Net assets held in trust for pension benefits	<u>\$6,759,235</u>

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

STATEMENT OF CHANGES IN NET ASSETS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

ADDITIONS	
Contributions:	
Employer	<u>\$ 313,841</u>
Investment income:	
Net appreciation in fair value of investment	<u>41,349</u>
	41,349
Less investment expenses	<u>25,961</u>
Net investment income	<u>15,388</u>
Total additions	<u>329,229</u>
DEDUCTIONS	
Pension benefits	<u>166,290</u>
Net increase	162,939
Net assets held in trust for pension benefits:	
Beginning	<u>6,596,296</u>
Ending	<u>\$6,759,235</u>

***Funded Status and Funding Progress (Both Plans)***

The funded status of the Plans as of October 1, 2010, the most recent actuarial valuation date, is as follows:

<u>EMPLOYEES' RETIREMENT SYSTEM</u>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2010	\$520,812,767	\$684,539,088	\$163,726,321	76.1%	\$72,614,908	225.5%
<u>ELECTED OFFICIALS' RETIREMENT SYSTEM</u>						
10/1/2010	\$6,293,694	\$6,439,651	\$145,957	97.7%	\$1,113,794	13.1%

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

***Funded Status and Funding Progress (Both Plans) (Continued)***

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

	<u>Employees' Retirement System</u>	<u>Elected Officials' Retirement System</u>
Valuation date	October 1, 2010	October 1, 2010
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent dollar	Level percent of payroll, closed
Remaining amortization period	30 years	20 Years
Asset valuation method	5-year smoothed market vs actual returns	Smooth market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3.5% to 12.0%	8%
* Includes inflation at:	3.5%	4%
Cost of living adjustment	2.0%	N/A

**NOTE 15. DEFINED CONTRIBUTION PLANS**

The City of Hialeah has two defined contribution plans; the City of Hialeah Police Pension Fund and the City of Hialeah Firemen's Relief and Pension Fund. The Plans were created on March 27, 1984 by Ordinance 1781 as amended by Ordinance 84-43 and on May 26, 1981 by Ordinance 631 as amended by Ordinance 81-62, respectively. The purpose of these Plans is to provide a means whereby police officers and firefighters of the City may receive benefits from funds provided for that purpose by contributions of the City through state contributions provided by Chapter 175/185 of the Florida Statutes. The participants do not contribute to the Plans. These funds are a supplement to and in no way affect police officer and firefighter benefits under the City of Hialeah Employees' Retirement System. The City no longer receives passed-through State contributions for the police officers or firefighters. The City under Chapter 185 of the Florida Statutes has provided authorization to the State for the direct contribution of benefits to the Police Pension Fund. The City's Employment Retirement System received passed-through contributions from the two defined contribution plans totaling \$461,877 for the fiscal year ended September 30, 2011.

Both funds issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to Hialeah Employees' Retirement Department, 501 Palm Avenue, Hialeah, Florida, 33010.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 16. OTHER POST EMPLOYMENT BENEFITS

***Plan Description***

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

***Funding Policy***

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

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

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

Annual required contribution	\$	19,235,889
Interest on net OPEB obligation		1,402,633
Adjustment to annual required contribution		<u>(1,215,615)</u>
Annual OPEB cost		19,422,907
Contributions made		<u>(7,531,172)</u>
Increase in net OPEB obligation		11,891,735
Net OPEB obligation, beginning of year		<u>35,065,830</u>
Net OPEB obligation, end of year		<u>\$46,957,565</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2009	\$17,854,000	31.3%	\$23,504,266
9/30/2010	18,439,561	37.3%	35,065,830
9/30/2011	19,422,907	38.8%	46,957,565

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### ***Funded Status and Funding Progress***

As of October 1, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$243,161,545, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$243,161,545. The covered payroll (annual payroll of active employees covered by the plan) was \$83,673,089, and the ratio of the UAAL to the covered payroll was 290.6%.

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

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

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

In the October 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 4.5% after ten years. Both rates included a 3.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2009, was thirty years.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 17. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

**GASB Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)**, was implemented during the fiscal year ended September 30, 2011. See Note 1 d (9) for additional information regarding the impact on the reporting of the City's fund balances.

**GASB Statement 59 Financial Instruments Omnibus (GASB 59)**, updated existing standards regarding financial reporting of certain financial instruments and external investment pools. The City implemented GASB 59 during fiscal year 2011. Its implementation did not have a material impact on the City's financial statements.

**GASB Statement 60, Accounting and Financial Reporting for Service Concession Arrangements (GASB 60)**, addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements of GASB 60 are effective in fiscal year 2013. The City is currently evaluating the impact, if any, that GASB 60 may have on its financial statements.

**GASB Statement 61, The Financial Reporting Entity: Omnibus (GASB 61)**, amends GASB 14 and GASB 34 to modify certain requirements for inclusion of component units in the financial reporting entity, to amend the criteria for reporting component units as if they were part of the primary government (i.e. blending) in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations. The requirements of GASB 61 are effective in fiscal year 2013. The City is currently evaluating the impact, if any, that GASB 61 may have on its financial statements.

**GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62)** incorporates into GASB's authoritative literature, certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements of GASB 62 are effective for fiscal year 2013. The City is currently evaluating the impact, if any, that GASB 62 may have on its financial statements.

**GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63)** was issued to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The requirements of GASB 63 are effective for fiscal year 2013. The City is currently evaluating the impact, if any, that GASB 63 may have on its financial statements.

**GASB Statement 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53 (GASB 64)** was issued to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. GASB 64 sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of GASB 64 are effective for fiscal year 2012. GASB 64 is not expected to have a material impact on the City's financial statements.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

Subsequent to year end the City ratified a new Collective Bargaining Agreement with the Hialeah Civil Service Employees Association, AFSCME, Local 161, (AFSCME) for a period from April 1, 2012 through September 30, 2014. The new collective bargaining agreement closes membership to the City of Hialeah Employees' Retirement System defined benefit plan and DROP plan for all general employees hired after April 1, 2012. New general employees will instead participate in a new defined contribution plan.

On April 5, 2012, the City issued "The City of Hialeah Taxable Promissory Note, Series 2012" for \$6,000,000 to provide bridge financing for the City's payments for its Employees' Retirement System defined benefit plan.

On April 5, 2012, the City issued "The City of Hialeah Promissory Note, Series 2012A" and entered into an equipment term loan agreement for \$1,850,000 to refinance existing financed purchases of two E-One Pumpers and recycling containers.

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REQUIRED SUPPLEMENTARY INFORMATION  
(Other Than MD&A)

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**CITY OF HIALEAH, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Ad valorem taxes	\$ 48,155,183	\$ 48,155,183	\$ 48,550,595	\$ 395,412
Utility taxes	21,894,872	21,894,872	22,212,359	317,487
Franchise fees	10,813,279	10,813,279	10,500,154	(313,125)
Licenses and permits	6,115,000	6,115,000	7,051,641	936,641
State and local shared revenues	19,884,126	19,884,126	21,521,902	1,637,776
Fines and forfeitures	1,003,241	1,004,241	1,300,881	296,640
Interest	71,890	71,890	17,159	(54,731)
Government grants and other revenues	<u>8,593,700</u>	<u>9,220,214</u>	<u>9,136,210</u>	<u>(84,004)</u>
Total revenues	<u>116,531,291</u>	<u>117,158,805</u>	<u>120,290,901</u>	<u>3,132,096</u>
Other financing sources				
Issuance of debt	-	236,019	1,249,025	1,013,006
Appropriation of prior year fund balance	<u>6,188,380</u>	<u>6,550,437</u>	-	<u>(6,550,437)</u>
Total financing sources	<u>6,188,380</u>	<u>6,786,456</u>	<u>1,249,025</u>	<u>(5,537,431)</u>
Total revenues and other financing sources	<u>122,719,671</u>	<u>123,945,261</u>	<u>121,539,926</u>	<u>(2,405,335)</u>
Expenditures:				
Current:				
Police	\$ 38,374,385	\$ 39,626,011	\$ 41,568,007	\$ (1,941,996)
Fire	30,891,597	30,890,646	31,677,255	(786,609)
911 Communications division	3,232,306	3,232,306	3,057,095	175,211
Fleet maintenance	2,097,493	2,103,493	1,966,394	137,099
Construction and maintenance	3,317,597	3,425,743	3,268,194	157,549
Recreation and community services	8,833,342	8,899,546	8,597,138	302,408
Planning and development	2,014,201	2,026,536	1,909,454	117,082
Education and community services	2,012,187	2,107,672	1,750,844	356,828
Law	1,055,631	1,058,195	730,159	328,036
Risk management	741,149	827,212	877,824	(50,612)
Human resources	785,978	792,432	752,723	39,709
City Clerk's office	926,512	926,512	813,123	113,389
Office of Management and Budget	578,606	578,606	576,663	1,943
Office of the Mayor	694,732	694,786	532,856	161,930
Communications and special events	817,887	861,640	747,618	114,022
Employee retirement	504,250	504,250	463,361	40,889
Library	1,306,770	1,527,914	1,492,344	35,570
Compliance division	540,810	542,019	447,585	94,434
Finance	945,986	945,986	879,174	66,812
Division of licenses	324,595	324,595	286,569	38,026
General government	21,189,122	20,514,626	24,230,921	(3,716,295)
Information systems	<u>1,534,535</u>	<u>1,534,535</u>	<u>1,608,553</u>	<u>(74,018)</u>
Total expenditures	<u>122,719,671</u>	<u>123,945,261</u>	<u>128,233,854</u>	<u>(4,288,593)</u>
Net change in fund balance	-	-	(6,693,928)	<u>\$ (6,693,928)</u>
Fund balances - beginning	-	-	<u>20,684,173</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,990,245</u>	

See notes to budgetary comparison schedule.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements.

- a. Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the General Fund for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d. At any time, the Mayor may transfer any unencumbered appropriation balance or portion thereof between classifications of expenditures within an office or department. At the request of the Mayor and within the last 6 months of the fiscal year, the City Council may transfer, by resolution, any unencumbered appropriation balance or portion thereof from one office or department to another. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and shall be subject to future appropriations. The legal level of control is at the department level for the general fund and at the fund level for all other funds.
- e. The reported budgetary data represents the final approved budget after amendments adopted by the City Council. Unencumbered appropriations lapse at fiscal year end.
- f. The City Council may make supplemental appropriations during the fiscal year. Supplemental appropriations were \$1,225,590 for the general fund, (\$172,334) for the Streets Fund, \$43,320 for the Stormwater Utilities Fund, \$4,135 for the Law Enforcement Trust-Federal Fund, \$254,403 for the Law Enforcement Trust-State Fund, \$14,489,840 for the Affordable Housing Fund, \$43,696 for the Children's Trust Fund, \$305,218 for the Urban Areas Security Initiative Grant, (\$200,000) for the Streets 3 Cents Optional Gas Tax Fund, \$2,634 for the Metro Medical Response System Fund, \$17,500 for the Hialeah Circulator Fund, \$239,771 for the City of Hialeah Education Academy Fund, \$20,986 for the Buffer Zone Protection Grant, \$118,351 for the JAG Grant Fund, \$685,812 for the E-911 Phone Upgrade Fund, \$80,000 for the Prevent Childhood Obesity Grant, \$1,318,705 for the Homeless Prevention Rapid Re-Housing Grant Fund, \$2,852,783 for the CITT Debt Service Fund, \$20,004 for the Milander Park Construction Fund, \$28,134 for the Milander Auditorium Fund, \$246,709 for the Palm Center Fund, \$1,621,015 for the FDOT 138<sup>th</sup> Street 57-67<sup>th</sup> Ave. Fund, \$3,142,501 for the FDOT 138<sup>th</sup> Street 57-67<sup>th</sup>g Ave. Fund, \$324,687 for the CDBG-R W. 18<sup>th</sup> Ave. From 56-64 St. Fund, \$111,170 for the GOB J. Edgar Hall Special Population Fund, \$63,500 for the West 16<sup>th</sup> Ave. From 76 to 84<sup>th</sup> Street Fund, \$42,262 for the Sparks Park Fund, \$883,153 for the SR 93/Interstate 75 & 138 St. Interchange Fund, \$506,092 for the C.E.I. – 138 St. 57-76 Ave. Fund, \$710,452 for the Stimulus W. 53 from 4-8 Ave. fund, \$181,520 for the Stimulus W. 53 from 8-12 Ave. Fund, \$454,204 Stimulus E. 4<sup>th</sup> Avenue from 25-32 St. Fund, \$114,608 for the Stimulus W. 29 St. from 4<sup>th</sup> Ave. to Okeechobee Fund, \$46,843 for the Stimulus Palm Ave. from 45<sup>th</sup> to 47<sup>th</sup> St. Fund, \$121,478 for the Stimulus W. 68<sup>th</sup> St. from 17-19 Ct. Fund, \$52,738 for the Intersection W. 3<sup>rd</sup> Ave. and 18<sup>th</sup> St. Fund, \$304,592 for the GOB Goodlet Park Fund, \$420,253 for the Stimulus W. 36<sup>th</sup> Ave. from 76-84 St. Fund, \$126,263 from the W. 53 St. From 12-16<sup>th</sup> St. Fund, and \$554,670 for the E. 4<sup>th</sup> from Hialeah Dr. to 21<sup>th</sup> St. Fund during fiscal year ended September 30, 2011.

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2011

(CONTINUED)

**NOTE 2.** For fiscal year ended September 30, 2011, expenditures exceeded appropriations in the following departments for the General Fund.

For fiscal year ended September 30, 2011, expenditures exceeded appropriations in the following departments for the General Fund.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Police	\$39,626,011	\$41,568,007	\$1,941,996
Fire	30,890,646	31,677,255	786,609
Risk management	827,212	877,824	50,612
General government	20,514,626	24,230,921	3,716,295
Information systems	1,534,535	1,608,553	74,018

These excess of expenditures in those departments were funded with surpluses in other departments.

For fiscal year ended September 30, 2011, expenditures exceeded appropriations in the following non-major governmental funds.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Streets Transportation Fund	\$2,643,013	\$2,851,485	\$208,472
Urban Area Security Grants	355,103	355,637	534
MDCPW 138 <sup>th</sup> Street	1,621,015	1,998,688	377,673

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

**CITY OF HIALEAH, FLORIDA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 SEPTEMBER 30, 2011

Fiscal Year Ended <u>September 30,</u>	<u>EMPLOYEES' RETIREMENT SYSTEM</u>		<u>ELECTED OFFICIALS' RETIREMENT</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 15,084,481	102%	\$ 250,415	160%
2007	15,855,083	88%	240,475	208%
2008	18,298,037	99%	263,369	190%
2009	17,861,709	111%	288,006	174%
2010	20,557,338	96%	356,028	153%
2011	21,470,324	105%	315,853	100%

The information presented in the required supplemental schedules was determined as part of the actuarial validations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	October 1, 2010	October 1, 2010
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent open	Level percent of pay, closed
Remaining amortization period	30 years	20 years
Asset valuation method	5-year smoothed market vs actual returns	Smooth market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3.5% to 12.0%	8%
* Includes inflation at:	3.5%	4%
Cost of living adjustment	2.0%	N/A

**CITY OF HIALEAH, FLORIDA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 SEPTEMBER 30, 2011

(UNAUDITED)

EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2005	\$ 462,096,761	\$ 507,134,721	\$ 45,037,960	91.1%	\$ 60,364,488	74.6%
10/1/2006	500,501,442	556,466,663	55,965,221	89.9%	66,835,565	83.7%
10/1/2007	522,796,029	595,379,468	72,583,439	87.8%	75,461,003	96.2%
10/1/2008	526,091,435	627,530,393	101,438,958	83.8%	77,006,760	131.7%
10/1/2009	531,939,481	661,893,533	129,954,052	80.4%	79,860,936	162.7%
10/1/2010	520,812,767	684,539,088	163,726,321	76.1%	72,614,908	225.5%

ELECTED OFFICIALS' RETIREMENT SYSTEM

10/1/2005	\$ 3,455,014	\$ 3,810,238	\$ 355,224	90.7%	\$ 1,043,850	34.0%
10/1/2006	3,920,986	4,568,219	647,233	85.8%	986,381	65.6%
10/1/2007	4,507,879	5,044,765	536,886	89.4%	1,116,589	48.1%
10/1/2008	4,839,784	5,589,488	749,704	86.6%	1,200,461	62.5%
10/1/2009 +	5,766,656	5,809,976	43,320	99.3%	1,206,773	3.6%
10/1/2009 *	5,530,202	6,284,075	753,873	88.0%	1,206,773	62.5%
10/1/2010 *	6,293,694	6,439,651	145,957	97.7%	1,113,794	13.1%

+ Prior Assumptions/Prior Methods

\* Current Assumptions/Current Methods

OTHER POST EMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2006	\$ -	\$ 281,918,000	\$ 281,918,000	0.0%	\$ 74,287,000	379.5%
10/1/2009	-	243,161,545	243,161,545	0.0%	83,673,089	290.6%

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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GENERAL FUND

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**CITY OF HIALEAH, FLORIDA**

GENERAL FUND  
COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2011  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 9,234,513	\$ 8,116,641
Receivables, net	10,555,075	11,417,182
Due from other funds	21,110,212	24,522,660
Inventories	1,167,186	1,241,953
Prepays	262,000	242,000
Notes receivable	1,934,181	1,934,181
Restricted cash and cash equivalents	429,809	-
Total assets	<u>\$ 44,692,976</u>	<u>\$ 47,474,617</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Vouchers payable and accrued liabilities	\$ 6,014,721	\$ 5,703,289
Compensated absences payable	752,990	641,659
Self-insurance claims payable	1,095,048	1,625,719
Due to other funds	16,817,164	13,666,752
Deferred revenue	5,205,970	4,468,266
Other liabilities	816,838	684,759
Total liabilities	<u>30,702,731</u>	<u>26,790,444</u>
Fund balances:		
Nonspendable	1,429,186	1,483,953
Committed	192,686	141,655
Unassigned	12,368,373	19,058,565
Total fund balances	<u>13,990,245</u>	<u>20,684,173</u>
Total liabilities and fund balances	<u>\$ 44,692,976</u>	<u>\$ 47,474,617</u>

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

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

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

**Stormwater** – This fund administers revenues received from the Water & Sewers department from stormwater billings. Expenditures from this fund are mainly for salaries, stormwater drainage improvements and additions. The fees charged for Equivalent Residential Units (ERU) are \$2.50 per ERU.

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

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

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

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

**E-911 Wireless Communication** – This fund administers revenues collected from fire rescue calls service billings. The main expenditures are for salaries of billing clerks, one lieutenant, and capital outlays for the Fire Department.

**E-911 Phone Upgrade Grant** – This fund administers revenues collected from E-911 State Board awarded to the County for City of Hialeah's use.

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds (Continued)

**Telecommunications** – This fund was established to account for expenditures derived from telecommunication capital acquisitions as well as repair and maintenance of the same for the entire City, which are then allocated to the different departments. Revenue for this fund will be transferred from each department's allocation of expenditures depending on their telecommunication needs.

**Prevent Childhood Obesity Grant** – This fund administers revenues collected from the Blue Cross Blue Shield Foundation to prevent childhood obesity.

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

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

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

(Continued)

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

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

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

**Children's Trust** - This fund was established to account for revenues awarded by the Children's Trust to expand and enhance programs servicing the young community.

**21<sup>st</sup> Century After School** – This fund was established to account for expenditures and revenues derived from a federal grant, passed through from the State of Florida Department of Education. The purpose of the grant is to provide after-school and summer camp services to 150 students in grades 6-10 from non-English speaking low income families.

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

**Buffer Zone Protection Grant** – This fund administers revenues collected from the federal government through Homeland Security for protection of major facilities from terrorist activities.

**Neighborhood Stabilization Project** – This fund was established to account for expenditures and revenues derived from a grant obtained from HUD. The purpose of the grant is for the stabilization of communities that have suffered from foreclosures and abandonment of properties. The program is realized through the purchase and redevelopment of foreclosed and abandoned homes and residential properties.

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

**Building Better Communities** – This fund was established to account for expenditures and revenues derived from a passed through grant from the Florida Recreation Development Assistance Program (FRDAP).

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

(Continued)

**JAG (Byrne) Vehicle Grant** – This fund administers revenues collected from the Federal Government Department of Justice for purchasing police vehicle.

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

**Energy Efficiency & Conservation Block Grant** – This fund was established to account for revenues and expenses derived from the Federal government Department of Energy (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purchase of four hybrid recycling vehicles and equipment.

**Homeless Prevention Rapid Re-housing Grant** - This fund was established to account for revenues and expenses derived from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) to assist residents renters of Hialeah that are homeless or are about to become homeless. The program prevents evictions and assists in re-housing potential evicted residents.

**Intersection Cameras** – This fund was established to account for revenues and expenditures related to the intersection camera program.

### Debt Service Funds

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

**CITT Debt Service** – The City of Hialeah's Debt Service Fund accounts for the revenue bonds and related costs, which is funded by discretionary ½ cent sales tax.

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Capital Project Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund and trust funds.

**300 Units Development** – The 300 Units Development Fund accounts for the construction of the 300 unit affordable housing projects. The loan proceeds from a loan from SunTrust and the expenses related to this project are accounted for in this fund.

**Parking Garage Construction Fund** – This fund was established to account for revenues and expenditures collected from the Building Better Communities Bond Grant for the construction of parking garage adjacent to Hialeah High and the new Milander Performing Arts Center.

**Palm Center Fund** – This fund was established to account for expenditures and revenues derived from an Inter-local Agreement entered into with Miami-Dade County to receive revenues collected from Building Better Communities Bond Grant for the construction of a multipurpose facility that will house a neighborhood service center, 75 affordable housing units, and a parking garage to accommodate the affordable housing project.

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

**Milander Auditorium** – This fund was established to account for revenues and expenditures received from Building Better Communities Bond Grant for the construction of a new Performing Arts and Exhibition Center in the Milander Park grounds.

**Sparks Park** – This fund was established to account for revenues and expenditures received from Building Better Communities Bond Grant for the construction of a new parking lot and recreation building at Sparks Park.

**Babcock Park** – This fund was established to account for revenues and expenditures received from Florida Recreation Development Assistant Program Grant for the construction of a new state of the art batting cages, electrical pool pump room, and refurbished the racquetball courts.

**MDCPW 138<sup>th</sup> Street** – This fund was established to account for revenues and expenditures received from Miami Dade County Public Works Grant for the road reconstruction along the City's 138<sup>th</sup> street.

**East 4<sup>th</sup> From Hialeah Drive to 21<sup>st</sup> Street** – This fund was established to account for revenues and expenditures received from a Florida Department of Transportation Grant for the road reconstruction of the City's East 4<sup>th</sup> Ave from Hialeah Drive to 21<sup>st</sup> Street.

## NONMAJOR GOVERNMENTAL FUNDS

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### Capital Project Funds

(Continued)

**Palm to East 1<sup>st</sup> Ave From 47<sup>th</sup> to 48<sup>th</sup> Street** – This fund was established to account for revenues and expenditures received from Building Better Communities Bond Grant for the road reconstruction of the City's Palm to East 1<sup>st</sup> Ave from 47<sup>th</sup> to 48<sup>th</sup> Street.

**Capital Improvement Construction Fund** - The Capital Improvement Construction Fund is a capital projects fund which is used to account for the revenues and expenditures incurred for building major capital facilities associated to the 1999, 2003 and 2005 Revenue Bond Issuances.

**SR 93/Interstate-75 & 138 St. Interchange** - This fund was established to account for revenues and expenditures received from the State (through the Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the Local Agency Program (LAP) stimulus project) for the purpose of road reconstruction.

**FDOT 138 St. 57-67 Ave.** - This fund was established to account for revenues and expenditures received from the State (through the Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the Local Agency Program (LAP) stimulus project) for the purpose of road reconstruction.

**C.E.I. – 138 St 57-76 Ave.** - This fund was established to account for revenues and expenditures received from the State (through the Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the Local Agency Program (LAP) stimulus project) for the purpose of road reconstruction.

**Stimulus W. 53 from 4 – 8 Ave.** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

**Stimulus W. 53 from 8 – 12 Ave.** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

**Stimulus E. 4 Avenue 25 – 32 St.** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

**Stimulus W. 29 St 4 Ave to Okeechobee** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

## NONMAJOR GOVERNMENTAL FUNDS

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### Capital Project Funds

(Continued)

**Stimulus Palm Ave 45 – 47 St.** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

**Stimulus W. 68 St. 17-19 ct.** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

**W. 18 Ave 56-64 St. Fund** - This fund was established to account for revenues and expenditures received from the through from the Federal government's Department of Housing and Urban Rehabilitation (through the CDBG-R stimulus project) for the purpose of road reconstruction.

**J. Edgar Hall Special Population – GOB** This fund was established to account for revenues and expenditures received from Building Better Communities Bond Grant for the construction of the Special Population Building at J Edgar Hall Park.

**Goodlet Park GOB** This fund was established to account for revenues and expenditures received from Building Better Communities Bond Grant for the infrastructure enhancement of Goodlet Park.

**W. 36 Ave 76- 84 St.** - This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

**W. 53 St. from 12-16<sup>th</sup> St.** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the American Recovery and Reinvestment Act (ARRA) stimulus project) for the purpose of road reconstruction.

**W. 16<sup>th</sup> Ave. from 76 to 84<sup>th</sup> St.** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the Local Agency Program (LAP) stimulus project) for the purpose of road reconstruction.

**Intersection W. 3<sup>rd</sup> Ave. and 18<sup>th</sup> St. Traffic Circle** – This fund was established to account for revenues and expenditures received from the State (through Florida Department of Transportation (FDOT)) as a pass-through from the Federal government (through the Local Agency Program (LAP) stimulus project) for the purpose of road reconstruction.

**Hialeah Charter School Fund** – This fund was established to account for expenditures and revenues of the Jeb Bush Educational Center Charter School.

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2011

	Special Revenue														
	Streets	Storm Water Utilities	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	E-911 Phone Upgrade Grant	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Tele-comm. Fund	Prevent Childhood Obesity Grant	CDBG	WIA
<b>ASSETS</b>															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	666,916	-	803,907	108,014	-	62,830	180,193	341,245	-	30,000	-	-	-	123,954	409,034
Due from other funds	2,991,461	4,230,229	-	-	10,829	5,760	110,576	-	106,917	37,548	2,005	-	64,909	2,481,618	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	372,296	83,571	-	-	-	-	-	301,571	154,533	-	-	-	-
<b>Total assets</b>	<b>\$ 3,658,377</b>	<b>\$ 4,230,229</b>	<b>\$ 1,176,203</b>	<b>\$ 191,585</b>	<b>\$ 10,829</b>	<b>\$ 68,590</b>	<b>\$ 290,769</b>	<b>\$ 341,245</b>	<b>\$ 106,917</b>	<b>\$ 369,119</b>	<b>\$ 156,538</b>	<b>\$ -</b>	<b>\$ 64,909</b>	<b>\$ 2,605,572</b>	<b>\$ 409,034</b>
<b>LIABILITIES AND FUND BALANCES</b>															
Liabilities:															
Accounts payable and accrued liabilities	\$ 60,120	\$ 118	\$ 49,156	\$ -	\$ -	\$ 2,400	\$ 6,000	\$ 341,245	\$ 60,411	\$ (92)	\$ 5,858	\$ -	\$ 4,242	\$ 16,000	\$ -
Due to other funds	219,840	-	806,452	478,369	-	-	-	-	-	2,604	37,548	96,231	-	107,953	447,442
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	2,481,619	-
<b>Total liabilities</b>	<b>279,960</b>	<b>118</b>	<b>855,608</b>	<b>478,369</b>	<b>-</b>	<b>2,400</b>	<b>6,000</b>	<b>341,245</b>	<b>60,411</b>	<b>2,512</b>	<b>43,406</b>	<b>96,231</b>	<b>4,242</b>	<b>2,605,572</b>	<b>447,442</b>
Fund balances:															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	3,319,644	4,204,307	320,595	-	10,829	-	261,391	-	46,506	366,607	113,132	-	60,667	-	-
Committed	58,773	25,804	-	-	-	66,190	23,378	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(286,784)	-	-	-	-	-	-	-	(96,231)	-	-	(38,408)
<b>Total fund balances</b>	<b>3,378,417</b>	<b>4,230,111</b>	<b>320,595</b>	<b>(286,784)</b>	<b>10,829</b>	<b>66,190</b>	<b>284,769</b>	<b>-</b>	<b>46,506</b>	<b>366,607</b>	<b>113,132</b>	<b>(96,231)</b>	<b>60,667</b>	<b>-</b>	<b>(38,408)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,658,377</b>	<b>\$ 4,230,229</b>	<b>\$ 1,176,203</b>	<b>\$ 191,585</b>	<b>\$ 10,829</b>	<b>\$ 68,590</b>	<b>\$ 290,769</b>	<b>\$ 341,245</b>	<b>\$ 106,917</b>	<b>\$ 369,119</b>	<b>\$ 156,538</b>	<b>\$ -</b>	<b>\$ 64,909</b>	<b>\$ 2,605,572</b>	<b>\$ 409,034</b>

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
(Continued)  
**SEPTEMBER 30, 2011**

	Special Revenue														
	Home Investment Partnership	Emergency Shelter Grant	Building Impact Fees	Affordable Housing	S.H.I.P.	City of Hialeah Education Academy	Children's Trust	21st Century After School Grant	Urban Area Security Grants	Buffer Zone Protection Grants	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	JAG Vehicle Grant	Streets 3 Cent Optional Gas Tax
<b>ASSETS</b>															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 15,724	\$ -	\$ 156,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	113,959	13,637	-	-	-	24,573	164,655	98,977	30,790	20,986	724,767	317,170	663,929	-	176,654
Due from other funds	-	-	24,175	549,122	847,870	-	-	-	-	-	82,814	-	-	270,146	664,251
Inventory	-	-	-	28,662	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	14,559	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 113,959</b>	<b>\$ 13,637</b>	<b>\$ 24,175</b>	<b>\$ 593,508</b>	<b>\$ 847,870</b>	<b>\$ 195,647</b>	<b>\$ 164,655</b>	<b>\$ 98,977</b>	<b>\$ 30,790</b>	<b>\$ 20,986</b>	<b>\$ 807,581</b>	<b>\$ 317,170</b>	<b>\$ 663,929</b>	<b>\$ 270,146</b>	<b>\$ 840,905</b>
<b>LIABILITIES AND FUND BALANCES</b>															
Liabilities:															
Accounts payable and accrued liabilities	\$ 113,959	\$ -	\$ -	\$ 14,879	\$ -	\$ 96,795	\$ 2,730	\$ 309	\$ -	\$ -	\$ 82,814	\$ 123,295	\$ 225,341	\$ -	\$ -
Due to other funds	-	13,637	-	-	-	-	161,925	97,931	30,790	20,986	724,767	193,875	438,588	-	-
Deferred revenues	-	-	-	71,471	847,870	-	-	-	-	-	-	-	193,240	270,146	-
<b>Total liabilities</b>	<b>113,959</b>	<b>13,637</b>	<b>-</b>	<b>86,350</b>	<b>847,870</b>	<b>96,795</b>	<b>164,655</b>	<b>98,240</b>	<b>30,790</b>	<b>20,986</b>	<b>807,581</b>	<b>317,170</b>	<b>857,169</b>	<b>270,146</b>	<b>-</b>
Fund balances:															
Nonspendable	-	-	-	28,662	-	14,559	-	-	-	-	-	-	-	-	-
Restricted	-	-	24,175	478,496	-	84,293	-	17	-	-	-	-	-	-	840,905
Committed	-	-	-	-	-	-	-	720	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	(193,240)	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>24,175</b>	<b>507,158</b>	<b>-</b>	<b>98,852</b>	<b>-</b>	<b>737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(193,240)</b>	<b>-</b>	<b>840,905</b>
<b>Total liabilities and fund balances</b>	<b>\$ 113,959</b>	<b>\$ 13,637</b>	<b>\$ 24,175</b>	<b>\$ 593,508</b>	<b>\$ 847,870</b>	<b>\$ 195,647</b>	<b>\$ 164,655</b>	<b>\$ 98,977</b>	<b>\$ 30,790</b>	<b>\$ 20,986</b>	<b>\$ 807,581</b>	<b>\$ 317,170</b>	<b>\$ 663,929</b>	<b>\$ 270,146</b>	<b>\$ 840,905</b>

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
(Continued)  
**SEPTEMBER 30, 2011**

	Special Revenue			Debt Service		Capital Projects										
	Energy Efficiency & Conservation Block Grant	Homeless Prevention Rapid Re-Housing	Intersection Cameras Fund	CITT Debt Service Fund	Fire Admin. Debt Service Fund	300 Units Development	Parking Garage Construction Fund	Palm Center Fund	Milander Park Construction Fund	Milander Auditorium	Sparks Park	Babcock Park	MDCPW 138th Street	E. 4 from Hialeah Drive to 21 Street	Palm to East 1 Ave from 47 to 48 Street	Capital Improvement Construction
<b>ASSETS</b>																
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	-	33,874	-	1,273,681	-	-	180,000	1,183,557	282,739	1,112,870	267,051	68,374	1,576,074	104,426	92,000	-
Due from other funds	-	18,706	176,862	491,695	519,005	-	-	-	-	-	-	-	2,360,073	-	-	746,735
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	19,031	2,375	-	-	-	-	-	-	-	-	-	14,577
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 52,580</b>	<b>\$ 176,862</b>	<b>\$ 1,765,376</b>	<b>\$ 538,036</b>	<b>\$ 2,375</b>	<b>\$ 180,000</b>	<b>\$ 1,183,557</b>	<b>\$ 282,739</b>	<b>\$ 1,112,870</b>	<b>\$ 267,051</b>	<b>\$ 68,374</b>	<b>\$ 3,936,147</b>	<b>\$ 104,426</b>	<b>\$ 92,000</b>	<b>\$ 761,312</b>
<b>LIABILITIES AND FUND BALANCES</b>																
<b>Liabilities:</b>																
Accounts payable and accrued liabilities	\$ -	\$ 18,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,665	\$ -	\$ 14,008	\$ -	\$ -	\$ 377,674	\$ 32,325	\$ -	\$ 14,180
Due to other funds	-	33,874	-	892,643	-	2,375	183,728	939,892	282,739	1,098,862	267,051	68,374	3,558,473	72,101	92,000	-
Deferred revenues, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>52,580</b>	<b>-</b>	<b>892,643</b>	<b>-</b>	<b>2,375</b>	<b>183,728</b>	<b>1,183,557</b>	<b>282,739</b>	<b>1,112,870</b>	<b>267,051</b>	<b>68,374</b>	<b>3,936,147</b>	<b>104,426</b>	<b>92,000</b>	<b>14,180</b>
<b>Fund balances:</b>																
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	176,862	872,733	538,036	-	-	-	-	-	-	-	-	-	-	747,132
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(3,728)	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>176,862</b>	<b>872,733</b>	<b>538,036</b>	<b>-</b>	<b>(3,728)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>747,132</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 52,580</b>	<b>\$ 176,862</b>	<b>\$ 1,765,376</b>	<b>\$ 538,036</b>	<b>\$ 2,375</b>	<b>\$ 180,000</b>	<b>\$ 1,183,557</b>	<b>\$ 282,739</b>	<b>\$ 1,112,870</b>	<b>\$ 267,051</b>	<b>\$ 68,374</b>	<b>\$ 3,936,147</b>	<b>\$ 104,426</b>	<b>\$ 92,000</b>	<b>\$ 761,312</b>

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
(Continued)  
**SEPTEMBER 30, 2011**

	Capital Projects																Total Non-Major Governmental Funds	
	SR 93/Interstate 75 & 138 St. Interchange	FDOT 138 St. 57-67 Ave.	C.E.I.-138 St. 57-76 Ave.	Stimulus W. 53 from 4-8 Ave.	Stimulus W. 53 from 8-12 Ave.	Stimulus E. 4th Avenue from 25-32 St.	Stimulus W. 29 St. from 4th Ave. to Okeechobee	Stimulus Palm Ave. from 45th to 47th St.	Stimulus W. 68th. St. from 17-19 Ct.	CDBG-R W. 18th Ave. from 56-64 St.	GOB J. Edgar Hall Special Population	GOB Goodlet Park	Stimulus W. 36th Ave. from 76-84 St.	W. 53 St. from 12-16th St.	W. 16th Ave. from 76 to 84th St	Intersection W 3rd Ave and 18th St.		Hialeah Charter School
<b>ASSETS</b>																		
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,239
Receivables, net	233,119	309,439	128,050	35,963	182,747	-	122,519	-	391,764	-	92,301	577,926	-	-	63,500	52,738	44,785	13,485,687
Due from other funds	-	68,868	-	-	-	305,234	-	-	-	-	-	-	-	34,868	-	-	-	17,202,276
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,662
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,559
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	947,954
Total assets	\$ 233,119	\$ 378,307	\$ 128,050	\$ 35,963	\$ 182,747	\$ 305,234	\$ 122,519	\$ -	\$ 391,764	\$ -	\$ 92,301	\$ 577,926	\$ -	\$ 34,868	\$ 63,500	\$ 52,738	\$ 44,785	\$ 31,851,377
<b>LIABILITIES AND FUND BALANCES</b>																		
<b>Liabilities:</b>																		
Accounts payable and accrued liabilities	\$ 86,093	\$ 378,307	\$ 59,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,389	\$ -	\$ 1,959	\$ -	\$ -	\$ -	\$ 29,998	\$ 2,464,066
Due to other funds	147,026	-	68,868	35,963	182,747	-	122,519	-	391,764	-	92,301	575,537	-	-	63,500	52,738	14,787	13,118,800
Deferred revenues, net	-	-	-	-	-	305,234	-	-	-	-	-	-	32,909	-	-	-	-	4,202,489
Total liabilities	233,119	378,307	128,050	35,963	182,747	305,234	122,519	-	391,764	-	92,301	577,926	-	34,868	63,500	52,738	44,785	19,785,355
<b>Fund balances:</b>																		
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,221
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,466,327
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	174,865
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(618,391)
Total fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,066,022
Total liabilities and fund balances	\$ 233,119	\$ 378,307	\$ 128,050	\$ 35,963	\$ 182,747	\$ 305,234	\$ 122,519	\$ -	\$ 391,764	\$ -	\$ 92,301	\$ 577,926	\$ -	\$ 34,868	\$ 63,500	\$ 52,738	\$ 44,785	\$ 31,851,377

**CITY OF HIALEAH, FLORIDA**  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue														
	Streets	Storm Water Utilities	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	E-911 Phone Upgrade Grant	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Tele-comm. Fund	Prevent Childhood Obesity Grant	CDBG	WIA
<b>Revenues:</b>															
Utility taxes	\$ -	\$ 3,697,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	2,901,172	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	212,720	136,824	-	-	-	-
Interest	-	-	1,946	64	-	-	-	-	-	-	220	-	-	-	-
Government grants and other revenues	58,450	-	3,360,379	431,166	-	388,032	556,239	341,245	80,000	-	-	-	86,000	3,045,361	2,005,602
<b>Total revenues</b>	<b>2,959,622</b>	<b>3,697,364</b>	<b>3,362,325</b>	<b>431,230</b>	<b>-</b>	<b>388,032</b>	<b>556,239</b>	<b>341,245</b>	<b>80,000</b>	<b>212,720</b>	<b>137,044</b>	<b>-</b>	<b>86,000</b>	<b>3,045,361</b>	<b>2,005,602</b>
<b>Expenditures:</b>															
<b>Current:</b>															
General government	-	-	-	-	-	320,310	156,512	-	44,301	-	-	96,231	-	1,692,748	-
Police	-	-	-	-	-	-	-	-	-	214,898	18,130	-	-	-	-
Fire	-	-	3,155,624	599,428	-	-	-	-	-	-	-	-	-	-	-
Streets	2,578,557	1,143,126	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	25,333	-	-
S.H.I.P. expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,044,010
Capital outlay	272,928	231,001	2,809	-	-	1,532	172,560	341,245	216,655	5,000	-	-	-	918,308	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	1,143,750	262,632	-	-	-	-	-	-	-	-	-	-	-	225,000
Interest	-	686,591	91,821	-	-	-	-	-	-	-	-	-	-	-	209,305
<b>Total expenditures</b>	<b>2,851,485</b>	<b>3,204,468</b>	<b>3,512,886</b>	<b>599,428</b>	<b>-</b>	<b>321,842</b>	<b>329,072</b>	<b>341,245</b>	<b>260,956</b>	<b>219,898</b>	<b>18,130</b>	<b>96,231</b>	<b>25,333</b>	<b>3,045,361</b>	<b>2,044,010</b>
Excess (deficiency) of revenues over expenditures	108,137	492,896	(150,561)	(168,198)	-	66,190	227,167	-	(180,956)	(7,178)	118,914	(96,231)	60,667	-	(38,408)
<b>Other financing sources (uses):</b>															
Transfers in	-	-	-	-	-	-	-	-	-	26,510	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	(26,510)	-	-	-	-
Payments to refund debt	-	(15,135,000)	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunding debt issued	-	15,513,535	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>378,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,510</b>	<b>(26,510)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	108,137	871,431	(150,561)	(168,198)	-	66,190	227,167	-	(180,956)	19,332	92,404	(96,231)	60,667	-	(38,408)
Fund balances, beginning	3,270,280	3,358,680	471,156	(118,586)	10,829	-	57,602	-	227,462	347,275	20,728	-	-	-	-
<b>Fund balances, ending</b>	<b>\$ 3,378,417</b>	<b>\$ 4,230,111</b>	<b>\$ 320,595</b>	<b>\$ (286,784)</b>	<b>\$ 10,829</b>	<b>\$ 66,190</b>	<b>\$ 284,769</b>	<b>\$ -</b>	<b>\$ 46,506</b>	<b>\$ 366,607</b>	<b>\$ 113,132</b>	<b>\$ (96,231)</b>	<b>\$ 60,667</b>	<b>\$ -</b>	<b>\$ (38,408)</b>

**CITY OF HIALEAH, FLORIDA**  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(Continued)  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue														
	Home Investment Partnership	Emergency Shelter Grant	Building Impact Fees	Affordable Housing	S.H.I.P.	City of Hialeah Education Academy	Children's Trust	21st Century After School Grant	Urban Area Security Grants	Buffer Zone Protection Grant	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	JAG Vehicle Grant	Streets 3 Cent Optional Gas Tax
<b>Revenues:</b>															
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	-	-	-	-	-	2,042,853	-	-	-	-	1,424,818	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	540	2,488	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	827,007	248,172	24,175	1,706,065	1,131,049	275,077	1,150,614	555,343	355,637	20,986	1,810,019	384,993	762,751	116,441	1,062,213
<b>Total revenues</b>	<b>827,007</b>	<b>248,172</b>	<b>24,175</b>	<b>1,706,605</b>	<b>1,133,537</b>	<b>2,317,930</b>	<b>1,150,614</b>	<b>555,343</b>	<b>355,637</b>	<b>20,986</b>	<b>1,810,019</b>	<b>1,809,811</b>	<b>762,751</b>	<b>116,441</b>	<b>1,062,213</b>
<b>Expenditures:</b>															
<b>Current:</b>															
General government	-	-	-	757,049	-	-	-	-	-	-	-	1,442,866	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	45,300	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	564,784
Grants and human services	80,994	248,172	-	-	-	1,979,936	1,150,614	554,099	-	-	1,810,019	-	-	-	-
S.H.I.P. expenses	-	-	-	-	1,133,537	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	746,013	-	-	-	-	156,596	-	-	310,337	20,986	-	73,817	569,511	116,441	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	315,457	-	90,000	-	-	-	-	-	-	-	-	-
Interest	-	-	-	535,040	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>827,007</b>	<b>248,172</b>	<b>-</b>	<b>1,607,546</b>	<b>1,133,537</b>	<b>2,226,532</b>	<b>1,150,614</b>	<b>554,099</b>	<b>355,637</b>	<b>20,986</b>	<b>1,810,019</b>	<b>1,516,683</b>	<b>569,511</b>	<b>116,441</b>	<b>564,784</b>
Excess (deficiency) of revenues over expenditures	-	-	24,175	99,059	-	91,398	-	1,244	-	-	-	293,128	193,240	-	497,429
<b>Other financing sources (uses):</b>															
Transfers in	-	-	-	-	-	-	-	-	-	-	-	41,258	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to refund debt	-	-	-	(14,583,870)	-	-	-	-	-	-	-	-	-	-	-
Refunding debt issued	-	-	-	14,489,840	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(94,030)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,258</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>24,175</b>	<b>5,029</b>	<b>-</b>	<b>91,398</b>	<b>-</b>	<b>1,244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334,386</b>	<b>193,240</b>	<b>-</b>	<b>497,429</b>
Fund balances, beginning	-	-	-	502,129	-	7,454	-	(507)	-	-	-	(334,386)	(386,480)	-	343,476
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,175</b>	<b>\$ 507,158</b>	<b>\$ -</b>	<b>\$ 98,852</b>	<b>\$ -</b>	<b>\$ 737</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (193,240)</b>	<b>\$ -</b>	<b>\$ 840,905</b>

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
(Continued)  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue			Debt Service		Capital Projects										
	Energy Efficiency & Conservation Block Grant	Homeless Prevention Rapid Re-Housing	Intersection Cameras Fund	CITD Debt Service Fund	Fire Admin. Debt Service Fund	300 Units Development	Parking Garage Construction Fund	Palm Center Fund	Milander Park Construction Fund	Milander Auditorium	Sparks Park	Babcock Park	MDCPW 138th Street	E. 4 from Hialeah Drive to 21 Street	Palm to East 1 Ave from 47 to 48 Street	Capital Improvement Construction
<b>Revenues:</b>																
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	-	-	-	5,704,274	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	209,822	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	527
Government grants and other revenues	44,769	1,074,562	-	-	-	-	-	1,925,534	89,802	1,083,870	42,262	-	1,998,688	57,464	-	-
<b>Total revenues</b>	<b>44,769</b>	<b>1,074,562</b>	<b>209,822</b>	<b>5,704,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,925,534</b>	<b>89,802</b>	<b>1,083,870</b>	<b>42,262</b>	<b>-</b>	<b>1,998,688</b>	<b>57,464</b>	<b>-</b>	<b>527</b>
<b>Expenditures:</b>																
<b>Current:</b>																
General government	-	-	-	-	2,496	-	-	6,551	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	1,074,562	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	44,769	-	107,179	-	-	-	3,728	1,918,983	89,802	1,083,870	42,262	-	1,998,688	57,464	-	-
<b>Debt service:</b>																
Principal	-	-	-	1,399,000	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	3,051,291	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>44,769</b>	<b>1,074,562</b>	<b>107,179</b>	<b>4,450,291</b>	<b>2,496</b>	<b>-</b>	<b>3,728</b>	<b>1,925,534</b>	<b>89,802</b>	<b>1,083,870</b>	<b>42,262</b>	<b>-</b>	<b>1,998,688</b>	<b>57,464</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	-	-	102,643	1,253,983	(2,496)	-	(3,728)	-	-	-	-	-	-	-	-	527
<b>Other financing sources (uses):</b>																
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to refund debt	-	-	-	(381,250)	-	-	-	-	-	-	-	-	-	-	-	-
Refunding debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(381,250)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>102,643</b>	<b>872,733</b>	<b>(2,496)</b>	<b>-</b>	<b>(3,728)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>527</b>
Fund balances, beginning	-	-	74,219	-	540,532	-	-	-	-	-	-	-	-	-	-	746,605
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 176,862</b>	<b>\$ 872,733</b>	<b>\$ 538,036</b>	<b>\$ -</b>	<b>\$ (3,728)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 747,132</b>

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
(Continued)  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Capital Projects															Total Non-Major Governmental Funds		
	SR 93/Interstate 75 & 138 St. Interchange	FDOT 138 St. 57-67 Ave.	C.E.I.-138 St. 57-76 Ave.	Stimulus W. 53 from 4-8 Ave.	Stimulus W. 53 from 8-12 Ave.	Stimulus E. 4th Avenue from 25-32 St.	Stimulus W. 29 St. from 4th Ave. to Okeechobee	Stimulus Palm Ave. from 45th to 47th St.	Stimulus W. 68th St. from 17-19 Ct.	CDBG-R W. 18th Ave. from 56-64 St.	GOB J. Edgar Hall Special Population	GOB Goodlet Park	Stimulus W. 36th Ave. from 76-84St.	W. 53 St. from 12-16thSt.	W. 16th Ave. from 76 to 84th St		Intersection W 3rd Ave and 18th St.	Hialeah Charter School
<b>Revenues:</b>																		
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	700,609	1,455,987	382,911	36,327	103,808	411,546	86,600	19,270	88,351	324,687	63,641	302,746	312,528	6,864	63,500	52,738	-	-
<b>Total revenues</b>	<b>700,609</b>	<b>1,455,987</b>	<b>382,911</b>	<b>36,327</b>	<b>103,808</b>	<b>411,546</b>	<b>86,600</b>	<b>19,270</b>	<b>88,351</b>	<b>324,687</b>	<b>63,641</b>	<b>302,746</b>	<b>312,528</b>	<b>6,864</b>	<b>63,500</b>	<b>52,738</b>	<b>-</b>	<b>47,847,712</b>
<b>Expenditures:</b>																		
<b>Current:</b>																		
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	700,609	1,455,987	382,911	36,327	103,808	341,016	86,600	19,270	88,351	324,687	63,641	302,746	312,528	6,864	63,500	52,738	-	-
Debt service:																		
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>700,609</b>	<b>1,455,987</b>	<b>382,911</b>	<b>36,327</b>	<b>103,808</b>	<b>341,016</b>	<b>86,600</b>	<b>19,270</b>	<b>88,351</b>	<b>324,687</b>	<b>63,641</b>	<b>302,746</b>	<b>312,528</b>	<b>6,864</b>	<b>63,500</b>	<b>52,738</b>	<b>-</b>	<b>44,794,141</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>																		
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to refund debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunding debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(70,530)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,066,022</b>

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Streets Transportation Fund				Storm Water Utilities			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,360,000	\$ 3,403,320	\$ 3,697,364	\$ 294,044
State and local shared revenues	2,638,197	2,388,197	2,901,172	512,975	-	-	-	-
Government grants and other revenues	177,150	231,523	58,450	(173,073)	-	-	-	-
Total revenues	<u>2,815,347</u>	<u>2,619,720</u>	<u>2,959,622</u>	<u>339,902</u>	<u>3,360,000</u>	<u>3,403,320</u>	<u>3,697,364</u>	<u>294,044</u>
Other financing sources:								
Refunding debt issued	-	-	-	-	-	-	15,513,535	15,513,535
Appropriation of prior year fund balance	-	23,293	-	(23,293)	-	-	-	-
Total revenues and other financing sources	<u>2,815,347</u>	<u>2,643,013</u>	<u>2,959,622</u>	<u>316,609</u>	<u>3,360,000</u>	<u>3,403,320</u>	<u>19,210,899</u>	<u>15,807,579</u>
Expenditures:								
Streets	2,815,347	2,643,013	2,851,485	(208,472)	3,360,000	3,403,320	3,204,468	198,852
Total expenditures	<u>2,815,347</u>	<u>2,643,013</u>	<u>2,851,485</u>	<u>(208,472)</u>	<u>3,360,000</u>	<u>3,403,320</u>	<u>3,204,468</u>	<u>198,852</u>
Other financing uses:								
Payments to refund debt	-	-	-	-	-	-	15,135,000	(15,135,000)
Total expenditures and other financing uses	<u>2,815,347</u>	<u>2,643,013</u>	<u>2,851,485</u>	<u>(208,472)</u>	<u>3,360,000</u>	<u>3,403,320</u>	<u>18,339,468</u>	<u>(14,936,148)</u>
Net change in fund balance	-	-	108,137	\$ 108,137	-	-	871,431	\$ 871,431
Fund balances - beginning	-	-	3,270,280		-	-	3,358,680	
Fund balances - ending	\$ -	\$ -	\$ 3,378,417		\$ -	\$ -	\$ 4,230,111	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Rescue Transportation				Fire Prevention Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Interest	\$ 2,000	\$ 2,000	\$ 1,946	\$ (54)	\$ -	\$ -	\$ 64	\$ 64
Government grants and other revenues	<u>3,514,012</u>	<u>3,514,012</u>	<u>3,360,379</u>	<u>(153,633)</u>	<u>1,093,000</u>	<u>1,093,000</u>	<u>431,166</u>	<u>(661,834)</u>
Total revenues	<u>3,516,012</u>	<u>3,516,012</u>	<u>3,362,325</u>	<u>(153,687)</u>	<u>1,093,000</u>	<u>1,093,000</u>	<u>431,230</u>	<u>(661,770)</u>
Other financing sources:								
Issuance of debt	-	-	-	-	-	-	-	-
Appropriation of prior year fund balance	<u>443,977</u>	<u>443,977</u>	-	<u>(443,977)</u>	-	-	-	-
Total other financing sources	<u>443,977</u>	<u>443,977</u>	-	<u>(443,977)</u>	-	-	-	-
Total revenues and other financing sources	<u>3,959,989</u>	<u>3,959,989</u>	<u>3,362,325</u>	<u>(597,664)</u>	<u>1,093,000</u>	<u>1,093,000</u>	<u>431,230</u>	<u>(661,770)</u>
Expenditures:								
Fire	<u>3,959,989</u>	<u>3,959,989</u>	<u>3,512,886</u>	<u>447,103</u>	<u>1,093,000</u>	<u>1,093,000</u>	<u>599,428</u>	<u>493,572</u>
Total expenditures	<u>3,959,989</u>	<u>3,959,989</u>	<u>3,512,886</u>	<u>447,103</u>	<u>1,093,000</u>	<u>1,093,000</u>	<u>599,428</u>	<u>493,572</u>
Other financing sources (uses):								
Transfers out	-	-	-	-	-	-	-	-
Total expenditures and other financing sources (uses)	<u>3,959,989</u>	<u>3,959,989</u>	<u>3,512,886</u>	<u>447,103</u>	<u>1,093,000</u>	<u>1,093,000</u>	<u>599,428</u>	<u>493,572</u>
Net change in fund balance	-	-	<u>(150,561)</u>	<u>\$ (150,561)</u>	-	-	<u>(168,198)</u>	<u>\$ (168,198)</u>
Fund balances - beginning	-	-	<u>471,156</u>		-	-	<u>(118,586)</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,595</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (286,784)</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	E-911				E-911 Wireless Communication			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 430,000	\$ 430,000	\$ 388,032	\$ (41,968)	\$ 447,852	\$ 447,852	\$ 556,239	\$ 108,387
Total revenues	<u>430,000</u>	<u>430,000</u>	<u>388,032</u>	<u>(41,968)</u>	<u>447,852</u>	<u>447,852</u>	<u>556,239</u>	<u>108,387</u>
Expenditures:								
General government	430,000	430,000	321,842	108,158	447,852	447,852	329,072	118,780
Total expenditures	<u>430,000</u>	<u>430,000</u>	<u>321,842</u>	<u>108,158</u>	<u>447,852</u>	<u>447,852</u>	<u>329,072</u>	<u>118,780</u>
Net change in fund balance	-	-	66,190	<u>\$ 66,190</u>	-	-	227,167	<u>\$ 227,167</u>
Fund balances - beginning	-	-	-		-	-	57,602	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,190</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,769</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Law Enforcement Trust- Federal				Law Enforcement Trust- State			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Fines and forfeitures	\$ 20,000	\$ 24,135	\$ 136,824	\$ 112,689	\$ 20,000	\$ 215,415	\$ 212,720	\$ (2,695)
Interest	-	-	220	220	-	-	-	-
Total revenues	20,000	24,135	137,044	112,909	20,000	215,415	212,720	(2,695)
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	58,988	-	(58,988)
Transfers in	-	-	(26,510)	(26,510)	-	-	26,510	26,510
Total other financing sources	-	-	(26,510)	(26,510)	-	58,988	26,510	(32,478)
Total revenues and other financing sources	20,000	24,135	110,534	86,399	20,000	274,403	239,230	(35,173)
Expenditures:								
Police	20,000	24,135	18,130	6,005	20,000	274,403	219,898	54,505
Total expenditures	20,000	24,135	18,130	6,005	20,000	274,403	219,898	54,505
Net change in fund balance	-	-	92,404	\$ 92,404	-	-	19,332	\$ 19,332
Fund balances - beginning	-	-	20,728		-	-	347,275	
Fund balances - ending	\$ -	\$ -	\$ 113,132		\$ -	\$ -	\$ 366,607	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Affordable Housing				Children's Trust			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Interest	\$ -	\$ -	\$ 540	\$ 540	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	1,763,388	1,763,388	1,706,065	(57,323)	1,152,156	1,195,852	1,150,614	(45,238)
Total revenues	1,763,388	1,763,388	1,706,605	(56,783)	1,152,156	1,195,852	1,150,614	(45,238)
Other financing sources:								
Refunding debt issued	-	14,489,840	14,489,840	-	-	-	-	-
Total other financing sources	-	14,489,840	14,489,840	-	-	-	-	-
Total revenues and other financing sources	1,763,388	16,253,228	16,196,445	(56,783)	1,152,156	1,195,852	1,150,614	(45,238)
Expenditures:								
General government	1,763,388	1,763,388	1,607,546	155,842	-	-	-	-
Grants and human services	-	-	-	-	1,152,156	1,195,852	1,150,614	45,238
Total expenditures	1,763,388	1,763,388	1,607,546	155,842	1,152,156	1,195,852	1,150,614	45,238
Other financing uses:								
Payments to refund debt	-	14,489,840	14,583,870	(94,030)	-	-	(378,535)	378,535
Total expenditures and other financing uses	1,763,388	16,253,228	16,191,416	61,812	1,152,156	1,195,852	772,079	423,773
Net change in fund balance	-	-	5,029	\$ 5,029	-	-	-	\$ -
Fund balances - beginning	-	-	502,129		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 507,158		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Urban Area Security Grants				Streets 3 Cents Optional Gas Tax			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 49,885	\$ 347,053	\$ 355,637	\$ 8,584	\$ 1,019,953	\$ 819,953	\$ 1,062,213	\$ 242,260
Total revenues	<u>49,885</u>	<u>347,053</u>	<u>355,637</u>	<u>8,584</u>	<u>1,019,953</u>	<u>819,953</u>	<u>1,062,213</u>	<u>242,260</u>
Other financing sources:								
Appropriation of prior year fund balance	-	8,050	-	(8,050)	-	-	-	-
Total other financing sources	<u>-</u>	<u>8,050</u>	<u>-</u>	<u>(8,050)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>49,885</u>	<u>355,103</u>	<u>355,637</u>	<u>534</u>	<u>1,019,953</u>	<u>819,953</u>	<u>1,062,213</u>	<u>242,260</u>
Expenditures:								
Fire	49,885	355,103	355,637	(534)	-	-	-	-
Streets	-	-	-	-	1,019,953	819,953	564,784	255,169
Total expenditures	<u>49,885</u>	<u>355,103</u>	<u>355,637</u>	<u>(534)</u>	<u>1,019,953</u>	<u>819,953</u>	<u>564,784</u>	<u>255,169</u>
Net change in fund balance	-	-	-	\$ -	-	-	497,429	\$ 497,429
Fund balances - beginning	-	-	-	-	-	-	343,476	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 840,905</u>	-

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Metro Medical Response System				Hialeah Circulator			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
State and local shared revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,233,839	\$ 1,233,839	\$ 1,424,818	\$ 190,979
Government grants and other revenues	321,221	321,221	80,000	(241,221)	386,000	388,000	384,993	(3,007)
Total revenues	<u>321,221</u>	<u>321,221</u>	<u>80,000</u>	<u>(241,221)</u>	<u>1,619,839</u>	<u>1,621,839</u>	<u>1,809,811</u>	<u>187,972</u>
Other financing sources:								
Appropriation of prior year fund balance	500,606	503,240	-	(503,240)	123,545	139,045	-	(139,045)
Transfers in	-	-	-	-	-	-	41,258	41,258
Total other financing sources	<u>500,606</u>	<u>503,240</u>	<u>-</u>	<u>(503,240)</u>	<u>123,545</u>	<u>139,045</u>	<u>41,258</u>	<u>(97,787)</u>
Total revenues and other financing sources	<u>821,827</u>	<u>824,461</u>	<u>80,000</u>	<u>(744,461)</u>	<u>1,743,384</u>	<u>1,760,884</u>	<u>1,851,069</u>	<u>90,185</u>
Expenditures:								
General government	821,827	824,461	260,956	563,505	1,743,384	1,760,884	1,516,683	244,201
Total expenditures	<u>821,827</u>	<u>824,461</u>	<u>260,956</u>	<u>563,505</u>	<u>1,743,384</u>	<u>1,760,884</u>	<u>1,516,683</u>	<u>244,201</u>
Net change in fund balance	-	-	(180,956)	<u>\$ (180,956)</u>	-	-	334,386	<u>\$ 334,386</u>
Fund balances - beginning	-	-	227,462		-	-	(334,386)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,506</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

	City of Hialeah Education Academy**				EMS County Grant Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
State and local shared revenues	\$ 1,892,550	\$ 2,025,000	\$ 2,042,853	\$ 17,853	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	250,000	270,000	275,077	5,077	33,370	33,370	-	(33,370)
Total revenues	<u>2,142,550</u>	<u>2,295,000</u>	<u>2,317,930</u>	<u>22,930</u>	<u>33,370</u>	<u>33,370</u>	<u>-</u>	<u>(33,370)</u>
Other financing sources:								
Appropriation of prior year fund balance	(131,800)	(44,479)	-	44,479	29,492	29,492	-	(29,492)
Proceeds from debt issued	-	-	-	-	-	-	-	-
Total other financing sources	<u>(131,800)</u>	<u>(44,479)</u>	<u>-</u>	<u>44,479</u>	<u>29,492</u>	<u>29,492</u>	<u>-</u>	<u>(29,492)</u>
Total revenues and other financing sources	<u>2,010,750</u>	<u>2,250,521</u>	<u>2,317,930</u>	<u>67,409</u>	<u>62,862</u>	<u>62,862</u>	<u>-</u>	<u>(62,862)</u>
Expenditures:								
General government	-	-	-	-	62,862	62,862	-	62,862
Grants and human services	2,010,750	2,250,521	2,226,532	23,989	-	-	-	-
Total expenditures	<u>2,010,750</u>	<u>2,250,521</u>	<u>2,226,532</u>	<u>23,989</u>	<u>62,862</u>	<u>62,862</u>	<u>-</u>	<u>62,862</u>
Net change in fund balance	-	-	91,398	\$ 91,398	-	-	-	\$ -
Fund balances - beginning	-	-	7,454		-	-	10,829	
Fund balances - ending	\$ -	\$ -	\$ 98,852		\$ -	\$ -	\$ 10,829	

\*\*Note: Balances are as of June 30, 2010.

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	21st Century After School Grant				Energy Efficiency and Conservation Block Grant			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 573,646	\$ 573,646	\$ 555,343	\$ (18,303)	\$ -	\$ -	\$ 44,769	\$ 44,769
Total revenues	<u>573,646</u>	<u>573,646</u>	<u>555,343</u>	<u>(18,303)</u>	<u>-</u>	<u>-</u>	<u>44,769</u>	<u>44,769</u>
Expenditures:								
Grants and human services	573,646	573,646	554,099	19,547	-	-	-	-
Streets	-	-	-	-	-	-	44,769	(44,769)
Total expenditures	<u>573,646</u>	<u>573,646</u>	<u>554,099</u>	<u>19,547</u>	<u>-</u>	<u>-</u>	<u>44,769</u>	<u>(44,769)</u>
Net change in fund balance	-	-	1,244	<u>\$ 1,244</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	-	-	(507)		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Building Impact Fees				Buffer Zone Protection Grant			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ -	\$ 24,175	\$ 24,175	\$ 199,000	\$ 219,986	\$ 20,986	\$ (199,000)
Total revenues	-	-	24,175	24,175	199,000	219,986	20,986	(199,000)
Other financing sources:								
Appropriation of prior year fund balance	75,000	75,000	-	(75,000)	-	-	-	-
Total other financing sources	75,000	75,000	-	(75,000)	-	-	-	-
Total revenues and other financing sources	75,000	75,000	24,175	(50,825)	199,000	219,986	20,986	(199,000)
Expenditures:								
General government	75,000	75,000	-	75,000	-	-	-	-
Public safety	-	-	-	-	199,000	219,986	20,986	199,000
Total expenditures	75,000	75,000	-	75,000	199,000	219,986	20,986	199,000
Net change in fund balance	-	-	24,175	\$ 24,175	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 24,175		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 SPECIAL REVENUE FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	JAG Grant Fund				E-911 Phone Upgrade Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 118,351	\$ 116,441	\$ (1,910)	\$ -	\$ 685,812	\$ 341,245	\$ (344,567)
Total revenues	<u>-</u>	<u>118,351</u>	<u>116,441</u>	<u>(1,910)</u>	<u>-</u>	<u>685,812</u>	<u>341,245</u>	<u>(344,567)</u>
Expenditures:								
General government	-	118,351	116,441	1,910	-	-	-	-
Public safety	-	-	-	-	-	685,812	341,245	344,567
Total expenditures	<u>-</u>	<u>118,351</u>	<u>116,441</u>	<u>1,910</u>	<u>-</u>	<u>685,812</u>	<u>341,245</u>	<u>344,567</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 SPECIAL REVENUE FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Prevent Childhood Obesity Grant</u>				<u>Homeless Prevention Rapid Re-Housing Grant Fund</u>			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive <u>(Negative)</u>	<u>Budgeted Amounts</u>			Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ -	\$ 80,000	\$ 86,000	\$ 6,000	\$ -	\$ 1,318,705	\$ 1,074,562	\$ (244,143)
Total revenues	<u>-</u>	<u>80,000</u>	<u>86,000</u>	<u>6,000</u>	<u>-</u>	<u>1,318,705</u>	<u>1,074,562</u>	<u>(244,143)</u>
Grants and human services	<u>-</u>	<u>80,000</u>	<u>25,333</u>	<u>54,667</u>	<u>-</u>	<u>1,318,705</u>	<u>1,074,562</u>	<u>244,143</u>
Total expenditures	<u>-</u>	<u>80,000</u>	<u>25,333</u>	<u>54,667</u>	<u>-</u>	<u>1,318,705</u>	<u>1,074,562</u>	<u>244,143</u>
Net change in fund balance	-	-	60,667	<u>\$ 60,667</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,667</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	CITT Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenues:				
State and local shared revenues	\$ 4,935,357	\$ 7,788,140	\$ 5,704,274	\$ (2,083,866)
Total revenues	<u>4,935,357</u>	<u>7,788,140</u>	<u>5,704,274</u>	<u>(2,083,866)</u>
Expenditures:				
Streets	4,935,357	7,788,140	4,450,291	3,337,849
Total expenditures	<u>4,935,357</u>	<u>7,788,140</u>	<u>4,450,291</u>	<u>3,337,849</u>
Other financing uses:				
Payments to refund debt	-	-	381,250	(381,250)
Total other financing uses	<u>-</u>	<u>-</u>	<u>381,250</u>	<u>(381,250)</u>
Total expenditures and other financing uses	<u>4,935,357</u>	<u>7,788,140</u>	<u>4,831,541</u>	<u>2,956,599</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>872,733</u>	<u>\$ 872,733</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 872,733</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	<u>Milander Park Construction Fund</u>				<u>Parking Garage Construction Fund</u>			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive Negative	<u>Budgeted Amounts</u>			Variance with Final Budget Positive Negative
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ 2,500,000	\$ 2,500,000	\$ 89,802	\$ (2,410,198)	\$ 1,500,000	\$ 1,500,000	\$ -	\$ (1,500,000)
Total revenues	<u>2,500,000</u>	<u>2,500,000</u>	<u>89,802</u>	<u>(2,410,198)</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>(1,500,000)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	20,004	-	(20,004)	-	-	-	-
Total other financing sources	<u>-</u>	<u>20,004</u>	<u>-</u>	<u>(20,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>2,500,000</u>	<u>2,520,004</u>	<u>89,802</u>	<u>(2,430,202)</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>(1,500,000)</u>
Expenditures:								
Capital Outlay	2,500,000	2,520,004	89,802	2,430,202	1,500,000	1,500,000	3,728	1,496,272
Total expenditures	<u>2,500,000</u>	<u>2,520,004</u>	<u>89,802</u>	<u>2,430,202</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>3,728</u>	<u>1,496,272</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	-	-	(3,728)	<u>\$ (3,728)</u>
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,728)</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Milander Auditorium				Palm Center			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 5,000,000	\$ 5,000,000	\$ 1,083,870	\$ (3,916,130)	\$ 8,500,000	\$ 8,546,000	\$ 1,925,534	\$ (6,620,466)
Total revenues	<u>5,000,000</u>	<u>5,000,000</u>	<u>1,083,870</u>	<u>(3,916,130)</u>	<u>8,500,000</u>	<u>8,546,000</u>	<u>1,925,534</u>	<u>(6,620,466)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	28,134	-	(28,134)	-	200,709	-	(200,709)
Total other financing sources	<u>-</u>	<u>28,134</u>	<u>-</u>	<u>(28,134)</u>	<u>-</u>	<u>200,709</u>	<u>-</u>	<u>(200,709)</u>
Total revenues and other financing sources	<u>5,000,000</u>	<u>5,028,134</u>	<u>1,083,870</u>	<u>(3,944,264)</u>	<u>8,500,000</u>	<u>8,746,709</u>	<u>1,925,534</u>	<u>(6,821,175)</u>
Expenditures:								
Capital Outlay	5,000,000	5,028,134	1,083,870	3,944,264	8,500,000	8,746,709	1,918,983	6,827,726
Total expenditures	<u>5,000,000</u>	<u>5,028,134</u>	<u>1,083,870</u>	<u>3,944,264</u>	<u>8,500,000</u>	<u>8,746,709</u>	<u>1,925,534</u>	<u>6,821,175</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	MDCPW 138th Street				FDOT 138th Street 57-67th Ave.			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 1,621,015	\$ 1,998,688	\$ 377,673	\$ -	\$ 3,142,501	\$ 1,455,987	\$ (1,686,514)
Total revenues	-	1,621,015	1,998,688	377,673	-	3,142,501	1,455,987	(1,686,514)
Expenditures:								
Capital Outlay	-	1,621,015	1,998,688	(377,673)	-	3,142,501	1,455,987	1,686,514
Debt service	-	-	-	-	-	-	-	-
Total expenditures	-	1,621,015	1,998,688	(377,673)	-	3,142,501	1,455,987	1,686,514
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	CDBG-R W. 18th Ave. from 56-64 St.				GOB J. Edgar Hall Special Population			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ -	\$ 324,687	\$ 324,687	\$ -	\$ -	\$ 111,170	\$ 63,641	\$ (47,529)
Total revenues	-	324,687	324,687	-	-	111,170	63,641	(47,529)
Expenditures:								
Capital outlay	-	324,687	324,687	-	-	111,170	63,641	47,529
Total expenditures	-	324,687	324,687	-	-	111,170	63,641	47,529
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	West 16th Ave. from 76 to 84th Street				Sparks Park			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 63,500	\$ 63,500	\$ -	\$ -	\$ 42,262	\$ 42,262	\$ -
Total revenues	-	63,500	63,500	-	-	42,262	42,262	-
Expenditures:								
Capital outlay	-	63,500	63,500	-	-	42,262	42,262	-
Total expenditures	-	63,500	63,500	-	-	42,262	42,262	-
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	SR 93/Interstate 75 & 138 St. Interchange				C.E.I. - 138 St. 57-76 Ave.			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 883,153	\$ 700,609	\$ (182,544)	\$ -	\$ 506,092	\$ 382,911	\$ (123,181)
Total revenues	-	883,153	700,609	(182,544)	-	506,092	382,911	(123,181)
Expenditures:								
Capital outlay	-	883,153	700,609	182,544	-	506,092	382,911	123,181
Total expenditures	-	883,153	700,609	182,544	-	506,092	382,911	123,181
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Stimulus W. 53 from 4-8 Ave.				Stimulus W. 53 from 8-12 Ave.			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 710,452	\$ 36,327	\$ (674,125)	\$ -	\$ 181,520	\$ 103,808	\$ (77,712)
Total revenues	-	710,452	36,327	(674,125)	-	181,520	103,808	(77,712)
Expenditures:								
Capital outlay	-	710,452	36,327	674,125	-	181,520	103,808	77,712
Total expenditures	-	710,452	36,327	674,125	-	181,520	103,808	77,712
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Stimulus E. 4th Avenue from 25-32 St.				Stimulus W. 29 St. from 4th Ave. to Okeechobee			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 454,204	\$ 411,546	\$ (42,658)	\$ -	\$ 114,608	\$ 86,600	\$ (28,008)
Total revenues	-	454,204	411,546	(42,658)	-	114,608	86,600	(28,008)
Expenditures:								
Capital outlay	-	454,204	341,016	113,188	-	114,608	86,600	28,008
Total expenditures	-	454,204	341,016	113,188	-	114,608	86,600	28,008
Net change in fund balance	-	-	70,530	\$ 70,530	-	-	-	\$ -
Fund balances - beginning	-	-	(70,530)		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Stimulus Palm Ave. from 45th to 47th St.				Stimulus W. 68th St. from 17-19 Ct.			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 46,843	\$ 19,270	\$ (27,573)	\$ -	\$ 121,478	\$ 88,351	\$ (33,127)
Total revenues	-	46,843	19,270	(27,573)	-	121,478	88,351	(33,127)
Expenditures:								
Capital outlay	-	46,843	19,270	27,573	-	121,478	88,351	33,127
Total expenditures	-	46,843	19,270	27,573	-	121,478	88,351	33,127
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Intersection W 3rd Ave and 18th St.				GOB Goodlet Park			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 52,738	\$ 52,738	\$ -	\$ -	\$ 304,592	\$ 302,746	\$ (1,846)
Total revenues	-	52,738	52,738	-	-	304,592	302,746	(1,846)
Expenditures:								
Capital outlay	-	52,738	52,738	-	-	304,592	302,746	1,846
Total expenditures	-	52,738	52,738	-	-	304,592	302,746	1,846
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Stimulus W. 36th Ave. from 76-84 St.				W. 53 St. from 12-16th St.			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 420,253	\$ 312,528	\$ (107,725)	\$ -	\$ 126,263	\$ 6,864	\$ (119,399)
Total revenues	-	420,253	312,528	(107,725)	-	126,263	6,864	(119,399)
Expenditures:								
Capital outlay	-	420,253	312,528	107,725	-	126,263	6,864	119,399
Total expenditures	-	420,253	312,528	107,725	-	126,263	6,864	119,399
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	E. 4th from Hialeah Dr. to 21 St. Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenues:				
Government grants and other revenues	\$ -	\$ 554,670	\$ 57,464	\$ (497,206)
Total revenues	-	554,670	57,464	(497,206)
Expenditures:				
Capital outlay	-	554,670	57,464	497,206
Total expenditures	-	554,670	57,464	497,206
Net change in fund balance	-	-	-	\$ -
Fund balances - beginning	-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -	

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FIDUCIARY FUNDS

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**CITY OF HIALEAH, FLORIDA**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2011**

	Employees' Retirement <u>System</u>	Elected Officials' Retirement <u>System</u>	Excess Benefit <u>Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 16,465,651	\$ 380,691	\$ -	\$ 16,846,342
Securities lending cash collateral	<u>148,572,091</u>	<u>-</u>	<u>-</u>	<u>148,572,091</u>
Receivables:				
Accrued interest	1,307,176	-	-	1,307,176
Accrued dividends	330,724	-	-	330,724
Fraud recovery	227,351	-	-	227,351
Other receivables	202,884	-	-	202,884
Employer and employee contributions	905,429	-	-	905,429
Investments sold	<u>1,111,322</u>	<u>-</u>	<u>-</u>	<u>1,111,322</u>
Total receivables	<u>4,084,886</u>	<u>-</u>	<u>-</u>	<u>4,084,886</u>
Investments, at fair value:				
U.S. Treasury bonds and notes	31,379,151	-	-	31,379,151
U.S. Government securities	10,860,434	-	-	10,860,434
Asset backed securities	18,375,092	-	-	18,375,092
Mortgage backed securities	85,661,860	-	-	85,661,860
Real estate investment trusts	9,333,222	-	-	9,333,222
Corporate bonds and notes	67,179,200	-	-	67,179,200
Mutual funds- bonds	-	3,110,582	-	3,110,582
Mutual funds- equity	-	3,703,426	-	3,703,426
Common stocks	<u>251,855,323</u>	<u>-</u>	<u>-</u>	<u>251,855,323</u>
Total investments	<u>474,644,282</u>	<u>6,814,008</u>	<u>-</u>	<u>481,458,290</u>
Loans to members	<u>10,334,771</u>	<u>-</u>	<u>-</u>	<u>10,334,771</u>
Total assets	<u>654,101,681</u>	<u>7,194,699</u>	<u>-</u>	<u>661,296,380</u>
<u>LIABILITIES AND NET ASSETS</u>				
Obligations under securities lending	148,572,091	-	-	148,572,091
Due to retired participants	40,417,871	-	-	40,417,871
Investments purchased	900,472	-	-	900,472
Accounts payable and accrued liabilities	742,548	435,464	-	1,178,012
DROP payable	<u>5,304,650</u>	<u>-</u>	<u>-</u>	<u>5,304,650</u>
Total liabilities	<u>195,937,632</u>	<u>435,464</u>	<u>-</u>	<u>196,373,096</u>
Net assets held in trust for pension benefits	<u>\$ 458,164,049</u>	<u>\$ 6,759,235</u>	<u>\$ -</u>	<u>\$ 464,923,284</u>

**CITY OF HIALEAH, FLORIDA**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Employees' Retirement <u>System</u>	Elected Officials' Retirement <u>System</u>	Excess Benefit <u>Fund</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 22,060,140	\$ 313,841	\$ 103,064	\$ 22,477,045
Employee	6,252,077	-	-	6,252,077
State	461,877	-	-	461,877
Total contributions	<u>28,774,094</u>	<u>313,841</u>	<u>103,064</u>	<u>29,190,999</u>
Investment income:				
Net (depreciation) appreciation in fair value of investments	(5,846,302)	41,349	-	(5,804,953)
Investment earnings	14,265,237	-	-	14,265,237
	8,418,935	41,349	-	8,460,284
Less investment expenses	1,256,606	25,961	-	1,282,567
Net investment income	7,162,329	15,388	-	7,177,717
Total additions	<u>35,936,423</u>	<u>329,229</u>	<u>103,064</u>	<u>36,368,716</u>
<b>DEDUCTIONS</b>				
Pension benefits	40,167,628	166,290	103,064	40,436,982
Refunds of contributions	8,504,025	-	-	8,504,025
DROP benefits	3,686,735	-	-	3,686,735
Total deductions	<u>52,358,388</u>	<u>166,290</u>	<u>103,064</u>	<u>52,627,742</u>
Net (decrease) increase	(16,421,965)	162,939	-	(16,259,026)
Net assets held in trust for pension benefits:				
Beginning	474,586,014	6,596,296	-	481,182,310
Ending	<u>\$ 458,164,049</u>	<u>\$ 6,759,235</u>	<u>\$ -</u>	<u>\$ 464,923,284</u>

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## STATISTICAL SECTION

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## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:</i>	<b>116-119</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>120-123</b>
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	<b>124-126</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	<b>127-128</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	<b>129-131</b>

**CITY OF HIALEAH, FLORIDA**

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 113,072,756	\$ 105,547,406	\$ 139,547,580	\$ 146,261,556	\$ 157,977,858	\$ 183,501,680	\$ 200,996,079	\$ 203,538,055	\$ 211,733,799	\$ 212,133,537
Restricted	3,605,911	56,474,421	29,348,182	9,328,761	1,723,358	14,206,203	7,778,905	6,277,482	6,144,155	12,466,327
Unrestricted	(21,802,169)	(64,599,363)	(64,551,849)	(37,031,548)	(31,280,078)	(53,760,487)	(73,598,339)	(86,739,623)	(106,165,039)	(133,288,201)
Total governmental activities net assets	<u>94,876,498</u>	<u>97,422,464</u>	<u>104,343,913</u>	<u>118,558,769</u>	<u>128,421,138</u>	<u>143,947,396</u>	<u>135,176,645</u>	<u>123,075,914</u>	<u>111,712,915</u>	<u>91,311,663</u>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	59,117,989	62,845,181	64,691,989	68,886,789	106,282,295	79,156,300	88,351,287	103,874,020	123,881,159	75,538,974
Restricted	7,400,113	7,414,430	7,387,298	7,473,034	7,606,961	21,446,086	-	-	-	40,562,646
Unrestricted	34,292,786	38,787,797	43,176,594	34,327,360	3,112,053	26,479,228	46,322,656	37,501,753	30,323,471	30,136,654
Total business-type activities net assets	<u>100,810,888</u>	<u>109,047,408</u>	<u>115,255,881</u>	<u>110,687,183</u>	<u>117,001,309</u>	<u>127,081,614</u>	<u>134,673,943</u>	<u>141,375,773</u>	<u>154,204,630</u>	<u>146,238,274</u>
<b>Total government:</b>										
Invested in capital assets, net of related debt	172,190,745	168,392,587	204,239,569	215,148,345	264,260,153	262,657,980	289,347,366	307,412,075	335,614,958	287,672,511
Restricted	11,006,024	63,888,851	36,735,480	16,801,795	9,330,319	35,652,289	7,778,905	6,277,482	6,144,155	53,028,973
Unrestricted	12,490,617	(25,811,566)	(21,375,255)	(2,704,188)	(28,168,025)	(27,281,259)	(27,275,683)	(49,237,870)	(75,841,568)	(103,151,547)
Total government net assets	<u>\$ 195,687,386</u>	<u>\$ 206,469,872</u>	<u>\$ 219,599,794</u>	<u>\$ 229,245,952</u>	<u>\$ 245,422,447</u>	<u>\$ 271,029,010</u>	<u>\$ 269,850,588</u>	<u>\$ 264,451,687</u>	<u>\$ 265,917,545</u>	<u>\$ 237,549,937</u>

**CITY OF HIALEAH, FLORIDA**

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>										
<b>Governmental activities</b>										
General government	\$ 43,598,739	\$ 47,545,513	\$ 51,746,450	\$ 55,582,787	\$ 65,290,102	\$ 65,326,837	\$ 69,140,040	\$ 74,384,843	\$ 68,871,742	\$ 66,589,887
Police	29,595,541	32,377,628	34,840,112	38,558,035	37,743,976	42,209,396	47,982,487	46,859,988	46,205,703	47,628,629
Fire	21,833,308	22,940,682	24,501,409	27,400,080	28,371,023	32,354,377	38,058,400	38,524,121	40,660,842	43,122,832
Streets	10,065,320	11,956,652	11,404,971	12,140,825	13,049,483	12,593,306	14,561,927	13,865,386	14,581,951	14,965,763
Recreation and community services	10,089,085	11,106,559	11,201,682	11,838,894	12,357,830	13,128,189	16,045,320	13,262,701	10,852,844	10,765,871
Interest on long-term debt	1,547,169	1,245,786	3,791,259	4,464,526	5,187,625	5,491,719	5,559,726	5,421,745	5,155,341	5,155,170
Total governmental activities:	<u>116,529,162</u>	<u>127,172,820</u>	<u>137,485,883</u>	<u>149,985,147</u>	<u>162,000,039</u>	<u>171,103,824</u>	<u>191,347,900</u>	<u>192,318,783</u>	<u>186,329,423</u>	<u>188,228,152</u>
<b>Business-type activities</b>										
Water & sewer	37,441,440	35,101,318	37,448,005	39,891,188	37,231,951	36,259,160	38,888,103	39,571,242	43,158,697	45,302,229
Solid waste	12,643,480	12,935,775	14,157,722	15,720,554	15,144,955	14,715,629	15,349,165	14,743,134	15,047,591	15,832,635
Hialeah circulator	83,186	1,524,551	1,630,465	1,762,968	2,039,987	1,901,689	2,214,548	-	-	-
Total business-type activities:	<u>50,168,106</u>	<u>49,561,644</u>	<u>53,236,192</u>	<u>57,374,710</u>	<u>54,416,892</u>	<u>52,876,478</u>	<u>56,451,816</u>	<u>54,314,376</u>	<u>58,206,288</u>	<u>61,134,864</u>
Total government expenses	<u>\$ 166,697,268</u>	<u>\$ 176,734,464</u>	<u>\$ 190,722,075</u>	<u>\$ 207,359,857</u>	<u>\$ 216,416,931</u>	<u>\$ 223,980,302</u>	<u>\$ 247,799,716</u>	<u>\$ 246,633,159</u>	<u>\$ 244,535,711</u>	<u>\$ 249,363,016</u>
<b>Program revenues:</b>										
<b>Governmental activities</b>										
Charges for services:										
General government	\$ 14,011,192	\$ 14,425,002	\$ 14,232,618	\$ 14,562,835	\$ 18,884,163	\$ 10,990,136	\$ 15,978,981	\$ 16,545,856	\$ 13,747,204	\$ 15,711,906
Police	2,122,862	1,846,327	1,645,080	2,130,207	1,780,920	2,063,068	2,217,049	2,625,878	1,574,179	1,467,723
Fire	-	-	-	-	-	3,428,353	3,674,530	4,113,359	4,731,510	3,779,318
Streets	-	-	-	-	-	28,973	-	-	3,589,564	3,697,364
Recreation and community services	-	-	-	-	-	1,743,647	1,601,966	1,265,892	1,049,507	1,118,475
Operating grants and contributions	28,526,856	22,164,441	22,854,144	26,739,915	34,698,127	11,346,564	8,534,749	15,049,192	12,701,522	24,069,595
Capital grants and contributions	-	-	-	-	-	22,174,756	14,978,580	13,323,168	31,827,725	15,486,278
Total governmental activities program revenue:	<u>44,660,910</u>	<u>38,435,770</u>	<u>38,731,842</u>	<u>43,432,957</u>	<u>55,363,210</u>	<u>51,775,497</u>	<u>46,985,855</u>	<u>52,923,345</u>	<u>69,221,211</u>	<u>65,330,659</u>
<b>Business-type activities</b>										
Charges for services:										
Water & sewer	43,804,682	41,823,746	42,850,159	40,940,748	42,901,913	41,236,360	42,211,672	42,822,010	45,036,544	46,709,579
Solid waste	12,503,091	13,122,644	13,481,909	12,531,995	12,492,877	12,853,239	13,526,608	13,676,979	13,997,300	14,775,683
Hialeah circulator	-	1,596,850	1,856,442	2,325,368	1,924,770	1,947,693	1,897,338	-	-	-
Operating grants and contributions	547,326	845,263	302,726	597,541	457,207	-	-	-	-	-
Capital grants and contributions	14,619	14,759	84,210	308,954	356,111	3,557,718	4,413,317	3,119,117	9,004,831	831,849
Total business-type activities program revenue:	<u>56,869,718</u>	<u>57,403,262</u>	<u>58,575,446</u>	<u>56,704,606</u>	<u>58,132,878</u>	<u>59,595,010</u>	<u>62,048,935</u>	<u>59,618,106</u>	<u>68,038,765</u>	<u>62,317,111</u>
Total program revenues	<u>\$ 101,530,628</u>	<u>\$ 95,839,032</u>	<u>\$ 97,307,288</u>	<u>\$ 100,137,563</u>	<u>\$ 113,496,088</u>	<u>\$ 111,370,507</u>	<u>\$ 109,034,790</u>	<u>\$ 112,541,451</u>	<u>\$ 137,259,976</u>	<u>\$ 127,647,770</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (71,868,252)	\$ (88,737,050)	\$ (98,754,041)	\$ (106,552,190)	\$ (106,636,829)	\$ (119,328,327)	\$ (144,362,045)	\$ (139,395,438)	\$ (117,108,212)	\$ (122,897,493)
Business-type activities:	6,701,612	7,841,618	5,339,254	(670,104)	3,715,986	6,718,532	5,597,119	5,303,730	9,832,477	1,182,247
Total net expense	<u>\$ (65,166,640)</u>	<u>\$ (80,895,432)</u>	<u>\$ (93,414,787)</u>	<u>\$ (107,222,294)</u>	<u>\$ (102,920,843)</u>	<u>\$ (112,609,795)</u>	<u>\$ (138,764,926)</u>	<u>\$ (134,091,708)</u>	<u>\$ (107,275,735)</u>	<u>\$ (121,715,246)</u>
<b>General revenues:</b>										
<b>Governmental activities</b>										
Taxes:										
Property taxes	\$ 39,840,108	\$ 41,845,482	\$ 46,352,850	\$ 48,983,038	\$ 54,405,056	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595
Utility taxes	23,329,898	22,134,216	22,585,048	23,268,653	24,007,854	24,769,883	21,696,763	22,580,807	22,275,529	22,212,359
Franchise fees on gross receipts	-	-	-	-	-	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154
Intergovernmental revenue	23,813,085	29,432,234	30,952,329	36,963,680	35,372,486	34,202,926	32,202,844	26,285,985	19,773,241	21,521,902
Unrestricted interest	1,861,707	883,331	835,245	1,532,057	2,413,802	2,402,998	992,459	172,565	49,530	22,944
Transfers	800,000	800,000	-	397,600	-	-	-	391,068	(1,576,750)	-
Total governmental activities:	<u>89,644,798</u>	<u>95,095,263</u>	<u>100,725,472</u>	<u>111,145,028</u>	<u>116,199,198</u>	<u>134,854,585</u>	<u>135,591,294</u>	<u>126,699,379</u>	<u>109,435,567</u>	<u>102,807,954</u>
<b>Business-type activities</b>										
Unrestricted interest	1,996,778	1,194,901	869,218	1,520,798	2,598,140	3,361,773	1,995,210	1,929,614	1,419,630	720,906
Transfers	(800,000)	(800,000)	-	(397,600)	-	-	-	(391,068)	1,576,750	-
Total business-type activities:	<u>1,196,778</u>	<u>394,901</u>	<u>869,218</u>	<u>1,123,198</u>	<u>2,598,140</u>	<u>3,361,773</u>	<u>1,995,210</u>	<u>1,538,546</u>	<u>2,996,380</u>	<u>720,906</u>
Total general revenues	<u>\$ 90,841,576</u>	<u>\$ 95,490,164</u>	<u>\$ 101,594,690</u>	<u>\$ 112,268,226</u>	<u>\$ 118,797,338</u>	<u>\$ 138,216,358</u>	<u>\$ 137,586,504</u>	<u>\$ 128,237,925</u>	<u>\$ 112,431,947</u>	<u>\$ 103,528,860</u>
<b>Change in net assets:</b>										
Governmental activities	\$ 17,776,546	\$ 6,358,213	\$ 1,971,431	\$ 4,592,838	\$ 9,562,369	\$ 15,526,258	\$ (8,770,751)	\$ (12,696,059)	\$ (7,672,645)	\$ (20,089,539)
Business-type activities:	7,898,390	8,236,519	6,208,472	453,094	6,314,126	10,080,305	7,592,329	6,842,276	12,828,857	1,903,153
Total change in net assets	<u>\$ 25,674,936</u>	<u>\$ 14,594,732</u>	<u>\$ 8,179,903</u>	<u>\$ 5,045,932</u>	<u>\$ 15,876,495</u>	<u>\$ 25,606,563</u>	<u>\$ (1,178,422)</u>	<u>\$ (5,853,783)</u>	<u>\$ 5,156,212</u>	<u>\$ (18,186,386)</u>

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Reserved	\$ 2,183,527	\$ 879,048	\$ 1,236,079	\$ 2,121,649	\$ 2,742,507	\$ 5,927,352	\$ 3,466,345	\$ 2,325,307	\$ 1,625,608	\$ -
Unreserved	24,079,207	27,120,761	26,263,043	30,041,079	30,307,855	23,768,425	25,120,247	21,738,986	19,058,565	-
Nonspendable	*	-	-	-	-	-	-	-	-	1,429,186
Restricted	*	-	-	-	-	-	-	-	-	-
Committed	*	-	-	-	-	-	-	-	-	192,686
Unassigned	*	-	-	-	-	-	-	-	-	<u>12,368,373</u>
Total general fund	<u>\$ 26,262,734</u>	<u>\$ 27,999,809</u>	<u>\$ 27,499,122</u>	<u>\$ 32,162,728</u>	<u>\$ 33,050,362</u>	<u>\$ 29,695,777</u>	<u>\$ 28,586,592</u>	<u>\$ 24,064,293</u>	<u>\$ 20,684,173</u>	<u>\$ 13,990,245</u>
All other governmental funds:										
Reserved										
Encumbrances	\$ 1,422,384	\$ 8,851,406	\$ 3,674,875	\$ 10,177,921	\$ 3,351,691	\$ 4,345,683	\$ 831,483	\$ 294,643	\$ 84,917	\$ -
Inventories	-	-	-	-	-	-	-	-	28,702	-
Public safety	4,365,324	2,583,214	3,077,777	2,472,715	2,260,634	2,717,111	2,243,527	1,173,854	954,844	-
Capital projects	-	26,256,753	3,462,645	9,328,761	10,314,057	7,802,592	5,017,981	4,560,605	3,902,174	-
Debt service	-	-	-	-	665,696	686,500	517,397	543,023	1,287,137	-
Unreserved										
Undesignated, reported in:										
Capital projects fund	(506,351)	-	-	-	-	-	-	-	-	-
Special revenue funds	1,222,868	1,628,676	4,173,689	2,101,096	3,384,753	797,136	(2,513,140)	3,268,881	3,121,877	-
Nonspendable	*	-	-	-	-	-	-	-	-	43,221
Restricted	*	-	-	-	-	-	-	-	-	12,466,327
Committed	*	-	-	-	-	-	-	-	-	174,865
Unassigned	*	-	-	-	-	-	-	-	-	<u>(618,391)</u>
Total all other governmental funds	<u>\$ 6,504,225</u>	<u>\$ 39,320,049</u>	<u>\$ 14,388,986</u>	<u>\$ 24,080,493</u>	<u>\$ 19,976,831</u>	<u>\$ 16,349,022</u>	<u>\$ 6,097,248</u>	<u>\$ 9,841,006</u>	<u>\$ 9,379,651</u>	<u>\$ 12,066,022</u>

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

**CITY OF HIALEAH, FLORIDA**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Ad valorem taxes	\$ 39,840,108	\$ 41,845,484	\$ 46,352,850	\$ 48,983,038	\$ 54,289,694	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595
Utility taxes	23,329,898	22,134,216	22,585,048	23,268,651	23,752,852	24,769,883	25,523,938	26,185,078	25,865,093	25,909,723
Franchise fees	7,692,273	8,211,709	8,863,712	9,062,308	11,098,497	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154
Licenses and permits	5,671,404	5,565,777	5,368,906	5,500,527	7,785,664	6,774,381	6,988,328	6,767,212	6,458,977	7,051,641
State and local shared revenues	23,813,085	29,432,237	30,952,329	36,963,680	35,372,486	34,277,457	32,376,186	31,721,302	30,518,499	33,595,019
Fines and forfeitures	2,122,863	1,846,326	1,645,081	2,130,206	1,780,919	2,001,490	2,217,049	2,067,047	1,465,851	1,860,247
Hialeah race course lease	647,515	647,515	-	-	-	-	-	-	-	-
Interest	1,859,908	883,332	835,246	1,461,075	2,594,270	2,402,998	992,459	172,565	49,530	22,944
Government grants and other revenues	28,288,277	22,314,660	22,854,146	26,739,917	34,813,492	41,541,262	33,779,960	34,772,591	46,869,457	40,648,290
<b>Total revenues</b>	<b>133,265,331</b>	<b>132,881,256</b>	<b>139,457,318</b>	<b>154,109,402</b>	<b>171,487,874</b>	<b>185,246,249</b>	<b>182,577,148</b>	<b>178,954,749</b>	<b>180,141,424</b>	<b>168,138,613</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	24,486,772	25,927,134	29,350,162	30,382,986	43,422,682	32,294,210	32,505,934	31,914,072	30,178,666	27,517,406
Police	28,611,302	31,392,967	33,922,021	35,631,207	37,491,043	40,605,970	42,039,964	41,726,150	42,215,617	41,846,335
Fire	21,010,237	22,300,509	23,708,883	25,134,687	27,735,665	30,821,396	33,991,275	34,770,078	34,668,940	35,432,307
911 communications department	-	-	-	-	-	-	-	2,334,640	2,784,860	3,057,095
Streets	4,755,396	5,569,831	4,936,659	5,153,437	5,581,116	5,539,443	5,494,218	4,051,787	4,589,071	4,286,467
Grants and human services	1,055,177	1,133,005	603,935	1,117,650	1,064,881	2,446,509	2,146,882	2,773,003	5,968,055	6,923,729
State housing initiative programs	1,305,904	1,266,610	1,280,397	1,690,485	686,690	1,388,171	1,017,306	960,403	997,212	1,133,537
Work investment act programs	1,960,514	1,910,697	1,838,914	1,843,001	2,121,473	2,131,368	2,209,604	2,247,265	2,444,219	2,044,010
City Clerk's office	935,630	1,073,200	1,364,631	1,217,191	1,295,503	1,112,082	1,315,761	905,065	1,164,135	813,123
Office of Management and Budget	300,298	311,318	358,042	499,740	596,364	753,186	668,269	621,505	498,549	576,663
Office of the Mayor	510,635	540,311	497,118	559,109	675,196	714,702	655,965	662,240	637,840	532,856
Communications and special events	-	-	-	-	-	941,837	1,016,370	841,146	801,972	747,618
Employee retirement	418,449	442,392	484,357	467,835	483,995	455,229	519,634	489,769	537,162	463,361
Library	1,374,704	1,615,478	1,769,335	1,854,187	2,067,074	1,743,219	1,896,684	1,700,898	1,514,939	1,364,642
Compliance division	482,642	417,583	417,126	469,331	544,655	535,830	563,559	555,821	510,496	447,585
Finance	685,732	672,957	697,412	738,228	778,099	890,882	907,045	929,122	942,577	879,174
Division of licenses	355,899	409,197	361,965	352,958	386,085	397,628	478,074	553,528	431,087	286,569
Information systems	578,067	672,018	528,572	841,477	887,225	1,109,924	1,446,964	1,676,906	1,439,308	1,608,553
Fleet maintenance	1,851,115	1,881,045	1,945,836	2,046,240	2,291,796	2,107,047	2,361,705	2,555,219	2,281,377	1,966,394
Construction and maintenance	1,918,975	2,054,030	2,088,170	2,292,005	2,656,957	2,876,541	3,123,798	4,464,077	3,648,104	3,268,194
Recreation and community services	9,227,272	10,195,983	10,270,811	10,114,055	11,313,187	10,399,244	9,991,115	10,096,913	8,940,825	8,402,552
Planning and development	1,685,782	1,799,826	1,962,264	2,199,219	2,630,981	3,135,389	2,939,020	2,506,832	2,368,498	1,909,454
Adult center	-	-	-	-	-	1,675,303	1,969,595	2,056,599	1,856,244	1,750,844
Law	678,808	718,858	752,522	797,968	889,820	965,169	988,913	960,676	895,422	730,159
Risk management	176,276	348,490	344,802	401,699	432,882	578,003	716,475	732,041	991,704	877,824
Human resources	545,610	525,478	591,529	868,676	905,862	838,335	693,341	821,708	782,972	752,723
Other expenditures	21,594	7,253	-	-	-	-	-	-	-	-
<b>Debt service:</b>										
Principal	3,570,729	2,004,845	2,307,898	2,577,312	515,987	3,113,294	3,111,594	4,909,511	5,591,347	3,709,301
Interest	2,114,613	3,798,231	3,848,268	4,365,428	6,799,067	5,512,378	5,580,385	5,442,404	5,064,354	5,007,310
Capital outlay	27,540,072	32,070,880	38,657,443	44,547,773	30,479,617	42,096,354	33,261,658	19,259,020	22,198,239	14,650,952
<b>Total expenditures</b>	<b>138,158,204</b>	<b>151,060,126</b>	<b>164,889,072</b>	<b>178,163,884</b>	<b>184,733,902</b>	<b>197,178,643</b>	<b>193,611,107</b>	<b>183,518,398</b>	<b>186,943,971</b>	<b>172,986,737</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,892,873)</b>	<b>(18,178,870)</b>	<b>(25,431,754)</b>	<b>(24,054,482)</b>	<b>(13,246,028)</b>	<b>(11,932,394)</b>	<b>(11,033,959)</b>	<b>(4,563,649)</b>	<b>(6,802,547)</b>	<b>(4,848,124)</b>
<b>Other financing sources (uses):</b>										
Premium on debt	-	1,861,747	-	-	-	-	-	-	-	-
Transfers in	3,915,584	2,207,614	561,490	2,211,137	4,388,554	6,475,276	1,714,930	3,419,660	1,397,618	67,768
Transfers out	(3,115,584)	(1,407,614)	(561,490)	(1,813,537)	(4,388,554)	(6,475,276)	(1,714,930)	(3,100,661)	(1,397,618)	(67,768)
Payment to refunded bond escrow agent	-	-	-	-	-	-	(2,610,000)	-	-	(30,100,120)
Proceeds of refunding bonds	-	-	-	-	-	-	2,283,000	-	-	31,039,840
Proceeds from sale of long term asset	-	-	-	-	-	-	-	-	4,800,000	-
Issuance of debt	-	48,135,000	-	29,996,745	10,030,000	4,950,000	-	3,466,113	459,788	212,560
<b>Total other financing sources (uses)</b>	<b>800,000</b>	<b>50,796,747</b>	<b>-</b>	<b>30,394,345</b>	<b>10,030,000</b>	<b>4,950,000</b>	<b>(327,000)</b>	<b>3,785,112</b>	<b>5,259,788</b>	<b>1,152,280</b>
<b>Net change in fund balances</b>	<b>\$ (4,092,873)</b>	<b>\$ 32,617,877</b>	<b>\$ (25,431,754)</b>	<b>\$ 6,339,863</b>	<b>\$ (3,216,028)</b>	<b>\$ (6,982,394)</b>	<b>\$ (11,360,959)</b>	<b>\$ (778,537)</b>	<b>\$ (1,542,759)</b>	<b>\$ (3,695,844)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>5.14%</b>	<b>4.88%</b>	<b>4.88%</b>	<b>5.20%</b>	<b>4.74%</b>	<b>5.56%</b>	<b>5.42%</b>	<b>6.30%</b>	<b>6.47%</b>	<b>5.51%</b>

# CITY OF HIALEAH, FLORIDA

## NET ASSESSED VALUE OF TAXABLE PROPERTY

### LAST TEN FISCAL YEARS

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
2002	4,960,051,499	582,924,525	4,739,888	5,547,715,912	7.5280
2003	5,276,571,866	567,960,412	4,820,236	5,849,352,514	7.5280
2004	5,926,022,316	584,659,729	4,687,473	6,515,369,518	7.5280
2005	6,670,557,535	588,805,658	4,649,909	7,264,013,102	7.1000
2006	7,907,932,115	619,146,007	5,884,955	8,532,963,077	6.8000
2007	9,001,150,803	625,028,036	6,671,929	9,632,850,768	6.8000
2008	10,126,361,853	554,764,657	7,711,059	10,688,837,569	6.5400
2009	8,940,547,673	538,044,784	10,027,214	9,488,619,671	6.5400
2010	7,222,367,199	520,988,608	7,357,864	7,750,713,671	6.5400
2011	6,744,572,176	531,432,543	10,363,835	7,286,368,554	6.5400

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

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

## CITY HIALEAH, FLORIDA

### PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

#### LAST TEN FISCAL YEARS

<u>City of Hialeah</u>		<u>Overlapping Rates (1)</u>										Total Direct and Overlapping Rates
		Miami-Dade										
		<u>Miami-Dade County</u>			<u>County School Board</u>							
<u>Fiscal Year</u>	<u>Operating Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total County Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total School Millage</u>	<u>Water Management District</u>	<u>Special District</u>	<u>Children's Trust</u>	<u>Everglades C.P.</u>	
2002	7.5280	5.7130	0.5520	6.2650	8.5280	0.8480	9.3760	0.5970	0.0385	0.0000	0.1000	23.9045
2003	7.5280	5.8890	0.3900	6.2790	8.4820	0.7700	9.2520	0.5970	0.0385	0.0000	0.1000	23.7945
2004	7.5280	5.9690	0.2850	6.2540	8.4180	0.6820	9.1000	0.5970	0.0385	0.5000	0.1000	24.1175
2005	7.1000	5.9690	0.2850	6.2540	8.0900	0.5970	8.6870	0.5970	0.0385	0.4442	0.1000	23.2207
2006	6.8000	5.8670	0.2850	6.1520	7.9470	0.4910	8.4380	0.5970	0.0385	0.4309	0.1000	22.5564
2007	6.8000	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0345	0.4223	0.0894	20.6934
2008	6.5400	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0345	0.4212	0.0894	20.5396
2009	6.5400	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0345	0.5000	0.0894	20.8164
2010	6.5400	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.5346	0.0345	0.5000	0.0894	21.8200
2011	6.5400	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0345	0.5000	0.0624	20.6058

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: City of Hialeah Office of Management & Budget and Miami-Dade County Property Appraiser's Office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Hialeah. Not all overlapping rates apply to all City of Hialeah property owners (i.e. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

**CITY OF HIALEAH, FLORIDA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**FISCAL YEAR 2011**

<u>Taxpayer</u>	<u>Net Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Net Assessed Value</u>
Florida Power & Light CO	\$ 110,275,980	1	1.42%
WH Hialeah Investors V LLC	97,560,106	2	1.26%
Mall on the Mile LLC	100,254,796	3	1.29%
Lifemark Hospitals Inc.	99,123,253	4	1.28%
Westland Mall LLC	71,100,000	5	0.92%
Hialeah Speedway Limited	69,049,069	6	0.89%
Palm Springs Mile Associates LTD	63,935,331	7	0.82%
Hialeah Investors LLC	47,516,771	8	0.61%
Tenet Hialeah Health System INC	36,354,433	9	0.47%
114 Acres Hialeah LLC	34,446,391	10	0.44%
	<u>\$ 729,616,131</u>		<u>9.40%</u>

Note: Information is not available for fiscal year 2002 comparison.

Source: Miami-Dade County Property Appraisers Office.

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

Fiscal Year Ended <u>September 30.</u>	Total Taxes Levied for <u>Fiscal Year</u>	Levied Taxes Collected within the Fiscal Year		Delinquent <u>Tax Collections</u>	Total Tax Collections	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2002	41,651,160	39,166,129	94.03%	673,979	39,840,108	95.65%
2003	44,158,639	41,396,740	93.75%	448,744	41,845,484	94.76%
2004	49,178,630	46,172,254	93.89%	180,596	46,352,850	94.25%
2005	51,892,970	48,596,777	93.65%	386,261	48,983,038	94.39%
2006	58,024,149	53,351,595	91.95%	423,624	53,775,219	92.68%
2007	65,503,385	60,909,886	92.99%	299,605	61,209,491	93.44%
2008	72,108,007	67,599,293	93.75%	779,007	68,378,300	94.83%
2009	69,904,998	66,521,182	95.16%	810,759	67,331,941	96.32%
2010	62,055,573	55,475,555	89.40%	2,465,365	57,940,920	93.37%
2011	48,499,075	46,209,687	95.28%	2,008,135	48,217,821	99.42%

Source: City of Hialeah Office of Management & Budget.

**CITY OF HIALEAH, FLORIDA**

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Governmental Activities				Business-Type Activities					Total	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Notes Payable	Capital Leases	Mortgage Payable	Revenue Bonds	Notes Payable	Revolving Loan	Capital Leases	Water Purchase Agreement			
2002	3,380,000	33,874,122	1,606,773	130,040	2,420,000	13,675,000	813,471	-	-	55,899,406	0.82%	242
2003	3,240,000	77,810,000	434,046	124,762	1,960,000	11,090,000	838,526	-	-	95,497,334	1.31%	409
2004	3,095,000	75,710,000	376,711	119,324	1,480,000	8,340,000	874,344	-	-	89,995,379	1.15%	385
2005	2,940,000	102,620,000	316,218	113,720	970,000	5,415,000	900,989	-	-	113,275,927	1.44%	492
2006	2,780,000	109,930,000	252,391	103,841	465,000	2,305,000	1,021,188	-	514,546	117,371,966	1.47%	509
2007	2,610,000	112,010,000	185,047	97,891	-	1,185,000	2,158,254	-	352,832	118,599,024	1.42%	512
2008	2,223,591	109,035,000	113,992	91,761	-	-	2,047,309	-	176,416	113,688,069	1.38%	490
2009	2,047,751	107,553,325	334,426	85,444	-	-	1,875,810	-	-	111,896,756	1.55%	490
2010	1,864,063	102,418,870	527,519	117,969	-	-	1,705,629	-	-	106,634,050	1.48%	471
2011	1,672,177	100,102,352	596,872	-	-	50,043,500	2,027,067	-	-	154,441,968	1.95%	618

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

(1) See the Schedule of Demographic and Economic Statistics on page 111 for personal income and population data.

**CITY OF HIALEAH, FLORIDA**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2011

(amounts expressed in thousands)

<u>Government Unit</u>	2011		
	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to the City of Hialeah</u>
Miami-Dade County School Board	\$ 348,100	3.59%	\$ 12,497
Miami-Dade County	<u>839,096</u>	3.56%	<u>29,872</u>
Subtotal, Overlapping Debt	1,187,196		42,369
City of Hialeah Direct Debt	<u>102,371</u>	100%	<u>102,371</u>
Total Direct and Overlapping Debt	<u>\$ 1,289,567</u>		<u>\$ 144,740</u>

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board, Finance Department

(1) The percentage of overlapping debt applicable is estimated using net taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

**CITY OF HIALEAH, FLORIDA**

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	State of Florida Loan						Rescue Transportation 1993 and 2007 Revenue Bonds			
	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Rescue Transportation Fees (a)	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2002	45,576,660	33,723,172	11,853,488	2,890,000	1,039,570	3.02	1,902,477	130,000	190,935	5.93
2003	42,966,642	31,622,333	11,344,309	3,045,000	879,430	2.89	2,119,502	140,000	184,435	6.53
2004	43,711,215	34,017,403	9,693,812	3,230,000	709,250	2.46	2,059,811	145,000	177,295	6.39
2005	42,439,031	36,554,800	5,884,231	3,435,000	528,471	1.48	1,827,090	155,000	169,755	5.63
2006	42,901,913	36,984,771	5,917,142	3,615,000	337,265	1.50	1,968,192	160,000	161,540	6.12
2007	41,236,360	36,154,466	5,081,894	1,585,000	138,400	2.95	2,394,917	170,000	152,900	7.42
2008	46,070,878	38,241,216	7,829,662	1,185,000	65,175	6.26	2,602,700	59,409	75,876	19.24
2009	40,702,131	39,699,976	1,002,155	-	-	N/A	2,763,685	175,840	94,730	10.21
2010	56,463,162	46,051,730	10,411,432	-	-	N/A	3,324,801	183,688	86,882	12.29
2011	56,463,162	46,051,730	10,411,432	-	-	N/A	2,956,713	270,570	78,674	8.47

Source: City of Hialeah Finance Department

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

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

Note (c): During 2011, the City issued Florida Municipal Loan Council Revenue Bond Series 2011D for which the City has pledged Project Revenues (see Note 11) no principal is due for 2012 as the Project has not been completed.

# CITY OF HIALEAH, FLORIDA

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2002	231,270	6,785,693	29,341	39	32,082	7.9%
2003	233,388	7,262,801	31,119	39	30,910	7.1%
2004	233,566	7,830,300	33,525	39	30,254	6.6%
2005	230,225	7,850,903	34,101	39	29,370	5.9%
2006	230,407	7,996,966	34,708	39	29,885	5.1%
2007	231,500	8,352,752	36,081	39	30,105	5.8%
2008	232,155	8,224,091	35,425	38	31,226	8.9%
2009	228,157	7,230,067	31,689	42	29,370	14.5%
2010	226,419	7,183,822	31,728	41	29,685	15.9%
2011	227,962	7,927,000	31,706	38	34,194	12.6%

Sources:

- (1) University of Florida, Bureau of Economic Research and American Factfinder, City of Hialeah, FL.
- (2) United States Census Bureau
- (3) Miami-Dade County School Board Budget Office
- (4) U.S. Department of Labor

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

**CITY OF HIALEAH, FLORIDA**

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
City of Hialeah	1,295	1	1.36%	1,601	2	1.79%
Palmetto General Hospital	1,648	2	1.74%	1,345	3	1.50%
United Parcel Service	1,162	3	1.22%	1,310	4	1.46%
Hialeah Hospital	1,075	4	1.13%	1,305	5	1.46%
Winn Dixie Super Markets	1,031	5	1.09%	-	-	-
Publix Super Markets	827	6	0.87%	-	-	-
Palm Springs Hospital	618	7	0.65%	697	7	0.78%
Sedano's Super Markets	547	8	0.58%	388	10	-
Yellow Stone Group	414	9	0.44%	-	-	-
Bank of America	391	10	0.41%	-	-	-
Coulter Electronic	-	-	-	1,815	1	2.03%
Gator Industries	-	-	-	607	6	0.68%
Interamerican Transport Equipment Co.	-	-	-	366	9	0.41%
Piba Industries Inc.	-	-	-	374	8	0.42%
<b>Total</b>	<u>9,008</u>		<u>9.49%</u>	<u>9,808</u>		<u>10.53%</u>

Source: Hialeah Dade Development, Inc.

**CITY OF HIALEAH, FLORIDA**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of employees:										
Mayor's office	9	8	9	9	9	10	12	12	10	8
Communications & special events	-	-	-	-	8	11	11	11	8	1
Information systems	10	10	10	10	13	19	14	14	14	14
Community development:										
Planning and zoning	31	36	38	41	15	13	13	13	8	10
Building	-	-	-	-	26	31	31	31	17	19
License	9	8	8	9	9	8	10	10	7	5
Code compliance	11	10	10	12	12	12	9	10	7	7
Office of Management & Budget	11	10	12	11	10	13	17	16	15	12
City Clerk's office	10	11	10	10	8	8	11	10	8	3
Law	14	13	15	14	14	14	13	13	10	11
Risk management	11	10	10	10	8	15	13	13	14	14
Police:										
Police officers	347	360	388	371	372	372	358	365	312	327
Civilians	146	151	152	157	131	151	150	150	121	105
Fire:										
Firefighters	242	248	284	281	262	288	262	265	241	199
Civilians	57	51	51	51	51	59	58	58	55	44
911 Communications	-	-	-	-	-	-	-	-	43	47
Education & community services	-	-	-	-	15	28	30	33	32	27
Library	36	33	32	32	28	31	29	30	24	17
Recreation and community services	126	123	116	109	94	93	92	92	81	76
Streets	35	36	36	34	33	30	30	32	23	34
Stormwater	26	24	23	21	18	17	18	20	13	13
Fleet	56	53	52	50	46	47	48	48	31	33
Circulator	2	2	2	2	7	7	7	7	5	5
Construction and maintenance	53	52	51	52	52	54	53	58	30	30
Solid waste	135	146	142	135	122	126	115	113	85	74
Human resources	11	10	11	11	12	10	10	10	9	7
Finance	16	14	16	16	15	17	15	15	14	16
Retirement	5	4	5	3	4	5	5	5	3	3
Grants and human services	42	42	44	43	50	43	42	40	38	35
Water and sewer	64	66	61	57	57	57	58	59	52	50
Water division	48	47	45	44	40	39	38	40	32	30
Sewer division	38	37	36	32	31	30	30	31	24	19
Total number of employees	<u>1,601</u>	<u>1,615</u>	<u>1,669</u>	<u>1,627</u>	<u>1,572</u>	<u>1,658</u>	<u>1,602</u>	<u>1,624</u>	<u>1,386</u>	<u>1,295</u>

Source: City of Hialeah Human Resources Department

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

**CITY OF HIALEAH, FLORIDA**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public safety										
Police:										
Police calls for service	269,469	277,913	263,558	260,108	224,546	222,425	223,101	260,108	259,556	203,401
Parking violations	18,008	11,683	8,518	19,533	11,514	12,325	11,925	19,533	18,775	2,915
Traffic violations	76,216	77,617	68,853	69,701	74,446	75,251	76,135	88,550	91,051	73,423
Fire:										
Number of calls answered	29,150	29,670	30,931	32,332	31,338	33,658	35,009	32,350	34,425	32,992
Inspections	5,873	4,856	4,403	10,396	13,035	17,947	22,921	10,851	11,825	11,136
Planning and development:										
Business permits issued	7,829	9,521	10,102	10,228	10,530	12,487	9,852	9,215	9,185	9,185
Occupational licenses issued	15,885	15,901	16,536	17,211	17,648	18,101	18,325	18,058	17,225	17,225
Streets:										
Street resurfacing (miles)	12.0	12.9	22.2	14.8	8.2	6.9	6.1	7.8	8.1	7.4
Potholes repaired	742	631	499	516	580	462	471	420	310	310
Culture and recreation:										
Library cards issued	12,354	10,592	13,956	15,959	16,756	16,288	14,321	32,162	18,325	18,325
Registrations for library programs	14,697	13,255	11,795	112,433	118,054	119,645	122,398	112,433	110,663	110,663
Community center admissions	251,799	236,455	216,511	175,605	184,385	192,874	195,457	136,427	141,332	141,332
Athletic field permits issued	29	39	34	47	60	72	85	47	41	41
Water and sewer:										
Active accounts - water and sewer	45,273	51,758	54,337	54,331	55,265	54,640	54,400	54,580	53,996	54,576
Average daily water consumption (thousands of gallons)	24,300	21,700	22,300	23,800	23,606	21,325	20,015	22,422	23,100	22,094
Average daily sewage treatment (thousands of gallons)	28,200	25,700	28,900	30,100	24,026	25,178	24,985	21,767	19,899	23,171
New connections	4,721	6,923	3,921	3,629	6,910	4,698	4,355	4,225	4,468	4,931
Water main breaks	120	123	164	163	251	225	192	115	102	177
Solid waste:										
Residential accounts	36,193	36,346	36,002	35,492	35,567	35,621	36,780	34,951	35,037	35,591
Commercial accounts	433	446	473	415	422	443	452	443	468	446
Refuse collected (tons/day)	238.8	241.4	246.7	267.4	251.4	231.9	241.5	398.8	405.3	3,058.0
Recyclables collected (tons/day)	10.0	10.6	9.5	9.6	7.2	7.3	7.4	12.7	13.5	14.2

Sources: Various City departments

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

**CITY OF HIALEAH, FLORIDA**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	4	4	4	4	4	5	5	5	5	5
Patrol units	194	180	177	177	191	282	315	378	386	398
Fire:										
Fire stations	7	7	7	7	7	8	8	8	8	8
Fire apparatus vehicles	12	12	12	12	12	12	13	13	15	15
Emergency rescue vehicles	6	6	6	7	8	9	10	10	10	10
Streets:										
Miles of streets	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1
Culture and recreation:										
Parks	26	27	27	27	27	27	27	27	27	27
Parks acreage	218.5	223.5	223.5	223.5	255.0	255.0	255.0	223.5	223.5	223.5
Community center	3	3	3	3	3	3	3	3	3	3
Swimming pools	7	7	7	7	7	7	7	7	7	7
Tennis courts	33	32	27	25	23	23	21	26	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	484	486	486	487	487	490	490	492	492	492
Fire hydrants	2,708	2,718	2,741	2,750	2,750	2,766	2,766	2,772	2,772	2,772
Storm sewers (miles)	61.0	67.0	77.4	84.3	84.3	88.2	88.2	88.2	88.2	88.2
Solid waste:										
Collection trucks	45	45	36	36	38	37	35	34	38	38

Sources: Various City departments

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## COMPLIANCE SECTION

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## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters and Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the "City") as of and for the fiscal year ended September 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 15, 2012. 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.

### Internal Control Over Financial Reporting

Management of the City of Hialeah is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and one deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2009-1 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2010-2 to be a significant deficiency.

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

Compliance and Other Matters

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

However, we noted other matters that we have reported in the schedule of findings and responses as required by the Auditor General of the State of Florida.

The City's responses to the finding and recommendations identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

Pursuant to Chapter 119, Florida Statutes, this report is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, City Council, management, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
May 15, 2012



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## **Management Letter in Accordance with the Rules of the Auditor General of the State of Florida**

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the "City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 15, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General*. We have issued our Independent Auditors' Report on Internal Control over financial reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and the Schedule of Findings and Responses. Disclosures in those reports and schedule, which are dated May 15, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- ❖ Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial report. See Summary Schedule of Prior Audit Findings and Recommendations.
- ❖ Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Hialeah, Florida complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. See Schedule of Findings and Responses for current year recommendations.

- ❖ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. Our audit disclosed no such matters.
- ❖ Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Hialeah was incorporated by Laws of Florida 90-142. There was one blended component unit disclosed in the notes to the financial statements.
- ❖ Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Hialeah, Florida did not meet the conditions described in Section 218.503(1)(6), Florida Statutes.
- ❖ Section 10.554(1)(i)7.b., Rules of the Auditor General, we determined that the annual financial report for the City of Hialeah, Florida for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Sections 10.554(i)7 and 10.556(7), Rules of the Auditor General, require that we apply financial assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

We wish to thank the City of Hialeah, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
May 15, 2012



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## **Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General**

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

### Compliance

We have audited the City of Hialeah, Florida (the "City") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Compliance Supplement that could have a direct and material effect on each of the City's major federal and state programs for the fiscal year ended September 30, 2011. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations, and Chapter 10.550, Rules of the Auditor General*. Those standards and OMB Circular A-133 and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the fiscal year ended September 30, 2011.

### Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Pursuant to Chapter 119, Florida Statutes, this report is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, City Council, management, applicable federal and state awarding agencies and pass through entities and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these parties.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
May 15, 2012

**CITY OF HIALEAH, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant	14.218	B-09MC-12-0008	\$ 3,045,362
Community Development Block Grant R	14.253**	S-09-MY-12-0008	<u>324,687</u>
HOME Investment Partnership	14.239	M-06-MC-12-0207	204,419
HOME Investment Partnership	14.239	M-07-MC-12-0207	61,890
HOME Investment Partnership	14.239	M-08-MC-12-0207	30,213
HOME Investment Partnership	14.239	M-09-MC-12-0207	175,570
HOME Investment Partnership	14.239	M-10-MC-12-0207	<u>354,915</u>
			<u>827,007</u>
Emergency Shelter Grant	14.231	S-09-MC-12-0005	73,429
Emergency Shelter Grant	14.231	S-10-MC-12-0005	<u>174,743</u>
			<u>248,172</u>
Neighborhood Stabilization Program (NSP 1)	14.256**	B-08-MN-12-0009	<u>1,810,019</u>
Homeless Prevention Rapid-Rehousing Program	14.257**	S-09-MY-12-0005	<u>1,074,562</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>7,329,809</u>
 <b>U.S. Department of Justice</b>			
2009 Cops Technology	16.710**	2009-CKWX0572	129,127
2010 Cops Technology	16.710**	2010-CKWX0079	<u>41,331</u>
			<u>170,458</u>
Edward Byrne Memorial formula Grant Program	16.579	2011-JAGC-DADE-22-B2-187	<u>116,441</u>
<b>Total U.S. Department of Justice</b>			<u>286,899</u>
 <b>U.S. Department of Energy</b>			
Energy Efficiency and Conservation Block Grant (EECBG)	81.128**	DE-SC0003207	<u>44,769</u>
<b>Total U.S. Department of Energy</b>			<u>44,769</u>
 <b>U.S. Department of Homeland Security</b>			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.044	EMW-226-FF-04047	<u>291,756</u>
<b>Subtotal Direct Programs</b>			<u>7,953,233</u>
 <b>U.S. Department of Transportation</b>			
<u>Indirect Programs-Passed through the Florida Department of Transportation:</u>			
2009 Federal Highway Earmark Logal Agency Program	20.205**	FM426617	57,464
ARRA Local Agency Program	20.205**	FM427604-2/APU99/ARRA631-B	312,528
ARRA Local Agency Program	20.205**	FM426195 -- APL70	19,270
ARRA Local Agency Program	20.205**	FM426194 -- APL71	86,600
ARRA Local Agency Program	20.205**	FM426196 -- APL75	36,328
ARRA Local Agency Program	20.205**	FM426196-2 -- APM04	103,808
ARRA Local Agency Program	20.205**	FM426193 -- APL68	341,016
ARRA Local Agency Program	20.205**	FM418349-1 -- APF37	<u>700,609</u>
<b>Total U.S. Department of Transportation</b>			<u>1,657,623</u>

\*\*ARRA Funded

(Continued)

**CITY OF HIALEAH, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
One-Stop Career Center Hialeah Downtown	17.258	WDS-CCPY*10-03-01	\$ 60,172
One-Stop Career Center Hialeah Downtown	17.258	WDS-CCPY*10-03-02	121,506
American Recovery & Reinvestment Act (ARRA)	17.258	ARRA-IN-PY*09-03-00	<u>12,707</u>
			<u>194,384</u>
WIA - Youth Services Out of School	17.259	WDS-YS-OSY-PY09-02-00	153,729
WIA - Youth Services Out of School	17.259	WDS-YS-OSY-PY*10-02-00	32,434
WIA - Youth Services Out of School	17.259	WDS-YS-OSY-PY*11-01-1-00	12,270
WIA- Youth Stay In School	17.259	WDS-YS-ISY-PY*09-01-00	92,296
WIA- Youth Stay In School	17.259	WDS-YS-ISY-PY*10-01-00	11,388
WIA- Youth Stay In School	17.259	WDS-YS-ISY-PY*11-01-1-00	<u>7,232</u>
			<u>309,348</u>
One-Stop Career Center Hialeah Downtown	17.260**	WDS-CCPY*10-03-01	146,669
One-Stop Career Center Hialeah Downtown	17.260**	WDS-CCPY*10-03-02	296,166
American Recovery & Reinvestment Act (ARRA)	17.260**	ARRA-IN-PY*09-03-00	<u>34,742</u>
			<u>477,578</u>
One-Stop Career Center Hialeah Downtown	17.225**	WDS-CCPY*10-03-01	28,310
One-Stop Career Center Hialeah Downtown	17.225**	WDS-CCPY*10-03-02	<u>85,116</u>
			<u>113,427</u>
<b>Total U.S. Department of Labor- Through the South Florida Workforce Investment Board</b>			<u>1,094,738</u>
Pass- Through Program from:			
South Florida Workforce Investment Board (SFWIB)			
WIA - Youth Services Out of School	93.558	WDS-YS-OSY-PY09-02-00	61,194
WIA - Youth Services Out of School	93.558	WDS-YS-OSY-PY*10-02-00	5,083
One-Stop Career Center Hialeah Downtown	93.558	WDS-CCPY*10-03-01	188,593
One-Stop Career Center Hialeah Downtown	93.558	WDS-CCPY*10-03-02	397,950
WIA- Youth Stay In School	93.558	WDS-YS-ISY-PY*09-01-00	36,739
WIA- Youth Stay In School	93.558	WDS-YS-ISY-PY*10-01-00	<u>1,785</u>
			<u>691,345</u>
<b>Total U.S. Department of Health and Human Services- Through the SFWIB</b>			<u>691,345</u>
Pass- Through Program from:			
South Florida Workforce Investment Board (SFWIB)			
Refugee Employment and Training	93.584	RED-DP-PY*09-05-00	<u>202,182</u>
<b>Total U.S. Department of Health and Human Services- Through the SFWIB</b>			<u>202,182</u>
Pass- Through Program from:			
South Florida Workforce Investment Board (SFWIB)			
One-Stop Career Center Hialeah Downtown	10.551**	WDS-CCPY*10-03-01	18,463
One-Stop Career Center Hialeah Downtown	10.551**	WDS-CCPY*10-03-02	<u>37,283</u>
			<u>55,746</u>
<b>Total U.S. Department of Agriculture- Through the SFWIB</b>			<u>55,746</u>
Pass- Through Program from:			
State of Florida Department of Education			
21st Century Community Learning Centers	84.287	13B-2441A-0PCC1	<u>554,099</u>
<b>Total U.S. Department of Education - Through State of Florida Department of Education</b>			<u>554,099</u>
Pass-Through Program from:			
The Florida Department of Health			
Homeland Security Grant Program	97.067	COBK-233-01-0041	<u>44,301</u>
<b>Total U.S. Department of Homeland Security - Through the Florida Department of Health</b>			<u>44,301</u>
Pass-Through Program from:			
The Florida Division of Emergency Management			
Homeland Security Grant Program	97.067	08-DS-65-11-23-02-404	310,337
Metropolitan Medical Response (MMRS)	97.067	08-DS-19-11-23-02-003	93,718
Metropolitan Medical Response (MMRS)	97.067	11-DS-36-11-23-02-276	122,937
Urban Areas Security Initiatives (2006)	97.067	07-DS-5S-11-23-02-379	<u>45,300</u>
			<u>572,292</u>
<b>Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management</b>			<u>572,292</u>
<b>TOTAL EXPENDITURES OF FEDERAL FINANCIAL AWARDS</b>			<u>\$ 12,825,558</u>

\*\*ARRA Funded

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

**CITY OF HIALEAH, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS  
(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
<b>Florida Housing Finance Corporation</b>			
State Housing Initiative Partnership Program	52.901	S-01-MC-12-0007	\$ 647,810
State Housing Initiative Partnership Program	52.901	S-01-MC-12-0008	<u>485,727</u>
<b>Total Florida Housing Finance Corporation</b>			<u>1,133,537</u>
<b>Florida Department of State - Division of Libraries and Information Services</b>			
Central E. Library	45.020	05-PLC-30	<u>39</u>
			<u>39</u>
State Aid to Libraries	45.030	08-ST-35	15,724
State Aid to Libraries	45.030	09-ST-35	<u>6,154</u>
			<u>21,878</u>
<b>Total Florida Department of State - Division of Libraries and Information Services</b>			<u>21,917</u>
<b>Florida Department of Environmental Protection</b>			
Florida Recreation Development Assistance Program	37.017	N/A	42,262
Water Protection & Sustainability Program	37.066	4600001744	<u>428,500</u>
<b>Total Florida Department of Environmental Protection</b>			<u>470,762</u>
<b>Florida Department of Financial Services</b>			
Alliance for Aging - Meals for the Elderly	93.045	2011-2012 LSP-KL-1134	<u>135,000</u>
<b>Total Florida Department of Elder Affairs</b>			<u>135,000</u>
<b>Florida Department of Transportation</b>			
State Highway Project Reimbursement	55.023	APN38	<u>1,838,898</u>
<b>Total Florida Department of Transportation</b>			<u>1,838,898</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 3,600,114</u>

N/A - Not Applicable

# CITY OF HIALEAH, FLORIDA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and State financial assistance includes the federal and state grant activity of the City of Hialeah and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### NOTE 2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Provided</u>
Community Development Block Grant	14.218	<u>\$570,000</u>

### NOTE 3. CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### PRIOR YEAR COMMENTS AND STATUS

#### MATERIAL WEAKNESS

##### 2009-1 - Develop Instructions for Year-end Closing Procedures and Budgeting Process

**Condition:** To ensure effective completion of the annual year-end closing procedures and to ensure that the overall reporting timetable to management, legislative bodies and the Government Finance Officers Association are met, we recommend that formal closing instructions and related accounting practices be developed and, perhaps, included in the City's accounting policies and procedures manual.

These instructions should include the following:

- The purpose of all closing procedures.
- Timetables outlining appropriate due dates.
- Sample formats.
- Instructions for schedules to be prepared.

**Recommendation:** We recommend that the timetable cover the period beginning with the preparation for pre-audit meetings and physical inventories through the completion of the data required for the financial statements. The procedures should also include a chronological listing of the original due dates for the item required and space should be provided for notation of actual dates on which the item is completed. Such information will aid in management's review of the information and timely follow-up of matters questioned. The Finance Director should assign to one individual, such as the Assistant Finance Director, the overall responsibility for monitoring each employee's compliance with the instructions.

We also recommend that the City review its current budget process and adopt a formal document that incorporates all the requirements established by the State, Charter and City Ordinances. The document can be added as a section to accounting policies and procedures manual.

**Current Year Status:** There were numerous adjusting journal entries provided again after the trial balance was provided for the 2011 audit. There were also two prior period adjustments recorded during the 2011 audit. This again caused delays in the completion of the 2011 audit. **This condition will be repeated.**

**View of Responsible Officials and Planned Corrective Actions:** Closing procedures are included in the accounting and procedures manual that is currently being reviewed for implementation on October 1, 2012. A chapter will be added in the accounting manual related to budgetary level of control in the coming fiscal year from the existing budget policies and procedures. The Office of Management and Budget for the last six fiscal years has established and written documentation of its budget process and procedures included in its GFOA budget submission. The City has received the Distinguished Budget Presentation Award for the last five years from the Government Finance Officers Association which mandates the budget policies be written and established as a precondition of receiving the Distinguished Budget Presentation Award.

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### SIGNIFICANT DEFICIENCY

##### 2010-2– Reconciliation of Grants Receivable

**Condition:** During 2010, a prior period adjustment of \$2,298,718 was recorded to write-off grant receivables for park construction related costs which had been accrued for reimbursement from grants. The City performed a final reconciliation and close-out of the grants during 2010 and noted that these costs were not reimbursable by grants and should have been charged to various City funds.

**Recommendation:** We recommend that the City's finance department reconcile the grant receivable balances to reimbursement requests maintained by the grants department on a quarterly basis or at a minimum at year end. These procedures should be included with the year-end closing procedures recommended within item 2009-1.

**Current Year Status:** During the 2011 audit another prior period adjustment of \$311,713 was recorded to write-off grant receivables for roadway construction costs which had been accrued for reimbursement from grants. We also noted an additional \$1,060,126 in receivables that had been recorded for reimbursement from grants during the current year for which the grant funds were already fully expended. Therefore, those receivables were written off and charged to the general fund. We will repeat our recommendation for the 2011 fiscal year and have reported this condition as a significant deficiency in fiscal year 2011.

**View of Responsible Officials and Planned Corrective Actions:** This recommendation has been implemented and is included in the closing procedures section of the accounting manual currently under review. In addition, we have consolidated the accounts receivable function in order to prevent this event from occurring again.

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### OTHER MATTERS

##### 2010-1 – Establish an Unreserved Fund Balance Policy

**Condition:** Due to decreasing revenues as a result of the current economic conditions there have been decreases in the general fund's unreserved fund balance and is budgeted to decrease in the subsequent year. It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

**Recommendation:** We recommend that the City follow the recommended practice of the GFOA and establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund. The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances.

In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund);
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained); and
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

**Current Year Status:** This recommendation was not implemented during the fiscal year ended September 30, 2011. The general fund's unassigned/unreserved fund balance decreased to \$12,368,373 for the fiscal year ended September 30, 2011 which now represents approximately 10.7% of the 2011-2012 general fund budget. See Other Matters comment 2011-1 and we will repeat the recommendation to establish an unassigned fund balance policy.

**View of Responsible Officials and Planned Corrective Actions:** Management will review the recommended practice of the GFOA and assess the unreserved fund balance in the general fund as well as the City's specific need for establishing a formal policy.

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### OTHER MATTERS (Continued)

#### **2010-3– Government Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions**

**Condition:** The Objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The hierarchy is as follows:

- Restricted, committed, assigned, and unassigned.

The statement is effective for fiscal years beginning after June 15, 2010.

**Recommendation:** We recommend that the City obtain a thorough understanding of the requirements and initiate implementation for the September 30, 2011 fiscal year.

**Current Year Status:** The City implemented Government Accounting Standards Board Statement No. 54 – “Fund Balance Reporting and Governmental Fund Type Definitions” during the fiscal year. This recommendation will not be repeated.

#### **2009-2 –Capital Assets and Compensated Absences Tracking Systems**

**Condition:** At present, capital assets are recorded in Excel spreadsheets maintained by the City and are updated at year end for capital additions and deletions. The Excel files are also used to record depreciation.

For compensated absences, the City currently uses two different reports to account for and report compensated absences. A reconciliation has to be performed at year end between the two reports to arrive at the year end compensated absences accrual.

**Recommendation:** We recommend that the City use its capital asset module within its accounting software system. Using a capital asset system will eliminate the redundant recording of transactions in several sets of records. Additionally, it will allow the City to calculate and update depreciation schedules as additions are made. We also recommend that the City update its capital asset records quarterly.

The City should develop one report for compensated absences to avoid having to reconcile the two reports at year end and improve timeliness of its financial reporting.

**Current Year Status:** The recommendation regarding the capital asset system has not been implemented. We noted that the compensated absence report was consolidated into one report. **This recommendation will be repeated.**

**View of Responsible Officials and Planned Corrective Actions:** The Information Technology Department has consolidated the two compensated absences report into one all-inclusive report. The department has updated the capital assets module and the Finance Department has posted all capital assets through 9/30/09 in the module. The Finance Department is in the process of posting fiscal 2010 and 2011 capital assets into the module; and will continue to utilize the fixed asset module going forward.

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### OTHER MATTERS (Continued)

##### 2009-3 –Limit Access to Post Journal Entries and Create Accounts in the General Ledger

**Condition:** During our audit we noted that access to post journal entries and create accounts is not limited to the City's finance department.

**Recommendation:** Although, we did not find any improper journal entries or accounts, we recommend that the City limit access to posting of journal entries within the City's general ledger to those individuals approved by the Finance Director. We also recommend that any new accounts or funds created in the City's general ledger be approved by the Finance Director.

**Current Year Status:** This recommendation has not been implemented. **This recommendation will be repeated.**

**View of Responsible Officials and Planned Corrective Actions:** Management will review the list of employees authorized to post journal entries to ensure that the list is up-to-date. The Finance Director also approves all requests for access of any kind to the general ledger including access to posting journal entries.

##### 2007-5 Accounting Policies and Procedures Manual

**Condition:** We noted during our inquiries of management and our audit testing that the City does not maintain a written Accounting Policies and Procedures Manual.

**Effect:** Not having a formal written Accounting Policies and Procedures Manual can create inconsistencies in the process, which can cause difficulties ensuring that all proper procedures were followed in order to complete a transaction.

**Recommendation:** We recommend that the City formalize a written Accounting Policies and Procedures Manual. A formal written manual will ensure that assets are safeguarded and that finances are managed with responsible stewardship. In the absence of formal procedures mistakes, whether intentional or not can occur. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees, and cross-training of existing employees and possibly allow for delegation to other employees of some accounting functions management performs.

The benefit of such a manual is that it would assist the employees in discharging their responsibilities consistently and in accordance with City guidelines. This becomes more important as new personnel are hired by the City to replace terminating or retiring personnel and also provides guidance for personnel when they have to assume other functions resulting from personnel vacations or other personal leave instances.

**Current Year Status:** The City has prepared an accounting policies and procedures manual but has formally adopted the manual. **This recommendation will be repeated.**

**View of Responsible Officials and Planned Corrective Actions:** In 2009 the City hired an outside consultant to prepare an Accounting Policies and Procedures Manual. Management is in the process of reviewing the manual and should be implemented effective October 1, 2012.

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### OTHER MATTERS (Continued)

##### 2007-6 Capital Assets

**Condition:** During our testing of capital assets we noted that although the departments perform annual physical inventory counts of capital assets, the reports are not reconciled to the City's capital asset inventory listings.

**Recommendation:** We recommend that the City perform a physical count of its capital assets and reconcile the reports to its capital asset inventory listing. We also recommend that the City analyze the estimated useful lives of its governmental capital assets. The following is a Government Finance Officers Association recommended practice:

##### GFOA Recommended Practice For Establishing Estimated Useful Lives:

The best source of relevant information on the estimated useful lives of a government's capital assets normally is its own past experience with similar assets. In situations where the documentation of a government's own past experience for a given type of capital asset is not adequate for this purpose, a government should profit as much as possible from the experience of other governments and private-sector enterprises. At the same time, a government should make whatever adjustments are needed to estimated useful lives that were obtained from others to ensure that such estimates are appropriate to its own particular circumstances. It is especially important that a government consider the potential effect of each of the following factors when depending on the experience of others:

- **Quality.** Similar assets may differ substantially in quality, and hence in their useful lives, because of differences in materials, design and workmanship. For example, an asphalt road will not have the same useful life as a concrete road. Likewise, the depth of the material used for paving purposes, as well as the quality of the underlying base, will also affect the useful life of a road;
- **Application.** The useful life of a given type of capital asset may vary significantly depending upon its intended use. For example, a residential street may be expected to have a longer useful life than a major arterial thoroughfare because of differences in the type and volume of traffic; and
- **Environment.** Environmental differences among governments can have an important impact on the useful lives of their respective capital assets. For instance, the useful life of a road in a climate subject to extremes in temperature is likely to be different from that of a similar road located in a more temperate climate. Also, regulatory obsolescence may shorten the service life of some capital assets used in connection with highly regulated activities (e.g., utilities).

The potential effect of each of the factors just described may be mitigated or exacerbated as a consequence of a government's maintenance and replacement policy. For example, the potential for road damage is increased in a cold environment when cracks are not promptly repaired, because water settling in the cracks will expand and contract, thereby accelerating the initial deterioration represented by the crack itself.

Once established, estimated useful lives for major categories of capital assets should be periodically compared with a government's actual experience and appropriate adjustments should be made to reflect this experience.

Depreciation is a financial reporting concept. Therefore, all of the considerations discussed above are only of concern to the extent that they could have a material impact on a government's financial statements.

**Current Year Status:** The City has provided a capital asset inventory report which agrees to the general ledger. However, an assessment of the value of the City's infrastructure has not been completed. Also, see recommendation 2009-2 regarding the use of the capital asset module within its accounting software to maintain capital asset records instead of maintaining the information manually in Excel. **This recommendation will be repeated.**

**View of Responsible Officials and Planned Corrective Actions:** Currently the departments perform annual physical inventory counts of capital assets, the reports will be reconciled to the City's capital asset inventory listings in fiscal year 2012.

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### OTHER MATTERS (Continued)

##### 2007-7 Solid Waste Fund Deficit

**Condition:** During our testing of the Solid Waste enterprise fund we noted that the fund had an operating loss of approximately \$1,862,390 during 2007. In the prior year the fund also incurred an operating loss of \$2,295,967. The fees charged to the City by Miami-Dade County for waste disposal have increased; however, there have been no significant adjustments to rates charged to the residents for these services.

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

**Current Year Status:** The Solid Waste fund had an operating loss of \$1,056,952 for the fiscal year ended September 30, 2011 compared to operating losses of \$1,050,201, \$1,282,867 and \$1,822,557 for the fiscal years ended September 30, 2010, 2009 and 2008; respectively. This is a significant improvement from the prior years considering the \$1,056,952 loss includes \$1,558,791 of administration charges from the general fund, \$834,959 of depreciation and \$414,610 of OPEB expenses. The Solid Waste fund reports operating cash flow of \$192,617 without the non-cash expenses of depreciation and OPEB costs. However, continued improvement is needed to eliminate the current deficit reported in the fund. **This recommendation will be repeated.**

**View of Responsible Officials and Planned Corrective Actions:** The current operating loss was due to non-cash related expenses as noted above. Management is confident that with efficiencies implemented this fiscal year for the recycling program and future planned efficiencies in waste pick-up; there will be continued improvement in this fund.

### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

### STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.

# CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2011

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: *Unqualified Opinion*  
 Internal control over financial reporting:  
     Material weakness(es) identified?  X  yes      no  
     Significant deficiencies identified not considered to be material weakness?  X  yes      None reported

Non-compliance material to financial statements noted?      yes  X  no

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

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

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

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

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

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
HOME Investment Partnerships Program	14.239
Homeless Prevention Rapid Rehousing	14.257
Homeland Security Grant Program	97.067
Temporary Assistance for Needy Families	93.558

<u>State Assistance Projects</u>	<u>State CFSA No.</u>
State Highway Projects (FDOT)	55.023

Dollar threshold used to distinguish between Type A and Type B programs:	Federal	\$384,767
	State	\$300,000

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

# CITY OF HIALEAH, FLORIDA

## SCHEDULE OF FINDINGS AND RESPONSES (Continued)

### SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES

#### OTHER MATTERS

##### 2011-1 – Financial Condition Assessment

**Condition:** The Rules of the Auditor General of the State of Florida dictate that auditors apply financial condition assessment procedures based on representations made by management and a review of financial information provided by them. Although the overall financial condition assessment was inconclusive there are several critical indicators relating to the level of unassigned fund balance and that cash and investments are unfavorable and continue to decline.

The general fund's unassigned/unreserved fund balance decreased to \$12,368,373 for the fiscal year ended September 30, 2011 which now represents approximately 10.7% of the 2011-2012 general fund budget. An adequate level of unassigned fund balance in the general fund is essential to mitigate current and future risks and to ensure stable tax rates and service levels. It is also a crucial consideration in long-term financial planning.

The City's cash and investments have decreased over the last several years not only due to the current economic conditions but also to the numerous capital projects that are currently in process. Many of these projects are funded through grants on a reimbursement basis; therefore, the City must first incur the cost and then submit a request for reimbursement. Operating cash is therefore used until the reimbursement is received. As of September 30, 2011, the City has recorded receivables totaling \$6,376,585 due from Miami-Dade County and \$1,324,501 due from the Florida Department of Transportation for capital projects.

**Recommendation:** We recommend that the City establish a formal policy on the level of unassigned fund balance that should be maintained in the general fund. See recommendation 2010-1.

The City should also consider obtaining a line of credit to fund its current capital project commitments which are reimbursed by grants. The line of credit should only be used when necessary to bridge the time period from when the City pays for the capital expenditure and receives reimbursement.

We also recommend that the City's budget and finance departments implement a process to present either monthly or quarterly financial statements to the Mayor and City Council. The report should include key performance measures such as budget vs. actual reports, cash flow reports and level of unassigned fund balance as a percentage of budgeted operating expenditures. A recovery plan should also be presented on how the City plans to reach the level of unassigned fund balance it determines to be adequate for operations.

# CITY OF HIALEAH, FLORIDA

## SCHEDULE OF FINDINGS AND RESPONSES (Continued)

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

#### OTHER MATTERS (Continued)

#### 2011-1 – Financial Condition Assessment (Continued)

**View of Responsible Officials and Planned Corrective Actions:** Management is well aware of the City's financial condition and has taken the following proactive measures during fiscal year 2010-2011 and subsequently 2011-2012 to improve its fund balance position:

- 1) For the fiscal year ending September 30, 2011 the City acknowledges the declining fund balance. The published budget summary under the general fund shows the use of \$6.2 million of fund balance during fiscal year 2010-2011 if the firefighters bargaining unit did not make concessions. The firefighters bargaining unit did not make concession until fiscal year 2011- 2012, therefore the fund balance use was expected for fiscal year 2010- 2011.
- 2) In fiscal year 2010-2011, the City passed an ordinance that directs the finance director to submit current financial information to council members upon request and submit quarterly reports of operating funds revenue and expenditure summaries by department. This process is being followed on a quarterly basis and will be expanded to include budget vs. actual analysis per department.
- 3) In fiscal year 2011-2012, the firefighters bargaining unit was the final union to make concessions of approximately \$5 million for fiscal years 2011-2012 and 2012-2013 and signed a contract with the City ratifying these concessions. The City currently has all three bargaining units under multi-year contracts with substantial monetary concessions.
- 4) In fiscal year 2011-2012, the City issued a bridge loan (effective March 13, 2012) of approximately \$6 million to facilitate approximately \$200,000 in interest expense savings. Additionally, a Strategic Planning and Budget Oversight Committee and Cash Operating Committee were established. A fund balance policy providing short term, intermediate and long term goals and objectives will be adopted in the coming fiscal year.

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

None.

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

None.