

CITY OF HIALEAH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared by:
Finance Department

CITY OF HIALEAH, FLORIDA

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CITY OF HIALEAH, FLORIDA

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INTRODUCTORY SECTION

Julio Robaina

Mayor

Carlos Hernandez

Council President

Jose Yedra

Council Vice President



Council Members

Jose F. Caragol

Luis Gonzalez

Vivian Casals-Muñoz

Isis Garcia-Martinez

Katharine E. Cue

City of Hialeah

May 2, 2011

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

The Government Finance Officers Association recommends that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that recommendation, we hereby issue the comprehensive annual financial report of the City of Hialeah for the fiscal year ended September 30, 2010.

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.

The City of Hialeah's financial statements have been audited by Alberni, Caballero & Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hialeah for the fiscal year ended September 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

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, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. 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 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.

Raul L. Martinez Government Center
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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.

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, library and education services, and general administrative services.

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.

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, 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 prices in South Florida have declined approximately 10% 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 statewide. 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 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 was signed into law by President Barrack Obama on February 17, 2009. The ARRA provides \$787 billion in spending and tax relief projects. As of September 30, 2010, the City of Hialeah had been awarded approximately \$12.9 million of Federal Stimulus Funding under the ARRA for various City projects which were underway in fiscal year 2011.

The City plans to continue the long tradition of providing excellent city services to its residents. With the City Council working together with the City's administration, planning for growth as well as beautification of our City will continue, including in our newly annexed areas.

MAJOR INNITIATIVES 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 drainage systems while not increasing the millage rate and improving the operational efficiency of the City.

During the current fiscal-year the City has 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 a multipurpose facility that will house a neighborhood service center, 75 affordable housing units and a parking garage to accommodate the project. Construction will take place on City owned property between Palm and East 1st Avenue. The parking garage will compensate for the loss of parking the new construction will cause. These affordable housing projects will allow many residents to continue living in the City rather than have rising costs force them elsewhere.

The City is also scheduled to receive approximately \$24.6 million in grants, not including \$7.2 million in funding from ARRA for roadway reconstruction projects as noted above, from Federal, State and County agencies for road reconstruction, improvement and development projects. Most of the funds to be received will be approximately \$2.5 million from the Community Development Block Grant, \$7.1 million from the Florida Department of Transportation and \$15 million from Miami Dade Public Works Department for road reconstruction and improvements.

Setting our sights for the future, the City will continue allocating resources to the development of our annexed area in fiscal year 2011. 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. Also as part of an inter-local agreement between the City of Hialeah and Miami-Dade County, the City has commenced with the planning, design and permitting of the RO Plant that will provide water service to the annexed area of the City as well as adjacent municipalities and unincorporated areas in the northwest quadrant of the County. The design and construction of the new RO Plant will be evenly funded between the City and Miami-Dade County.

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 increase 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. The City to date has completed the lining of well over 300,000 lineal feet of sewer main and in the current fiscal year the City will complete the lining of well over 50,000 lineal feet of sewer main.

In an effort to go green, the City is continuing to expand its hybrid fleet to increase the number of Flex Fuel vehicles in the coming years. The Water & Sewer Department has implemented showerhead exchanges which, as a result, will save on the consumption of water resident's use; it will reduce the overall carbon foot-print and offer citizens money saving alternatives that will directly benefit the environment. Our Solid Waste Department has initiated an awareness campaign informing our residents and encouraging them to participate in our recycle program. We are using bio-degradable paper products, and recycling at our Departments.

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 million for the massive reconstruction project through Miami Dade County GOB program.

During fiscal year 2009, the City completed the renovation of a central communications dispatch center within the Fire Administration Building that will serve 911 calls to both Police and Fire. The consolidation of both call centers has reduced maintenance, security and overhead costs, including overtime; as well as improved overall efficiency in the 911 Communications Division.

In fiscal year 2011, the City will finalize the feasibility study of implementing automated trucks to perform solid waste pickup. If implemented, this will reduce our fleet by nine trucks and will allow 75% our routes to be serviced by automated trucks. This will improve operational efficiency and save thousands of dollars in costs to the City.

RELEVANT FINANCIAL POLICIES

Water and Sewer – A bond issuance not to exceed \$50 Million to fund the first phase of the RO Plant being constructed in the City's annexed area is expected to be priced in fiscal year 2011. Water and Sewer revenues are expected to be pledged to finance the issuance of this bond. However, the Water and Sewer Department is currently debt free and has over \$44 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 due to this bond issuance based on the Water and Sewer Department's cash reserve and positive operating cash flow. The RO Plant will be operated from user fees once construction is completed in calendar 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

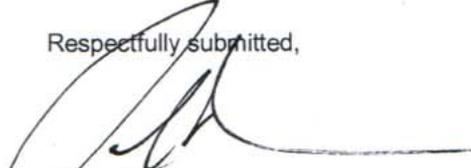
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hialeah for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2009. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the fourth 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 2010 Comprehensive Annual Financial Report continues to meet the high standards of the Certificate of Achievement Program and we are submitting it to the GFOA for consideration of the award certificate.

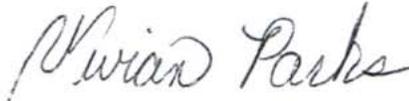
ACKNOWLEDGEMENTS

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, Alberni, 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,



Julio Robaina
Mayor



Vivian D. Parks
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, 2009

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. ENOW".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enow".

Executive Director

CITY OF HIALEAH, FLORIDA

List of Elected City Officials

September 30, 2010

Strong Mayor Form of Government

CITY COUNCIL

Julio Robaina, Mayor

Carlos Hernandez, Council President

Jose Yedra, Council Vice President

Jose F. Caragol

Luis Gonzalez

Vivian Casals-Muñoz

Isis Garcia-Martinez

Katharine E. Cue

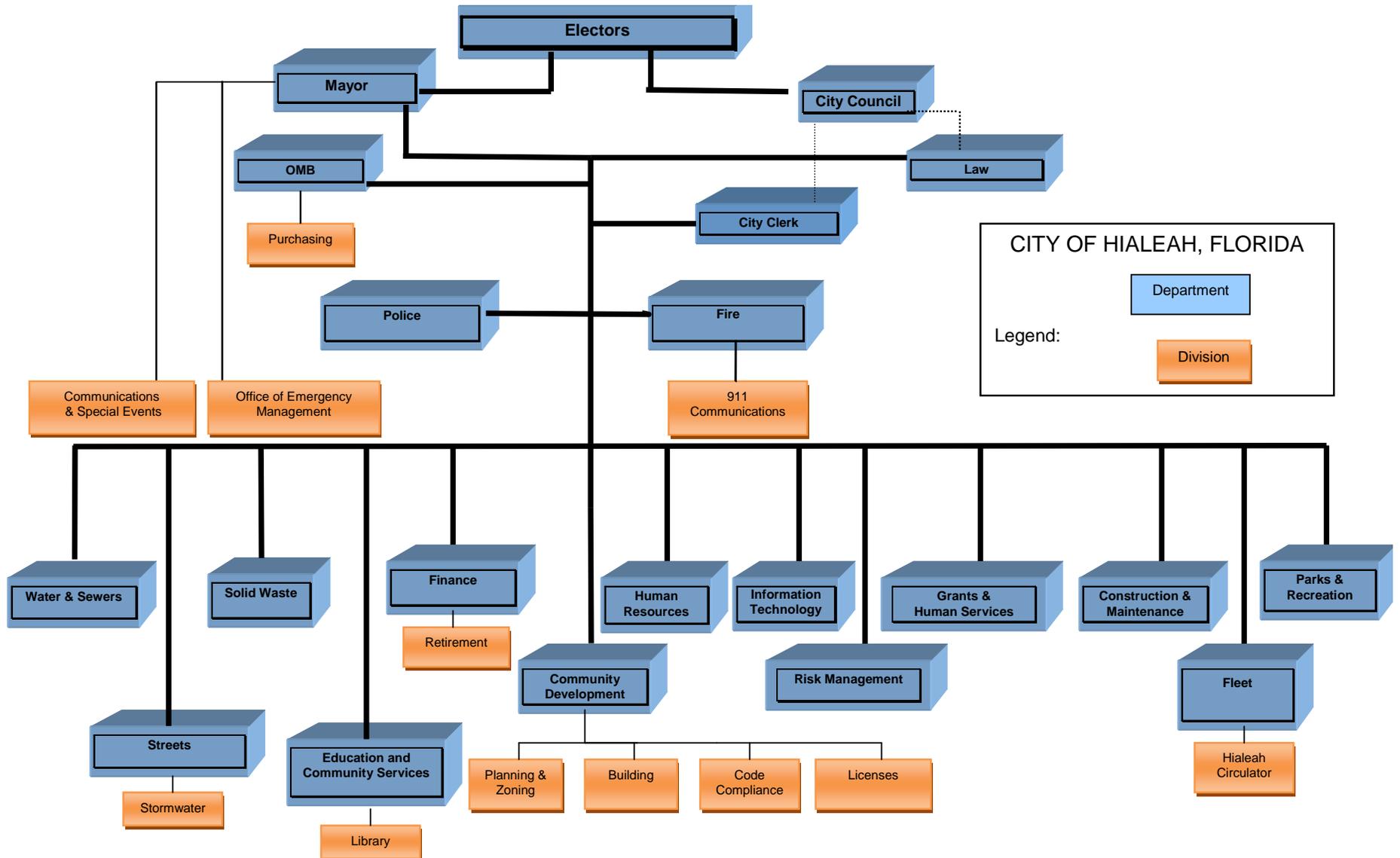
Prepared by:

Finance Department and Administration

CITY OF HIALEAH, FLORIDA

ORGANIZATIONAL CHART

SEPTEMBER 30, 2009



FINANCIAL SECTION

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS



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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, 2010 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. We were not engaged to perform an audit of the City's internal control over financial reporting. Our audit included 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2010, 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 18, 2011 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

Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Similarly, 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 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 not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the Introductory and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion thereon.

Alberni Caballero & Company, LLP

Coral Gables, Florida
May 18, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

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, 2010.

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 \$266 million.
- Net assets of the City's governmental activities decreased by 6% (\$7.7 million) from \$119.4 million for last fiscal year, compared to \$111.7 million in the current fiscal year. Increases in OPEB liability of \$10.4 million and claims payable of \$2.5 million net of a decrease in the long-term compensated absences of \$3.5 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. Therefore, not considering these non-cash charges, the City had an increase in net assets of \$1.8 million or 1.4% in the current fiscal year.
- Net assets of the City's business-type activities increased by 9% (\$12.8 million) from \$141.4 million compared to \$154.2 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 \$30.1 million, a decrease of \$1.5 million.
- Approximately 92% of the City's General Fund Balance is considered unreserved funds and the remaining 8% is considered reserved funds. The \$19 million of unreserved 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. The \$1.6 million reserved in the General Fund were due to encumbrances or long term assets that do not provide current financial resources.

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.

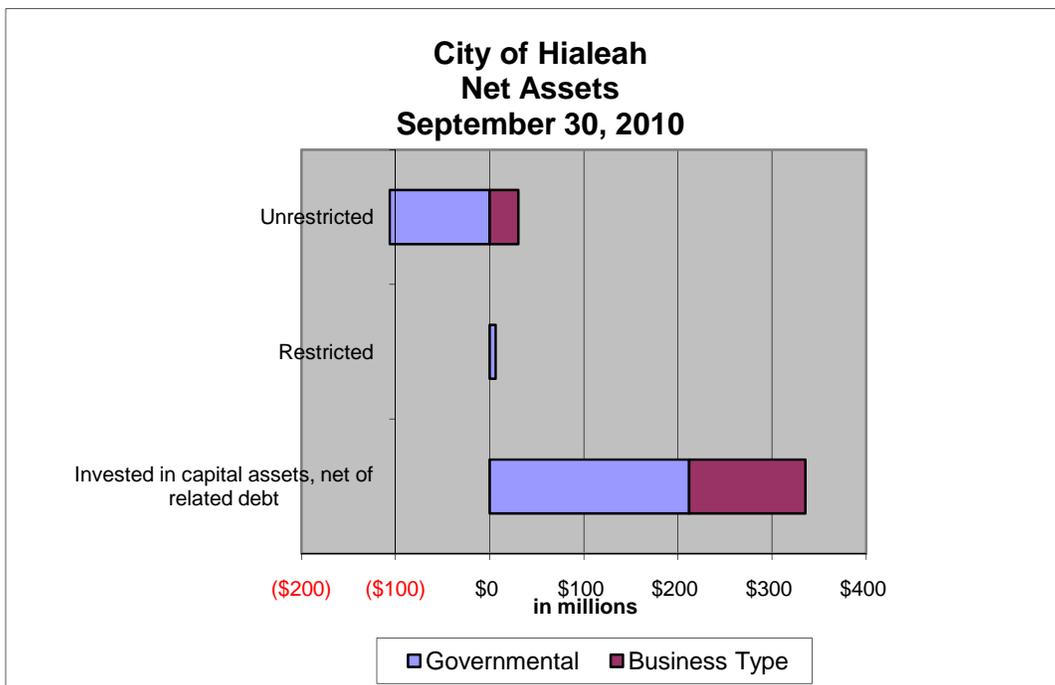
Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting 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 29-69 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 70-74 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 75-97 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 \$266 million at the close of the most recent fiscal year. This is a 2% increase compared to last year's net assets of \$261 million.



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 \$75.8 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.

CITY OF HIALEAH - NET ASSETS						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2010</u>	<u>Activities</u>	<u>Activities</u>	<u>2009</u>
Current and other assets	\$ 51,831,595	\$ 45,042,592	\$ 96,874,187	\$ 57,860,992	\$ 46,718,993	\$ 104,579,985
Restricted assets	3,337,569	19,220,627	22,558,196	3,918,069	28,078,057	31,996,126
Unamortized bond issue costs	-	-	-	-	-	-
Capital assets, net	316,662,220	125,586,788	442,249,008	313,160,271	105,638,885	418,799,156
Total assets	<u>371,831,384</u>	<u>189,850,007</u>	<u>561,681,391</u>	<u>374,939,332</u>	<u>180,435,935</u>	<u>555,375,267</u>
Long-term liabilities	211,884,449	13,640,273	225,524,722	234,945,296	13,073,988	248,019,284
Other liabilities	48,234,020	22,005,104	70,239,124	20,608,476	25,986,174	46,594,650
Total liabilities	<u>260,118,469</u>	<u>35,645,377</u>	<u>295,763,846</u>	<u>255,553,772</u>	<u>39,060,162</u>	<u>294,613,934</u>
Net Assets:						
Invested in capital assets, net of related debt	211,733,799	123,881,159	335,614,958	203,538,055	103,874,020	307,412,075
Restricted	6,144,155		6,144,155	6,277,482		6,277,482
Unrestricted	(106,165,039)	30,323,471	(75,841,568)	(90,429,977)	37,501,753	(52,928,224)
Total net assets	<u>\$ 111,712,915</u>	<u>\$ 154,204,630</u>	<u>\$ 265,917,545</u>	<u>\$ 119,385,560</u>	<u>\$ 141,375,773</u>	<u>\$ 260,761,333</u>

Net assets of the City's governmental activities decreased by 6% (\$7.7 million) from \$119.4 million for last fiscal year, compared to \$111.8 million in the current fiscal year. See detailed explanation under Financial Highlights.

Net assets of the City's business-type activities increased by 9% (\$12.8 million) from \$141.4 million for last fiscal year, compared to \$154.2 million in the current fiscal year.

CITY OF HIALEAH - CHANGES IN NET ASSETS						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2010</u>	<u>Activities</u>	<u>Activities</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 24,691,964	\$ 59,033,934	\$ 83,725,898	\$ 24,550,985	\$ 56,498,989	\$ 81,049,974
Operating grants & contributions	12,701,522	-	12,701,522	15,049,192	-	15,049,192
Capital grants & contributions	31,827,725	9,004,831	40,832,556	13,323,168	3,119,117	16,442,285
General Revenues:						
Property taxes	58,548,370	-	58,548,370	65,666,056	-	65,666,056
Utility taxes	22,275,529	-	22,275,529	22,580,807	-	22,580,807
Franchise fees on gross receipts	10,365,647	-	10,365,647	11,602,898	-	11,602,898
Intergovernmental revenue	19,773,241	-	19,773,241	26,285,985	-	26,285,985
Grants & contributions unrestricted	-	-	-	-	-	-
Unrestricted interest	49,530	1,419,630	1,469,160	172,565	1,929,614	2,102,179
Total revenues	<u>180,233,528</u>	<u>69,458,395</u>	<u>249,691,923</u>	<u>179,231,656</u>	<u>61,547,720</u>	<u>240,779,376</u>

CITY OF HIALEAH - CHANGES IN NET ASSETS (Continued)

Expenses:						
General government	68,871,742	-	68,871,742	74,384,843	-	74,384,843
Police	46,206,703	-	46,206,703	46,859,988	-	46,859,988
Fire	40,660,842	-	40,660,842	38,524,121	-	38,524,121
Streets	14,581,951	-	14,581,951	13,865,386	-	13,865,386
Recreation & community service	10,852,844	-	10,852,844	13,262,701	-	13,262,701
Interest on long-term debt	5,155,341	-	5,155,341	5,421,745	-	5,421,745
Water & sewer	-	43,158,697	43,158,697	-	39,571,242	39,571,242
Solid waste	-	15,047,591	15,047,591	-	14,743,134	14,743,134
Total expenses	<u>186,329,423</u>	<u>58,206,288</u>	<u>244,535,711</u>	<u>192,318,783</u>	<u>54,314,376</u>	<u>246,633,159</u>
Change in net assets before transfers	(6,095,895)	11,252,107	5,156,212	(13,087,127)	7,233,344	(5,853,783)
Transfers	<u>(1,576,750)</u>	<u>1,576,750</u>	<u>-</u>	<u>391,068</u>	<u>(391,068)</u>	<u>-</u>
Change in net assets	(7,672,645)	12,828,857	5,156,212	(12,696,059)	6,842,276	(5,853,783)
Net assets-beginning	<u>119,385,560</u>	<u>141,375,773</u>	<u>260,761,333</u>	<u>132,081,619</u>	<u>134,533,497</u>	<u>266,615,116</u>
Net assets-ending	<u>\$ 111,712,915</u>	<u>\$ 154,204,630</u>	<u>\$ 265,917,545</u>	<u>\$ 119,385,560</u>	<u>\$ 141,375,773</u>	<u>\$ 260,761,333</u>

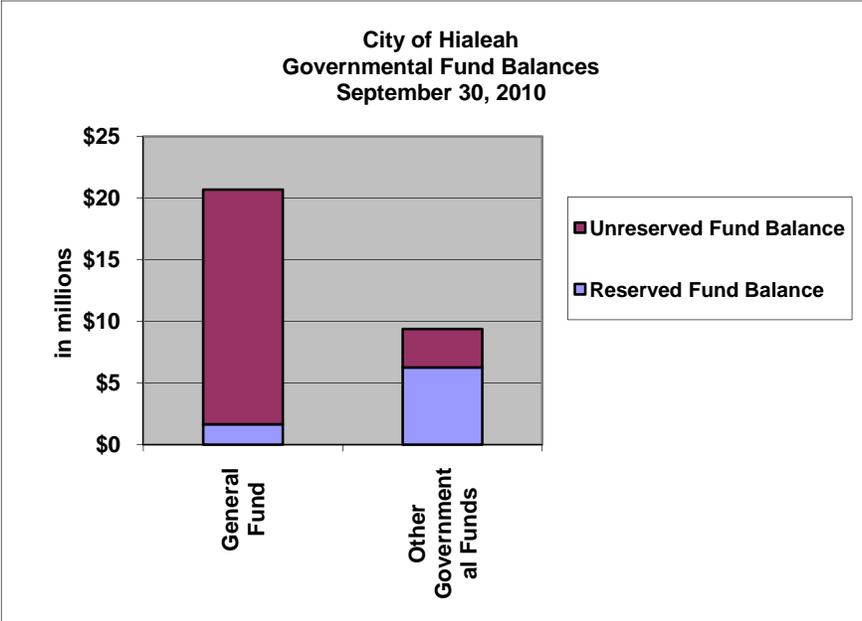
Governmental activities - Governmental activities decreased the City's net assets by \$7.7 million. This decrease was due primarily to a charge for Other Post Employment Benefits (OPEB). Increases in OPEB liability of \$10.4 million and claims payable of \$2.5 million net of a decrease in the long-term compensated absences of \$3.5 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. Therefore, not considering these non-cash charges, the City had an increase in net assets of \$1.8 million or 1.4% in the current fiscal year. In addition, revenues in ad valorem taxes decreased by \$7.1 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 determined 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 \$12.8 million in the current fiscal year. This increase was due primarily to \$5.9 million increase in Capital grants and contributions received by the Water and Sewer department during the current fiscal year. In addition, there was an increase of \$2.5 million in Charges for services due to a rate increase in water and sewer utility rates based on the increase in the consumer price index. 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 \$629 and \$424 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 \$2 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.



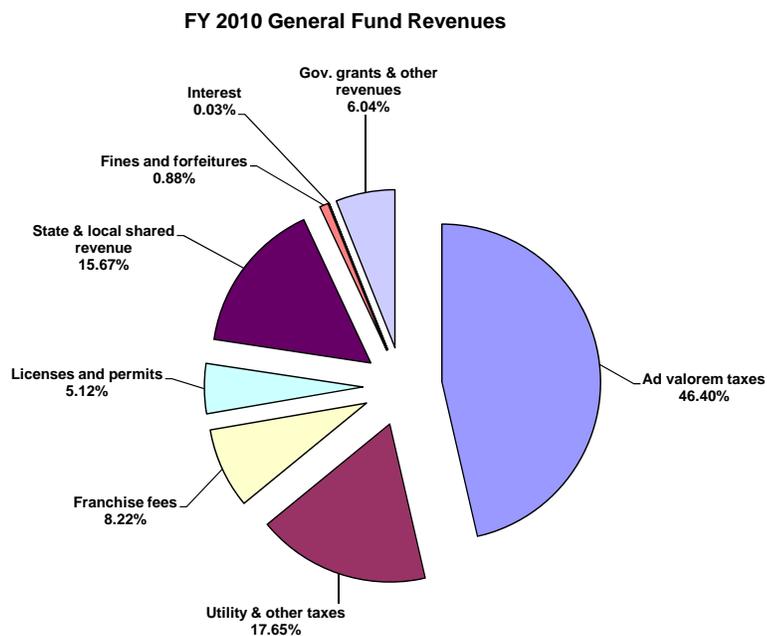
As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (both reserved and unreserved) of \$30.1 million, a decrease of \$1.5 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 80-83 of this report.

Unreserved fund balance in the amount of \$19.1 million in the General Fund constitutes amount which is available for spending as explained earlier under Financial Highlights. The remainder of fund balance is *reserved* to indicate it is not available for new spending because it has already been committed for a variety of restricted purposes.

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

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

<u>Revenue Sources</u>	<u>2010 Amount</u>	2010		2009		Amount Incr (Decr) from <u>Prior Year</u>	Percent Incr -Decr <u>from Prior Year</u>
		Percent of <u>Total</u>	<u>2009 Amount</u>	Percent of <u>Total</u>	<u>Total</u>		
Ad valorem taxes	\$ 58,548,370	46.40%	\$ 65,666,056	48.82%	\$ (7,117,686)	-10.84%	
Utility & other taxes	22,275,529	17.65%	22,580,807	16.79%	(305,278)	-1.35%	
Franchise fees	10,365,647	8.22%	11,602,898	8.63%	(1,237,251)	-10.66%	
Licenses and permits	6,458,977	5.12%	6,767,212	5.03%	(308,235)	-4.55%	
State & local shared revenue	19,773,241	15.67%	20,242,733	15.05%	(469,492)	-2.32%	
Fines and forfeitures	1,106,294	0.88%	1,305,696	0.97%	(199,402)	-15.27%	
Interest	32,019	0.03%	114,506	0.09%	(82,487)	-72.04%	
Gov. grants & other revenues	7,614,846	6.04%	6,218,694	4.62%	1,396,152	22.45%	
Total	\$ 126,174,923	100%	\$ 134,498,602	100%	\$ (8,323,679)	-6.19%	

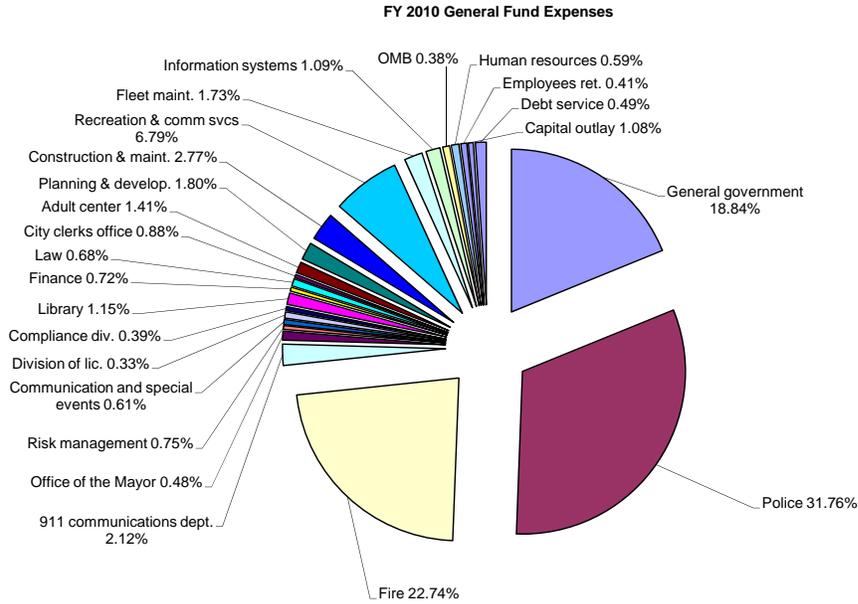


Compared to the prior fiscal year, total General Fund revenues decreased by \$8.3 million or 6.2% in fiscal year 2010. This decrease is due to a decrease in ad valorem taxes which resulted from a decreased assessed property values by Miami-Dade County Property Appraisers Office during fiscal year 2009 that affected the City's ad valorem revenue in fiscal year 2010. This change had an effect of \$7.1 million decrease in fiscal year 2010 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 coming fiscal year. Yet despite these issues, the City of Hialeah remains determined to maintain its promise not to raise taxes. In addition, Franchise fees revenue also decreased by approximately \$1.2 million due to the current economic crisis that has taken place during fiscal year 2010.

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

<u>Expenditures</u>	<u>2010</u>	<u>2010</u> <u>Percent of</u> <u>Total</u>	<u>2009</u>	<u>2009</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	\$ 24,805,086	18.84%	\$ 26,154,810	18.99%	\$ (1,349,724)	-5.16%
Police	41,815,663	31.76%	40,918,165	29.70%	897,498	2.19%
Fire	29,943,618	22.74%	30,519,478	22.16%	(575,860)	-1.89%
911 communications dept.	2,784,860	2.12%	2,334,640	1.69%	450,220	19.28%
City clerks office	1,164,135	0.88%	905,065	0.66%	259,070	28.62%
OMB	498,549	0.38%	621,505	0.45%	(122,956)	-19.78%
Office of the Mayor	637,840	0.48%	662,240	0.48%	(24,400)	-3.68%
Commun. & spc. events	801,972	0.61%	841,146	0.61%	(39,174)	-4.66%
Employees ret.	537,162	0.41%	489,769	0.36%	47,393	9.68%
Library	1,514,939	1.15%	1,700,898	1.23%	(185,959)	-10.93%
Compliance division	510,496	0.39%	555,821	0.40%	(45,325)	-8.15%
Finance	942,757	0.72%	929,122	0.67%	13,635	1.47%
Division of licenses	431,087	0.33%	553,528	0.40%	(122,441)	-22.12%
Information systems	1,439,308	1.09%	1,676,906	1.22%	(237,598)	-14.17%
Fleet maintenance	2,281,377	1.73%	2,555,219	1.85%	(273,842)	-10.72%
Construction & maint.	3,648,104	2.77%	4,464,077	3.24%	(815,973)	-18.28%
Recr. & comm.	8,940,825	6.79%	10,096,913	7.33%	(1,156,088)	-11.45%
Planning & develop.	2,368,498	1.80%	2,506,832	1.82%	(138,334)	-5.52%
Adult center	1,856,244	1.41%	2,056,599	1.49%	(200,355)	-9.74%
Law	895,422	0.68%	960,676	0.70%	(65,254)	-6.79%
Risk management	991,704	0.75%	732,041	0.53%	259,663	35.47%
Human resources	782,972	0.59%	821,708	0.60%	(38,736)	-4.71%
Debt service	646,532	0.49%	707,059	0.51%	(60,527)	-8.56%
Capital outlay	<u>1,428,566</u>	1.08%	<u>3,985,885</u>	2.89%	<u>(2,557,319)</u>	-64.16%
Total	<u>\$ 131,667,716</u>	100.00%	<u>\$ 137,750,102</u>	100.00%	<u>\$ (6,082,386)</u>	-4.42%



In fiscal year 2010, total General Fund expenditures decreased by \$6.1 million or 4.4% as compared to the prior year. The bulk of the decrease was due to approximately \$2.6 million decrease in Capital Outlay in the current fiscal year. This decrease was due to decrease in the City's revenue, as described above, which has force 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 waster operations.

Unrestricted net assets of all the enterprise funds at the end of the year amounted to \$30.3 million. Unrestricted net assets at the end of the year for the Water and Sewer Fund and Solid Waste Fund amounted to \$37.7 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:

- Utility taxes collected were lower than budgeted due to budget projection being based information provided by the State of Florida.
- Franchise fees collected were lower than budgeted due to a decrease in consumer usage. 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.
- Government grants and other revenues were lower than budgeted amounts in the current fiscal year due to the fact that most grants are based on requests for reimbursement basis. Although the grants were awarded to the City, the City cannot determine the amount that will be requested for reimbursement until related expenses are incurred. Consequently, lower expenses in related grant revenues were incurred during the current fiscal year than initially anticipated.
- The City's departments were all efficient in staying under the budgeted figures by a total of \$2.9 million savings in actual expenditures when compared to budgeted amounts.
- General government's expenses were lower than budgeted figures by \$1.3 million or 4.6% due to contingent reserves provided for in general government's budget that were not significantly utilized due to the efficient operation of the department.

Differences between the *original budget* and the *final amended budget* for expense accounts increase by \$7 million an increase of 5.4% over the original budget. These budget amendments are line item amendments; however, total actual expenditures were lower than the total final amended budget by \$2.9 million or 2.1%.

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, 2010 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 5.6%.

CITY OF HIALEAH - CAPITAL ASSETS (NET OF DEPRECIATION)						
	<u>September 30, 2010</u>			<u>September 30, 2009</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Land	\$ 29,343,154	\$ 329,356	\$ 29,672,510	\$ 29,051,407	\$ 329,356	\$ 29,380,763
Buildings and utility plants	78,673,102	1,998,471	80,671,573	78,760,349	1,692,158	80,452,507
Improvements other than buildings	12,413,762	82,790	12,496,552	12,764,300	112,956	12,877,256
Furniture, fixtures, machinery and equipment	14,623,100	3,712,056	18,335,156	15,410,866	2,472,641	17,883,507
Infrastructure	163,856,135	98,713,554	262,569,689	169,508,871	94,508,409	264,017,280
Construction in progress	17,752,967	20,750,561	38,503,528	7,664,479	5,980,557	13,645,036
Total capital assets	<u>\$ 316,662,220</u>	<u>\$ 125,586,788</u>	<u>\$ 442,249,008</u>	<u>\$ 313,160,272</u>	<u>\$ 105,096,077</u>	<u>\$ 418,256,349</u>

Additions to capital assets before depreciation for governmental activities equaled \$21.4 million. Transfers to capital assets before depreciation for governmental activities equaled \$4.1 million. Transfers to capital assets include projects in the amount of \$4.1 million in construction in progress as of the end of the previous fiscal year that were subsequently completed in the current fiscal year. During the current fiscal year the City purchased four Hybrid Recycle Trucks for the Solid Waste department with funds from the Energy Efficiency and Conservation Block Grant which were subsequently transferred from a special revenue fund to an enterprise fund. Due to this purchase, approximately \$1.6 million of fixed assets were transferred from governmental activities in the current fiscal year to business type activities. The following additions and transfers include the following items:

- Reconstruction of several City street projects totaling \$13.9 million and the continued construction in progress of several street projects, several City parks, Fire Station #6 and the Palm Center 75-units affordable housing project in the amount of \$5 million.
- Continued construction at the Milander Park and Auditorium to convert these facilities into a new Performing Arts and Exhibition Center along with a 300 space parking garage to alleviate parking congestion at the new performing arts center in the amount of \$14.1 million

Additions to capital assets before depreciation for business type activities equaled \$22.8 million and include the following items:

- Continued construction in progress of the new reverse osmosis water treatment plant in annexation area totaling \$14.8 million.
- Lining of an additional 50,000 lineal feet of sewer mains, 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 \$7.5 million.

Additional information on the City's capital assets can be found in Note 8 starting on page 48 of this report.

Long-term debt - At the end of the current fiscal year, the City had total bonded debt outstanding of \$1.8 million all of which is secured by revenues derived from rescue transportation fees. More in-depth detail can be found on pages 50-55, Note 10.

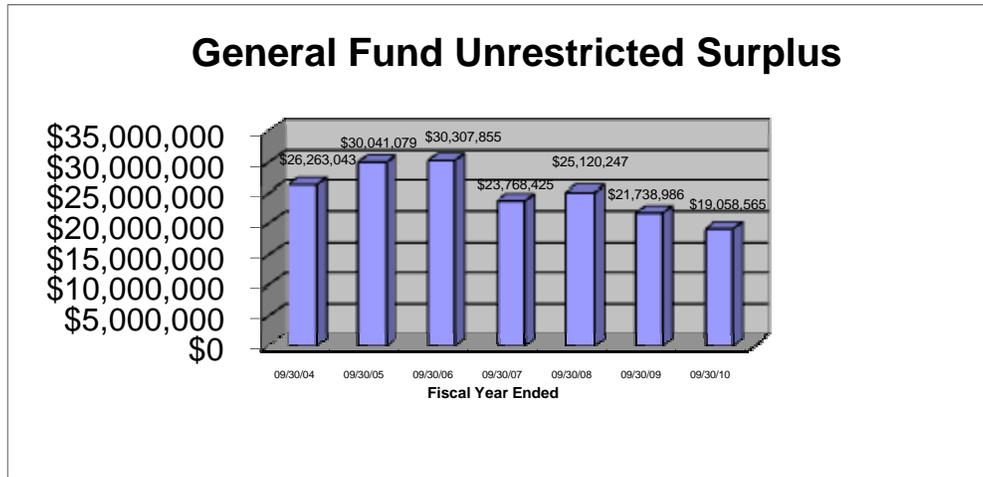
CITY OF HIALEAH'S OUTSTANDING DEBT			
General Obligation, Revenue Bonds and Notes Payable			
	<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>	
Revenue bonds	\$ 1,864,063	\$ 2,047,751	
Notes payable	<u>102,328,870</u>	<u>107,450,000</u>	
Total	<u>\$ 104,192,933</u>	<u>\$ 109,497,751</u>	

During the current fiscal year, the City's net outstanding debt decreased by \$5.3 million. The decreased was due to the payoff of existing debt during the current fiscal year. Additional information on the City's long-term debt can be found in the notes to the financial statements.

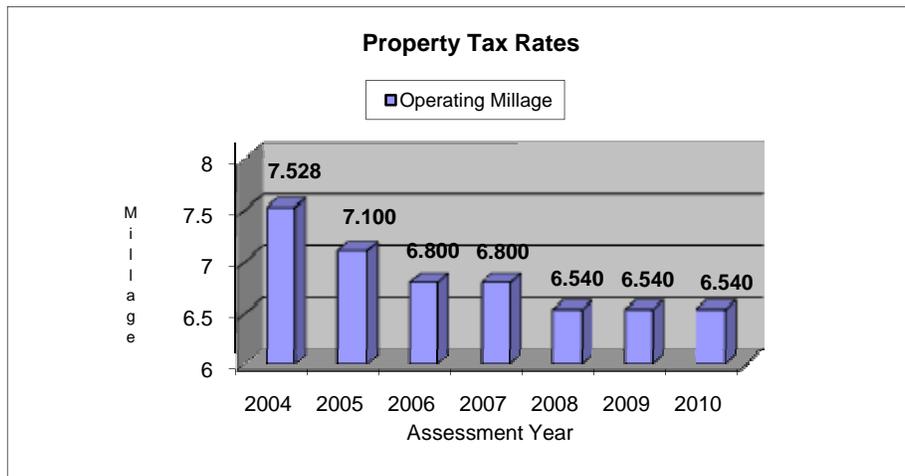
Economic Factors and Next Year's Budgets and Rates

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 93%.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$19.1 million. The unreserved fund balance of \$19.1 million is approximately equal to two months 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 relatively steady. 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 2010 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.



2010 Fiscal Year Accomplishments

During the 2009/2010 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
 - Completed the lining of approximately 48,000 lineal feet of sewer lines
 - 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 new parking garage adjacent to Hialeah High School to alleviate the high school's parking congestion and nearby new Performing Arts Center being constructed at Milander Park
 - Completed construction of a new fuel station for the City's Fleet Department
 - Completed construction of the new Police community substation at Walker Park
 - Completed construction and remodeling of Fire Station #6
 - Completed construction of a new Police community substation at Walker Park
- 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
 - Completed construction and renovations continue on a new recreation building and parking lot at Sparks Park

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 50,000 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
 - 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 a neighborhood service center, 75 affordable housing units and an adjacent parking garage for the facility
 - Complete the construction of 33 elderly housing units

Future Outlook (Continued)

- 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 2010.

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 Vivian Parks, 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>.

BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,818,166	\$ 14,544,492	\$ 23,362,658
Investments	-	19,121,530	19,121,530
Receivables	28,850,843	11,732,059	40,582,902
Notes receivable	1,934,181	4,800,000	6,734,181
Net pension asset	2,075,640	-	2,075,640
Internal balances	8,640,110	(8,640,110)	-
Inventories	1,270,655	591,590	1,862,245
Prepays and other assets	242,000	2,893,031	3,135,031
Restricted assets:			
Cash and cash equivalents	3,337,569	15,618,280	18,955,849
Other assets	-	3,602,347	3,602,347
Capital assets, not being depreciated	47,096,121	21,079,917	68,176,038
Capital assets, net of accumulated depreciation	<u>269,566,099</u>	<u>104,506,871</u>	<u>374,072,970</u>
Total assets	<u>371,831,384</u>	<u>189,850,007</u>	<u>561,681,391</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	10,194,717	7,215,014	17,409,731
Accrued interest	1,876,871	-	1,876,871
Unearned revenue	7,536,041	1,608,039	9,144,080
Liabilities payable from restricted assets	-	12,710,896	12,710,896
Other liabilities	684,759	-	684,759
Non-current liabilities:			
Due within one year	27,941,632	471,155	28,412,787
Due in more than one year	<u>211,884,449</u>	<u>13,640,273</u>	<u>225,524,722</u>
Total liabilities	<u>260,118,469</u>	<u>35,645,377</u>	<u>295,763,846</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	211,733,799	123,881,159	335,614,958
Restricted for:			
Capital projects	3,902,174	-	3,902,174
Public safety	954,844	-	954,844
Debt service	1,287,137	-	1,287,137
Unrestricted	<u>(106,165,039)</u>	<u>30,323,471</u>	<u>(75,841,568)</u>
Total net assets	<u>\$ 111,712,915</u>	<u>\$ 154,204,630</u>	<u>\$ 265,917,545</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2010

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	\$ 68,871,742	\$ 13,747,204	\$ 11,358,542	\$ 6,357,012	\$ (37,408,984)	\$ -	\$ (37,408,984)
Police	46,206,703	1,574,179	135,774	642,744	(43,854,006)	-	(43,854,006)
Fire	40,660,842	4,731,510	-	729,220	(35,200,112)	-	(35,200,112)
Streets	14,581,951	3,589,564	1,201,161	21,028,036	11,236,810	-	11,236,810
Recreation and community services	10,852,844	1,049,507	6,045	3,070,713	(6,726,579)	-	(6,726,579)
Interest on long term debt	5,155,341	-	-	-	(5,155,341)	-	(5,155,341)
Total governmental activities	<u>186,329,423</u>	<u>24,691,964</u>	<u>12,701,522</u>	<u>31,827,725</u>	<u>(117,108,212)</u>	<u>-</u>	<u>(117,108,212)</u>
Business-type activities:							
Water and sewer	43,158,697	45,036,544	-	9,004,831	-	10,882,678	10,882,678
Solid waste	15,047,591	13,997,390	-	-	-	(1,050,201)	(1,050,201)
Total business-type activities	<u>58,206,288</u>	<u>59,033,934</u>	<u>-</u>	<u>9,004,831</u>	<u>-</u>	<u>9,832,477</u>	<u>9,832,477</u>
	<u>\$ 244,535,711</u>	<u>\$ 83,725,898</u>	<u>\$ 12,701,522</u>	<u>\$ 40,832,556</u>	<u>(117,108,212)</u>	<u>9,832,477</u>	<u>(107,275,735)</u>
General revenues:							
Property taxes					58,548,370	-	58,548,370
Utility taxes					22,275,529	-	22,275,529
Franchise fees on gross receipts					10,365,647	-	10,365,647
Intergovernmental revenues not restricted to specific program					19,773,241	-	19,773,241
Unrestricted interest					49,530	1,419,630	1,469,160
Total general revenues					<u>111,012,317</u>	<u>1,419,630</u>	<u>112,431,947</u>
Change in net assets before transfers					(6,095,895)	11,252,107	5,156,212
Transfers					<u>(1,576,750)</u>	<u>1,576,750</u>	<u>-</u>
Change in net assets					(7,672,645)	12,828,857	5,156,212
Net assets - beginning					<u>119,385,560</u>	<u>141,375,773</u>	<u>260,761,333</u>
Net assets - ending					<u>\$ 111,712,915</u>	<u>\$ 154,204,630</u>	<u>\$ 265,917,545</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 8,116,641	\$ 701,525	\$ 8,818,166
Receivables	11,417,182	17,433,661	28,850,843
Due from other funds	24,522,660	14,454,099	38,976,759
Inventories	1,241,953	28,702	1,270,655
Prepays	242,000	-	242,000
Notes receivable	1,934,181	-	1,934,181
Restricted cash	-	3,337,569	3,337,569
Total assets	<u>\$ 47,474,617</u>	<u>\$ 35,955,556</u>	<u>\$ 83,430,173</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Vouchers payable and accrued liabilities	\$ 5,703,289	\$ 4,904,052	\$ 10,607,341
Compensated absences payable	641,659	-	641,659
Self-insurance claims payable	1,625,719	-	1,625,719
Due to other funds	13,666,752	16,669,897	30,336,649
Deferred revenue	4,468,266	5,001,956	9,470,222
Other liabilities	684,759	-	684,759
Total liabilities	<u>26,790,444</u>	<u>26,575,905</u>	<u>53,366,349</u>
Fund balances:			
Reserved for:			
Encumbrances	141,655	84,917	226,572
Prepays	242,000	-	242,000
Inventories	1,241,953	28,702	1,270,655
Public safety	-	954,844	954,844
Capital projects	-	3,902,174	3,902,174
Debt service	-	1,287,137	1,287,137
Unreserved:			
Undesignated, reported in:			
General fund	19,058,565	-	19,058,565
Special revenue funds	-	3,121,877	3,121,877
Total fund balances	<u>20,684,173</u>	<u>9,379,651</u>	<u>30,063,824</u>
Total liabilities and fund balances	<u>\$ 47,474,617</u>	<u>\$ 35,955,556</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.	316,662,220
Long-term liabilities, including bonds payable, are not due and payable in the current period	(105,747,458)
Compensated absences	(19,371,121)
Claims payable	(40,493,457)
Accrued interest	(1,464,247)
Net pension asset	2,075,640
Net pension obligation	(41,127,305)
Notes receivable- long term	1,934,181
OPEB Liability	(30,819,362)
Net assets of governmental activities	<u>\$ 111,712,915</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, 2010

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 58,548,370	\$ -	\$ 58,548,370
Utility taxes	22,275,529	3,589,564	25,865,093
Franchise fees	10,365,647	-	10,365,647
Licenses and permits	6,458,977	-	6,458,977
State and local shared revenues	19,773,241	10,745,258	30,518,499
Fines and forfeitures	1,106,294	359,557	1,465,851
Interest	32,019	17,511	49,530
Government grants and other revenues	<u>7,614,846</u>	<u>39,254,611</u>	<u>46,869,457</u>
Total revenues	<u>126,174,923</u>	<u>53,966,501</u>	<u>180,141,424</u>
Expenditures:			
Current:			
General government	24,805,086	5,373,580	30,178,666
Police	41,815,663	399,954	42,215,617
Fire	29,943,618	4,725,322	34,668,940
911 communications department	2,784,860	-	2,784,860
Streets	-	4,589,071	4,589,071
Grants and human services	-	5,968,055	5,968,055
State housing initiative program	-	997,212	997,212
Work Investment Act programs	-	2,444,219	2,444,219
City Clerk's office	1,164,135	-	1,164,135
Office of Management and Budget	498,549	-	498,549
Office of the Mayor	637,840	-	637,840
Communications and special events	801,972	-	801,972
Employee retirement	537,162	-	537,162
Library	1,514,939	-	1,514,939
Compliance division	510,496	-	510,496
Finance	942,757	-	942,757
Division of licenses	431,087	-	431,087
Information systems	1,439,308	-	1,439,308
Fleet maintenance	2,281,377	-	2,281,377
Construction and maintenance	3,648,104	-	3,648,104
Recreation and community services	8,940,825	-	8,940,825
Planning and development	2,368,498	-	2,368,498
Adult center	1,856,244	-	1,856,244
Law	895,422	-	895,422
Risk management	991,704	-	991,704
Human resources	782,972	-	782,972
Debt service:			
Principal	176,695	5,414,652	5,591,347
Interest	469,837	4,594,517	5,064,354
Capital outlay	<u>1,428,566</u>	<u>20,769,673</u>	<u>22,198,239</u>
Total expenditures	<u>131,667,716</u>	<u>55,276,255</u>	<u>186,943,971</u>
Deficiency of revenues over expenditures before other financing sources (uses)	<u>(5,492,793)</u>	<u>(1,309,754)</u>	<u>(6,802,547)</u>
Other financing sources (uses):			
Transfers in	-	1,397,618	1,397,618
Transfers out	(1,397,618)	-	(1,397,618)
Proceeds from sale of long term asset	4,800,000	-	4,800,000
Issuance of debt	-	459,788	459,788
Total other financing sources	<u>3,402,382</u>	<u>1,857,406</u>	<u>5,259,788</u>
Net change in fund balances	(2,090,411)	547,652	(1,542,759)
Fund balances - beginning	<u>22,774,584</u>	<u>8,831,999</u>	<u>31,606,583</u>
Fund balances - ending	<u>\$ 20,684,173</u>	<u>\$ 9,379,651</u>	<u>\$ 30,063,824</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, 2010

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

Net change in fund balances - total governmental funds (Page 20) \$ (1,542,759)

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	\$ 22,198,239	
Depreciation expense	<u>(16,321,411)</u>	
Net adjustment		5,876,828

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	(798,127)	
Transfer of capital asset to solid waste fund	<u>(1,576,750)</u>	(2,374,877)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

The details of the difference are as follows:

Sale of long term asset		(4,800,000)
Increase in net present value of mortgage receivable		92,104

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>(459,788)</u>	
Principal payments:		
Revenue bonds	183,688	
Notes payable	5,185,421	
Mortgage payable	6,509	
Capital leases	<u>176,694</u>	
Net adjustment	<u>5,552,312</u>	5,092,524

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	(760,180)	
Increase in net pension asset	174,075	
Increase in OPEB liability	(10,409,189)	
Increase in accrued interest	(72,611)	
Increase in claims payable	(2,452,976)	
Amortization bond issue costs	(71,624)	
Amortization of bond discount/premium	92,283	
Decrease in compensated absences	<u>3,483,757</u>	
Net adjustment		<u>(10,016,465)</u>

Change in net assets of governmental activities (Page 18) \$ (7,672,645)

CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

SEPTEMBER 30, 2010

<u>ASSETS</u>	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 14,544,492	\$ -	\$ 14,544,492
Investments	19,121,530	-	19,121,530
Customers accounts receivable	10,771,180	786,174	11,557,354
Other receivables	174,705	-	174,705
Due from other funds	641,899	2,407,083	3,048,982
Inventories	591,590	-	591,590
Other assets	2,893,031	-	2,893,031
Restricted assets:			
Cash	15,618,280	-	15,618,280
Other assets	<u>3,602,347</u>	<u>-</u>	<u>3,602,347</u>
Total current assets	<u>67,959,054</u>	<u>3,193,257</u>	<u>71,152,311</u>
Non-current assets:			
Capital assets, not being depreciated	20,908,633	171,284	21,079,917
Capital assets, net of accumulated depreciation	101,024,475	3,482,396	104,506,871
Note receivable	<u>4,800,000</u>	<u>-</u>	<u>4,800,000</u>
Total non-current assets	<u>126,733,108</u>	<u>3,653,680</u>	<u>130,386,788</u>
Total assets	<u>\$ 194,692,162</u>	<u>\$ 6,846,937</u>	<u>\$ 201,539,099</u>

(Continued)

CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (Continued)

SEPTEMBER 30, 2010

	Water and Sewers Utility System	Solid Waste Utility System	Total
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 7,071,510	\$ 143,504	\$ 7,215,014
Current portion of self-insurance claims payable	136,074	97,206	233,280
Current portion of revolving loan	110,945	-	110,945
Current portion of compensated absences	71,803	55,127	126,930
Due to other funds	<u>3,031,528</u>	<u>5,051,048</u>	<u>8,082,576</u>
	<u>10,421,860</u>	<u>5,346,885</u>	<u>15,768,745</u>
Current liabilities payable from restricted assets:			
DERM payable	3,802,220	-	3,802,220
Due to other funds	3,606,516	-	3,606,516
Deferred revenues- RO Plant	1,510,846	-	1,510,846
Customer deposits	<u>7,397,830</u>	<u>-</u>	<u>7,397,830</u>
Total current liabilities payable from restricted assets	<u>16,317,412</u>	<u>-</u>	<u>16,317,412</u>
Total current liabilities	<u>26,739,272</u>	<u>5,346,885</u>	<u>32,086,157</u>
Non-current liabilities:			
Revolving loan	1,594,684	-	1,594,684
Deferred revenues, net	-	35,000	35,000
Deferred interest, net	1,573,039	-	1,573,039
Self-insurance claims payable	3,389,330	2,421,212	5,810,542
OPEB liability	2,308,469	1,938,000	4,246,469
Compensated absences payable	<u>1,124,921</u>	<u>863,657</u>	<u>1,988,578</u>
Total non-current liabilities	<u>9,990,443</u>	<u>5,257,869</u>	<u>15,248,312</u>
Total liabilities	<u>36,729,715</u>	<u>10,604,754</u>	<u>47,334,469</u>
Net assets:			
Invested in capital assets, net of related debt	120,227,479	3,653,680	123,881,159
Unrestricted	<u>37,734,968</u>	<u>(7,411,497)</u>	<u>30,323,471</u>
Total net assets	<u>\$ 157,962,447</u>	<u>\$ (3,757,817)</u>	<u>\$ 154,204,630</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, 2010

	Water and Sewers Utility System	Solid Waste Utility System	Total
Operating revenues:			
Metered water sales	\$ 16,314,171	\$ -	\$ 16,314,171
Sanitary sewer service	27,863,732	-	27,863,732
Sanitation fees	-	13,920,830	13,920,830
Other	<u>858,641</u>	<u>76,560</u>	<u>935,201</u>
Total operating revenues	<u>45,036,544</u>	<u>13,997,390</u>	<u>59,033,934</u>
Operating expenses:			
Operating, administrative and maintenance	39,372,844	14,418,998	53,791,842
Depreciation	<u>3,734,144</u>	<u>628,593</u>	<u>4,362,737</u>
Total operating expenses	<u>43,106,988</u>	<u>15,047,591</u>	<u>58,154,579</u>
Operating income (loss)	<u>1,929,556</u>	<u>(1,050,201)</u>	<u>879,355</u>
Non-operating revenues (expenses):			
Interest income	1,419,630	-	1,419,630
Interest expense	<u>(51,709)</u>	<u>-</u>	<u>(51,709)</u>
Net non-operating revenues (expenses)	<u>1,367,921</u>	<u>-</u>	<u>1,367,921</u>
Income (loss) before contributions	3,297,477	(1,050,201)	2,247,276
Capital contributions	<u>9,004,831</u>	<u>1,576,750</u>	<u>10,581,581</u>
Change in net assets	12,302,308	526,549	12,828,857
Net assets - beginning	<u>145,660,139</u>	<u>(4,284,366)</u>	<u>141,375,773</u>
Net assets, ending	<u>\$ 157,962,447</u>	<u>\$ (3,757,817)</u>	<u>\$ 154,204,630</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Water and Sewers Utility System	Solid Waste Utility System	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 42,820,054	\$ 13,776,088	\$ 56,596,142
Cash received from others	858,641	76,560	935,201
Cash paid for interfund services used	(3,000,000)	-	(3,000,000)
Cash payments to suppliers	(31,533,704)	(7,578,541)	(39,112,245)
Cash payments to employees	(5,617,188)	(6,274,107)	(11,891,295)
Net cash provided by operating activities	3,527,803	-	3,527,803
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(22,733,890)	-	(22,733,890)
Interest paid	(134,033)	-	(134,033)
Capital contributions	3,446,236	-	3,446,236
Payments on long-term debt	(170,181)	-	(170,181)
Net cash used in capital and related financing activities	(19,591,868)	-	(19,591,868)
Cash flows from investing activities:			
Proceeds from sale of investments	6,218,581	-	6,218,581
Purchase of note receivable	(4,800,000)	-	(4,800,000)
Interest received on investments	1,419,630	-	1,419,630
Net cash provided by investing activities	2,838,211	-	2,838,211
Net decrease in cash and cash equivalents	(13,225,854)	-	(13,225,854)
Cash and cash equivalents, beginning	43,388,626	-	43,388,626
Cash and cash equivalents, ending	\$ 30,162,772	\$ -	\$ 30,162,772
Cash and cash equivalents per statement of net assets:			
Unrestricted	\$ 14,544,492	\$ -	\$ 14,544,492
Restricted - current	15,618,280	-	15,618,280
	\$ 30,162,772	\$ -	\$ 30,162,772

(Continued)

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Water and Sewers Utility System	Solid Waste Utility System	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 1,929,556	\$ (1,050,201)	\$ 879,355
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,734,144	628,593	4,362,737
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(1,357,849)	(144,742)	(1,502,591)
Other receivables	(318,801)	-	(318,801)
Due from other funds	10,381	(294,351)	(283,970)
Inventories	(135,159)	-	(135,159)
Other asset	(2,893,031)	-	(2,893,031)
Increase (decrease) in:			
Vouchers payable and accrued liabilities	963,953	(59,402)	904,551
Self insurance claims payable	(113,486)	747,286	633,800
Compensated absences payable	(213,468)	(365,086)	(578,554)
OPEB liability	728,632	423,743	1,152,375
Due to other funds	908,788	114,160	1,022,948
Customer deposits	<u>284,143</u>	<u>-</u>	<u>284,143</u>
Total adjustments	<u>1,598,247</u>	<u>1,050,201</u>	<u>2,648,448</u>
Net cash provided by operating activities	<u>\$ 3,527,803</u>	<u>\$ -</u>	<u>\$ 3,527,803</u>
Schedule of non-cash capital and related financing activities:			
Contribution of equipment from governmental funds	<u>\$ -</u>	<u>\$ 1,576,750</u>	<u>\$ 1,576,750</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

<u>ASSETS</u>	Pension <u>Trust</u>
Cash and cash equivalents	\$ 23,622,482
Securities lending cash collateral	145,046,683
Investments, at fair value:	
U.S. Treasury bonds and notes	30,908,424
U.S. Government securities	5,182,458
Asset backed securities	15,683,609
Mortgage backed securities	76,941,890
Real estate investment trusts	9,188,201
Corporate bonds and notes	79,446,065
Mutual funds- bonds	2,787,321
Mutual funds- equity	3,585,327
Common stocks	269,679,603
Receivables:	
Other receivables	209,609
Employer and employee contributions	762,629
Accrued interest and dividends	1,711,937
Fraud recovery	227,351
Investments sold	473,363
Loans to members	10,586,308
Total assets	676,043,260
<u>LIABILITIES AND NET ASSETS</u>	
Obligations under securities lending	145,046,683
Due to retired participants	44,052,148
Investments purchased	707,329
Accounts payable and accrued liabilities	806,319
DROP payable	4,248,471
Total liabilities	194,860,950
Net assets held in trust for pension benefits	\$ 481,182,310

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Pension <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 19,924,081
Employee	6,594,688
State	<u>461,877</u>
Total contributions	<u>26,980,646</u>
Investment income:	
Net appreciation in fair value of investments	33,287,395
Investment earnings	<u>15,099,224</u>
	48,386,619
Less investment expenses	<u>1,049,197</u>
Net investment income	<u>47,337,422</u>
Total additions	<u>74,318,068</u>
DEDUCTIONS	
Pension benefits	35,978,321
Refunds of contributions	20,956,631
DROP benefits	<u>2,160,372</u>
Total deductions	<u>59,095,324</u>
Net increase	15,222,744
Net assets held in trust for pension benefits:	
Beginning	<u>465,959,566</u>
Ending	<u>\$ 481,182,310</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

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. Based upon the application of these criteria, there were no organizations that met the criteria described above.

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 2010, the City appropriated an operating grant of approximately \$123,750 to this organization, of which \$123,750 was expended.

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.

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 (Continued)

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.

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.

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 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.

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. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved undesignated fund balance is the portion of fund equity available for any lawful use.

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

Net assets of the governmental activities, as of October 1, 2009, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 123,075,914
Correction of receivables	(2,298,718)
Correction of accrued interest	<u>(1,391,636)</u>
Net assets – beginning as restated	<u>\$119,385,560</u>

Fund balances of the governmental funds, as of October 1, 2009, were restated to correct the adjustments noted below:

	<u>General Fund</u>	<u>Streets</u>	<u>Building Impact Fee</u>	<u>Building Better Communities</u>
Fund balance – beginning as previously reported	\$24,064,293	\$3,667,545	\$218,075	\$ -
Correction of receivables	<u>(1,289,709)</u>	<u>(211,214)</u>	<u>(218,075)</u>	<u>(579,720)</u>
Fund balance – beginning as restated	<u>\$22,774,584</u>	<u>\$3,456,331</u>	<u>\$ -</u>	<u>\$(579,720)</u>

9. Capital Contributions

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

10. Utility Billings

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *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, 2010, there was no rebatable arbitrage required to be recorded.

12. *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, 2010, 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 13 for further information.

13. *Post Employment Benefits Other Than Pensions (OPEB)*

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

14. 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.

15. 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.

16. Fund Deficits

The following funds had deficits in the amounts indicated as of September 30, 2010:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$3,757,817
Special Revenue:	
Fire Prevention Fund	118,586
21 st Century After School Grant	507
Hialeah Circulator	334,386
Building Better Communities	386,480
Capital Projects:	
Stimulus E. 4 th Ave. from 25-32 St.	70,530

These undesignated 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)

17. Excess of Expenditures over Appropriations

For fiscal year ended September 30, 2010, 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>
Planning and Development	\$2,338,170	\$2,368,498	\$30,328
Employee retirement	503,720	537,162	33,442

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

For fiscal year ended September 30, 2010, 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>
Rescue Transportation	\$3,794,955	\$4,155,919	\$360,964
Law Enforcement Trust-State	134,372	152,074	17,702
Affordable Housing	1,725,588	1,742,479	16,891
The Children's Trust	1,035,776	1,201,161	165,385
City of Hialeah Education Academy	1,479,350	1,889,048	409,698

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

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 assessed value of property at January 1, 2009, upon which the 2009-2010 levy was based, was approximately \$9.53 billion. 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, 2010 was 6.540 mills per \$1,000 of assessed valuation.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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.

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)			More Than 10
			1 to 5	6 to 10		
<u>City of Hialeah Employees' Retirement System's</u>						
U.S. Treasuries	\$ 30,908,424	\$9,279,827	\$6,253,131	\$14,500,629	\$874,838	
U.S. Agencies/Instrumentalities	5,182,458	-	5,182,458	-	-	
Corporate Bonds	79,446,065	1,501,810	31,776,453	28,150,557	18,017,244	
Mortgage Backed Securities	76,941,890	-	817,148	10,005,618	66,119,124	
Asset Backed Securities	<u>15,683,609</u>	<u>13,057</u>	<u>13,360,254</u>	<u>2,225,275</u>	<u>85,022</u>	
Sub-total	<u>208,162,446</u>	<u>\$10,794,694</u>	<u>\$57,389,444</u>	<u>\$54,882,079</u>	<u>\$85,096,228</u>	
Real estate investment trusts	9,188,201	n/a	n/a	n/a	n/a	
Common stocks	<u>269,679,603</u>					
Sub-total	<u>\$487,030,250</u>					

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

	<u>Fair</u> <u>Value</u>	<u>Less</u> <u>Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More</u> <u>Than 10</u>
<u>Elected Officials Retirement Plan</u>					
Vanguard-bond mutual funds	<u>2,787,321</u>	-	<u>2,787,321</u>	-	-
Sub-total	<u>2,787,321</u>	-	<u>2,787,321</u>	-	-
Vanguard-equity funds	<u>3,585,327</u>	n/a	n/a	n/a	n/a
Sub-total	<u>6,372,648</u>				
<u>Primary Government</u>					
FMLVT-bond mutual funds	<u>19,121,530</u>	<u>2,525,825</u>	<u>16,595,705</u>	-	-
Total	<u>\$512,524,428</u>				

Concentration Credit Risk

GASB Statement 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, 2010, concentration of the City of Hialeah Employees' Retirement System's investments was as follows:

FNMA Pool – MA0353	6.22%
WI Treasury Security	6.08%

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") securities lending policy, \$145,046,683 was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

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 (NRSP) – (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, 2010, the City's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
<u>City of Hialeah Employees' Retirement System's</u>		
U.S. Treasuries	\$ 23,506,629	AAA
U.S. Agencies/Instrumentalities	19,291,352	AAA
Mortgage Backed Securities	253,469	A2
Mortgage Backed Securities	91,219,562	AAA
Mortgage Backed Securities	211,324	BA1
Mortgage Backed Securities	652,716	NA
Asset Backed Securities	1,786,029	AAA
Corporate Bonds	9,236,016	A1
Corporate Bonds	17,663,864	A2
Corporate Bonds	6,889,309	A3
Corporate Bonds	672,456	AA1
Corporate Bonds	6,671,351	AA2
Corporate Bonds	6,400,901	AA3
Corporate Bonds	1,484,148	AAA
Corporate Bonds	10,715,068	BAA1
Corporate Bonds	6,011,352	BAA2
Corporate Bonds	<u>5,272,585</u>	BAA3
Sub-total	<u>207,938,131</u>	
<u>Elected Officials Retirement Plan</u>		
Inter-Term Bond Index Adm	1,672,649	Aa2/Baa
Short-Term Bond Index Adm	477,377	Aa2/Baa
GNMA Fund Admiral Shares	<u>637,295</u>	Aaa
Sub-total	<u>2,787,321</u>	
<u>Primary Government</u>		
Florida Municipal Investment Trust:		
1-3 Year High Quality Bond	2,525,825	AAA/V2
Intermediate High Quality Fund	<u>16,595,705</u>	AAA/V3
Sub-total	<u>19,121,530</u>	
Total	<u>\$229,846,982</u>	

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Foreign Currency Risk

Foreign currency 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:

<u>Currency</u>	Holdings Valued in U.S. Dollars-	
	<u>International Equities</u>	
	<u>2010</u>	<u>2009</u>
AUSTRALIAN DOLLAR	\$286,963	\$333,845
CANADIAN DOLLAR	373,739	237,800
EURO CURRENCY	9,983,757	9,364,751
HONG KONG DOLLAR	1,050,712	916,729
JAPANESE YEN	1,657,143	1,280,103
NORWEGIAN KRONE	372,885	383,745
POUND STERLING	4,293,941	4,426,408
SINGAPORE DOLLAR	959,562	881,700
SWEDISH KRONA	560,788	699,507
SWISS FRANC	<u>2,038,207</u>	<u>2,233,793</u>
	<u>\$21,577,697</u>	<u>\$20,758,381</u>

Securities Lending Transactions

State statutes do not prohibit the City of Hialeah Employees' Retirement System (the "Plan") from participating in securities lending transactions. The Plan, pursuant to a Securities Lending Authorization Agreement, has authorized State Street Bank and Trust Company ("State Street") to act as Plan's agent in lending the Plan's securities to approved borrowers. State Street, as agent, enters into Securities Loan Agreements with borrowers.

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 and letters of credit. 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 provide a form of indemnification to the Plan in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration and notice of Default of the Borrower.

During the fiscal year, the Plan and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2010, such investment pool had an average duration of 44.24 days and an average weighted final maturity of 216.27 days for USD collateral. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Securities Lending Transactions (Continued)

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, 2010, the Plan had 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, 2010, was \$145,046,683 and \$141,515,740; respectively. The \$145,046,683 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 \$145,046,683 for obligations under security lending.

NOTE 4. RECEIVABLES

Receivables as of September 30, 2010 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	Solid Waste	Non-major Governmental Funds	Total
Receivables:					
Billed	\$ -	\$ 8,750,376	\$ 786,174	\$ 1,638,425	\$ 11,174,975
Unbilled	-	3,999,317	-	-	3,999,317
Franchise and utility	5,352,598	-	-	-	5,352,598
Intergovernmental	3,263,603	-	-	1,282,602	4,546,205
Grants	479,508	-	-	15,221,095	15,700,603
Other	217,704	2,403,539	-	-	2,621,243
Sales taxes	<u>2,103,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,103,769</u>
Gross receivables	<u>11,417,182</u>	<u>15,153,232</u>	<u>786,174</u>	<u>18,142,122</u>	<u>45,498,710</u>
Less: allowances for uncollectibles	<u>-</u>	<u>605,000</u>	<u>-</u>	<u>708,461</u>	<u>1,313,461</u>
Net total receivables	<u>\$ 11,417,182</u>	<u>\$ 14,548,232</u>	<u>\$ 786,174</u>	<u>\$ 17,433,661</u>	<u>\$ 44,185,249</u>

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 4. RECEIVABLES (Continued)

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 \$2,620,564.

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

Occupational licenses	\$ 1,789,037
Grants and other deferred revenues	1,213,150
Hayes program	182,450
Community Development Block Grant (CDBG)	2,477,302
State Housing Initiative Program (SHIP)	1,874,102
Notes receivable (see note 5)	<u>1,934,181</u>
	<u>\$9,470,222</u>

NOTE 5. 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 5. NOTES RECEIVABLE (Continued)

Note Receivable- Palm Centre (Continued)

The future minimum receivable and net present value of these minimum payments as of September 30, 2010 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, 2010. No allowance against the note receivable is deemed necessary at September 30, 2010. 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, 2010 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.

During 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 6. INTERFUND ACTIVITY

The amounts due from/to other funds at September 30, 2010 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$24,522,660	\$13,666,752
Non-Major Governmental Funds	<u>14,454,099</u>	<u>16,669,897</u>
Major Proprietary Type Funds		
Water and Sewer	641,899	6,638,044
Solid Waste	<u>2,407,083</u>	<u>5,051,048</u>
Total Major Proprietary Type Funds	<u>3,048,982</u>	<u>11,689,092</u>
	<u>\$42,025,741</u>	<u>\$42,025,741</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, 2010, major fund and non-major fund activity was as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
Major Governmental Funds		
General Fund	\$ _____ -	\$ 1,397,618
Total Major Governmental Funds	_____ -	<u>1,397,618</u>
Non-Major Governmental Funds	<u>1,397,618</u>	_____ -
	<u>\$ 1,397,618</u>	<u>\$ 1,397,618</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 funds were made to provide additional resources for current operations.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 7. RESTRICTED ASSETS

Restricted assets consist of the cash restricted for debt service, capital projects, advances, public safety and customer deposits at September 30, 2010:

Water and Sewers Fund

Customers' deposit - cash and investments	\$7,397,830
Restricted for Miami-Dade County DERM – DERM Fee	3,802,220
Reverse Osmosis Plant- Joint Participation Agreement	<u>4,418,230</u>
Total restricted cash water and sewers fund	<u>15,618,280</u>

Other restricted assets

Customer accounts - Solid Waste Fund	2,403,539
Customer accounts - Stormwater Fund	746,989
Customer accounts - City Utility Tax	<u>451,819</u>
Total other restricted assets water and sewers fund	<u>3,602,347</u>

Total restricted assets water and sewers fund 19,220,627

Governmental Funds

Capital Project Funds- Capital Improvement Construction Fund	\$2,357,020
Debt Service Fund- Fire Admin. Debt Service Fund	<u>21,527</u>
Total Restricted for Debt Service	<u>2,378,547</u>

Special Revenue Funds

Rescue Transportation	\$595,553
Fire Prevention	17,171
State Law Enforcement Trust	161,190
Federal Law Enforcement Trust	<u>185,108</u>
Total Restricted for Public Safety	<u>959,022</u>

Total Restricted Assets \$22,558,196

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2010 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 29,051,407	\$ 291,747	\$ -	\$ -	\$ 29,343,154
Construction in Progress	7,664,479	14,179,398	-	(4,090,910)	17,752,967
Total capital assets not being depreciated	<u>36,715,886</u>	<u>14,471,145</u>	<u>-</u>	<u>(4,090,910)</u>	<u>47,096,121</u>
Capital assets being depreciated:					
Buildings	97,836,499	1,167,377	-	1,018,586	100,022,462
Improvements other than buildings	24,879,198	520,790	-	366,819	25,766,807
Furniture, fixtures, machinery and equipment	42,634,365	4,047,123	-	(1,576,750)	45,104,738
Infrastructure	317,830,993	1,193,675	-	2,705,505	321,730,173
Total capital assets being depreciated	<u>483,181,055</u>	<u>6,928,966</u>	<u>-</u>	<u>2,514,160</u>	<u>492,624,181</u>
Less accumulated depreciation for:					
Buildings	19,076,150	2,273,210	-	-	21,349,360
Improvements other than buildings	12,114,898	1,238,147	-	-	13,353,045
Furniture, fixtures, machinery and equipment	27,223,500	3,258,138	-	-	30,481,638
Infrastructure	148,322,122	9,551,916	-	-	157,874,038
Total accumulated depreciation	<u>206,736,670</u>	<u>16,321,411</u>	<u>-</u>	<u>-</u>	<u>223,058,081</u>
Total capital assets being depreciated, net	<u>276,444,385</u>	<u>(9,392,445)</u>	<u>-</u>	<u>2,514,160</u>	<u>269,566,100</u>
Governmental activities capital assets, net	<u>\$ 313,160,271</u>	<u>\$ 5,078,699</u>	<u>\$ -</u>	<u>\$ (1,576,750)</u>	<u>\$ 316,662,220</u>

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 329,356	\$ -	\$ -	\$ -	\$ 329,356
Construction in progress	5,980,557	14,770,004	-	-	20,750,561
Total capital assets not being depreciated	<u>6,309,913</u>	<u>14,770,004</u>	<u>-</u>	<u>-</u>	<u>21,079,917</u>
Capital assets being depreciated:					
Buildings and utility plant	3,895,307	427,434	-	-	4,322,741
Improvements to other than building	320,533	-	-	-	320,533
Machinery and equipment	17,535,303	104,195	-	1,576,750	19,216,248
Infrastructure	162,019,287	7,496,817	-	-	169,516,104
Total capital assets being depreciated	<u>\$ 183,770,430</u>	<u>\$ 8,028,446</u>	<u>\$ -</u>	<u>\$ 1,576,750</u>	<u>\$ 193,375,626</u>
Less accumulated depreciation for:					
Buildings and utility plant	2,203,160	121,110	-	-	2,324,270
Improvements other than building	207,577	30,166	-	-	237,743
Machinery and equipment	14,584,403	919,789	-	-	15,504,192
Infrastructure	67,510,878	3,291,672	-	-	70,802,550
Total accumulated depreciation	<u>84,506,018</u>	<u>4,362,737</u>	<u>-</u>	<u>-</u>	<u>88,868,755</u>
Total capital assets being depreciated, net	<u>99,264,412</u>	<u>3,665,709</u>	<u>-</u>	<u>1,576,750</u>	<u>104,506,871</u>
Business-type activities capital assets, net	<u>\$ 105,574,325</u>	<u>\$ 18,435,714</u>	<u>\$ -</u>	<u>\$ 1,576,750</u>	<u>\$ 125,586,788</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. CAPITAL ASSETS (Continued)

During 2010, the City transferred approximately \$4,090,910 of completed projects of its governmental activities to buildings (\$1,018,586), improvements (\$366,819) and infrastructure (\$2,705,505). The net increase in transfers of \$1,576,750 was due to the transfer of four hybrid recycling trucks from governmental activities to the Solid Waste fund.

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

Governmental activities:

General government	\$ 2,453,157
Police	1,397,210
Fire	1,254,384
Streets	9,783,561
Recreation	<u>1,433,099</u>
Total depreciation expense - governmental activities	<u>\$16,321,411</u>

Business-type activities:

Water and sewer	\$ 3,734,144
Solid waste	<u>628,593</u>
Total depreciation expense - business-type activities	<u>\$ 4,362,737</u>

Construction Commitments

At September 30, 2010, the City had in process various construction projects that were not completed with a remaining balance totaling \$11,581,828. Funding of these projects is to be made primarily through the proceeds of loans, tax revenues and grants.

NOTE 9. CAPITAL LEASES

The City has entered into several lease agreements for equipment totaling \$1,608,066. 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
Buildings	\$ 875,500
Equipment- Fire Pumper	362,788
Equipment- Fire Engine	369,788
Less: accumulated depreciation	<u>(911,872)</u>
	<u>\$ 696,204</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. CAPITAL LEASES (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010 were:

<u>September 30:</u>			
2011			\$ 164,689
2012			164,689
2013			164,689
2014			83,883
Total minimum lease payments			<u>577,951</u>
Less: amount representing interest			<u>(50,432)</u>
Present value of minimum lease payments			<u>\$ 527,519</u>

NOTE 10. LONG-TERM DEBT

1993 Revenue Bonds - On November 1993, the City issued \$4,400,000 Capital Improvement Revenue Bonds, Series 1993 (the "Series 1993 Bonds"). 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 Series 1993 bonds mature October 2018 and bear interest ranging from 3.1% to 5.5%. The Series 1993 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. In 2008, the City refunded the 1993 Revenue Bonds with the issuance of the Capital Improvement Revenue Refunding Bonds, Series 2007.

2007 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%.

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>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$191,886	\$78,684	\$270,570
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
2016-2019	<u>815,315</u>	<u>64,039</u>	<u>879,354</u>
	<u>\$1,864,063</u>	<u>\$368,143</u>	<u>\$2,232,205</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

State of Florida

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, 2010, the unamortized deferred interest balance was \$1,573,039. The City paid off the State of Florida loan in 2008.

Notes Payable

1) Florida Municipal Loan Council

On April 28, 1999, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$30,000,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 1999 for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$16,660,000 and calls for semi-annual payments due on April 1 and October 1, commencing on October 1, 1999 through April 1, 2019 and bears interest at varying rates ranging from 3.2% to 5.1%.

Annual debt service requirements to maturity for the Series 1999 note payable are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$1,525,000	\$807,588	\$2,332,588
2012	1,595,000	738,963	2,333,963
2013	1,665,000	667,188	2,332,188
2014	1,740,000	592,263	2,332,263
2015	1,830,000	503,088	2,333,088
2016-2019	8,305,000	1,032,731	9,337,731
	<u>\$16,660,000</u>	<u>\$4,341,819</u>	<u>\$21,001,819</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

Notes Payable (Continued)

1) Florida Municipal Loan Council (Continued)

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 \$42,000,000 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 note payable are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$1,005,000	\$2,097,838	\$3,102,838
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
2016-2020	7,180,000	8,338,550	15,518,550
2021-2025	9,200,000	6,319,900	15,519,900
2026-2030	11,605,000	3,910,000	15,515,000
2031-2033	8,450,000	858,750	9,308,750
	<u>\$42,000,000</u>	<u>\$29,379,425</u>	<u>\$71,379,425</u>

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 \$26,405,000 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 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, 2010.

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

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$595,000	\$1,249,005	\$1,844,005
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
2016-2020	3,905,000	5,278,545	9,183,545
2021-2025	4,975,000	4,173,246	9,148,246
2026-2030	6,305,000	2,816,641	9,121,641
2031-2035	8,010,000	1,061,280	9,071,280
	<u>\$26,405,000</u>	<u>\$19,336,111</u>	<u>\$45,741,111</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

2) 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 \$2,680,000 at September 30, 2010.

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.

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

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$225,000	\$209,305	\$434,305
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
2016-2019	<u>1,390,000</u>	<u>285,519</u>	<u>1,675,519</u>
	<u>\$2,680,000</u>	<u>\$1,148,802</u>	<u>\$3,828,802</u>

3) Bond Anticipation Refunding Note

On December 16, 2005, the City entered into a loan agreement with SunTrust Bank for a construction line of credit for the purpose of financing the construction of a 300-unit affordable housing project in the amount of \$15,000,000. Quarterly interest only payments shall be due and payable commencing on March 1, 2006 and ending on December 1, 2008 (the "Maturity Date") with the entire unpaid principal balance due and payable in full on the maturity date at a variable interest rate, currently at 4.69% and not to exceed 12% over the life of the loan. In 2009 and 2010, the loan agreement was amended and extended the maturity date to August 1, 2011, increased the line of credit to \$18,000,000 and reduced the interest rate to 3.42%. The note is secured by a pledge of net rental income, a covenant to allocate HOME Program Funds annually to pay all amounts due under the note 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, 2010, the loan had an outstanding balance of \$14,583,870.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

3) Bond Anticipation Refunding Note (Continued)

Subsequent to year end the City issued the City of Hialeah Affordable Housing Note, Series 2011 in the principal amount of \$14,489,840 to refund the Bond Anticipation Refunding Note and pay-off the mortgage payable due to the Miami-Dade Housing Agency.

Mortgage Payable

In September 1991, the City executed a mortgage note payable with the Miami-Dade Housing Agency for the purchase of an apartment building to be used for low-income housing. The mortgage calls for monthly principal and interest payments at 3% per annum of \$759 through August 1, 2021 and is secured by the property.

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

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$6,657	\$2,450	\$9,107
2012	6,860	2,247	9,107
2013	7,068	2,038	9,107
2014	7,283	1,823	9,107
2015	7,505	1,602	9,107
2016-2020	74,373	4,443	78,816
2021	8,223	124	8,346
	<u>\$117,969</u>	<u>\$14,728</u>	<u>\$132,696</u>

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, 2010 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 \$2,312,470. 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, 2010 was \$1,705,629, which includes capitalized interest and other costs.

Equipment Lease Purchase- Charter School

Equipment purchase lease of approximately \$90,000 owed to Academica, LLC for equipment purchased for school operations. The lease bears no interest and payment is due from available cash flows of the school. The school may prepay the lease at any time, however, full payment is due by June 30, 2012.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. 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, 2010:

	Balance September 30, 2009	Additions	Reductions	Balance September 30, 2010	Due Within One Year
Governmental activities:					
Revenue bonds-2007	\$ 2,047,751	\$ -	\$ (183,688)	\$ 1,864,063	\$ 191,886
Notes:					
CDBG Sec 108	2,890,000	-	(210,000)	2,680,000	225,000
FMLC 1999 Bond	18,120,000	-	(1,460,000)	16,660,000	1,525,000
FMLC 2003 Bond	42,960,000	-	(960,000)	42,000,000	1,005,000
FMLC 2005 Bond	26,980,000	-	(575,000)	26,405,000	595,000
Bond Anticipation Loan	<u>16,500,000</u>	<u>-</u>	<u>(1,916,130)</u>	<u>14,583,870</u>	<u>14,583,870</u>
Notes payable	<u>107,450,000</u>	<u>-</u>	<u>(5,121,130)</u>	<u>102,328,870</u>	<u>17,933,870</u>
Less deferred amounts:					
Bond issuance costs	(1,341,568)	-	66,574	(1,274,994)	(66,574)
Discount	(47,972)	-	5,050	(42,922)	(5,050)
Premium	<u>2,229,236</u>	<u>-</u>	<u>(92,283)</u>	<u>2,136,953</u>	<u>92,283</u>
	<u>839,696</u>	<u>-</u>	<u>(20,659)</u>	<u>819,037</u>	<u>20,659</u>
Notes Payable Net	<u>108,289,696</u>	<u>-</u>	<u>(5,141,789)</u>	<u>103,147,907</u>	<u>17,954,529</u>
Capital Leases	334,426	369,788	(176,695)	527,519	143,208
Lease- Charter School	103,325	90,000	(103,325)	90,000	90,000
Mortgage payable	85,444	39,034	(6,509)	117,969	6,707
Claims payable	40,317,194	1,801,982	-	42,119,176	8,423,835
Compensated absences	22,990,162	8,177,310	(11,154,693)	20,012,779	1,131,467
OPEB liability	20,410,173	16,134,985	(5,725,796)	30,819,362	-
Net Pension Obligation	<u>40,367,125</u>	<u>760,180</u>	<u>-</u>	<u>41,127,305</u>	<u>-</u>
Total Governmental activities	<u>\$ 234,945,296</u>	<u>\$ 27,373,279</u>	<u>\$ (22,492,495)</u>	<u>\$ 239,826,081</u>	<u>\$ 27,941,632</u>
Business-type activities:					
Revolving loan	\$ 1,875,810	\$ -	\$ (170,181)	\$ 1,705,629	\$ 110,945
Claims payable	5,410,023	633,799	-	6,043,822	233,280
OPEB liability	3,094,093	2,304,576	(1,152,201)	4,246,468	-
Compensated absences	<u>2,694,061</u>	<u>1,031,124</u>	<u>(1,609,677)</u>	<u>2,115,508</u>	<u>126,930</u>
Total Business-type activities	<u>\$ 13,073,987</u>	<u>\$ 3,969,499</u>	<u>\$ (2,932,059)</u>	<u>\$ 14,111,427</u>	<u>\$ 471,155</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 11. 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>2010</u>	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning	\$45,727,217	\$46,003,644	\$39,047,904
Incurred claims (including IBNR)	28,644,623	29,292,555	41,832,579
Claims payments	<u>(26,208,858)</u>	<u>(29,568,982)</u>	<u>(34,981,550)</u>
Unpaid claims, ending	<u>\$48,162,998</u>	<u>\$45,727,217</u>	<u>\$46,003,644</u>

NOTE 12. COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

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.

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 12. 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 21st 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.

Subsequent to year end, 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, 2010 were \$14,800,846 for water services and \$13,242,060 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 12. COMMITMENTS AND CONTINGENCIES (Continued)

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.

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 12. 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.

Subsequent to year end 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.

NOTE 13. 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 13. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

EMPLOYEES' RETIREMENT SYSTEM (Continued)

Membership in the Plan as of October 1, 2009 consisted of the following:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,140
Terminated employees entitled to benefits but not yet receiving them	<u>86</u>
Subtotal	<u>1,226</u>
Active employees:	
General employees	715
Police officers and firefighters	<u>720</u>
Subtotal	<u>1,435</u>
Total members	<u>2,661</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, 2010). 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 13. 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	\$20,078,223
Interest on net pension obligation	3,192,420
Adjustment to annual required contribution	<u>(2,264,812)</u>
Annual pension cost	21,005,831
Contributions made	<u>(19,783,774)</u>
Increase in net pension obligation	1,222,057
Net pension obligation, beginning of year	<u>39,905,248</u>
Net pension obligation, end of year	<u>\$ 41,127,305</u>

The annual required contribution for the current year was determined as part of the October 1, 2009 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.

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</u>
9/30/2008	\$17,935,308	101%	\$40,908,557
9/30/2009	\$18,812,640	103%	\$39,905,248
9/30/2010	\$21,005,831	94%	\$41,127,305

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, 2010, there were fifty-eight (58) DROP participants.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. 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, 2010 were based on the October 1, 2009 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, 2009, 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>12</u>
Current employees:	
Vested	14
Non-vested	<u>-</u>
Total	<u>14</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 13. 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	\$ 356,028
Interest on net pension obligation	(114,094)
Adjustment to annual required contribution	<u>83,991</u>
Annual pension cost	325,925
Contributions made	<u>500,000</u>
Increase in net pension obligation (asset)	(174,075)
Net pension obligation (asset), beginning of year	<u>(1,901,565)</u>
Net pension obligation (asset), end of year	<u>\$ (2,075,640)</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>
9/30/2008	313,995	159%	(1,751,613)
9/30/2009	350,048	143%	(1,901,565)
9/30/2010	325,925	153%	(2,075,640)

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. 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, 2009 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, 2010 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, 2010

ASSETS

Cash and cash equivalents	<u>\$479,662</u>
Investments, at fair value:	
Mutual Funds – Bonds	2,787,321
Mutual Funds – Equity	<u>3,585,327</u>
Total Investments, at fair value	<u>6,372,648</u>
 Total assets	 <u>6,852,310</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>256,014</u>
Net assets held in trust for pension benefits	<u>\$6,596,296</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

STATEMENT OF CHANGES IN NET ASSETS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

ADDITIONS	
Contributions:	
Employer	<u>\$ 500,000</u>
Investment income:	
Net appreciation in fair value of investment	<u>512,103</u>
	512,103
Less investment expenses	<u>20,642</u>
Net investment income	<u>491,461</u>
Total additions	<u>991,461</u>
DEDUCTIONS	
Pension benefits	<u>161,821</u>
Net increase	829,640
Net assets held in trust for pension benefits:	
Beginning	<u>5,766,656</u>
Ending	<u>\$6,596,296</u>

Funded Status and Funding Progress (Both Plans)

The funded status of the Plans as of October 1, 2009, the most recent actuarial valuation date, is as follows:

<u>EMPLOYEES' RETIREMENT SYSTEM</u>						
Actuarial	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL
Valuation	Value	Accrued	AAL	Ratio	Payroll	as a
Date	of	Liability	(UAAL)			Percentage
	Assets	Entry Age	(b-a)	(a/b)	(c)	of
	(a)	(b)				Covered
						Payroll
						(b-a)/c
10/1/2009	\$ 531,939,481	\$ 661,893,533	\$ 129,954,052	80.4%	\$ 79,860,936	162.7%
<u>ELECTED OFFICIALS' RETIREMENT SYSTEM</u>						
10/1/2009	\$ 5,530,202	\$ 6,284,075	\$753,873	88.0%	\$1,206,773	62.5%

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. 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, 2009	October 1, 2009
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent dollar	Level percent of payroll, closed
Remaining amortization period	30 years	30 Years
Asset valuation method	5-year smoothed market vs actual returns	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 14. 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, 2010.

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 15. 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	\$	18,314,205
Interest on net OPEB obligation		940,170
Adjustment to annual required contribution		<u>(814,814)</u>
Annual OPEB cost		18,439,561
Contributions made		<u>(6,877,997)</u>
Increase in net OPEB obligation		11,561,564
Net OPEB obligation, beginning of year		<u>23,504,266</u>
Net OPEB obligation, end of year		<u>\$35,065,830</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 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>
9/30/2008	\$17,854,000	37.0%	\$11,245,702
9/30/2009	17,854,000	31.3%	23,504,266
9/30/2010	18,439,561	37.3%	35,065,830

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

As of September 30, 2010, 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 September 30, 2010, was thirty years.

NOTE 16. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was issued in March 2009. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classification 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 funds. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2011.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16. PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurements method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (That is, agent employers). This Statement amends Statement No. 45, Accounting and Financial reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer –reporting requirements, this Statement also amends Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which requires that a defined benefit OPEB plan obtain and actuarial agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the City beginning with its year ending September 20, 2012.

GASB Statement No. 59, Financial Instruments Omnibus, was issued in June 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. The provisions of this Statement are effective for the City beginning with its year ended September 30, 2011.

GASB Statement No.61, The Financial Reporting Entity: Omnibus, was issued in December 2010. The Statement amends GASB Statement No. 14, The Financial Reporting Entity, and No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The Statement is intended to improve the existing standards for defining and presenting the financial reporting entity by guiding government to: include the organizations that should be included; exclude the organizations that should not be included and display and disclose financial information about component units in the most appropriate and useful manner. The Statement's most significant effects include increasing the emphasis on financial relationships between a primary government and component units. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, was issued December 2010. The Statement is intended to enhance the usefulness of GASB Codification by incorporating certain accounting guidance issued by the FASB and the AICPA that is applicable to state and local governments. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF HIALEAH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Ad valorem taxes	\$ 58,952,794	\$ 58,952,794	\$ 58,548,370	\$ (404,424)
Utility taxes	23,378,416	23,499,910	22,275,529	(1,224,381)
Franchise fees	11,985,000	11,985,000	10,365,647	(1,619,353)
Licenses and permits	6,712,820	6,742,820	6,458,977	(283,843)
State and local shared revenues	19,646,491	19,646,491	19,773,241	126,750
Fines and forfeitures	1,140,000	1,140,000	1,106,294	(33,706)
Interest	25,000	25,000	32,019	7,019
Government grants and other revenues	<u>7,061,815</u>	<u>8,223,316</u>	<u>7,614,846</u>	<u>(608,470)</u>
Total revenues	<u>128,902,336</u>	<u>130,215,331</u>	<u>126,174,923</u>	<u>(4,040,408)</u>
Other financing sources				
Proceeds from sale of long term asset	-	4,800,000	4,800,000	-
Appropriation of prior year fund balance	-	<u>906,737</u>	-	<u>(906,737)</u>
Total financing sources	<u>-</u>	<u>5,706,737</u>	<u>4,800,000</u>	<u>(906,737)</u>
 Total revenues and other financing sources	 <u>128,902,336</u>	 <u>135,922,068</u>	 <u>130,974,923</u>	 <u>(4,947,145)</u>
Expenditures:				
Current:				
Police	\$ 38,894,523	\$ 42,613,298	\$ 42,491,645	\$ 121,653
Fire	27,076,241	30,255,374	29,943,618	311,756
911 Communications division	2,485,704	2,794,718	2,784,860	9,858
Fleet maintenance	2,221,955	2,387,904	2,281,377	106,527
Construction and maintenance	3,576,790	3,778,029	3,648,333	129,696
Recreation and community services	9,809,777	9,257,373	8,996,184	261,189
Planning and development	2,213,096	2,338,170	2,368,498	(30,328)
Education and community services	2,053,049	1,881,275	1,856,244	25,031
Law	1,017,707	914,373	895,585	18,788
Risk management	690,801	998,398	991,704	6,694
Human resources	827,495	794,019	782,972	11,047
City Clerk's office	1,337,757	1,171,731	1,164,135	7,596
Office of Management and Budget	547,618	563,247	498,549	64,698
Office of the Mayor	660,143	716,049	637,840	78,209
Communications and special events	926,103	927,635	801,972	125,663
Employee retirement	616,158	503,720	537,162	(33,442)
Library	1,813,970	1,761,170	1,746,515	14,655
Compliance division	501,621	539,072	510,496	28,576
Finance	887,753	952,783	945,597	7,186
Division of licenses	529,796	498,471	431,087	67,384
General government	28,593,475	28,618,268	27,311,653	1,306,615
Information systems	<u>1,620,804</u>	<u>1,656,991</u>	<u>1,439,308</u>	<u>217,683</u>
Total expenditures	<u>128,902,336</u>	<u>135,922,068</u>	<u>133,065,334</u>	<u>2,856,734</u>
Net change in fund balance	-	-	(2,090,411)	<u>\$ (2,090,411)</u>
Fund balances - beginning	-	-	22,774,584	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,684,173</u>	

See notes to budgetary comparison schedule.

CITY OF HIALEAH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2010

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 \$7,019,732 for the general fund, \$59,081 for the Streets Fund, \$19,705 for the Stormwater Utilities Fund, \$268,667 for the Rescue Transportation Fund, \$361,678 for the Fire Rescue Fund, \$311,162 for the E-911 Fund, \$84,137 for the E-911 Wireless Communication Fund, \$65,558 for the Law Enforcement Trust-Federal Fund, \$122,372 for the Law Enforcement Trust-State Fund, \$836 for the Affordable Housing Fund, (\$188,880) for the Children's Trust Fund, \$643,721 for the Urban Areas Security Initiative Grant, \$131,159 for the Metro Medical Response System Fund, \$274,227 for the Hialeah Circulator Fund, \$237,500 for the City of Hialeah Education Academy Fund, \$775,244 for the 21st Century After School Grant, \$1,979,200 for the Energy Efficiency and Conservation Grant, \$2,511 for the CITT Debt Service Fund, \$5,505 for the Milander Park Construction Fund, \$31,988 for the Parking Garage Construction Fund, \$2,622 for the Milander Auditorium Fund, (\$4,986,176) for the Palm Center Fund, (\$2,726,482) for the FDOT 138th Street 57-67th Ave. Fund, \$1,134,113 for the CDBG-R W. 18th Ave. From 56-64 St. Fund, and \$45,000 for the GOB J. Edgar Hall Special Population Fund, during fiscal year ended September 30, 2010.

All 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, 2010

(CONTINUED)

NOTE 2. For fiscal year ended September 30, 2010, 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>
Planning and Development	\$2,338,170	\$2,368,498	\$30,328
Employee retirement	503,720	537,162	33,442

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

For fiscal year ended September 30, 2010, 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>
Rescue Transportation	\$3,794,955	\$4,155,919	\$360,964
Law Enforcement Trust-State	134,372	152,074	17,702
Affordable Housing	1,725,588	1,742,479	16,891
The Children's Trust	1,035,776	1,201,161	165,385
City of Hialeah Education Academy	1,479,350	1,889,048	409,698

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, 2010

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>
2005	\$ 16,577,257	88%	\$ 130,205	239%
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	108%	288,006	174%
2010	20,078,223	94%	356,028	153%

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, 2009	October 1, 2009
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent open	Level percent of pay, closed
Remaining amortization period	30 years	30 years
Asset valuation method	5-year smoothed market vs actual returns	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, 2010

(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
10/1/2004	\$ 442,293,992	\$ 516,284,449	\$ 73,990,457	85.7%	\$ 57,655,037	128.3%
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%

ELECTED OFFICIALS' RETIREMENT SYSTEM

10/1/2004	\$ 3,049,827	\$ 3,396,593	\$ 346,766	89.8%	\$ 965,463	35.9%
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%

+ 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%

COMBINING AND INDIVIDUAL FUND STATEMENTS

GENERAL FUND

CITY OF HIALEAH, FLORIDA

GENERAL FUND
COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2010
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2009)

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 8,116,641	\$ 13,659,569
Receivables, net	11,417,182	11,462,890
Due from other funds	24,522,660	22,884,669
Inventories	1,241,953	1,101,311
Prepays	242,000	242,000
Notes receivable	<u>1,934,181</u>	<u>6,642,077</u>
Total assets	<u>\$ 47,474,617</u>	<u>\$ 55,992,516</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Vouchers payable and accrued liabilities	\$ 5,703,289	\$ 6,126,317
Compensated absences payable	641,659	135,285
Self-insurance claims payable	1,625,719	2,276,713
Due to other funds	13,666,752	13,577,163
Deferred revenue	4,468,266	9,219,915
Other liabilities	<u>684,759</u>	<u>592,830</u>
Total liabilities	<u>26,790,444</u>	<u>31,928,223</u>
Fund balances:		
Reserved for:		
Encumbrances	141,655	981,996
Prepays	242,000	242,000
Inventories	1,241,953	1,101,311
Unreserved	<u>19,058,565</u>	<u>21,738,986</u>
Total fund balances	<u>20,684,173</u>	<u>24,064,293</u>
Total liabilities and fund balances	<u>\$ 47,474,617</u>	<u>\$ 55,992,516</u>

NONMAJOR GOVERNMENTAL FUNDS

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.

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

Special Revenue Funds (Continued)

Hialeah-Dade Development County Grant – HDDI provides economic development services for the City of Hialeah and Miami-Dade County. This fund was established to account for expenditures and revenues derived from CDBG funds passed through Miami-Dade County.

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.

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.

Disaster Recovery Initiative Fund – 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 for residential rehabilitation.

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

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.

21st 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.

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

Special Revenue Funds (Continued)

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

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

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.

Fire Station #6 Construction Fund – The Capital Improvement Construction Fund is a capital projects fund which is used to account for expenditures incurred for building Fire Station #6.

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 138th 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 138th street.

East 4th From Hialeah Drive to 21st 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 4th Ave from Hialeah Drive to 21st Street.

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds (Continued)

Palm to East 1st Ave From 47th to 48th 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 1st Ave from 47th to 48th 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

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.

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, 2010

	Special Revenue													
	Streets	Storm Water Utilities	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Hialeah-Dade Development County Grant	Tele-communications Fund	CDBG	WIA
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	660,127	272,949	747,750	192,329	-	65,906	152,416	-	30,000	-	-	-	298,091	1,417,531
Due from other funds	2,682,101	3,104,506	-	-	10,829	-	-	255,703	157,126	-	20,000	-	2,402,617	69,872
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	595,553	17,171	-	-	-	-	161,190	185,108	-	-	-	-
Total assets	\$ 3,342,228	\$ 3,377,455	\$ 1,343,303	\$ 209,500	\$ 10,829	\$ 65,906	\$ 152,416	\$ 255,703	\$ 348,316	\$ 185,108	\$ 20,000	\$ -	\$ 2,700,708	\$ 1,487,403
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable and accrued liabilities	\$ 71,948	\$ 18,775	\$ 35,028	\$ -	\$ -	\$ 34,780	\$ -	\$ 28,241	\$ 442	\$ 7,254	\$ 20,000	\$ -	\$ 223,406	\$ -
Due to other funds	-	-	837,119	328,086	-	31,126	94,814	-	599	157,126	-	-	-	1,304,953
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	-	2,477,302	182,450
Total liabilities	71,948	18,775	872,147	328,086	-	65,906	94,814	28,241	1,041	164,380	20,000	-	2,700,708	1,487,403
Fund balances:														
Reserved for:														
Encumbrances	23,295	-	-	-	-	-	-	2,634	58,988	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved:														
Designated for:														
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future construction	3,246,985	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	471,156	(118,586)	10,829	-	57,602	224,828	288,287	20,728	-	-	-	-
Undesignated	-	3,358,680	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	3,270,280	3,358,680	471,156	(118,586)	10,829	-	57,602	227,462	347,275	20,728	-	-	-	-
Total liabilities and fund balances	\$ 3,342,228	\$ 3,377,455	\$ 1,343,303	\$ 209,500	\$ 10,829	\$ 65,906	\$ 152,416	\$ 255,703	\$ 348,316	\$ 185,108	\$ 20,000	\$ -	\$ 2,700,708	\$ 1,487,403

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)

SEPTEMBER 30, 2010

	Special Revenue													
	Home Investment Partnership	Disaster Recovery Initiative Fund	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	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	Streets 3 Cent Optional Gas Tax
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 605,327	\$ -	\$ 96,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	106,342	-	4,500	-	-	-	90,000	267,317	307,501	65,894	250,702	298,151	320,787	192,010
Due from other funds	-	-	-	-	21,548	1,874,102	-	-	-	-	65,997	-	-	151,466
Inventory	-	-	-	-	28,702	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 106,342	\$ -	\$ 4,500	\$ -	\$ 655,577	\$ 1,874,102	\$ 186,198	\$ 267,317	\$ 307,501	\$ 65,894	\$ 316,699	\$ 298,151	\$ 320,787	\$ 343,476
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable and accrued liabilities	\$ 106,342	\$ -	\$ 4,500	\$ -	\$ 86,923	\$ -	\$ 163,647	\$ -	\$ 1,591	\$ -	\$ 316,699	\$ 291,259	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	267,317	306,417	65,894	-	341,278	320,787	-
Deferred revenues	-	-	-	-	66,525	1,874,102	15,097	-	-	-	-	-	386,480	-
Total liabilities	106,342	-	4,500	-	153,448	1,874,102	178,744	267,317	308,008	65,894	316,699	632,537	707,267	-
Fund balances:														
Reserved for:														
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	28,702	-	-	-	-	-	-	-	-	-
Unreserved:														
Designated for:														
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future construction	-	-	-	-	-	-	-	-	-	-	-	-	-	343,476
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	473,427	-	7,454	-	(507)	-	-	(334,386)	(386,480)	-
Total fund balances	-	-	-	-	502,129	-	7,454	-	(507)	-	-	(334,386)	(386,480)	343,476
Total liabilities and fund balances	\$ 106,342	\$ -	\$ 4,500	\$ -	\$ 655,577	\$ 1,874,102	\$ 186,198	\$ 267,317	\$ 307,501	\$ 65,894	\$ 316,699	\$ 298,151	\$ 320,787	\$ 343,476

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2010

	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	Fire Station #6 Capital 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
ASSETS																	
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	101,750	-	-	1,192,602	-	-	-	-	557,193	1,997,506	313,915	393,309	68,374	1,937,458	47,088	689,993	-
Due from other funds	1,475,000	-	74,219	-	519,005	1,169,621	311,737	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	21,527	2,375	-	-	-	-	-	-	-	-	-	-	2,354,645
Total assets	\$ 1,576,750	\$ -	\$ 74,219	\$ 1,192,602	\$ 540,532	\$ 1,171,996	\$ 311,737	\$ -	\$ 557,193	\$ 1,997,506	\$ 313,915	\$ 393,309	\$ 68,374	\$ 1,937,458	\$ 47,088	\$ 689,993	\$ 2,354,645
LIABILITIES AND FUND BALANCES																	
Liabilities:																	
Accounts payable and accrued liabilities	\$ 1,576,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ -	\$ 1,272	\$ 61,662	\$ 80,272	\$ 8,768	\$ -	\$ 91,885	\$ -	\$ -	\$ 439,612
Due to other funds	-	-	-	1,192,602	-	1,171,996	-	-	555,921	1,935,844	233,643	384,541	68,374	1,845,573	47,088	689,993	1,168,428
Deferred revenues, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	1,576,750	-	-	1,192,602	-	1,171,996	24	-	557,193	1,997,506	313,915	393,309	68,374	1,937,458	47,088	689,993	1,608,040
Fund balances:																	
Reserved for:																	
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved:																	
Designated for:																	
Debt service	-	-	-	-	540,532	-	-	-	-	-	-	-	-	-	-	-	746,605
Future construction	-	-	-	-	-	-	311,713	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	74,219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	-	74,219	-	540,532	-	311,713	-	-	-	-	-	-	-	-	-	746,605
Total liabilities and fund balances	\$ 1,576,750	\$ -	\$ 74,219	\$ 1,192,602	\$ 540,532	\$ 1,171,996	\$ 311,737	\$ -	\$ 557,193	\$ 1,997,506	\$ 313,915	\$ 393,309	\$ 68,374	\$ 1,937,458	\$ 47,088	\$ 689,993	\$ 2,354,645

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2010

	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.	Hialeah Charter School	
ASSETS															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,525
Receivables, net	179,051	819,330	313,870	451,741	781,162	2,945	185,814	104,100	771,582	131,869	28,660	275,179	348,867	17,433,661	
Due from other funds	-	-	-	-	-	58,774	-	-	-	-	-	-	-	14,454,099	
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	28,702	
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	3,337,569	
Total assets	\$ 179,051	\$ 819,330	\$ 313,870	\$ 451,741	\$ 781,162	\$ 61,719	\$ 185,814	\$ 104,100	\$ 771,582	\$ 131,869	\$ 28,660	\$ 275,179	\$ 348,867	\$ 29,876	\$ 35,955,556
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts payable and accrued liabilities	\$ 71,108	\$ 71,020	\$ 96,123	\$ 165,131	\$ 14,686	\$ 132,249	\$ -	\$ -	\$ 303,413	\$ 131,869	\$ 2,245	\$ 21,203	\$ 223,925	\$ -	\$ 4,904,052
Due to other funds	107,943	748,310	217,747	286,610	766,476	-	185,814	104,100	468,169	-	26,415	253,976	124,942	29,876	16,669,897
Deferred revenues, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,001,956
Total liabilities	179,051	819,330	313,870	451,741	781,162	132,249	185,814	104,100	771,582	131,869	28,660	275,179	348,867	29,876	26,575,905
Fund balances:															
Reserved for:															
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84,917
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,702
Unreserved:															
Designated for:															
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,287,137
Future construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,902,174
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	954,844
Undesignated	-	-	-	-	-	(70,530)	-	-	-	-	-	-	-	-	3,121,877
Total fund balances	-	-	-	-	-	(70,530)	-	-	-	-	-	-	-	-	9,379,651
Total liabilities and fund balances	\$ 179,051	\$ 819,330	\$ 313,870	\$ 451,741	\$ 781,162	\$ 61,719	\$ 185,814	\$ 104,100	\$ 771,582	\$ 131,869	\$ 28,660	\$ 275,179	\$ 348,867	\$ 29,876	\$ 35,955,556

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue													
	Streets	Storm Water Utilities	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Hialeah-Dade Development County Grant	Tele-communications Fund	CDBG	WIA
Revenues:														
Utility taxes	\$ -	\$ 3,589,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	2,719,025	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	124,906	160,432	-	-	-	-
Interest	-	-	2,351	641	-	-	-	-	-	354	-	-	-	-
Government grants and other revenues	40,350	-	3,719,469	1,015,653	33,370	405,925	467,315	441,755	-	-	-	-	3,288,414	2,444,219
Total revenues	2,759,375	3,589,564	3,721,820	1,016,294	33,370	405,925	467,315	441,755	124,906	160,786	-	-	3,288,414	2,444,219
Expenditures:														
Current:														
General government	-	-	-	-	173	609,764	363,007	168,746	-	-	-	74,032	1,516,877	-
Police	-	-	-	-	-	-	-	-	152,074	200,277	-	-	-	-
Fire	-	-	3,515,561	1,209,761	-	-	-	-	-	-	-	-	-	-
Streets	2,604,360	1,317,270	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S.H.I.P. expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	2,444,219
Capital outlay	341,066	157,799	369,788	-	4,334	139,287	76,672	359,447	-	-	-	3,000	1,336,591	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	1,082,042	183,688	-	-	-	-	-	-	-	-	-	210,000	-
Interest	-	632,923	86,882	-	-	-	-	-	-	-	-	-	224,946	-
Total expenditures	2,945,426	3,190,034	4,155,919	1,209,761	4,507	749,051	439,679	528,193	152,074	200,277	-	77,032	3,288,414	2,444,219
Excess (deficiency) of revenues over expenditures	(186,051)	399,530	(434,099)	(193,467)	28,863	(343,126)	27,636	(86,438)	(27,168)	(39,491)	-	(77,032)	-	-
Other financing sources (uses):														
Transfers in	-	-	-	-	-	343,126	-	-	-	-	-	161,408	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	369,788	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	369,788	-	-	343,126	-	-	-	-	-	161,408	-	-
Net change in fund balance	(186,051)	399,530	(64,311)	(193,467)	28,863	-	27,636	(86,438)	(27,168)	(39,491)	-	84,376	-	-
Fund balances, beginning	3,456,331	2,959,150	535,467	74,881	(18,034)	-	29,966	313,900	374,443	60,219	-	(84,376)	-	-
Fund balances, ending	\$ 3,270,280	\$ 3,358,680	\$ 471,156	\$ (118,586)	\$ 10,829	\$ -	\$ 57,602	\$ 227,462	\$ 347,275	\$ 20,728	\$ -	\$ -	\$ -	\$ -

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue													
	Home Investment Partnership	Disaster Recovery Initiative Fund	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	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	Streets 3 Cent Optional Gas Tax
Revenues:														
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	-	-	-	-	-	-	1,460,948	-	-	-	1,313,057	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	1,628	-	-	-	-	-	-	-	-	-
Government grants and other revenues	<u>2,289,494</u>	<u>132,291</u>	<u>176,597</u>	<u>-</u>	<u>1,706,421</u>	<u>997,212</u>	<u>337,637</u>	<u>1,201,161</u>	<u>618,120</u>	<u>605,323</u>	<u>1,936,556</u>	<u>398,277</u>	<u>193,240</u>	<u>1,010,917</u>
Total revenues	<u>2,289,494</u>	<u>132,291</u>	<u>176,597</u>	<u>-</u>	<u>1,708,049</u>	<u>997,212</u>	<u>1,798,585</u>	<u>1,201,161</u>	<u>618,120</u>	<u>605,323</u>	<u>1,936,556</u>	<u>1,711,334</u>	<u>193,240</u>	<u>1,010,917</u>
Expenditures:														
Current:														
General government	-	-	-	-	818,147	-	-	-	-	-	1,820,343	-	-	-
Police	-	-	-	-	-	-	-	-	47,603	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	667,441
Grants and human services	77,710	132,291	176,597	-	-	1,422,968	1,191,228	615,389	-	1,936,556	-	-	-	-
S.H.I.P. expenses	-	-	-	-	-	997,212	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	593,292	-	-	-	9,329	362,755	9,933	3,238	1,201,441	-	159,600	-	-	-
Debt service:														
Principal	1,224,096	-	-	-	698,543	103,325	-	-	-	-	-	-	-	-
Interest	394,396	-	-	-	216,460	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,289,494</u>	<u>132,291</u>	<u>176,597</u>	<u>-</u>	<u>1,742,479</u>	<u>997,212</u>	<u>1,889,048</u>	<u>1,201,161</u>	<u>618,627</u>	<u>1,249,044</u>	<u>1,936,556</u>	<u>1,979,943</u>	<u>-</u>	<u>667,441</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	(34,430)	-	(90,463)	-	(507)	(643,721)	-	(268,609)	193,240	343,476
Other financing sources (uses):														
Transfers in	-	-	-	-	-	-	-	-	643,721	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	90,000	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>643,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	(34,430)	-	(463)	-	(507)	-	(268,609)	193,240	343,476	-
Fund balances, beginning	-	-	-	-	536,559	-	7,917	-	-	-	(65,777)	(579,720)	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,129</u>	<u>\$ -</u>	<u>\$ 7,454</u>	<u>\$ -</u>	<u>\$ (507)</u>	<u>\$ -</u>	<u>\$ (334,386)</u>	<u>\$ (386,480)</u>	<u>\$ 343,476</u>	<u>\$ -</u>

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue			Debt Service		Capital Projects											
	Energy Efficiency & Conservation Block Grant	Homeless Prevention Rapid Re-Housing	Intersection Cameras Fund	CITY Debt Service Fund	Fire Admin. Debt Service Fund	300 Units Development	Parking Garage Construction Fund	Fire Station #6 Capital 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
Revenues:																	
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	-	-	-	5,252,228	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	74,219	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,537
Government grants and other revenues	1,576,750	415,316	-	-	-	-	371,389	-	26,437	1,731,173	288,367	348,815	-	4,717,455	28,238	92,038	-
Total revenues	1,576,750	415,316	74,219	5,252,228	-	-	371,389	-	26,437	1,731,173	288,367	348,815	-	4,717,455	28,238	92,038	12,537
Expenditures:																	
Current:																	
General government	-	-	-	-	2,491	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	415,316	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,576,750	-	-	497,830	-	-	59,676	5,875	26,437	1,731,173	288,367	348,815	-	4,717,455	28,238	92,038	-
Debt service:																	
Principal	-	-	-	1,912,958	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	3,037,442	-	1,468	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,576,750	415,316	-	5,448,230	2,491	1,468	59,676	5,875	26,437	1,731,173	288,367	348,815	-	4,717,455	28,238	92,038	-
Excess (deficiency) of revenues over expenditures	-	-	74,219	(196,002)	(2,491)	(1,468)	311,713	(5,875)	-	-	-	-	-	-	-	-	12,537
Other financing sources (uses):																	
Transfers in	-	-	-	196,002	-	1,468	-	51,893	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	196,002	-	1,468	-	51,893	-	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	74,219	-	(2,491)	-	311,713	46,018	-	-	-	-	-	-	-	-	12,537
Fund balances, beginning	-	-	-	-	543,023	-	-	(46,018)	-	-	-	-	-	-	-	-	734,068
Fund balances, ending	\$ -	\$ -	\$ 74,219	\$ -	\$ 540,532	\$ -	\$ 311,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746,605

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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.		Hialeah Charter School
Revenues:															
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,589,564
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,745,258
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	359,557
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,511
Government grants and other revenues	179,051	819,330	313,870	923,556	781,162	581,825	185,814	180,595	771,582	809,426	28,660	275,179	348,867	-	39,254,611
Total revenues	179,051	819,330	313,870	923,556	781,162	581,825	185,814	180,595	771,582	809,426	28,660	275,179	348,867	-	53,966,501
Expenditures:															
Current:															
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,373,580
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	399,954
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,725,322
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,589,071
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,968,055
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	997,212
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,444,219
Capital outlay	179,051	819,330	313,870	923,556	781,162	652,355	185,814	180,595	771,582	809,426	28,660	275,179	348,867	-	20,769,673
Debt service:															
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,414,652
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,594,517
Total expenditures	179,051	819,330	313,870	923,556	781,162	652,355	185,814	180,595	771,582	809,426	28,660	275,179	348,867	-	55,276,255
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(70,530)	-	-	-	-	-	-	-	-	(1,309,754)
Other financing sources (uses):															
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,397,618
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	459,788
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,857,406
Net change in fund balance	-	-	-	-	-	(70,530)	-	-	-	-	-	-	-	-	547,652
Fund balances, beginning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,831,999
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (70,530)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,379,651

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ -	\$ -	\$ -	\$ -	\$ 3,800,000	\$ 3,800,000	\$ 3,589,564	\$ (210,436)
State and local shared revenues	2,810,139	2,810,139	2,719,025	(91,114)	-	-	-	-
Government grants and other revenues	172,150	172,150	40,350	(131,800)	-	-	-	-
Total revenues	<u>2,982,289</u>	<u>2,982,289</u>	<u>2,759,375</u>	<u>(222,914)</u>	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,589,564</u>	<u>(210,436)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	59,081	-	(59,081)	-	19,705	-	(19,705)
Total revenues and other financing sources	<u>2,982,289</u>	<u>3,041,370</u>	<u>2,759,375</u>	<u>(281,995)</u>	<u>3,800,000</u>	<u>3,819,705</u>	<u>3,589,564</u>	<u>(230,141)</u>
Expenditures:								
Streets	2,982,289	3,041,370	2,945,426	95,944	3,800,000	3,819,705	3,190,034	629,671
Total expenditures	<u>2,982,289</u>	<u>3,041,370</u>	<u>2,945,426</u>	<u>95,944</u>	<u>3,800,000</u>	<u>3,819,705</u>	<u>3,190,034</u>	<u>629,671</u>
Other financing sources (uses):								
Transfers out	-	-	-	-	-	-	-	-
Total expenditures and other financing sources (uses)	<u>2,982,289</u>	<u>3,041,370</u>	<u>2,945,426</u>	<u>95,944</u>	<u>3,800,000</u>	<u>3,819,705</u>	<u>3,190,034</u>	<u>629,671</u>
Net change in fund balance	-	-	(186,051)	\$ (186,051)	-	-	399,530	\$ 399,530
Fund balances - beginning	-	-	3,456,331		-	-	2,959,150	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,270,280</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,358,680</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ 10,000	\$ 10,000	\$ 2,351	\$ (7,649)	\$ -	\$ -	\$ 641	\$ 641
Government grants and other revenues	3,001,000	3,266,981	3,719,469	452,488	1,142,333	1,499,021	1,015,653	(483,368)
Total revenues	3,011,000	3,276,981	3,721,820	444,839	1,142,333	1,499,021	1,016,294	(482,727)
Other financing sources:								
Issuance of debt	-	-	369,788	369,788	-	-	-	-
Appropriation of prior year fund balance	515,288	517,974	-	(517,974)	-	4,990	-	(4,990)
Total other financing sources	515,288	517,974	369,788	(148,186)	-	4,990	-	(4,990)
Total revenues and other financing sources	3,526,288	3,794,955	4,091,608	296,653	1,142,333	1,504,011	1,016,294	(487,717)
Expenditures:								
Fire	3,526,288	3,794,955	4,155,919	(360,964)	1,142,333	1,504,011	1,209,761	294,250
Total expenditures	3,526,288	3,794,955	4,155,919	(360,964)	1,142,333	1,504,011	1,209,761	294,250
Other financing sources (uses):								
Transfers out	-	-	-	-	-	-	-	-
Total expenditures and other financing sources (uses)	3,526,288	3,794,955	4,155,919	(360,964)	1,142,333	1,504,011	1,209,761	294,250
Net change in fund balance	-	-	(64,311)	\$ (64,311)	-	-	(193,467)	\$ (193,467)
Fund balances - beginning	-	-	535,467		-	-	74,881	
Fund balances - ending	\$ -	\$ -	\$ 471,156		\$ -	\$ -	\$ (118,586)	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ 437,895	\$ 438,537	\$ 405,925	\$ (32,612)	\$ 369,374	\$ 369,374	\$ 467,315	\$ 97,941
Total revenues	<u>437,895</u>	<u>438,537</u>	<u>405,925</u>	<u>(32,612)</u>	<u>369,374</u>	<u>369,374</u>	<u>467,315</u>	<u>97,941</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	84,137	-	(84,137)
Transfers in	-	310,520	343,126	32,606	-	-	-	-
Total other financing sources	<u>-</u>	<u>310,520</u>	<u>343,126</u>	<u>32,606</u>	<u>-</u>	<u>84,137</u>	<u>-</u>	<u>(84,137)</u>
Total revenues and other financing sources	<u>437,895</u>	<u>749,057</u>	<u>749,051</u>	<u>(6)</u>	<u>369,374</u>	<u>453,511</u>	<u>467,315</u>	<u>13,804</u>
Expenditures:								
General government	437,895	749,057	749,051	6	369,374	453,511	439,679	13,832
Total expenditures	<u>437,895</u>	<u>749,057</u>	<u>749,051</u>	<u>6</u>	<u>369,374</u>	<u>453,511</u>	<u>439,679</u>	<u>13,832</u>
Net change in fund balance	-	-	-	\$ -	-	-	27,636	\$ 27,636
Fund balances - beginning	-	-	-		-	-	29,966	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,602</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ 200,000	\$ 265,558	\$ 160,432	\$ (105,126)	\$ 12,000	\$ 134,372	\$ 124,906	\$ (9,466)
Interest	<u>3,200</u>	<u>3,200</u>	<u>354</u>	<u>(2,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>203,200</u>	<u>268,758</u>	<u>160,786</u>	<u>(107,972)</u>	<u>12,000</u>	<u>134,372</u>	<u>124,906</u>	<u>(9,466)</u>
Other financing sources:								
Appropriation of prior year fund balance	<u>8,211</u>	<u>8,211</u>	<u>-</u>	<u>(8,211)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>8,211</u>	<u>8,211</u>	<u>-</u>	<u>(8,211)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>211,411</u>	<u>276,969</u>	<u>160,786</u>	<u>(116,183)</u>	<u>12,000</u>	<u>134,372</u>	<u>124,906</u>	<u>(9,466)</u>
Expenditures:								
Police	<u>211,411</u>	<u>276,969</u>	<u>200,277</u>	<u>76,692</u>	<u>12,000</u>	<u>134,372</u>	<u>152,074</u>	<u>(17,702)</u>
Total expenditures	<u>211,411</u>	<u>276,969</u>	<u>200,277</u>	<u>76,692</u>	<u>12,000</u>	<u>134,372</u>	<u>152,074</u>	<u>(17,702)</u>
Net change in fund balance	-	-	(39,491)	\$ (39,491)	-	-	(27,168)	\$ (27,168)
Fund balances - beginning	-	-	60,219		-	-	374,443	
Fund balances - ending	\$ -	\$ -	\$ 20,728		\$ -	\$ -	\$ 347,275	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ -	\$ -	\$ 1,628	\$ 1,628	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	<u>1,724,752</u>	<u>1,724,752</u>	<u>1,706,421</u>	<u>(18,331)</u>	<u>1,224,656</u>	<u>1,035,776</u>	<u>1,201,161</u>	<u>165,385</u>
Total revenues	<u>1,724,752</u>	<u>1,724,752</u>	<u>1,708,049</u>	<u>(16,703)</u>	<u>1,224,656</u>	<u>1,035,776</u>	<u>1,201,161</u>	<u>165,385</u>
Other financing sources:								
Appropriation of prior year fund balance	-	836	-	(836)	-	-	-	-
Total revenues and other financing sources	<u>1,724,752</u>	<u>1,725,588</u>	<u>1,708,049</u>	<u>(17,539)</u>	<u>1,224,656</u>	<u>1,035,776</u>	<u>1,201,161</u>	<u>165,385</u>
Expenditures:								
General government	1,724,752	1,725,588	1,742,479	(16,891)	-	-	-	-
Grants and human services	-	-	-	-	<u>1,224,656</u>	<u>1,035,776</u>	<u>1,201,161</u>	<u>(165,385)</u>
Total expenditures	<u>1,724,752</u>	<u>1,725,588</u>	<u>1,742,479</u>	<u>(16,891)</u>	<u>1,224,656</u>	<u>1,035,776</u>	<u>1,201,161</u>	<u>(165,385)</u>
Net change in fund balance	-	-	(34,430)	<u>\$ (34,430)</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	-	-	<u>536,559</u>		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,129</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, 2010

	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	\$ 2,043,796	\$ 2,687,517	\$ 605,323	\$ (2,082,194)	\$ 1,058,998	\$ 1,058,998	\$ 1,010,917	\$ (48,081)
Total revenues	<u>2,043,796</u>	<u>2,687,517</u>	<u>605,323</u>	<u>(2,082,194)</u>	<u>1,058,998</u>	<u>1,058,998</u>	<u>1,010,917</u>	<u>(48,081)</u>
Other financing sources:								
Transfers in	-	-	643,721	643,721	-	-	-	-
Total other financing sources	-	-	<u>643,721</u>	<u>643,721</u>	-	-	-	-
Total revenues and other financing sources	<u>2,043,796</u>	<u>2,687,517</u>	<u>1,249,044</u>	<u>(1,438,473)</u>	<u>1,058,998</u>	<u>1,058,998</u>	<u>1,010,917</u>	<u>(48,081)</u>
Expenditures:								
Police	2,043,796	2,687,517	1,249,044	1,438,473	-	-	-	-
Streets	-	-	-	-	1,058,998	1,058,998	667,441	391,557
Total expenditures	<u>2,043,796</u>	<u>2,687,517</u>	<u>1,249,044</u>	<u>1,438,473</u>	<u>1,058,998</u>	<u>1,058,998</u>	<u>667,441</u>	<u>391,557</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	-	-	343,476	<u>\$ 343,476</u>
Fund balances - beginning	-	-	-	-	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,476</u>	-

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ -	\$ -	\$ -	\$ -	\$ 1,362,316	\$ 1,362,316	\$ 1,313,057	\$ (49,259)
Government grants and other revenues	<u>972,132</u>	<u>1,103,291</u>	<u>441,755</u>	<u>(661,536)</u>	<u>236,000</u>	<u>236,000</u>	<u>398,277</u>	<u>162,277</u>
Total revenues	<u>972,132</u>	<u>1,103,291</u>	<u>441,755</u>	<u>(661,536)</u>	<u>1,598,316</u>	<u>1,598,316</u>	<u>1,711,334</u>	<u>113,018</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	<u>123,545</u>	<u>397,772</u>	-	<u>(397,772)</u>
Total revenues and other financing sources	<u>972,132</u>	<u>1,103,291</u>	<u>441,755</u>	<u>(661,536)</u>	<u>1,721,861</u>	<u>1,996,088</u>	<u>1,711,334</u>	<u>(284,754)</u>
Expenditures:								
General government	<u>972,132</u>	<u>1,103,291</u>	<u>528,193</u>	<u>575,098</u>	<u>1,721,861</u>	<u>1,996,088</u>	<u>1,979,943</u>	<u>16,145</u>
Total expenditures	<u>972,132</u>	<u>1,103,291</u>	<u>528,193</u>	<u>575,098</u>	<u>1,721,861</u>	<u>1,996,088</u>	<u>1,979,943</u>	<u>16,145</u>
Net change in fund balance	-	-	(86,438)	<u>\$ (86,438)</u>	-	-	(268,609)	<u>\$ (268,609)</u>
Fund balances - beginning	-	-	<u>313,900</u>		-	-	<u>(65,777)</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,462</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (334,386)</u>	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ 1,450,000	\$ 1,367,300	\$ 1,460,948	\$ 93,648	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	10,000	220,000	337,637	117,637	34,000	34,000	33,370	(630)
Total revenues	<u>1,460,000</u>	<u>1,587,300</u>	<u>1,798,585</u>	<u>211,285</u>	<u>34,000</u>	<u>34,000</u>	<u>33,370</u>	<u>(630)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	-	-	-
Proceeds from debt issued	-	-	90,000	90,000	-	-	-	-
Total other financing sources	-	-	90,000	90,000	-	-	-	-
Total revenues and other financing sources	<u>1,460,000</u>	<u>1,587,300</u>	<u>1,888,585</u>	<u>301,285</u>	<u>34,000</u>	<u>34,000</u>	<u>33,370</u>	<u>(630)</u>
Expenditures:								
General government	-	-	-	-	34,000	34,000	4,507	29,493
Grants and human services	1,241,850	1,479,350	1,889,048	(409,698)	-	-	-	-
Total expenditures	<u>1,241,850</u>	<u>1,479,350</u>	<u>1,889,048</u>	<u>(409,698)</u>	<u>34,000</u>	<u>34,000</u>	<u>4,507</u>	<u>29,493</u>
Net change in fund balance	218,150	107,950	(463)	<u>\$ (108,413)</u>	-	-	28,863	<u>\$ 28,863</u>
Fund balances - beginning	-	-	7,917		-	-	(18,034)	
Fund balances - ending	<u>\$ 218,150</u>	<u>\$ 107,950</u>	<u>\$ 7,454</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,829</u>	

**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, 2010

	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	\$ -	\$ 775,244	\$ 618,120	\$ (157,124)	\$ -	\$ 1,979,200	\$ 1,576,750	\$ (402,450)
Total revenues	-	775,244	618,120	(157,124)	-	1,979,200	1,576,750	(402,450)
Expenditures:								
Grants and human services	-	775,244	618,627	156,617	-	-	-	-
Streets	-	-	-	-	-	1,979,200	1,576,750	402,450
Total expenditures	-	775,244	618,627	156,617	-	1,979,200	1,576,750	402,450
Net change in fund balance	-	-	(507)	\$ (507)	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ (507)		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	CITT Debt Service Fund			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State and local shared revenues	\$ 5,553,175	\$ 5,553,175	\$ 5,252,228	\$ (300,947)
Total revenues	<u>5,553,175</u>	<u>5,553,175</u>	<u>5,252,228</u>	<u>(300,947)</u>
Other financing sources:				
Appropriation of prior year fund balance	-	2,511	-	(2,511)
Transfers in	-	-	196,002	196,002
Total other financing sources	<u>-</u>	<u>2,511</u>	<u>196,002</u>	<u>193,491</u>
Total revenues and other financing sources	<u>5,553,175</u>	<u>5,555,686</u>	<u>5,448,230</u>	<u>(107,456)</u>
Expenditures:				
Streets	<u>5,553,175</u>	<u>5,555,686</u>	<u>5,448,230</u>	<u>107,456</u>
Total expenditures	<u>5,553,175</u>	<u>5,555,686</u>	<u>5,448,230</u>	<u>107,456</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 CAPITAL PROJECT FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Milander Park Construction Fund				Parking Garage Construction Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 4,900,635	\$ 4,900,635	\$ 1,731,173	\$ (3,169,462)	\$ 1,960,409	\$ 1,960,409	\$ 371,389	\$ (1,589,020)
Total revenues	<u>4,900,635</u>	<u>4,900,635</u>	<u>1,731,173</u>	<u>(3,169,462)</u>	<u>1,960,409</u>	<u>1,960,409</u>	<u>371,389</u>	<u>(1,589,020)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	5,505	-	(5,505)	-	31,988	-	(31,988)
Total other financing sources	<u>-</u>	<u>5,505</u>	<u>-</u>	<u>(5,505)</u>	<u>-</u>	<u>31,988</u>	<u>-</u>	<u>(31,988)</u>
Total revenues and other financing sources	<u>4,900,635</u>	<u>4,906,140</u>	<u>1,731,173</u>	<u>(3,174,967)</u>	<u>1,960,409</u>	<u>1,992,397</u>	<u>371,389</u>	<u>(1,621,008)</u>
Expenditures:								
Capital Outlay	4,900,635	4,906,140	1,731,173	3,174,967	1,960,409	1,992,397	59,676	1,932,721
Total expenditures	<u>4,900,635</u>	<u>4,906,140</u>	<u>1,731,173</u>	<u>3,174,967</u>	<u>1,960,409</u>	<u>1,992,397</u>	<u>59,676</u>	<u>1,932,721</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	-	-	311,713	<u>\$ 311,713</u>
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,713</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	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	\$ 6,621,829	\$ 6,621,829	\$ 288,367	\$ (6,333,462)	\$ 13,500,000	\$ 8,500,000	\$ 26,437	\$ (8,473,563)
Total revenues	<u>6,621,829</u>	<u>6,621,829</u>	<u>288,367</u>	<u>(6,333,462)</u>	<u>13,500,000</u>	<u>8,500,000</u>	<u>26,437</u>	<u>(8,473,563)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	2,622	-	(2,622)	-	13,824	-	(13,824)
Total other financing sources	<u>-</u>	<u>2,622</u>	<u>-</u>	<u>(2,622)</u>	<u>-</u>	<u>13,824</u>	<u>-</u>	<u>(13,824)</u>
Total revenues and other financing sources	<u>6,621,829</u>	<u>6,624,451</u>	<u>288,367</u>	<u>(6,336,084)</u>	<u>13,500,000</u>	<u>8,513,824</u>	<u>26,437</u>	<u>(8,487,387)</u>
Expenditures:								
Capital Outlay	6,621,829	6,624,451	288,367	6,336,084	13,500,000	8,513,824	26,437	8,487,387
Total expenditures	<u>6,621,829</u>	<u>6,624,451</u>	<u>288,367</u>	<u>6,336,084</u>	<u>13,500,000</u>	<u>8,513,824</u>	<u>26,437</u>	<u>8,487,387</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, 2010

	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	\$ 6,860,136	\$ 6,860,136	\$ 4,717,455	\$ (2,142,681)	\$ 6,688,313	\$ 3,961,831	\$ 819,330	\$ (3,142,501)
Total revenues	<u>6,860,136</u>	<u>6,860,136</u>	<u>4,717,455</u>	<u>(2,142,681)</u>	<u>6,688,313</u>	<u>3,961,831</u>	<u>819,330</u>	<u>(3,142,501)</u>
Expenditures:								
Capital Outlay	6,860,136	6,860,136	4,717,455	2,142,681	6,688,313	3,961,831	819,330	3,142,501
Total expenditures	<u>6,860,136</u>	<u>6,860,136</u>	<u>4,717,455</u>	<u>2,142,681</u>	<u>6,688,313</u>	<u>3,961,831</u>	<u>819,330</u>	<u>3,142,501</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, 2010

	CDBG-R W. 18th Ave. from 56-64 St.				GOB J. Edgar Hall Special Population			
	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	\$ -	\$ 1,134,113	\$ 809,426	\$ (324,687)	\$ -	\$ 45,000	\$ 28,660	\$ (16,340)
Total revenues	-	1,134,113	809,426	(324,687)	-	45,000	28,660	(16,340)
Expenditures:								
Capital outlay	-	1,134,113	809,426	324,687	-	45,000	28,660	16,340
Total expenditures	-	1,134,113	809,426	324,687	-	45,000	28,660	16,340
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

FIDUCIARY FUNDS

CITY OF HIALEAH, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2010

	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	\$ 23,142,820	\$ 479,662	\$ -	\$ 23,622,482
Securities lending cash collateral	<u>145,046,683</u>	<u>-</u>	<u>-</u>	<u>145,046,683</u>
Receivables:				
Accrued interest	1,404,838	-	-	1,404,838
Accrued dividends	307,099	-	-	307,099
Fraud recovery	227,351	-	-	227,351
Other receivables	209,609	-	-	209,609
Employer and employee contributions	762,629	-	-	762,629
Investments sold	<u>473,363</u>	<u>-</u>	<u>-</u>	<u>473,363</u>
Total receivables	<u>3,384,889</u>	<u>-</u>	<u>-</u>	<u>3,384,889</u>
Investments, at fair value:				
U.S. Treasury bonds and notes	30,908,424	-	-	30,908,424
U.S. Government securities	5,182,458	-	-	5,182,458
Asset backed securities	15,683,609	-	-	15,683,609
Mortgage backed securities	76,941,890	-	-	76,941,890
Real estate investment trusts	9,188,201	-	-	9,188,201
Corporate bonds and notes	79,446,065	-	-	79,446,065
Mutual funds- bonds	-	2,787,321	-	2,787,321
Mutual funds- equity	-	3,585,327	-	3,585,327
Common stocks	<u>269,679,603</u>	<u>-</u>	<u>-</u>	<u>269,679,603</u>
Total investments	<u>487,030,250</u>	<u>6,372,648</u>	<u>-</u>	<u>493,402,898</u>
Loans to members	<u>10,586,308</u>	<u>-</u>	<u>-</u>	<u>10,586,308</u>
Total assets	<u>669,190,950</u>	<u>6,852,310</u>	<u>-</u>	<u>676,043,260</u>
<u>LIABILITIES AND NET ASSETS</u>				
Obligations under securities lending	145,046,683	-	-	145,046,683
Due to retired participants	44,052,148	-	-	44,052,148
Investments purchased	707,329	-	-	707,329
Accounts payable and accrued liabilities	550,305	256,014	-	806,319
DROP payable	<u>4,248,471</u>	<u>-</u>	<u>-</u>	<u>4,248,471</u>
Total liabilities	<u>194,604,936</u>	<u>256,014</u>	<u>-</u>	<u>194,860,950</u>
Net assets held in trust for pension benefits	<u>\$ 474,586,014</u>	<u>\$ 6,596,296</u>	<u>\$ -</u>	<u>\$ 481,182,310</u>

CITY OF HIALEAH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Employees' Retirement System	Elected Officials' Retirement System	Excess Benefit Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 19,321,897	\$ 500,000	\$ 102,184	\$ 19,924,081
Employee	6,594,688	-	-	6,594,688
State	461,877	-	-	461,877
Total contributions	<u>26,378,462</u>	<u>500,000</u>	<u>102,184</u>	<u>26,980,646</u>
Investment income:				
Net appreciation in fair value of investments	32,775,292	512,103	-	33,287,395
Investment earnings	15,099,224	-	-	15,099,224
	47,874,516	512,103	-	48,386,619
Less investment expenses	1,028,555	20,642	-	1,049,197
Net investment income (loss)	46,845,961	491,461	-	47,337,422
Total additions	<u>73,224,423</u>	<u>991,461</u>	<u>102,184</u>	<u>74,318,068</u>
DEDUCTIONS				
Pension benefits	35,714,316	161,821	102,184	35,978,321
Refunds of contributions	20,956,631	-	-	20,956,631
DROP payments	2,160,372	-	-	2,160,372
Total deductions	<u>58,831,319</u>	<u>161,821</u>	<u>102,184</u>	<u>59,095,324</u>
Net increase	14,393,104	829,640	-	15,222,744
Net assets held in trust for pension benefits:				
Beginning	<u>460,192,910</u>	<u>5,766,656</u>	<u>-</u>	<u>465,959,566</u>
Ending	<u>\$ 474,586,014</u>	<u>\$ 6,596,296</u>	<u>\$ -</u>	<u>\$ 481,182,310</u>

STATISTICAL SECTION

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>
Financial Trends <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>	100-103
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	104-107
Debt Capacity <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>	108-110
Demographic and Economic Information <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>	111-112
Operating Information <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>	113-115

CITY OF HIALEAH, FLORIDA

NET ASSETS BY COMPONENT

LAST NINE 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>
Governmental activities:									
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
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
Unrestricted	<u>(21,802,169)</u>	<u>(64,599,363)</u>	<u>(64,551,849)</u>	<u>(37,031,548)</u>	<u>(31,280,078)</u>	<u>(53,760,487)</u>	<u>(73,598,339)</u>	<u>(86,739,623)</u>	<u>(106,165,039)</u>
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>
Business-type activities:									
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
Restricted	7,400,113	7,414,430	7,387,298	7,473,034	7,606,961	21,446,086	-	-	-
Unrestricted	<u>34,292,786</u>	<u>38,787,797</u>	<u>43,176,594</u>	<u>34,327,360</u>	<u>3,112,053</u>	<u>26,479,228</u>	<u>46,322,656</u>	<u>37,501,753</u>	<u>30,323,471</u>
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>
Total government:									
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
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
Unrestricted	<u>12,490,617</u>	<u>(25,811,566)</u>	<u>(21,375,255)</u>	<u>(2,704,188)</u>	<u>(28,168,025)</u>	<u>(27,281,259)</u>	<u>(27,275,683)</u>	<u>(49,237,870)</u>	<u>(75,841,568)</u>
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>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF HIALEAH, FLORIDA

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:									
Governmental activities:									
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
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	46,206,703
Fire	21,633,308	22,940,682	24,501,409	27,400,080	28,371,023	32,354,377	38,058,400	38,524,121	40,660,842
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
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
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
Total governmental activities:	116,529,162	127,172,820	137,485,883	149,985,147	162,000,039	171,103,824	191,347,900	192,318,783	186,329,423
Business-type activities:									
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
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
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:	50,168,106	49,561,644	53,236,192	57,374,710	54,416,892	52,876,478	56,451,816	54,314,376	58,206,288
Total government expense:	\$ 166,697,268	\$ 176,734,464	\$ 190,722,075	\$ 207,359,857	\$ 216,416,931	\$ 223,980,302	\$ 247,799,716	\$ 246,633,159	\$ 244,535,711
Program revenues:									
Governmental activities:									
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
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
Fire	-	-	-	-	-	3,428,353	3,674,530	4,113,359	4,731,510
Streets	-	-	-	-	-	-	28,973	-	3,589,564
Recreation and community services	-	-	-	-	-	1,743,647	1,601,966	1,265,892	1,049,507
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
Capital grants and contribution:	-	-	-	-	-	22,174,756	14,978,580	13,323,168	31,827,725
Total governmental activities program revenue	44,660,910	38,435,770	38,731,842	43,432,957	55,363,210	51,775,497	46,985,855	52,923,345	69,221,211
Business-type activities:									
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
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	13,997,390
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 contribution:	14,619	14,759	84,210	308,954	356,111	3,557,718	4,413,317	3,119,117	9,004,831
Total business-type activities program revenue	56,869,718	57,403,262	58,575,446	56,704,606	58,132,878	59,595,010	62,048,935	59,618,106	68,038,765
Total program revenues	\$ 101,530,628	\$ 95,839,032	\$ 97,307,288	\$ 100,137,563	\$ 113,496,088	\$ 111,370,507	\$ 109,034,790	\$ 112,541,451	\$ 137,259,976
Net (expense) revenue:									
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)
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
Total net expense	\$ (65,166,640)	\$ (80,895,432)	\$ (93,414,787)	\$ (107,222,294)	\$ (102,920,843)	\$ (112,609,795)	\$ (138,764,926)	\$ (134,091,708)	\$ (107,275,735)
General revenues:									
Governmental activities:									
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
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
Franchise fees on gross receipts	-	-	-	-	-	11,929,276	11,865,713	11,602,898	10,365,647
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
Unrestricted interest	1,861,707	883,331	835,245	1,532,057	2,413,802	2,402,998	992,459	172,565	49,530
Transfers	800,000	800,000	-	397,600	-	-	-	391,068	(1,576,750)
Total governmental activities:	89,644,798	95,095,263	100,725,472	111,145,028	116,199,198	134,854,585	135,591,294	126,699,379	109,435,567
Business-type activities:									
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
Transfers	(800,000)	(800,000)	-	(397,600)	-	-	-	(391,068)	1,576,750
Total business-type activities:	1,196,778	394,901	869,218	1,123,198	2,598,140	3,361,773	1,995,210	1,538,546	2,996,380
Total general revenue:	\$ 90,841,576	\$ 95,490,164	\$ 101,594,690	\$ 112,268,226	\$ 118,797,338	\$ 138,216,358	\$ 137,586,504	\$ 128,237,925	\$ 112,431,947
Change in net assets:									
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)
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
Total change in net asset:	\$ 25,674,936	\$ 14,594,732	\$ 8,179,903	\$ 5,045,932	\$ 15,876,495	\$ 25,606,563	\$ (1,178,422)	\$ (5,853,783)	\$ 5,156,212

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF HIALEAH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS
(MODIFIED 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>
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	<u>24,079,207</u>	<u>27,120,761</u>	<u>26,263,043</u>	<u>30,041,079</u>	<u>30,307,855</u>	<u>23,768,425</u>	<u>25,120,247</u>	<u>21,738,986</u>	<u>19,058,565</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>
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	<u>1,222,868</u>	<u>1,628,676</u>	<u>4,173,689</u>	<u>2,101,096</u>	<u>3,384,753</u>	<u>797,136</u>	<u>(2,513,140)</u>	<u>3,268,881</u>	<u>3,121,877</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>
Total governmental funds	<u>\$ 32,766,959</u>	<u>\$ 67,319,858</u>	<u>\$ 41,888,108</u>	<u>\$ 56,243,221</u>	<u>\$ 53,027,193</u>	<u>\$ 46,044,799</u>	<u>\$ 34,683,840</u>	<u>\$ 33,905,299</u>	<u>\$ 30,063,824</u>

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF HIALEAH, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:									
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
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
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
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
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
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
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
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
Total revenues	133,265,331	132,881,256	139,457,318	154,109,402	171,487,874	185,246,249	182,577,148	178,954,749	180,141,424
Expenditures:									
Current:									
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
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
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
911 communications department	-	-	-	-	-	-	-	2,334,640	2,784,860
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
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
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
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
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
Office of Management and Budget	300,298	311,318	358,042	499,740	596,364	753,186	668,269	621,505	498,549
Office of the Mayor	510,635	540,311	497,118	559,109	675,196	714,702	655,965	662,240	637,840
Communications and special events	-	-	-	-	-	941,837	1,016,370	841,146	801,972
Employee retirement	418,449	442,392	484,357	467,835	483,995	455,229	519,634	489,769	537,162
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
Compliance division	482,642	417,583	417,126	469,331	544,655	535,830	563,559	555,821	510,496
Finance	685,732	672,957	697,412	738,228	778,099	890,882	907,405	929,122	942,757
Division of licenses	355,899	409,197	361,965	352,958	386,085	397,628	478,074	553,528	431,087
Information systems	578,067	672,018	528,572	841,477	887,225	1,109,924	1,446,964	1,676,906	1,439,308
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
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
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
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
Adult center	-	-	-	-	-	1,675,303	1,969,595	2,056,599	1,856,244
Law	678,808	718,858	752,522	797,968	889,820	965,169	986,913	960,676	895,422
Risk management	176,276	348,490	344,802	401,699	432,882	578,003	716,475	732,041	991,704
Human resources	545,610	525,478	591,529	868,676	905,862	838,335	693,341	821,708	782,972
Other expenditures	21,594	7,253	-	-	-	-	-	-	-
Debt service:									
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
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
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
Total expenditures	138,158,204	151,060,126	164,889,072	178,163,884	184,733,902	197,178,643	193,611,107	183,518,398	186,943,971
Excess (deficiency) of revenues over expenditures	(4,892,873)	(18,178,870)	(25,431,754)	(24,054,482)	(13,246,028)	(11,932,394)	(11,033,959)	(4,563,649)	(6,802,547)
Other financing sources (uses):									
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
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)
Payment to refunded bond escrow agent	-	-	-	-	-	-	(2,610,000)	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	2,283,000	-	-
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
Total other financing sources (uses)	800,000	50,796,747	-	30,394,345	10,030,000	4,950,000	(327,000)	3,785,112	5,259,788
Net change in fund balances	\$ (4,092,873)	\$ 32,617,877	\$ (25,431,754)	\$ 6,339,863	\$ (3,216,028)	\$ (6,982,394)	\$ (11,360,959)	\$ (778,537)	\$ (1,542,759)
Debt service as a percentage of non-capital expenditures	5.14%	4.88%	4.88%	5.20%	4.74%	5.56%	5.42%	6.30%	6.47%

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

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>
2001	\$ 4,662,790,101	\$ 576,998,953	\$ 5,002,900	\$ 5,244,791,954	7.5280
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	7.1000
2005	6,670,557,535	588,805,658	4,649,909	7,264,013,102	6.8000
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	6.5400
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

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		
		<u>Miami-Dade</u>					<u>County School Board</u>							
		<u>Miami-Dade County</u>			<u>Debt</u>		<u>Total</u>			<u>Water</u>	<u>Special</u>		<u>Children's</u>	<u>Everglades</u>
<u>Fiscal</u> <u>Year</u>	<u>Operating</u> <u>Millage</u>	<u>Operating</u> <u>Millage</u>	<u>Service</u> <u>Millage</u>	<u>County</u> <u>Millage</u>	<u>Operating</u> <u>Millage</u>	<u>Service</u> <u>Millage</u>	<u>School</u> <u>Millage</u>	<u>Management</u> <u>District</u>	<u>District</u>	<u>Trust</u>	<u>C.P.</u>			
2001	7.5280	5.7130	0.5520	6.2650	8.5280	0.8480	9.3760	0.5970	0.0385	0.0000	0.1000	23.9045		
2002	7.5280	5.8890	0.3900	6.2790	8.4820	0.7700	9.2520	0.5970	0.0385	0.0000	0.1000	23.7945		
2003	7.5280	5.9690	0.2850	6.2540	8.4180	0.6820	9.1000	0.5970	0.0385	0.5000	0.1000	24.1175		
2004	7.1000	5.9350	0.2850	6.2200	8.0900	0.5970	8.6870	0.5970	0.0385	0.4442	0.1000	23.1867		
2005	6.8000	5.8350	0.2850	6.1200	7.9470	0.4910	8.4380	0.5970	0.0385	0.4288	0.1000	22.5223		
2006	6.8000	5.6150	0.2850	5.9000	7.6910	0.4140	8.1050	0.5970	0.0385	0.4223	0.1000	21.9628		
2007	6.5400	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0345	0.4223	0.0894	20.4334		
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		

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 2010

<u>Taxpayer</u>	<u>Net Assessed Value</u>	<u>Rank</u>	<u>Percent of Total City Net Assessed Value</u>
Florida Power & Light CO	\$ 136,143,186	1	1.76%
WH Hialeah Investors V LLC	120,444,576	2	1.55%
Mall on the Mile LLC	111,394,218	3	1.44%
Lifemark Hospitals Inc.	110,136,948	4	1.42%
Westland Mall LLC	79,000,000	5	1.02%
Hialeah Speedway Limited	76,721,188	6	0.99%
Palm Springs Mile Associates LTD	71,039,257	7	0.92%
Hialeah Investors LLC	52,796,412	8	0.68%
Tenet Hialeah Health System INC	40,393,814	9	0.52%
114 Acres Hialeah LLC	38,273,768	10	0.49%
	<u>\$ 836,343,367</u>		<u>10.79%</u>

Note: Information is not available for fiscal year 2001 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>
2001	\$ 39,525,422	\$ 36,948,594	93.48%	\$ 813,314	\$ 37,761,908	95.54%
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%

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			
2001	\$ 3,510,000	\$ 35,529,747	\$ 3,386,755	\$ 135,162	\$ 2,880,000	\$ 16,105,000	-	\$ 112,665	\$ -	\$ 61,659,329	0.93%	\$ 268
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

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, 2010

(amounts expressed in thousands)

<u>Government Unit</u>	2010		
	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to the City of Hialeah</u>
Miami-Dade County	\$ 356,992	3.59%	\$ 12,816
Miami-Dade County School Board	822,227	3.56%	29,271
Subtotal, Overlapping Debt	1,179,219		42,087
City of Hialeah Direct Debt	104,928	100%	104,928
Total Direct and Overlapping Debt	<u>\$ 1,284,147</u>		<u>\$ 147,015</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	
2001	\$ 57,078,928	\$ 45,129,902	\$ 11,949,026	\$ 2,720,000	\$ 1,190,850	3.06	\$ 2,300,123	\$ 120,000	\$ 202,575	7.13
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

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.

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>
2001	230,059	\$ 6,599,012	\$ 28,684	39	32,486	7.3%
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%

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>2010</u>			<u>2001</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	1,981	1	2.16%	1,685	2	1.88%
Palmetto General Hospital	1,595	2	1.74%	1,235	3	1.38%
United Parcel Service	1,125	3	1.22%	1,202	4	1.34%
Hialeah Hospital	1,041	4	1.13%	1,198	5	1.34%
Winn Dixie Super Markets	998	5	1.09%	-	-	-
Publix Super Markets	801	6	0.87%	-	-	-
Palm Springs Hospital	598	7	0.65%	640	7	0.72%
Sedano's Super Markets	530	8	0.58%	356	10	-
Yellow Stone Group	401	9	0.44%	-	-	-
Bank of America	375	10	0.41%	-	-	-
Coulter Electronic	-	-	-	1,995	1	2.23%
Gator Industries	-	-	-	670	6	0.75%
Interamerican Transport Equipment Co.	-	-	-	402	9	0.45%
Piba Industries Inc.	-	-	-	410	8	0.46%
Total	<u>9,445</u>		<u>10.28%</u>	<u>9,793</u>		<u>10.54%</u>

Source: Hialeah Dade Development, Inc.

CITY OF HIALEAH, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2001</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>
Number of employees:										
Mayor's office	8	9	8	9	9	9	10	12	12	10
Communications & special events	-	-	-	-	-	8	11	11	11	8
Information systems	8	10	10	10	10	13	19	14	14	14
Community development:										
Planning and zoning	30	31	36	38	41	15	13	13	13	8
Building	-	-	-	-	-	26	31	31	31	17
License	9	9	8	8	9	9	8	10	10	7
Code compliance	11	11	10	10	12	12	12	9	10	7
Office of Management & Budget	10	11	10	12	11	10	13	17	16	15
City Clerk's office	10	10	11	10	10	8	8	11	10	8
Law	13	14	13	15	14	14	14	13	13	10
Risk management	11	11	10	10	10	8	15	13	13	14
Police:										
Police officers	346	347	360	388	371	372	372	358	365	312
Civilians	134	146	151	152	157	131	151	150	150	121
Fire:										
Firefighters	228	242	248	284	281	262	288	262	265	241
Civilians	52	57	51	51	51	51	59	58	58	55
911 Communications	-	-	-	-	-	-	-	-	-	43
Education & community services	-	-	-	-	-	15	28	30	33	32
Library	35	36	33	32	32	28	31	29	30	24
Recreation and community services	122	126	123	116	109	94	93	92	92	81
Streets	35	35	36	36	34	33	30	30	32	23
Stormwater	28	26	24	23	21	18	17	18	20	13
Fleet	48	56	53	52	50	46	47	48	48	31
Circulator	-	2	2	2	2	7	7	7	7	5
Construction and maintenance	53	53	52	51	52	52	54	53	58	30
Solid waste	133	135	146	142	135	122	126	115	113	85
Human resources	12	11	10	11	11	12	10	10	10	9
Finance	16	16	14	16	16	15	17	15	15	14
Retirement	5	5	4	5	3	4	5	5	5	3
Grants and human services	48	42	42	44	43	50	43	42	40	38
Water and sewer	61	64	66	61	57	57	57	58	59	52
Water division	51	48	47	45	44	40	39	38	40	32
Sewer division	40	38	37	36	32	31	30	30	31	24
Total number of employees	<u>1,557</u>	<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>

Source: City of Hialeah Human Resources Department

Note: Circulator division was established in fiscal-year 2002; 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>2001</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>
Public safety										
Police:										
Police calls for service	296,593	269,469	277,913	263,558	260,108	224,546	222,425	223,101	260,108	259,556
Parking violations	12,078	18,008	11,683	8,518	19,533	11,514	12,325	11,925	19,533	18,775
Traffic violations	86,001	76,216	77,617	68,853	69,701	74,446	75,251	76,135	88,550	91,051
Fire:										
Number of calls answered	29,310	29,150	29,670	30,931	32,332	31,338	33,658	35,009	32,350	34,425
Inspections	3,974	5,873	4,856	4,403	10,396	13,035	17,947	22,921	10,851	11,825
Planning and development:										
Business permits issued	6,699	7,829	9,521	10,102	10,228	10,530	12,487	9,852	9,215	9,185
Occupational licenses issued	14,942	15,885	15,901	16,536	17,211	17,648	18,101	18,325	18,058	17,225
Streets:										
Street resurfacing (miles)	9.8	12.0	12.9	22.2	14.8	8.2	6.9	6.1	7.8	8.1
Potholes repaired	643	742	631	499	516	580	462	471	420	310
Culture and recreation:										
Library cards issued	9,861	12,354	10,592	13,956	15,959	16,756	16,288	14,321	32,162	18,325
Registrations for library programs	11,297	14,697	13,255	11,795	112,433	118,054	119,645	122,398	112,433	110,663
Community center admissions	278,550	251,799	236,455	216,511	175,605	184,385	192,874	195,457	136,427	141,332
Athletic field permits issued	28	29	39	34	47	60	72	85	47	41
Water and sewer:										
Active accounts - water and sewer	40,726	45,273	51,758	54,337	54,331	55,265	54,640	54,400	54,580	53,996
Average daily water consumption (thousands of gallons)	23,200	24,300	21,700	22,300	23,800	23,606	21,325	20,015	22,422	23,100
Average daily sewage treatment (thousands of gallons)	29,600	28,200	25,700	28,900	30,100	24,026	25,178	24,985	21,767	19,899
New connections	3,854	4,721	6,923	3,921	3,629	6,910	4,698	4,355	4,225	4,468
Water main breaks	164	120	123	164	163	251	225	192	115	102
Solid waste:										
Residential accounts	36,214	36,193	36,346	36,002	35,492	35,567	35,621	36,780	34,951	35,037
Commercial accounts	426	433	446	473	415	422	443	452	443	468
Refuse collected (tons/day)	237.1	238.8	241.4	246.7	267.4	251.4	231.9	241.5	398.8	405.3
Recyclables collected (tons/day)	9.5	10.0	10.6	9.5	9.6	7.2	7.3	7.4	12.7	13.5

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>2001</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>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	3	4	4	4	4	4	5	5	5	5
Patrol units	189	194	180	177	177	191	282	315	350	348
Fire:										
Fire stations	7	7	7	7	7	7	8	8	8	8
Fire apparatus vehicles	12	12	12	12	12	12	12	13	13	15
Emergency rescue vehicles	6	6	6	6	7	8	9	10	10	10
Streets:										
Miles of streets	492.9	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1
Culture and recreation:										
Parks	26	26	27	27	27	27	27	27	27	27
Parks acreage	218.5	218.5	223.5	223.5	223.5	255.0	255.0	255.0	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	33	32	27	25	23	23	21	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	482	484	486	486	487	487	490	490	492	492
Fire hydrants	2,699	2,708	2,718	2,741	2,750	2,750	2,766	2,766	2,772	2,772
Storm sewers (miles)	55.3	61.0	67.0	77.4	84.3	84.3	88.2	88.2	88.2	88.2
Solid waste:										
Collection trucks	37	45	45	36	36	38	37	35	34	38

Sources: Various City departments

COMPLIANCE SECTION



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Report of Independent Certified Public Accountants 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 18, 2011. 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

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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified one deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2009-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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

Coral Gables, Florida
May 18, 2011



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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 basic 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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 18, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Section 215.97, *Florida Statutes* and Chapter 10.550, Rules of the Auditor General. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters and Based on an Audit of Financial Statements Performed in Accordance with Auditing *Government Auditing Standards*, Report of Independent Certified Public Accountants 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, Section 215.97 *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*, and the Schedule of Findings and Responses. Disclosures in those reports and schedule, which are dated May 18, 2011, 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 Recommendations 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 were no component units related to the City.
- ❖ 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, 2009, 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, 2010. 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

Coral Gables, Florida
May 18, 2011



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Report of Independent Certified Public Accountants 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, Section 215.97, *Florida Statutes*, 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 compliance of the City of Hialeah, Florida (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (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 its major federal and state programs for the fiscal year ended September 30, 2010. 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 Responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Section 215.97 and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, Section 215.97 and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal or state programs 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 requirements referred to above that are applicable to its major federal and state programs for the fiscal year ended September 30, 2010.

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 and or state programs in order to determine our 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, Section 215.97 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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 federal and state programs on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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

Coral Gables, Florida
May 18, 2011

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Agency/Pass-Through Grantor/Program Title</u>		<u>Federal CFDA Number</u>	<u>Federal Grant Numbe</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant		14.218	B-08MC-12-0008	\$ 2,951,209
Community Development Block Grant		14.218	B-09MC-12-0008	337,204
				<u>3,288,413</u>
Community Development Block Grant- R	(*)	14.253	S-09-MY-12-0008	<u>809,426</u>
HOME Investment Partnership		14.239	M-08-MC-12-0207	77,710
HOME Investment Partnership		14.239	M-09-MC-12-0207	2,211,784
				<u>2,289,494</u>
Emergency Shelter Grant		14.231	S-09-MC-12-0005	<u>176,597</u>
Neighborhood Stabilization Program	(*)	14.256	B-08-MN-12-0009	<u>1,936,556</u>
Homeless Prevention Rapi- Rehousing Program	(*)	14.257	S-09-MY-12-0005	<u>415,316</u>
Total U.S. Department of Housing and Urban Development				<u>8,915,802</u>
U.S. Department of Justice				
Edward Byrne Memorial formula Grant Program		16.738	2007-DJ-BX-1367	94,509
Edward Byrne Memorial formula Grant Program		16.738	2010-DJ-BX-1093	118,351
Edward Byrne Memorial formula Grant Program		16.738	2010-JAGC-DADE-16-4X-229	32,039
				<u>244,899</u>
2009 COPS Technology	(*)	16.710	2009-CKWX0572	<u>470,873</u>
Total U.S. Department of Justice				<u>715,772</u>
U.S. Department of Homeland Security				
Assistance to Firefighters Grant		97.044	EMW-226-FF-04047	<u>978,000</u>
U.S. Department of Energy				
Energy Efficiency and Conservation Block Grant (EECBG)	(*)	81.128	DE-SC0003207	<u>1,576,750</u>
Subtotal Direct Programs				<u>12,186,324</u>
Pass- Through Program from:				
South Florida Workforce Investment Board				
One-Stop Career Center Hialeah Downtown	(*)	17.258	WDS-CC-PY'09-03-04	133,458
One-Stop Career Center Hialeah Downtown	(*)	17.258	WDS-CC-PY10-03-01	57,108
One-Stop Career Center Hialeah Downtown- ARRA	(*)	17.259	ARRA-IN-PY'09-03-00	41,292
WIA - Youth Services Out of School	(*)	17.259	WDS-YS-OSY-PY09-02-00	179,177
WIA - Youth Services Out of School	(*)	17.259	WDS-YS-OSY-PY10-02-00	69,362
WIA- Youth Stay In School	(*)	17.259	WDS-YS-ISY-PY'09-01-00	53,777
WIA- Youth Stay In School	(*)	17.259	WDS-YS-ISY-PY'10-01-00	49,218
One-Stop Career Center Hialeah Downtown	(*)	17.260	WDS-CC-PY09-03-04	315,718
One-Stop Career Center Hialeah Downtown	(*)	17.260	WDS-CC-PY10-03-01	139,200
One-Stop Career Center Hialeah Downtown- ARRA	(*)	17.260	ARRA-IN-PY'09-03-00	112,900
One-Stop Career Center Hialeah Downtown	(*)	17.225	WDS-CC-PY'09-03-04	87,342
One-Stop Career Center Hialeah Downtown	(*)	17.225	WDS-CC-PY'10-03-04	26,869
Total U.S. Department of Labor- Through the South Florida Workforce Investment Board				<u>1,265,421</u>

(*) This program contains Recovery Act Funding

(Continued)

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

<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	93.558	WDS-CC-PY09-03-04	463,148
One-Stop Career Center Hialeah Downtown	93.558	WDS-CC-PY10-03-04	178,989
WIA - Youth Services Out of School	93.558	WDS-YS-OSY-PY09-02-00	71,324
WIA - Youth Services Out of School	93.558	WDS-YS-OSY-PY10-02-00	10,871
WIA- Youth Stay In School	93.558	WDS-YS-ISY-PY'09-01-00	21,406
WIA- Youth Stay In School	93.558	WDS-YS-ISY-PY'10-01-00	<u>7,714</u>
Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board			<u>753,452</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
Refugee Employment and Training	93.584	RED-DP-PY'09-05-00	<u>353,133</u>
Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board			<u>353,133</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
One-Stop Career Center Hialeah Downtown	(*) 10.551	WDS-CC-PY09-03-04	54,689
One-Stop Career Center Hialeah Downtown	(*) 10.551	WDS-CC-PY10-03-01	<u>17,523</u>
Total U.S. Department of Agriculture- Through the South Florida Workforce Investment Board			<u>72,212</u>
Pass- Through Program from:			
State of Florida Department of Education			
21st Century Community Learning Centers	84.287	13B-2440A-OCC1	<u>618,627</u>
Total U.S. Department of Education - Through the State of Education			<u>618,627</u>
Pass-Through Program from:			
The Florida Department of Health			
Homeland Security Grant Program	97.067	COBK-233-01-0041	<u>168,746</u>
Total U.S. Department of Homeland Security - Through the Florida Department of Health			<u>168,746</u>
Pass-Through Program from:			
The Florida Department of Law Enforcement			
Buffer Zone Protection Program (BZPP)	97.078	2007-BZPP-DADE-3-N5-031	<u>168,746</u>
Total U.S. Department of Homeland Security - Through			<u>168,746</u>
Pass-Through Program from:			
The Florida Division of Emergency Management			
Homeland Security Grant Program	97.067	09-DS-44-11-23-02	359,447
Metropolitan Medical Response (MMRS)	97.067	08-DS-19-11-23-02-003	441,755
Homeland Security Grant Program	97.067	08-DS-65-11-23-02-404	1,201,441
Urban Areas Security Initiatives	97.067	07-DS-5S-11-23-02-379	<u>47,603</u>
Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management			<u>2,050,246</u>
Pass-Through Program from:			
Miami-Dade County			
Community Development Block Grant	14.218	CDBG 2005 DRI	<u>132,291</u>
Total U.S. Department of Housing and Urban Development - Through Miami-Dade County			<u>132,291</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 17,769,198</u>

(*) This program contains Recovery Act Funding

(Continued)

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

CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State Grant Number</u>	<u>State CSFA Number</u>	<u>Expenditures</u>
Florida Housing Finance Corporation			
State Housing Initiative Partnership Program	S-01-MC-12-0008	52.901	<u>997,212</u>
Total Florida Housing Finance Corporation			<u>997,212</u>
Florida Department of State - Division of Libraries and Information Services			
Central E. Library	05-PLC-30	45.020	78,663
Library Services Technology Act (LSTA)	09-LSTA-F-02	45.310	96,669
State Aid to Libraries	09-ST-35	45.030	<u>7,499</u>
Total Florida Department of State - Division of Libraries and Information Services			<u>182,831</u>
Florida Pass Through Miami-Dade School Board			
FCAT Preparation	N/A	N/A	<u>13,808</u>
Total Florida pass Through Miami-Dade School Board			<u>13,808</u>
Florida Department of Environmental Protection			
Florida Recreation Development Assistance Program	N/A	37.017	348,815
Statewide Surface Water Restoration and Wastewater Projects	LP6729	37.039	186,909
Water Protection & Sustainability Program	4600001744	37.066	<u>3,201,810</u>
Total Florida Department of Environmental Protection			<u>3,737,534</u>
Florida Department of Elder Affairs			
Alliance for Aging- Meals for the Elderly	2010-2011 LSP-KL-1034	N/A	<u>123,750</u>
Total Florida Department of Education			<u>123,750</u>
Florida Department of Health			
County Grant Awards	C8013	64.005	<u>33,370</u>
Total Florida Department of Health			<u>33,370</u>
Florida Department of Transportation			
State Highway Project Reimbursement	APN38	55.023	<u>1,133,200</u>
Total Florida Department of Education			<u>1,133,200</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 6,221,705</u>

N/A - Not Applicable

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

CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2010

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>\$772,283</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, 2010

PRIOR YEAR COMMENTS AND STATUS

SIGNIFICANT DEFICIENCY

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 preaudit 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 Controller or 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 2010 audit. There were also two prior period adjustments recorded during the 2010 audit. This again caused delays in the completion of the 2010 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, 2011. Although the accounting and procedures manual has not been implemented, the Office of Management and Budget for the last five 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 four years from the Government Finance Officers Association which mandates the budget policies be written and established as a pre-condition of receiving the Distinguished Budget Presentation Award.

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS (Continued)

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.

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. Currently the Finance Director creates any new fund and the O.M.B. department creates accounts for the budget. The Finance Director also approves all requests for access of any kind to the general ledger including access to posting journal entries.

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS (Continued)

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, 2011.

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

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: Management will perform an assessment of the value of the City's infrastructure.

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

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.

Current Year Status: The Solid Waste fund had an operating loss of \$1,050,201 for the fiscal year ended September 30, 2010 compared to operating losses of \$1,282,867 and \$1,822,557 for the fiscal years ended September 30, 2009 and 2008; respectively. This is a significant improvement from the prior years considering the \$1,050,201 loss includes \$628,593 of depreciation and \$423,743 of OPEB expenses, both non-cash items. The Solid Waste fund reports operating cash flow of \$2,135 without the non-cash expenses. 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, 2010

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? _____ yes X 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:

Federal Awards Program

Federal CFDA No.

Neighborhood Stabilization Program	14.256
21 st Century Community Learning Centers	84.287
Community Redevelopment Block Grant – R	14.253
Energy Efficiency & Conservation Block Grant	81.128
ARRA Local Agency Program	20.205

State Assistance Projects

CFSA Numbers

State Housing Initiative Program	52.901
State Highway Reimbursement Program	55.023

Dollar threshold used to distinguish between Type A and Type B programs:	Federal	\$533,076
	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

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).

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

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES

OTHER MATTERS (Continued)

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.

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.

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.

View of Responsible Officials and Planned Corrective Actions: Management is in the process of reviewing statement no. 54 as well as analyzing all funds to determine what changes, if any, need to be made to comply with this statement.

CITY OF HIALEAH, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.