

CITY OF HIALEAH, FLORIDA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

CITY OF HIALEAH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared by:
Finance Department

CITY OF HIALEAH, FLORIDA

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CITY OF HIALEAH, FLORIDA

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INTRODUCTORY SECTION

Carlos Hernandez
Mayor

Isis Garcia-Martinez
Council President

Luis E. Gonzalez
Council Vice President



Council Members

Jose F. Caragol
Vivian Casals-Muñoz
Lourdes Lozano
Katharine E. Cue
Paul B. Hernandez

City of Hialeah

June 19, 2013

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Hialeah, Florida, for the fiscal year ending September 30, 2012. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The City of Hialeah's financial statements have been audited by Alberni, Caballero & Company, LLP Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hialeah's financial statements for the fiscal year ended September 30, 2012, 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.

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

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

PROFILE OF THE GOVERNMENT

The City of Hialeah was incorporated in 1925 by the laws of the State of Florida contained in Chapter 11516 Special Acts of 1925. The City of Hialeah occupies a land area of 23 square miles and serves a population of approximately 235,000 residents. 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.

501 Palm Avenue, Hialeah, FL 33010-4789
www.ci.hialeah.fl.us

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, cultural activities, public improvements, planning and zoning, libraries and educational services, and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

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

In the past several years, home taxable values in the City of Hialeah have declined approximately 35% based on the Miami Dade County Property Appraiser's Office assessments. Nevertheless, the City continues to maintain a stable economic base despite the negative impacts of property tax reform and a slowing housing market being felt nationwide. As our tax rolls decline, we will honor the commitment to our residents and not increase the millage rate above the levels that have been set by the Administration for the last two (2) 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 interlocal agreement between the City and Miami Dade County, the City is on schedule to complete the Reverse Osmosis Water Treatment Plant (RO Plant) by October 2013 in the 1,890 acres of annexed area. The design and construction costs will be split evenly between the City and Miami Dade County and each will receive 50% of the daily water production, estimated at 10 million gallons per day. This plant will serve not only the annexed area but adjacent municipalities and unincorporated areas in this sector of the county, which will bring additional sources of revenue to the City in the near future.

American Recovery and Reinvestment Act of 2009 – The American Recovery and Reinvestment Act (ARRA) is an unprecedented effort to jumpstart our economy, preserve and create jobs, make investments in infrastructure, energy and science and provide unemployment assistance for state and local economic stabilization. The ARRA provides \$787 billion in spending and tax relief projects. The City of Hialeah had been awarded approximately \$12.9 million of Federal Stimulus Funding under the ARRA for various City projects some of which were completed in fiscal year 2012; as of September 30, 2012 the City was in compliance with the grant requirements and in the process of closing out these projects.

MAJOR INITIATIVES AND PROGRAMS

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

The City entered into an interlocal agreement with Miami Dade County to receive approximately \$8.5 million under the County's General Obligation Bond program (GOB). These funds will be used for the construction of 72-unit affordable housing project and a parking garage to accommodate the project. Construction will take place on City owned property between Palm and East 1st Avenue. The parking garage will compensate for the loss of parking that the new construction will cause. As of September 30, 2012, construction of the parking garage was nearing completion and construction of the 72-unit affordable housing project has commenced. This affordable housing project will allow many residents to continue living in the City rather than have rising costs force them to live elsewhere.

The City has completed 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 was approved to receive approximately \$6.3 million for the substantial construction project through Miami Dade County GOB program.

In fiscal year 2012, the City completed the construction of a 33-unit affordable housing project located at 525 West 1st Avenue in Hialeah. This project was made possible through the utilization of federal grant funds from the U.S. Department of Housing and Urban Development, under the Neighborhood Stabilization Program (NSP1). These units, as with all other City-owned and operated affordable housing facilities, will be occupied by very-low-income elderly residents. In addition, during 2011 the City broke ground on a 36-unit affordable housing project located on 355 East 32 Street and a 9-unit affordable housing project located at 45 West 6th Street in Hialeah. These projects will also be funded by the utilization of federal grant funds from the U.S. Department of Housing and Urban Development, under the Neighborhood Stabilization Program (NSP1).

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

RELEVANT FINANCIAL POLICIES

Budgetary Controls – The annual budget serves as a foundation for the City of Hialeah financial planning and control. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States. The City follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements. Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Upon request of the Mayor, the City Council may transfer, at any time, any part of an unencumbered balance of an appropriation within a department. Upon request of the Mayor and only after the first six months of the budget year have passed, the City Council, in the form of a resolution, may transfer any part of the unencumbered balance of an appropriation between departments.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and shall be subject to future appropriations. The legal level of control is at the department level. The City Council approves supplemental appropriations. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted.

Water and Sewer – In fiscal year 2011 the City issued a \$48.2 million bond to fund its share of the costs of the RO Plant being constructed in the City's annexed area. Prior to the issuance of this bond the Water and Sewer Department had approximately \$70 Million in unrestricted cash and investments to fund existing and future operations. Consequently, no adverse effect on the City or Water and Sewer operations is anticipated based on the Water and Sewer Department's cash reserve and positive operating cash flow. Construction of the RO Plant has been completed and is currently is expected. The plant is expected to be fully operational by October 2013.

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

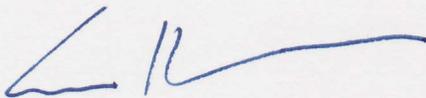
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hialeah for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2011. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the sixth consecutive year that the City of Hialeah has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our 2012 Comprehensive Annual Financial Report continues to meet the high standards of the Certificate of Achievement Program requirements and we are submitting it to the GFOA for consideration of the award certificate.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, the Office of Management and Budget and the City's audit firm, 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,



Carlos Hernandez
Mayor



Javier Collazo
Acting Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hialeah,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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



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

President

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

Executive Director

CITY OF HIALEAH, FLORIDA

List of Elected City Officials

September 30, 2012

Strong Mayor Form of Government

CITY COUNCIL

Carlos Hernandez, Mayor

Isis Garcia-Martinez, Council President

Luis E. Gonzalez, Council Vice President

Jose F. Caragol

Vivian Casals-Muñoz

Paul B. Hernandez

Katharine Cue

Lourdes Lozano

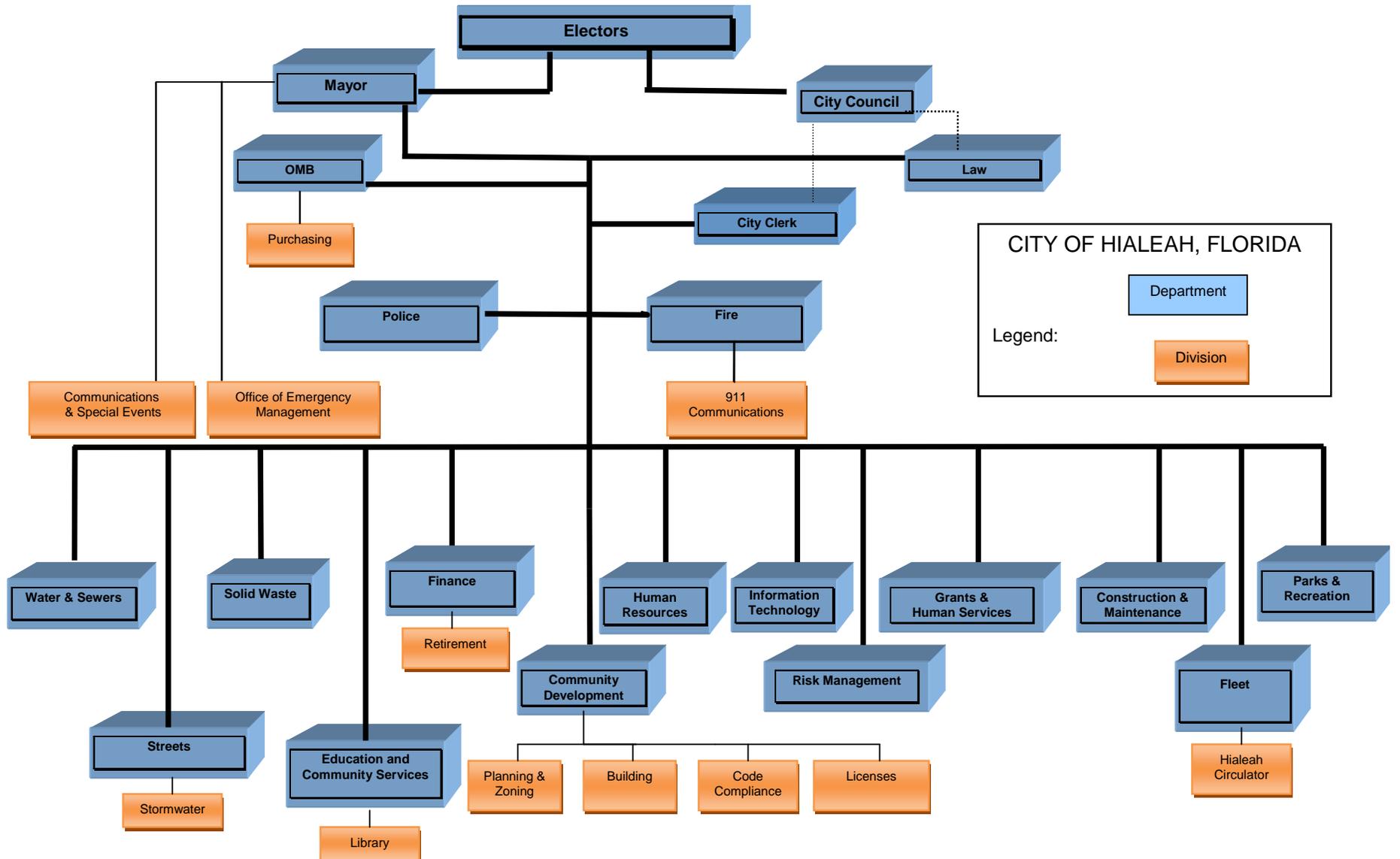
Prepared by:

Finance Department and Administration

CITY OF HIALEAH, FLORIDA

ORGANIZATIONAL CHART

SEPTEMBER 30, 2012



FINANCIAL SECTION

INDEPENDENT
AUDITORS' REPORT



CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

4649 PONCE DE LEON BLVD.
SUITE 404
CORAL GABLES, FL 33146
TEL: 305-662-7272
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INDEPENDENT AUDITORS' REPORT

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, 2012 which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, 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 June 19, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General* and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, schedules and the schedule of expenditures of federal awards and state financial assistance projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Alberni Caballero & Company, LLP

Alberni Caballero & Company, LLP
Coral Gables, Florida
June 19, 2013

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, 2012.

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 \$231 million.
- Net assets of the City's governmental activities decreased by 34% (\$31 million) from \$91.3 million for last fiscal year, compared to \$60.3 million in the current fiscal year. Transfer out of \$28.5 million was the main cause of the current year's decrease in net assets. This change was due to the conversion of the Stormwater Fund from a Special Revenue Fund into an Enterprise Fund.
- Net assets of the City's business-type activities increased by 17% (\$24.5 million) from \$146.2 million compared to \$170.8 million in the current fiscal year. Transfer in of \$28.5 million was the main cause of the current year's decrease in net assets. This change was due to the conversion of the Stormwater Fund from a Special Revenue Fund into an Enterprise Fund.
- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$20.2 million, a decrease of approximately \$5.9 million.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$12.2 million, or 87% of the total General Fund Balance. The non-spendable fund balance was \$1.7 million which represents inventory and prepaid expenses which are amounts that are not spendable in nature. The \$12.2 million of unassigned fund balance is considered undesignated at the closing of the year; and are funds *available for spending* at the government's discretion. It is important for readers to understand that these funds *available for spending* are essential for long-term commitments and unanticipated contingencies and should not be considered superfluous.

Overview of the Financial Statements

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

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

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

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

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

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

The business type activities of the City include solid waste, water & sewer and stormwater 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 19-21 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, water & sewer and stormwater 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.

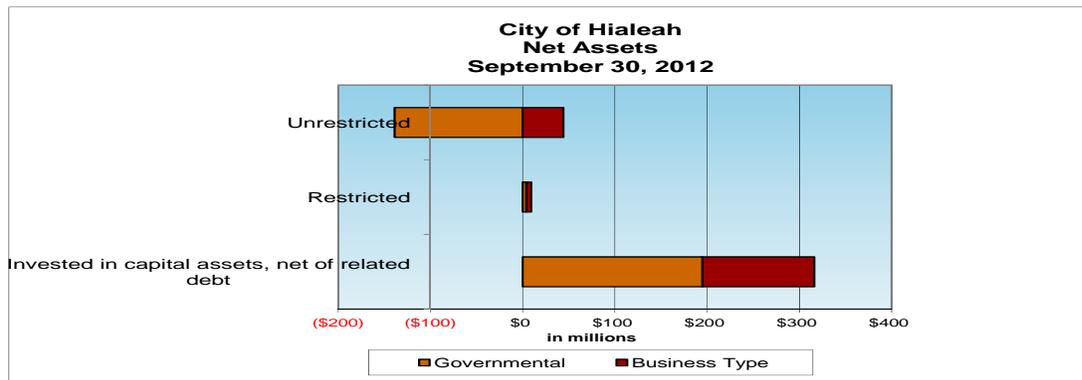
Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting 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 29-76 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 77-80 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 81-110 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 \$231 million at the close of the most recent fiscal year. This is a 2.7% decrease compared to last year's net assets of \$237 million.



CITY OF HIALEAH - NET ASSETS						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities	2012	Activities	Activities	2011
Current and other assets	\$ 44,146,274	\$ 66,266,738	\$ 110,413,012	\$ 47,337,112	\$ 46,754,788	\$ 94,091,900
Restricted assets	2,456,819	26,360,115	28,816,934	1,377,763	63,750,788	65,128,551
Capital assets, net	284,741,151	181,007,645	465,748,796	314,504,938	127,609,541	442,114,479
Total assets	<u>331,344,244</u>	<u>273,634,498</u>	<u>604,978,742</u>	<u>363,219,813</u>	<u>238,115,117</u>	<u>601,334,930</u>
Long-term liabilities	233,313,772	71,854,236	305,168,008	237,403,536	63,790,946	301,194,482
Other liabilities	37,739,170	30,987,528	68,726,698	34,504,614	28,085,897	62,590,511
Total liabilities	<u>271,052,942</u>	<u>102,841,764</u>	<u>373,894,706</u>	<u>271,908,150</u>	<u>91,876,843</u>	<u>363,784,993</u>
Net Assets:						
Invested in capital assets, net of related debt	194,882,428	121,429,175	316,311,603	212,133,537	75,538,974	287,672,511
Restricted	4,187,495	5,213,862	9,401,357	12,466,327	40,562,646	53,028,973
Unrestricted	<u>(138,778,621)</u>	<u>44,149,697</u>	<u>(94,628,924)</u>	<u>(133,288,201)</u>	<u>30,136,654</u>	<u>(103,151,547)</u>
Total net assets	<u>\$ 60,291,302</u>	<u>\$ 170,792,734</u>	<u>\$ 231,084,036</u>	<u>\$ 91,311,663</u>	<u>\$ 146,238,274</u>	<u>\$ 237,549,937</u>

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

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance is considered unrestricted net assets and that amount is a negative \$138.8 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.

Net assets of the City's governmental activities decreased by 34% (\$31 million) from \$91.3 million for last fiscal year, compared to \$60.3 million in the current fiscal year. See detailed explanation under Financial Highlights.

Net assets of the City's business-type activities increased by 17% (\$24.5 million) from \$146.2 million for last fiscal year, compared to \$170.8 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>2012</u>	<u>Activities</u>	<u>Activities</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 25,097,481	\$ 66,864,732	\$ 91,962,213	\$ 22,077,422	\$ 61,485,262	\$ 83,562,684
Operating grants & contributions	22,096,593	-	22,096,593	27,766,959	-	27,766,959
Capital grants & contributions	27,170,059	1,168,560	28,338,619	15,486,278	831,849	16,318,127
General Revenues:						
Property taxes	44,867,987	-	44,867,987	48,550,595	-	48,550,595
Utility taxes	22,181,374	-	22,181,374	22,212,359	-	22,212,359
Franchise fees on gross receipts	10,478,381	-	10,478,381	10,500,154	-	10,500,154
Intergovernmental revenue	21,875,813	-	21,875,813	21,521,902	-	21,521,902
Unrestricted interest	6,254	672,616	678,870	22,944	720,906	743,850
Total revenues	<u>173,773,942</u>	<u>68,705,908</u>	<u>242,479,850</u>	<u>168,138,613</u>	<u>63,038,017</u>	<u>231,176,630</u>
Expenses:						
General government	66,408,609	-	66,408,609	66,589,887	-	66,589,887
Police	43,670,286	-	43,670,286	47,628,629	-	47,628,629
Fire	39,712,334	-	39,712,334	43,122,832	-	43,122,832
Streets	12,935,254	-	12,935,254	14,965,763	-	14,965,763
Recreation & community service	10,441,684	-	10,441,684	10,765,871	-	10,765,871
Interest on long-term debt	3,081,789	-	3,081,789	5,155,170	-	5,155,170
Water & sewer	-	52,462,058	52,462,058	-	45,302,229	45,302,229
Solid waste	-	15,415,099	15,415,099	-	15,832,635	15,832,635
Stormwater	-	4,818,638	4,818,638	-	-	-
Total expenses	<u>176,249,956</u>	<u>72,695,795</u>	<u>248,945,751</u>	<u>188,228,152</u>	<u>61,134,864</u>	<u>249,363,016</u>
Transfers	<u>(28,544,347)</u>	<u>28,544,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(31,020,361)	24,554,460	(6,465,901)	(20,089,539)	1,903,153	(18,186,386)
Net assets-beginning	<u>91,311,663</u>	<u>146,238,274</u>	<u>237,549,937</u>	<u>111,401,202</u>	<u>144,335,121</u>	<u>255,736,323</u>
Net assets-ending	<u>\$ 60,291,302</u>	<u>\$ 170,792,734</u>	<u>\$ 231,084,036</u>	<u>\$ 91,311,663</u>	<u>\$ 146,238,274</u>	<u>\$ 237,549,937</u>

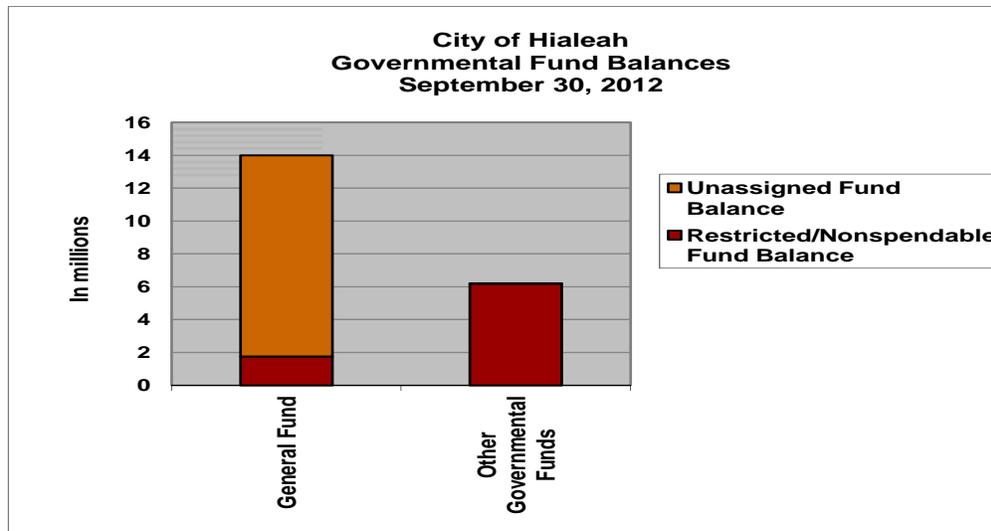
Governmental activities - Governmental activities decreased the City's net assets by \$31 million. These changes reported in the statement of activities do not require the use of current financial resources. Revenues in ad valorem taxes decreased by approximately \$4 million in the current fiscal year; this was due to a decrease in the assessed property values within the City by the Miami-Dade County Property Appraisers' Office. There was also a transfer of \$28.5 million from governmental to business-type activities for the conversion of the City's stormwater system fund from a special revenue to an enterprise fund. 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 decreased by \$24.5 million in the current fiscal year. Current year operating loss for Solid Waste fund of \$969 thousand was due primarily to the OPEB expense for the current fiscal year and the depreciation expense amount in the current fiscal year of \$301 and \$805 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 \$713 thousand in the current fiscal year, an increase of 37% or \$520 thousand from the prior fiscal year. There was also a transfer of \$28.5 million from governmental to business-type activities for the conversion of the City's stormwater system fund from a special revenue to an enterprise fund. 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, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.



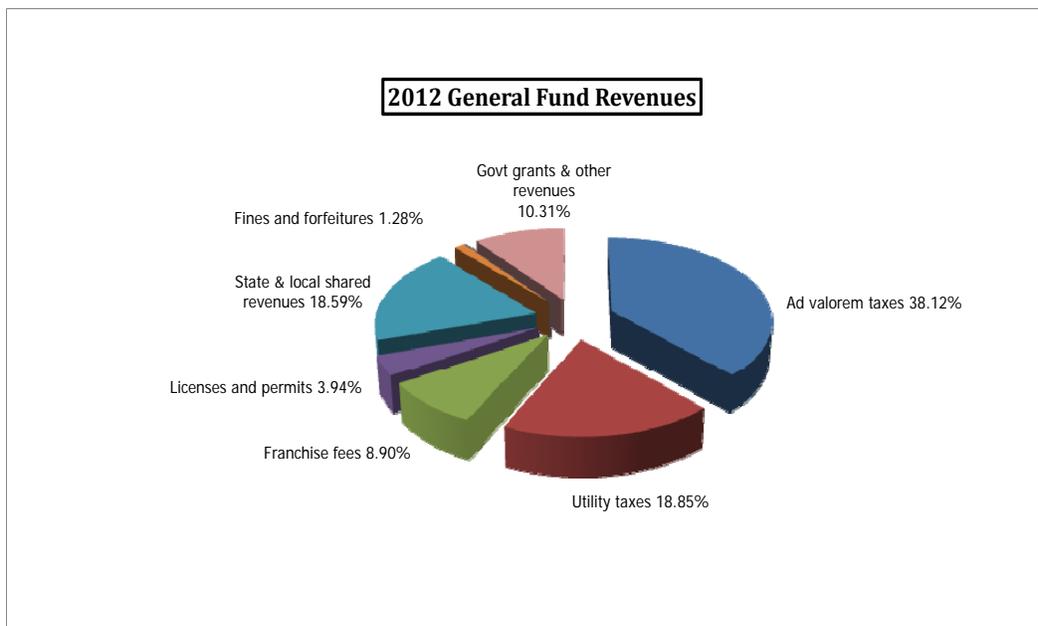
As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (both reserved and unreserved) of \$20.2 million, a decrease of approximately \$5.9 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 85-88 of this report.

Unassigned fund balance in the amount of \$12.2 million in the General Fund constitutes amount which is available for spending as explained earlier under Financial Highlights. The remainder of fund balance is *non-spendable* to indicate it is not available for spending because they are in non-spendable form (i.e. inventory and prepaid expenses).

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

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

<u>Revenue Sources</u>	2012		2011		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	<u>2012 Amount</u>	Percent of <u>Total</u>	<u>2011 Amount</u>	Percent of <u>Total</u>		
Ad valorem taxes	\$ 44,867,987	38.12%	\$ 48,550,595	40.36%	\$ (3,682,608)	-7.59%
Utility taxes	22,181,374	18.85%	22,212,359	18.47%	(30,985)	-0.14%
Franchise fees	10,478,381	8.90%	10,500,154	8.73%	(21,773)	-0.21%
Licenses and permits	4,641,451	3.94%	7,051,641	5.86%	(2,410,190)	-34.18%
State & local shared revenues	21,875,813	18.59%	21,521,902	17.89%	353,911	1.64%
Fines and forfeitures	1,512,411	1.28%	1,300,881	1.08%	211,530	16.26%
Interest	4,776	0.00%	17,159	0.01%	(12,383)	-72.17%
Gov. grants & other revenues	12,136,027	10.31%	9,136,210	7.60%	2,999,817	32.83%
Total	\$ 117,698,220	100%	\$ 120,290,901	100%	\$ (2,592,681)	-2.16%



Compared to the prior fiscal year; total General Fund revenues decreased by \$2.6 million or 2.2% in fiscal year 2012. This decrease is due to a decrease in ad valorem taxes which resulted from a decreased in assessed property values by Miami-Dade County Property Appraisers Office during fiscal year 2011 that affected the City's ad valorem revenue in fiscal year 2012. This change had an effect of \$4 million decrease in fiscal year 2012 ad valorem revenue.

However, the City's millage rate remained at a rate of 6.54 mills during fiscal year 2011-2012 and has been decreased to 6.30 for the coming fiscal year 2012-2013. Nevertheless, the City of Hialeah remains determined to maintain its services at the highest levels.

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

<u>Expenditures</u>	2012		2011		Amount Incr (Decr) from <u>Prior Year</u>	Percent Incr -Decr from Prior Year
	<u>2012</u>	Percent of <u>Total</u>	<u>2011</u>	Percent of <u>Total</u>		
General government	\$ 23,821,995	19.66%	\$ 22,998,342	17.94%	\$ 823,653	3.58%
Police	39,659,198	32.73%	41,568,007	32.43%	(1,908,809)	-4.59%
Fire	29,530,754	24.37%	31,677,255	24.71%	(2,146,501)	-6.78%
911 communications	2,877,722	2.38%	3,057,095	2.38%	(179,373)	-5.87%
City Clerk's office	1,074,523	0.89%	813,123	0.63%	261,400	32.15%
OMB	551,784	0.46%	576,663	0.45%	(24,879)	-4.31%
Office of the Mayor	416,047	0.34%	532,856	0.42%	(116,809)	-21.92%
Communication & special events	-	0.00%	747,618	0.58%	(747,618)	-100.00%
Employee retirement	501,114	0.41%	463,361	0.36%	37,753	8.15%
Library	1,158,859	0.96%	1,364,642	1.06%	(205,783)	-15.08%
Code compliance	310,669	0.26%	447,585	0.35%	(136,916)	-30.59%
Finance	932,222	0.77%	879,174	0.69%	53,048	6.03%
Business tax	248,847	0.21%	286,569	0.22%	(37,722)	-13.16%
Information technology	1,405,939	1.16%	1,608,553	1.25%	(202,614)	-12.60%
Fleet maintenance	1,984,209	1.64%	1,966,394	1.53%	17,815	0.91%
Construction & maintenance	2,169,116	1.79%	3,268,194	2.55%	(1,099,078)	-33.63%
Parks and recreation	8,480,480	7.00%	8,402,552	6.55%	77,928	0.93%
Planning & zoning	476,241	0.39%	1,909,454	1.49%	(1,433,213)	-75.06%
Education & community svcs	2,166,341	1.79%	1,750,844	1.37%	415,497	23.73%
Law	805,255	0.66%	730,159	0.57%	75,096	10.28%
Risk management	976,285	0.81%	877,824	0.68%	98,461	11.22%
Human resources	572,277	0.47%	752,723	0.59%	(180,446)	-23.97%
Debt service	529,152	0.44%	706,724	0.55%	(177,572)	-25.13%
Capital outlay	506,160	0.42%	806,885	0.63%	(300,725)	-37.27%
Total	<u>\$ 121,155,189</u>	100.00%	<u>\$ 128,192,596</u>	100.00%	<u>\$ (7,037,407)</u>	-5.49%

General Fund Budgetary Highlights

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

- Ad valorem revenue was lower than budgeted due to a decrease in monies received from Miami Dade Tax Collector's department. Due to the current economic conditions and the lingering decline in the housing market this revenue source continues to be an area of concern for the City.
- 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.
- State and local-shared revenues were lower than budgeted due to decrease in Sales tax revenue, which is a major part of this revenue source.
- General government's expenses were higher than budgeted figures by \$1.3 million or 5.7% due to an increase in workers' compensation claims.

Differences between the *original budget* and the *final amended budget* for expense accounts increase by \$4.1 million an increase of 3.5% over the original budget.

Capital Assets and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business type activities as of September 30, 2012 totals \$467 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 5.7%.

CITY OF HIALEAH - CAPITAL ASSETS (NET OF DEPRECIATION)						
	<u>September 30, 2012</u>			<u>September 30, 2011</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Land	\$ 29,699,626	\$ 329,356	\$ 30,028,982	\$ 29,699,626	\$ 329,356	\$ 30,028,982
Construction in progress	13,426,534	44,470,350	57,896,884	17,488,554	21,114,834	38,603,388
Buildings and utility plants	80,251,579	3,142,775	83,394,354	76,578,990	2,507,783	79,086,773
Improvements other than buildings	10,128,434	20,571	10,149,005	11,326,017	52,624	11,378,641
Furniture, fixtures, machinery and equipment	12,262,782	3,183,834	15,446,616	12,823,618	4,247,870	17,071,488
Furniture, fixtures, machinery and equipment - Charter School	461,705	-	461,705	461,705	-	461,705
Infrastructure	<u>135,751,499</u>	<u>133,999,404</u>	<u>269,750,903</u>	<u>166,126,429</u>	<u>99,357,074</u>	<u>265,483,503</u>
Total capital assets	<u>\$ 281,982,159</u>	<u>\$ 185,146,290</u>	<u>\$ 467,128,449</u>	<u>\$ 314,504,939</u>	<u>\$ 127,609,541</u>	<u>\$ 442,114,480</u>

Additions to capital assets before depreciation for governmental activities equaled \$18.6million. The following additions and transfers include the following items:

- Reconstruction and engineering services of various City street projects totaling \$2.17 million that were completed during the current fiscal year and were subsequently transferred to the Infrastructure asset group once placed in service.
- Continued construction and engineering services in progress of several City street projects totaling approximately \$2.5 million at the end of FY 2012.
- Continued construction in progress of several City projects including Milander Park and Auditorium and adjacent parking garage, Palm Center 72-units affordable housing project adjacent parking garage totaling approximately \$5.4 million at the end of FY 2012.

Additions to capital assets before depreciation for business type activities equaled \$27.8 million and include the following items:

- Continued construction in progress of the new reverse osmosis water treatment plant in the annexation area totaling approximately \$20 million in construction in fiscal year 2012.
- 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.

Additional information on the City's capital assets can be found in Note 9 starting on page 50 of this report.

Long-term debt - The City's net outstanding debt decreased by approximately \$6.2 million to approximately \$147.5 million during the current fiscal year. The change was a result of refinancing of outstanding debt and payment of principal on outstanding debt. Additional information on the City's long-term debt can be found in the notes to the financial statements. More in-depth detail can be found on pages 52-59, Note 11.

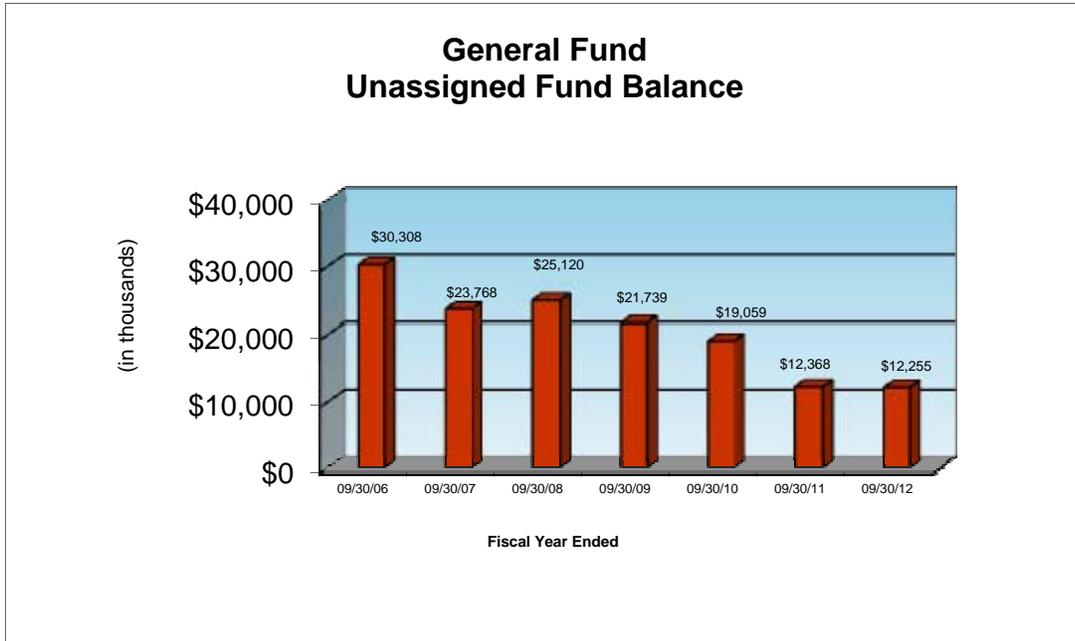
CITY OF HIALEAH'S OUTSTANDING DEBT			
General Obligation, Revenue Bonds and Notes Payable			
	<u>Governmental Activities</u>		
	<u>2012</u>		<u>2011</u>
Revenue bonds	\$ 1,471,927	\$	1,672,177
Bonds payable (W&S)	48,235,000		48,235,000
Notes payable	97,867,163		103,937,919
Total	<u>\$ 147,574,090</u>	<u>\$</u>	<u>153,845,096</u>

Economic Factors and Next Year's Budgets and Rates

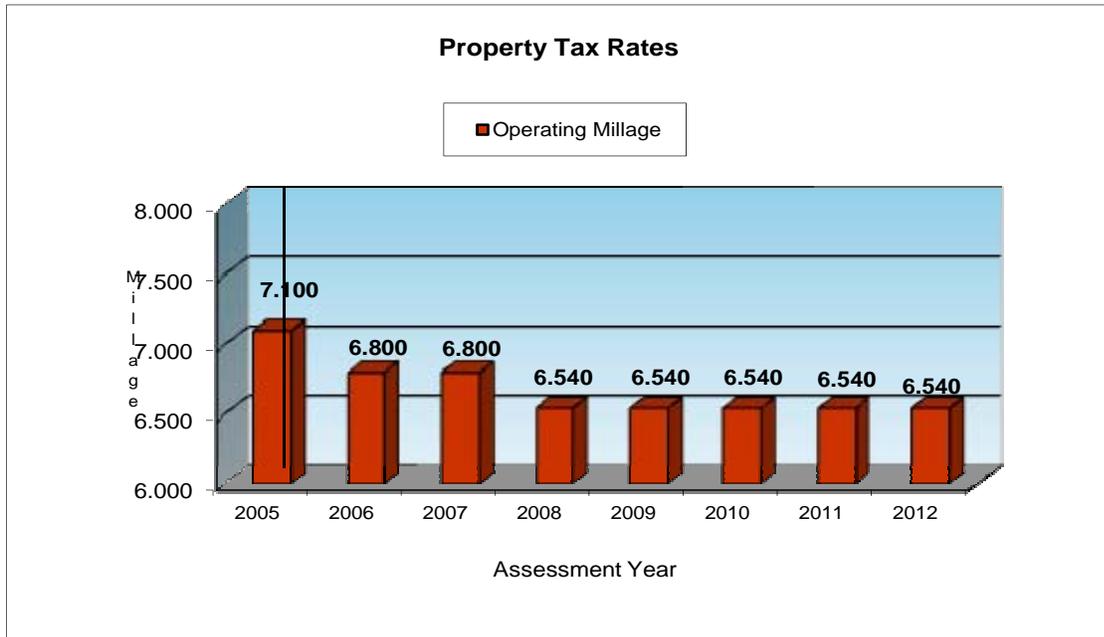
The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 95%.

During the current fiscal year, unassigned fund balance in the General Fund decreased to \$12.2 million. The unassigned fund balance of \$12.2 million is approximately equal to one month of the General Fund expenditures.

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



In 1995, the State of Florida limited all local governments' ability to raise homestead assessed property value in any given year by 3% or cost of living, whichever is lower. As the following graph indicates, the City's property tax rates have been reduced by almost 1 mill since 2002 and have remained unchanged for the past five years. The City's operational expenditures, such as salaries, health insurance, pension contributions and gas and oil continue to increase while our revenue resources have become more and more limited. The City has its own police and fire services, recreational and aquatic facilities and a full service library system, which we maintain at optimum levels without the need for additional voter approved debt. During fiscal year 2012 the City's millage rate remained unchanged at a rate of 6.54 mills. This City has focused on maintaining taxes and service charges to a minimum while providing services to our taxpayers at a maximum level.



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

2012 Fiscal Year Accomplishments

During the 2011/2012 fiscal year, the City of Hialeah, has invested its revenues from all sources in a manner that reflects a vision towards the future. This investment will be enjoyed by the current residents of the City as well as future generations. The following list illustrates a sampling of our major accomplishments this year.

- The City has annexed 1,890 acres of land located in the Northwest section of the City and construction of the infrastructure system is underway. The proposed future land use for this area is as follows:
 - 4,395 Residential units
 - 1,651,680 Square Feet Retail/Commercial/Office
 - 7,623,000 Square Feet Industrial
 - 30 to 50 Acre Park
- Water and Sewer Department
 - Completed repairs and rehabilitation to sewage pump stations around the City of Hialeah
 - Continued construction of the new water treatment plant that will provide service to the new annexed area as well as other areas of the County and is expected to be completed by October 2013
 - Continued construction of a regional sewage pump station to serve the newly City annexed area
- Construction and Maintenance
 - Continued construction of a 36-unit affordable housing project located on 355 East 32 Street
 - Continued construction of a 9-unit affordable housing project located at 45 West 6th Street
- Street Department
 - Completion of road construction and resurfacing projects around the City
 - Continue median beautification/maintenance program
- Recreation Department
 - Continued construction and completion of major renovations and improvements at various City parks and recreational facilities

Future Outlook

- Water and Sewer Department
 - Continue with the construction of a new water treatment plant that will provide service to the new annexed area as well as other areas of the County
 - Continue with ongoing programs to upgrade Sewer Pump Stations
 - Continue with ongoing program of lining an additional 52,000 lineal feet of sewer lines
 - Continue construction of a new regional pump station to support the new annexed area
 - Continue construction of the sanitary sewer system and the water distribution system to service the annexed area and to support development
 - Completed construction and remodeling of a new Water and Sewer Administration building at the existing location continues
- Construction and Maintenance Department
 - Continued construction of a multipurpose facility that will house 72 affordable housing units and an adjacent parking garage for the facility
- Streets Department
 - Continue with road construction and resurfacing projects around the City
 - Continue implementation of median beautification/maintenance program
- Recreation Department
 - Continued construction and major renovations at Milander Park and Auditorium to convert these facilities into a new Performing Arts and Exhibition Center
 - Construction continues on the 300 space parking garage at Milander Park to alleviate parking congestion at the new performing arts center

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,323,256	\$ 8,077,587	\$ 16,400,843
Investments	-	44,753,747	44,753,747
Receivables, net	27,698,044	12,239,818	39,937,862
Notes receivable	2,132,434	-	2,132,434
Net pension asset	2,139,832	-	2,139,832
Internal balances	1,171,393	(1,171,393)	-
Inventories	1,358,186	524,085	1,882,271
Prepays and other assets	1,323,129	1,842,894	3,166,023
Restricted assets:			
Cash and cash equivalents	2,456,819	17,452,337	19,909,156
Investments	-	5,213,862	5,213,862
Other assets	-	3,693,916	3,693,916
Capital assets:			
Depreciable	43,126,160	43,479,101	86,605,261
Non-depreciable, net of depreciation	241,614,991	137,528,544	379,143,535
Total assets	<u>331,344,244</u>	<u>273,634,498</u>	<u>604,978,742</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	9,071,067	7,652,170	16,723,237
Short-term borrowings	6,000,000	-	6,000,000
Accrued interest	1,327,059	1,215,317	2,542,376
Unearned revenue	4,955,229	1,443,393	6,398,622
Liabilities payable from restricted assets	-	17,299,438	17,299,438
Other liabilities	238,224	-	238,224
Non-current liabilities:			
Due within one year	16,147,591	3,377,210	19,524,801
Due in more than one year	233,313,772	71,854,236	305,168,008
Total liabilities	<u>271,052,942</u>	<u>102,841,764</u>	<u>373,894,706</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	194,882,428	121,429,175	316,311,603
Restricted:			
Capital projects	1,751,334	5,213,862	6,965,196
Public safety	1,551,991	-	1,551,991
Human services	313,595	-	313,595
Debt service	570,575	-	570,575
Unrestricted	(138,778,621)	44,149,697	(94,628,924)
Total net assets	<u>\$ 60,291,302</u>	<u>\$ 170,792,734</u>	<u>\$ 231,084,036</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 66,408,608	\$ 17,233,277	\$ 14,522,543	\$ 8,212,643	\$ (26,440,145)	\$ -	\$ (26,440,145)
Police	43,670,286	1,058,390	1,987,217	221,487	(40,403,192)	-	(40,403,192)
Fire	39,712,334	4,762,900	392,528	3,543,173	(31,013,733)	-	(31,013,733)
Streets	12,935,254	-	3,611,093	12,510,243	3,186,082	-	3,186,082
Recreation and community services	10,441,684	2,042,914	1,583,212	2,682,513	(4,133,045)	-	(4,133,045)
Interest on long term debt	3,081,789	-	-	-	(3,081,789)	-	(3,081,789)
Total governmental activities	<u>176,249,956</u>	<u>25,097,481</u>	<u>22,096,593</u>	<u>27,170,059</u>	<u>(101,885,823)</u>	<u>-</u>	<u>(101,885,823)</u>
Business-type activities:							
Water and sewer	52,462,058	48,361,859	-	1,168,560	-	(2,931,639)	(2,931,639)
Solid waste	15,415,099	14,952,300	-	-	-	(462,799)	(462,799)
Stormwater	4,818,638	3,550,573	-	-	-	(1,268,065)	(1,268,065)
Total business-type activities	<u>72,695,795</u>	<u>66,864,732</u>	<u>-</u>	<u>1,168,560</u>	<u>-</u>	<u>(4,662,503)</u>	<u>(4,662,503)</u>
	<u>\$ 248,945,751</u>	<u>\$ 91,962,213</u>	<u>\$ 22,096,593</u>	<u>\$ 28,338,619</u>	<u>(101,885,823)</u>	<u>(4,662,503)</u>	<u>(106,548,326)</u>
General revenues:							
Property taxes					44,867,987	-	44,867,987
Utility taxes					22,181,374	-	22,181,374
Franchise fees on gross receipts					10,478,381	-	10,478,381
Intergovernmental revenues not restricted to specific program					21,875,813	-	21,875,813
Unrestricted interest					6,254	672,616	678,870
Total general revenues					<u>99,409,809</u>	<u>672,616</u>	<u>100,082,425</u>
Transfers					<u>(28,544,347)</u>	<u>28,544,347</u>	<u>-</u>
Change in net assets					<u>(31,020,361)</u>	<u>24,554,460</u>	<u>(6,465,901)</u>
Net assets - beginning					<u>91,311,663</u>	<u>146,238,274</u>	<u>237,549,937</u>
Net assets - ending					<u>\$ 60,291,302</u>	<u>\$ 170,792,734</u>	<u>\$ 231,084,036</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 8,028,729	\$ 294,527	\$ 8,323,256
Receivables	9,180,396	18,517,648	27,698,044
Due from other funds	22,129,984	5,945,191	28,075,175
Inventories	1,335,708	22,478	1,358,186
Prepays	343,000	980,129	1,323,129
Notes receivable	2,132,434	-	2,132,434
Restricted cash	-	2,456,819	2,456,819
Total assets	<u>\$ 43,150,251</u>	<u>\$ 28,216,792</u>	<u>\$ 71,367,043</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Vouchers payable and accrued liabilities	\$ 6,032,729	\$ 3,038,338	\$ 9,071,067
Short-term borrowing	6,000,000	-	6,000,000
Compensated absences payable	984,771	-	984,771
Self-insurance claims payable	878,420	-	878,420
Due to other funds	10,777,928	16,125,854	26,903,782
Deferred revenue	4,242,763	2,844,900	7,087,663
Other liabilities	238,224	-	238,224
Total liabilities	<u>29,154,835</u>	<u>22,009,092</u>	<u>51,163,927</u>
Fund balances:			
Nonspendable	1,678,708	1,002,607	2,681,315
Restricted	-	4,187,495	4,187,495
Committed	82,338	997,467	1,079,805
Unassigned	12,234,370	20,131	12,254,501
Total fund balances	<u>13,995,416</u>	<u>6,207,700</u>	<u>20,203,116</u>
Total liabilities and fund balances	<u>\$ 43,150,251</u>	<u>\$ 28,216,792</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.	284,741,151
Long-term liabilities, including bonds payable, are not due and payable in the current period	(90,636,442)
Compensated absences	(19,526,495)
Claims payable	(45,036,537)
Accrued interest	(1,327,059)
Net pension asset	2,139,832
Net pension obligation	(40,009,514)
Notes receivable- long term	2,132,434
OPEB Liability	(52,389,184)
Net assets of governmental activities	<u>\$ 60,291,302</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, 2012

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 44,867,987	\$ -	\$ 44,867,987
Utility taxes	22,181,374	-	22,181,374
Franchise fees	10,478,381	-	10,478,381
Licenses and permits	4,641,451	2,988,101	7,629,552
State and local shared revenues	21,875,813	12,884,250	34,760,063
Fines and forfeitures	1,512,411	1,838,274	3,350,685
Interest	4,776	1,478	6,254
Government grants and other revenues	<u>12,136,027</u>	<u>38,165,366</u>	<u>50,301,393</u>
Total revenues	<u>117,698,220</u>	<u>55,877,469</u>	<u>173,575,689</u>
Expenditures:			
Current:			
General government	23,821,995	8,642,276	32,464,271
Police	39,659,198	811,231	40,470,429
Fire	29,530,754	4,713,468	34,244,222
911 communications	2,877,722	-	2,877,722
Streets	-	3,144,097	3,144,097
Grants and human services	-	5,170,883	5,170,883
State housing initiative program	-	664,604	664,604
Work Investment Act programs	-	2,295,878	2,295,878
City Clerk's office	1,074,523	-	1,074,523
Office of Management and Budget	551,784	-	551,784
Office of the Mayor	416,047	-	416,047
Employee retirement	501,114	-	501,114
Library	1,158,859	-	1,158,859
Code compliance	310,669	-	310,669
Finance	932,222	-	932,222
Business tax division	248,847	-	248,847
Information technology	1,405,939	-	1,405,939
Fleet maintenance	1,984,209	-	1,984,209
Construction and maintenance	2,169,116	-	2,169,116
Parks and recreation	8,480,480	-	8,480,480
Planning and zoning	476,241	-	476,241
Education and community services	2,166,341	-	2,166,341
Law	805,255	-	805,255
Risk management	976,285	-	976,285
Human resources	572,277	-	572,277
Debt service:			
Principal	453,605	3,910,732	4,364,337
Interest	75,547	3,332,607	3,408,154
Capital outlay	<u>506,160</u>	<u>21,691,861</u>	<u>22,198,021</u>
Total expenditures	<u>121,155,189</u>	<u>54,377,637</u>	<u>175,532,826</u>
(Deficiency) excess of revenues over expenditures before other financing sources (uses)	<u>(3,456,969)</u>	<u>1,499,832</u>	<u>(1,957,137)</u>
Other financing sources (uses):			
Transfers in	3,198,400	59,919	3,258,319
Transfers out	(59,919)	(7,418,073)	(7,477,992)
Issuance of debt	<u>323,659</u>	<u>-</u>	<u>323,659</u>
Total other financing sources (uses)	<u>3,462,140</u>	<u>(7,358,154)</u>	<u>(3,896,014)</u>
Net change in fund balances	5,171	(5,858,322)	(5,853,151)
Fund balances - beginning	13,990,245	12,066,022	26,056,267
Fund balances - ending	<u>\$ 13,995,416</u>	<u>\$ 6,207,700</u>	<u>\$ 20,203,116</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, 2012

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) \$ (5,853,151)

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	\$ 22,198,021	
Depreciation expense	<u>(15,134,431)</u>	
Net adjustment		7,063,590

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	(3,600,388)
Capital assets transferred to Stormwater Fund net of accumulated depreciation	<u>(33,226,989)</u>

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:

Increase in net present value of mortgage receivable	198,253
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The issuance of long-term debt (e.g., bonds, master leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

The details of the differences are as follows:

Issuance of debt	<u>(323,659)</u>	
Principal payments:		
Revenue bonds	200,250	
Notes payable	3,710,482	
Capital leases	<u>453,605</u>	
	<u>4,364,337</u>	
Long-term debt transferred to Stormwater Fund	<u>8,902,315</u>	
Net adjustment		12,942,993

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:

Decrease in net pension obligation	1,810,543	
Decrease in net pension asset	33,346	
Increase in OPEB liability	(11,032,929)	
Decrease in accrued interest	305,706	
Decrease in claims payable	969,548	
Amortization bond issue costs	(71,624)	
Amortization of bond discount/premium	92,283	
Decrease in compensated absences	<u>(651,542)</u>	
Net adjustment		<u>(8,544,669)</u>

Change in net assets of governmental activities (Page 18)		\$ <u>(31,020,361)</u>
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CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

SEPTEMBER 30, 2012

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 8,077,437	\$ 150	\$ -	\$ 8,077,587
Investments	44,753,747	-	-	44,753,747
Customers accounts receivable	10,830,154	550,625	-	11,380,779
Other receivables	859,039	-	-	859,039
Due from other funds	425,139	2,362,147	5,398,838	8,186,124
Inventories	524,085	-	-	524,085
Prepays	511,546	-	39,455	551,001
Restricted assets:				
Cash and cash equivalents	17,452,337	-	-	17,452,337
Investments	5,213,862	-	-	5,213,862
Other assets	3,693,916	-	-	3,693,916
Total current assets	<u>92,341,262</u>	<u>2,912,922</u>	<u>5,438,293</u>	<u>100,692,477</u>
Non-current assets:				
Capital assets, not being depreciated	43,307,817	171,284	-	43,479,101
Capital assets, net of accumulated depreciation	<u>102,956,307</u>	<u>3,455,732</u>	<u>31,116,505</u>	<u>137,528,544</u>
Total capital assets, net	<u>146,264,124</u>	<u>3,627,016</u>	<u>31,116,505</u>	<u>181,007,645</u>
Loan costs	<u>1,291,893</u>	-	-	<u>1,291,893</u>
Total assets	<u>\$ 239,897,279</u>	<u>\$ 6,539,938</u>	<u>\$ 36,554,798</u>	<u>\$ 282,992,015</u>

(Continued)

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (Continued)

SEPTEMBER 30, 2012

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	<u>Total</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 7,256,426	\$ 391,510	\$ 4,234	\$ 7,652,170
Current portion of self-insurance claims payable	1,086,894	699,904	141,127	1,927,925
Current portion of loans payable	428,181	490,407	335,622	1,254,210
Current portion of compensated absences	108,713	70,198	16,164	195,075
Interest payable	1,215,317	-	-	1,215,317
Due to other funds	<u>2,605,277</u>	<u>2,534,321</u>	<u>369,317</u>	<u>5,508,915</u>
	<u>12,700,808</u>	<u>4,186,340</u>	<u>866,464</u>	<u>17,753,612</u>
Current liabilities payable from restricted assets:				
DERM payable	4,179,395	-	-	4,179,395
Due to other funds	3,848,602	-	-	3,848,602
Other liabilities- RO Plant	789,838	-	-	789,838
Accounts payable- RO Plant	4,396,608	-	-	4,396,608
Customer deposits	<u>7,933,597</u>	<u>-</u>	<u>-</u>	<u>7,933,597</u>
Total current liabilities payable from restricted assets	<u>21,148,040</u>	<u>-</u>	<u>-</u>	<u>21,148,040</u>
Total current liabilities	<u>33,848,848</u>	<u>4,186,340</u>	<u>866,464</u>	<u>38,901,652</u>
Non-current liabilities:				
Revolving loan	1,791,967	-	-	1,791,967
Loan payable	47,925,000	990,938	7,616,355	56,532,293
Deferred revenues, net	-	35,000	-	35,000
Deferred interest, net	1,408,393	-	-	1,408,393
Self-insurance claims payable	1,503,260	3,322,396	381,143	5,206,799
OPEB liability	3,651,205	2,653,526	269,650	6,574,381
Compensated absences payable	<u>974,586</u>	<u>629,306</u>	<u>144,904</u>	<u>1,748,796</u>
Total non-current liabilities	<u>57,254,411</u>	<u>7,631,166</u>	<u>8,412,052</u>	<u>73,297,629</u>
Total liabilities	<u>91,103,259</u>	<u>11,817,506</u>	<u>9,278,516</u>	<u>112,199,281</u>
Net assets:				
Invested in capital assets, net of related debt	96,118,976	2,145,671	23,164,528	121,429,175
Restricted	5,213,862	-	-	5,213,862
Unrestricted	<u>47,461,182</u>	<u>(7,423,239)</u>	<u>4,111,754</u>	<u>44,149,697</u>
Total net assets	<u>\$ 148,794,020</u>	<u>\$ (5,277,568)</u>	<u>\$ 27,276,282</u>	<u>\$ 170,792,734</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, 2012

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
Operating revenues:				
Metered water sales	\$ 18,125,568	\$ -	\$ -	\$ 18,125,568
Sanitary sewer service	27,916,944	-	-	27,916,944
Sanitation fees	-	14,747,857	-	14,747,857
Stormwater fees	-	-	3,528,721	3,528,721
Other	<u>2,319,347</u>	<u>204,443</u>	<u>21,852</u>	<u>2,545,642</u>
Total operating revenues	<u>48,361,859</u>	<u>14,952,300</u>	<u>3,550,573</u>	<u>66,864,732</u>
Operating expenses:				
Operating, administrative and maintenance	45,883,620	14,540,499	2,419,774	62,843,893
Depreciation	<u>4,726,581</u>	<u>805,168</u>	<u>2,100,045</u>	<u>7,631,794</u>
Total operating expenses	<u>50,610,201</u>	<u>15,345,667</u>	<u>4,519,819</u>	<u>70,475,687</u>
Operating loss	<u>(2,248,342)</u>	<u>(393,367)</u>	<u>(969,246)</u>	<u>(3,610,955)</u>
Non-operating revenues (expenses):				
Interest income	672,616	-	-	672,616
Interest expense	<u>(1,851,857)</u>	<u>(69,432)</u>	<u>(298,819)</u>	<u>(2,220,108)</u>
Net non-operating revenues (expenses)	<u>(1,179,241)</u>	<u>(69,432)</u>	<u>(298,819)</u>	<u>(1,547,492)</u>
Loss before contributions and transfers	(3,427,583)	(462,799)	(1,268,065)	(5,158,447)
Capital contributions	1,168,560	-	-	1,168,560
Transfers in	<u>-</u>	<u>-</u>	<u>28,544,347</u>	<u>28,544,347</u>
Change in net assets	(2,259,023)	(462,799)	27,276,282	24,554,460
Net assets - beginning	<u>151,053,043</u>	<u>(4,814,769)</u>	<u>-</u>	<u>146,238,274</u>
Net assets, ending	<u>\$ 148,794,020</u>	<u>\$ (5,277,568)</u>	<u>\$ 27,276,282</u>	<u>\$ 170,792,734</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 45,714,033	\$ 14,197,232	\$ 3,528,721	\$ 63,439,986
Cash received from others	2,319,347	204,443	21,852	2,545,642
Cash paid for interfund services used	(3,274,506)	(1,558,791)	(312,484)	(5,145,781)
Cash payments to suppliers	(32,490,598)	(8,263,217)	(1,895,061)	(42,648,876)
Cash payments to employees	<u>(6,514,402)</u>	<u>(4,164,661)</u>	<u>(524,349)</u>	<u>(11,203,412)</u>
Net cash provided by operating activities	<u>5,753,874</u>	<u>415,006</u>	<u>818,679</u>	<u>6,987,559</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(27,794,929)	(18,419)	-	(27,813,348)
Proceeds from issuance of debt	-	1,481,345	-	1,481,345
Interest paid	(1,230,409)	(69,432)	(298,819)	(1,598,660)
Capital contributions	1,168,560	-	-	1,168,560
Payments on long-term debt	<u>(116,919)</u>	<u>(1,808,500)</u>	<u>(519,860)</u>	<u>(2,445,279)</u>
Net cash used in capital and related financing activities	<u>(27,973,697)</u>	<u>(415,006)</u>	<u>(818,679)</u>	<u>(29,207,382)</u>
Cash flows from investing activities:				
Purchases net of sales of investments	(10,512,983)	-	-	(10,512,983)
Proceeds from collection of note receivable	4,800,000	-	-	4,800,000
Interest received on investments	<u>672,616</u>	<u>-</u>	<u>-</u>	<u>672,616</u>
Net cash (used in) investing activities	<u>(5,040,367)</u>	<u>-</u>	<u>-</u>	<u>(5,040,367)</u>
Net decrease in cash and cash equivalents	(27,260,190)	-	-	(27,260,190)
Cash and cash equivalents, beginning	<u>52,789,964</u>	<u>150</u>	<u>-</u>	<u>52,790,114</u>
Cash and cash equivalents, ending	<u>\$ 25,529,774</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 25,529,924</u>
Cash and cash equivalents per statement of net assets:				
Unrestricted	\$ 8,077,437	\$ -	\$ -	\$ 8,077,437
Restricted - current	<u>17,452,337</u>	<u>-</u>	<u>-</u>	<u>17,452,337</u>
	<u>\$ 25,529,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,529,774</u>

(Continued)

CITY OF HIALEAH, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Stormwater Utility System</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (2,248,342)	\$ (393,367)	\$ (969,246)	\$ (3,610,955)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	4,726,581	805,168	2,100,045	7,631,794
Amortization	44,547	-	-	44,547
Allowance for uncollectable accounts	1,000,000	-	-	1,000,000
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(456,821)	(550,625)	-	(1,007,446)
Other receivables	294,497	-	-	294,497
Due from other funds	82,464	1,606,992	(1,168,609)	520,847
Inventories	(25,654)	-	(39,455)	(65,109)
Other asset	2,895,131	-	-	2,895,131
Increase (decrease) in:				
Vouchers payable and accrued liabilities	1,761,526	(1,570,488)	4,116	195,154
Self insurance claims payable	88,049	412,039	511,670	1,011,758
Compensated absences payable	174,475	129,591	(44,064)	260,002
OPEB liability	617,249	300,916	54,905	973,070
Due to other funds	(3,539,996)	(325,220)	369,317	(3,495,899)
Customer deposits	<u>340,168</u>	<u>-</u>	<u>-</u>	<u>340,168</u>
Total adjustments	<u>8,002,216</u>	<u>808,373</u>	<u>1,787,925</u>	<u>10,598,514</u>
Net cash provided by operating activities	\$ <u>5,753,874</u>	\$ <u>415,006</u>	\$ <u>818,679</u>	\$ <u>6,987,559</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012

<u>ASSETS</u>	Pension <u>Trust</u>
Cash and cash equivalents	\$ 32,716,852
Securities lending cash collateral	103,058,783
Investments, at fair value:	
U.S. Treasury bonds and notes	43,850,292
U.S. Government securities	11,328,929
Asset backed securities	15,867,562
Mortgage backed securities	71,201,478
Real estate investment trusts	13,248,393
Corporate bonds and notes	56,262,941
Mutual funds- bonds	2,932,059
Mutual funds- equity	5,266,493
Common stocks	307,924,336
Receivables:	
Other receivables	186,805
Employer and employee contributions	1,362,549
Accrued interest and dividends	1,401,478
Fraud recovery	227,351
Investments sold	1,725,417
Loans to members	9,935,959
Total assets	<u>678,497,677</u>
<u>LIABILITIES AND NET ASSETS</u>	
Obligations under securities lending	103,058,783
Due to retired participants	37,190,931
Investments purchased	2,496,557
Accounts payable and accrued liabilities	1,584,334
DROP payable	7,924,538
Total liabilities	<u>152,255,143</u>
Net assets held in trust for pension benefits	<u>\$ 526,242,534</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Pension <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 24,146,610
Employee	6,467,372
State	<u>461,877</u>
Total contributions	<u>31,075,859</u>
Investment income:	
Net appreciation in fair value of investments	72,266,881
Investment earnings	<u>13,009,654</u>
	85,276,535
Less investment expenses	<u>1,061,111</u>
Net investment income	<u>84,215,424</u>
Total additions	<u>115,291,283</u>
DEDUCTIONS	
Pension benefits	42,224,519
Refunds of contributions	7,519,274
DROP benefits	<u>4,228,240</u>
Total deductions	<u>53,972,033</u>
Net increase	61,319,250
Net assets held in trust for pension benefits:	
Beginning	<u>464,923,284</u>
Ending	<u>\$ 526,242,534</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. The Financial Reporting Entity

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

Blended Component Unit

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

Related Organization

The City Council is also responsible for appointing the members of the Board of the Hialeah Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. In fiscal year 2012, the City appropriated an operating grant of approximately \$146,250 to this organization, of which \$146,250 was expended.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

The *Stormwater Utility System Fund* accounts for providing stormwater 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)

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

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

d. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

2. Interfund Activity

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

4. Capital Assets

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

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Compensated Absences*

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

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

6. *Unearned/ Deferred Revenues*

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

7. *Long-Term Obligations*

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Assets

Total equity as of September 30, 2012, is classified into three components of net assets:

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

9. Fund Balance

As of September 30, 2012, fund balances of the governmental funds are classified as follows:

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

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit this, such as grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

On May 31, 2013, the City Council adopted a minimum fund balance policy for the General Fund and its enterprise funds. The policy establishes a target minimum unassigned/unrestricted fund balance/net asset balance equal to 10% of the current year's operating 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)

9. Fund Balance (Continued)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepays	\$ 343,000	\$ 980,129	\$ 1,323,129
Inventories	1,335,708	22,478	1,358,186
Restricted:			
Capital projects	-	1,751,334	1,751,334
Public safety	-	1,551,991	1,551,991
Human services	-	313,595	313,595
Debt service	-	570,575	570,575
Committed:			
Encumbrances	82,338	997,467	1,079,805
Assigned:	-	-	-
Unassigned:	<u>12,234,370</u>	<u>20,131</u>	<u>12,254,501</u>
Total Fund Balances	<u>\$ 13,995,416</u>	<u>\$ 6,207,700</u>	<u>\$ 20,203,116</u>
Fund Balances:			
Nonspendable	\$ 1,678,708	\$ 1,002,607	\$ 2,681,315
Restricted	-	4,187,495	4,187,495
Committed	82,338	997,467	1,079,805
Assigned	-	-	-
Unassigned	<u>12,234,370</u>	<u>20,131</u>	<u>12,254,501</u>
Total Fund Balances	<u>\$ 13,995,416</u>	<u>\$ 6,207,700</u>	<u>\$ 20,203,116</u>

10. Capital Contributions

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

11. Utility Billings

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

12. Rebutable Arbitrage

The City has elected the option of treating rebutable arbitrage as a reduction of investment income. However, for the fiscal year ended September 30, 2012, there was no rebutable arbitrage required to be recorded.

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)

13. Employee Benefit Plans and Net Pension Asset/Obligation

The City provides two separate defined benefit pension plans for its employees and elected officials. At September 30, 2012, the City recorded a net pension obligation related to the Employees' Retirement System and a net pension asset related to the Elected Officials' Retirement System in its government-wide statement of net assets. The net pension asset/obligations are functions of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers contributions made to the Plans. Please refer to Note 14 for further information.

14. Post Employment Benefits Other Than Pensions (OPEB)

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

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

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

15. Risk Management

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

16. Use of Estimates

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

17. Fund Deficits

The following funds had deficits in the amounts indicated as of September 30, 2012:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$ 5,277,568
Special Revenue:	
Fire Prevention Fund	192,884
Telecommunication Fund	124,096
WIA	108,014
Children's Trust	1,920
21st Century After School Grant	517
Neighborhood Stabilization Project	57,876
Building Better Communities	141,456
Intersection Cameras Fund	130,967
Capital Projects:	
Parking Garage Construction Fund	3,728

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

18. Excess of Expenditures over Appropriations

For fiscal year ended September 30, 2012, expenditures exceeded appropriations in the following departments for the General Fund.

	Final <u>Budget</u>		<u>Actual</u>		Amount in Excess <u>of Final Budget</u>
Police	\$ 39,610,339	\$	39,659,198	\$	48,859
Fire	29,161,902		29,530,754		368,852
911 Communications division	2,864,850		2,877,722		12,872
Construction and maintenance	2,159,459		2,169,116		9,657
Recreation and community services	8,650,670		8,724,895		74,225
Risk management	972,673		976,285		3,612
Finance	929,089		932,222		3,133
General government	23,312,084		24,648,110		1,336,026

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

For fiscal year ended September 30, 2012, expenditures exceeded appropriations in the following non-major governmental funds.

	Final <u>Budget</u>		<u>Actual</u>		Amount in Excess <u>of Final Budget</u>
Streets Transportation Fund	\$ 2,840,976	\$	5,301,068	\$	2,460,092
Affordable Housing	2,012,236		2,108,847		96,611
Children's Trust	847,416		977,135		129,719
Urban Area Security Grants	3,385,796		3,547,913		162,117
City of Hialeah Education Academy	2,559,637		2,588,699		29,062
Prevent Childhood Obesity Grant	184,104		221,307		37,203
Intersection Cameras Fund	263,638		339,638		76,000

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. PROPERTY TAXES

Property taxes (ad valorem taxes) are assessed on January 1 and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until a tax sale certificate is sold at auction. Assessed values are established by the Miami-Dade County Property Appraiser at approximately fair market value. The County bills and collects all property taxes for the City. Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2012 was 6.540 mills per \$1,000 of assessed valuation.

NOTE 3. CASH AND INVESTMENTS

Cash

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

Investments

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

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

	Fair <u>Value</u>	Less <u>Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
<u>City of Hialeah Employees' Retirement System's</u>					
U.S. Treasuries	\$ 43,850,292	\$ 4,544,285	\$ 28,511,570	\$ 10,794,437	\$ -
U.S. Agencies/Instrumentalities	11,328,929	576,426	8,628,197	2,124,306	-
Corporate Bonds	56,262,941	5,006,587	33,904,521	15,590,527	1,761,306
Mortgage Backed Securities	71,201,478	-	1,055,913	12,053,201	58,092,364
Asset Backed Securities	<u>15,867,562</u>	<u>-</u>	<u>14,529,602</u>	<u>1,337,960</u>	<u>-</u>
Sub-total	<u>198,511,202</u>	<u>10,127,298</u>	<u>86,629,803</u>	<u>41,900,431</u>	<u>59,853,670</u>
Real estate investment trusts	13,248,393				
Common stocks	<u>307,924,336</u>				
Sub-total	<u>519,683,931</u>				
	Fair <u>Value</u>	Less <u>Than 1</u>	<u>Investment Maturities (In Years)</u>		
			<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
<u>Elected Officials Retirement Plan</u>					
Vanguard-bond mutual funds	<u>2,932,059</u>	<u>-</u>	<u>2,932,059</u>	<u>-</u>	<u>-</u>
Sub-total	<u>2,932,059</u>	<u>-</u>	<u>2,932,059</u>	<u>-</u>	<u>-</u>
Vanguard-equity funds	<u>5,266,493</u>				
Sub-total	<u>8,198,552</u>				
<u>Primary Government</u>					
Money market funds	11,537,836	11,537,836	-	-	-
FMV/T-bond mutual funds	<u>49,967,609</u>	<u>30,925,515</u>	<u>19,042,094</u>	<u>-</u>	<u>-</u>
Sub-total	<u>61,505,445</u>	<u>42,463,351</u>	<u>19,042,094</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 592,319,987</u>				

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Concentration Credit Risk

Disclosure of investments in any one issuer that represents 5% or more of the total of the City's investments is required. 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, 2012, concentration of the City of Hialeah Employees' Retirement System's investments was as follows:

Freddie Mac	6.72%
WR Grace & Co	5.84%
U.S. Treasury N/B	7.98%

Custodial Credit Risk

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

Foreign Currency Risk

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

	Holdings Valued in U.S. Dollars	
<u>Currency</u>		<u>International Equities</u>
CANADIAN DOLLAR	\$	88,724
EURO CURRENCY		9,014,339
HONG KONG DOLLAR		1,487,255
JAPANESE YEN		1,683,785
NORWEGIAN KRONE		462,620
POUND STERLING		5,037,441
SINGAPORE DOLLAR		1,050,220
SWEDISH KRONA		248,214
SWISS FRANC		2,001,736
	\$	<u>21,074,334</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City has an investment policy that limits investments to the highest ratings by nationally recognized statistical rating organizations (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, 2012, the City's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
<u>Employees Retirement System</u>		
		<u>Moodys's Rating</u>
U.S. Treasury bonds and notes	\$ 604,080	Aaa
U.S. Treasury bonds and notes	43,246,212	NR
U.S. Government securities	10,328,709	Aaa
U.S. Government securities	1,000,220	NR
Asset backed securities	13,186,000	Aaa
Asset backed securities	2,681,562	NR
Mortgage backed securities	58,681,168	AAA
Mortgage backed securities	1,009,048	Aaa
Mortgage backed securities	11,511,262	NR
Corporate bonds and notes	6,930,140	A1
Corporate bonds and notes	12,322,177	A2
Corporate bonds and notes	10,269,110	A3
Corporate bonds and notes	2,508,891	Aa2
Corporate bonds and notes	3,412,845	Aa3
Corporate bonds and notes	501,465	Aaa
Corporate bonds and notes	1,052,087	Ba1
Corporate bonds and notes	3,881,599	Baa1
Corporate bonds and notes	7,299,590	Baa2
Corporate bonds and notes	7,536,877	Baa3
Corporate bonds and notes	<u>548,160</u>	NR
	<u>198,511,202</u>	
<u>Elected Officials Retirement Plan</u>		
		<u>Moodys's Rating</u>
Inter-Term Bond Index Adm	2,400,435	Aa2/Aa3
Short-Term Bond Index Adm	<u>531,624</u>	Aa2/Aa3
Sub-total	<u>2,932,059</u>	
<u>Primary Government</u>		
		<u>Fitch Rating</u>
Florida Municipal Investment Trust:		
0-2 Year High Quality Bond	30,925,515	AAA/V1
1-3 Year High Quality Bond	2,046,555	AAA/V2
Intermediate High Quality Fund	8,492,095	AAA/V3
Broad Market High Quality Fund	<u>8,503,444</u>	AA/V4
Sub-total	<u>49,967,609</u>	
Total	<u>\$ 251,410,870</u>	

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 4. SECURITIES LENDING TRANSACTIONS

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

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 4. SECURITIES LENDING TRANSACTIONS (Continued)

During the fiscal year, the Plan and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2012, such investment pool had an average duration of 5.45 days and an average weighted final maturity of 195.15 days for USD collateral. Because the securities lending transactions were terminable at will their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

GASB 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, 2012, the Plan had no credit risk exposure to borrowers. The market values of collateral held and the market value (USD) of securities on loan for the Plan as of September 30, 2012 was \$103,058,783 and \$100,345,392. The \$103,058,783 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 \$103,058,783 for obligations under security lending.

NOTE 5. RECEIVABLES

Receivables as of September 30, 2012 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	Sanitation	Nonmajor Governmental Funds	Total
Receivables:					
Billed	\$ -	\$ 12,640,812	\$ 550,625	\$ 4,776,269	\$ 17,967,706
Unbilled	-	3,913,811	-	-	3,913,811
Franchise and utility	4,262,889	-	-	-	4,262,889
Intergovernmental	1,936,664	-	-	2,706,688	4,643,352
Grants	109,765	845,740	-	14,602,262	15,557,767
Note	2,132,434	-	-	-	2,132,434
Other	548,508	14,058	-	-	562,566
Sales taxes	2,322,570	-	-	-	2,322,570
Gross receivables	<u>11,312,830</u>	<u>17,414,421</u>	<u>550,625</u>	<u>22,085,219</u>	<u>51,363,095</u>
Less: allowances for uncollectibles	-	2,031,312	-	3,567,572	5,598,884
Net total receivables	<u>\$ 11,312,830</u>	<u>\$ 15,383,109</u>	<u>\$ 550,625</u>	<u>\$ 18,517,647</u>	<u>\$ 45,764,211</u>

Approximately 43% or \$12,836,452 of the \$29,830,477 in governmental activities receivable is due from Miami Dade County.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 5. RECEIVABLES (Continued)

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

Revenues of the Fire Prevention and Rescue Transportation fund are reported net of uncollectible amounts. Total amount charged to the provision related to revenues of the current period was \$9,745,304. During 2012, the City also increased its allowance for uncollectable utility receivables by \$1,000,000.

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

Occupational licenses	\$ 1,878,399
Grants and other deferred revenues	410,396
Community Development Block Grant (CDBG)	2,482,883
State Housing Initiative Program (SHIP)	183,551
Notes receivable (see note 6)	<u>2,132,434</u>
	<u>\$7,087,663</u>

NOTE 6. NOTE RECEIVABLE

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

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

The amended land lease agreement provides for the following terms:

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 6. NOTES RECEIVABLE (Continued)

The future minimum receivable and net present value of these minimum payments as of September 30, 2012 were

Long-term receivable	\$3,578,872
Less present value	<u>(1,446,438)</u>
Present value of future receivable payments	<u>\$2,132,434</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, 2012. No allowance against the note receivable is deemed necessary at September 30, 2012. 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 7. INTERFUND ACTIVITY

The amounts due from/to other funds at September 30, 2012 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	<u>\$22,129,984</u>	<u>\$10,777,928</u>
Non-Major Governmental Funds	<u>5,945,191</u>	<u>16,125,854</u>
Major Proprietary Type Funds		
Water and Sewer	425,139	6,453,879
Solid Waste	2,362,147	2,534,321
Stormwater	<u>5,398,838</u>	<u>369,317</u>
Total Major Proprietary Type Funds	<u>8,186,124</u>	<u>9,357,517</u>
	<u>\$36,261,299</u>	<u>\$36,261,299</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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 7. INTERFUND ACTIVITY (Continued)

- 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, stormwater fund and general fund are for waste fees collected and utility taxes collected at year end

As of September 30, 2012, major fund and non-major fund activity was as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
Major Governmental Funds		
General Fund	\$3,198,400	\$ 59,919
Total Major Governmental Funds	<u>3,198,400</u>	<u>59,919</u>
Non-Major Governmental Funds	<u>59,919</u>	<u>7,418,073</u>
Major Proprietary Type Funds		
Stormwater Fund	28,544,347	-
	<u>\$31,802,666</u>	(*) <u>\$7,477,992</u>

- The general fund transfers to the non-major governmental funds were made to provide additional resources for current operations.
- The transfers from the non-major governmental funds to the general fund consisted of a transfer of \$2,416,318 from the Streets Fund to the General Fund to return and reimburse unrestricted funds transferred in prior years by the General Fund to the Streets Fund. Transfer of the balance of the capital improvement construction fund of \$750,168 after closing the fund.
- The transfers from the non-major governmental funds to the Stormwater Fund of \$4,230,111 was due to the City closing the Stormwater Special Revenue fund and transferring balances to the new Stormwater System enterprise fund.
- (*) The remaining transfer of \$24,324,674 to the new Stormwater System enterprise fund were for capital assets and long-term debt transferred from the governmental activities.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. RESTRICTED ASSETS

Restricted assets consist of the cash restricted for debt service, capital projects, advances, public safety and customer deposits at September 30, 2012:

Water and Sewers Fund

Customers' deposit - cash and investments	\$7,933,597
Restricted for Miami-Dade County DERM – DERM Fee	4,179,395
Reverse Osmosis Plant- Bond Proceeds	5,213,862
Reverse Osmosis Plant- Joint Participation Agreement	<u>5,339,345</u>
Total restricted cash water and sewers fund	<u>22,666,199</u>

Other restricted assets

Customer accounts - Solid Waste Fund	2,362,146
Customer accounts - Stormwater Fund	845,980
Customer accounts - City Utility Tax	<u>485,790</u>
Total other restricted assets water and sewers fund	<u>3,693,916</u>

Total restricted assets water and sewers fund 26,360,115

Governmental Funds

Special Revenue Funds	
Rescue Transportation	\$431,992
Fire Prevention	54,426
State Law Enforcement Trust	313,870
Federal Law Enforcement Trust	<u>1,656,531</u>
Total Restricted for Public Safety	<u>2,456,819</u>

Total Restricted Assets \$28,816,934

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 29,699,626	\$ -	\$ -	\$ -	\$ 29,699,626
Construction in Progress	17,488,554	(11,922,667)	7,860,647	-	13,426,534
Total capital assets not being depreciated	<u>47,188,180</u>	<u>(11,922,667)</u>	<u>7,860,647</u>	<u>-</u>	<u>43,126,160</u>
Capital assets being depreciated:					
Buildings	100,200,203	-	5,939,684	-	106,139,887
Improvements other than buildings	25,954,796	-	94,772	-	26,049,568
Furniture, fixtures, machinery and equipment	46,694,049	(126,344)	2,567,768	-	49,135,473
Infrastructure	334,070,767	(54,891,486)	2,167,954	(34,897)	281,312,338
Total capital assets being depreciated	<u>506,919,815</u>	<u>(55,017,830)</u>	<u>10,770,178</u>	<u>(34,897)</u>	<u>462,637,266</u>
Less accumulated depreciation for:					
Buildings	23,621,213	-	2,267,095	-	25,888,308
Improvements other than buildings	14,628,779	-	1,292,355	-	15,921,134
Furniture, fixtures, machinery and equipment	33,408,726	(126,344)	3,175,260	-	36,457,642
Infrastructure	167,944,338	(33,588,868)	8,399,721	-	142,755,191
Total accumulated depreciation	<u>239,603,056</u>	<u>(33,715,212)</u>	<u>15,134,431</u>	<u>-</u>	<u>221,022,275</u>
Total capital assets being depreciated, net	<u>267,316,759</u>	<u>(21,302,618)</u>	<u>(4,364,253)</u>	<u>(34,897)</u>	<u>241,614,991</u>
Governmental activities capital assets, net	<u>\$ 314,504,939</u>	<u>\$ (33,225,285)</u>	<u>\$ 3,496,394</u>	<u>\$ (34,897)</u>	<u>\$ 284,741,151</u>
	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 329,356	\$ -	\$ -	\$ -	\$ 329,356
Construction in progress	21,114,834	-	22,034,911	-	43,149,745
Total capital assets not being depreciated	<u>21,444,190</u>	<u>-</u>	<u>22,034,911</u>	<u>-</u>	<u>43,479,101</u>
Capital assets being depreciated:					
Buildings and utility plant	4,985,968	-	788,907	-	5,774,875
Improvements to other than building	320,533	-	-	-	320,533
Machinery and equipment	20,899,339	126,344	59,871	-	21,085,554
Infrastructure	173,888,540	66,814,153	4,929,575	(8,724)	245,623,544
Total capital assets being depreciated	<u>\$ 200,094,380</u>	<u>\$ 66,940,497</u>	<u>\$ 5,778,353</u>	<u>\$ (8,724)</u>	<u>\$ 272,804,506</u>
Less accumulated depreciation for:					
Buildings and utility plant	2,478,185	-	153,915	-	2,632,100
Improvements other than building	267,909	-	32,053	-	299,962
Machinery and equipment	16,651,469	126,344	1,123,908	-	17,901,721
Infrastructure	74,531,466	33,588,868	6,321,845	-	114,442,179
Total accumulated depreciation	<u>93,929,029</u>	<u>33,715,212</u>	<u>7,631,721</u>	<u>-</u>	<u>135,275,962</u>
Total capital assets being depreciated, net	<u>106,165,351</u>	<u>33,225,285</u>	<u>(1,853,368)</u>	<u>(8,724)</u>	<u>137,528,544</u>
Business-type activities capital assets, net	<u>\$ 127,609,541</u>	<u>\$ 33,225,285</u>	<u>\$ 20,181,543</u>	<u>\$ (8,724)</u>	<u>\$ 181,007,645</u>

During 2012, the City converted the Stormwater Fund from a governmental to an enterprise fund. The \$33,225,285 transfer represents capital assets net of depreciation transferred to the new fund as of October 1, 2011.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 9. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 1,969,662
Police	522,329
Fire	1,563,747
Streets	9,564,444
Recreation	<u>1,514,249</u>
Total depreciation expense - governmental activities	<u>\$15,134,431</u>
Business-type activities:	
Water and sewer	\$ 4,726,581
Solid waste	805,168
Stormwater	<u>2,100,045</u>
Total depreciation expense - business-type activities	<u>\$ 7,631,794</u>

NOTE 10. SHORT-TERM DEBT

Bank of America Promissory Note Series 2012A

On March 15, 2012, the City entered into a loan agreement with TD Bank N.A, in the amount of \$6,000,000 for the purpose of providing bridge financing for the City's employer contribution payments to its Employees' Retirement System. Interest on the note accrues at a variable rate of 1.31% per year and is payable monthly commencing April 15, 2012 until the full amount of the principal due has been paid. The original maturity date of the Note (September 30, 2012) was extended to December 31, 2012.

The following is a summary of changes in short-term debt for the year ended September 30, 2012:

Balance, October 1, 2011	\$ -
Additions	6,000,000
Deletions	<u>-</u>
Balance, September 30, 2012	<u>\$ 6,000,000</u>

Subsequent to year end the City paid off the loan.

TD Bank Tax Anticipation Note Series 2013

On February 27, 2013 the City issued the "City of Hialeah, Tax Anticipation Note, Series 2013" for \$15,000,000 with TD Bank to provide bridge financing for the City's payments for its employee retirement plan. The Note shall bear interest at the variable rate equal to LIBOR plus one hundred thirty one basis points (1.31%), adjusted as provided in the Note. Principal of the Note shall be due and payable at maturity. Interest on the Note shall be payable monthly, calculated on the basis of a 360 day year and will be paid in arrears for the actual number of days elapsed.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT

Revenue Bonds

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

The net proceeds of \$2,283,000 were used to advance refund the Series 1993 Bonds with a total principal amount of \$2,610,000 and an interest rate ranging from 3.1% to 5.5%. Proceeds from the Series 1993 Bonds were used to finance construction of a new fire administration building, fund the debt service account and pay certain issuance costs. The advance refunding reduced debt payments in the short-term. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$200,000.

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 209,387	\$ 61,184	\$ 270,570
2014	218,732	51,839	270,570
2015	228,493	42,077	270,570
2016	238,598	31,972	270,570
2017	249,339	21,231	270,570
2018-2019	<u>327,378</u>	<u>10,835</u>	<u>338,213</u>
	<u>\$ 1,471,927</u>	<u>\$ 219,138</u>	<u>\$ 1,691,065</u>

On November 19, 2012 the City issued "The City of Hialeah Capital Improvement Revenue Refunding Bond, Series 2012" for \$1,620,000 for the purpose of refunding the City's \$2,283,000 Capital Improvement Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") , and paying additional costs of the original project. The Bonds are expected to be repaid over approximately six (6) years at an interest rate of 1.64%.

State of Florida Loan Payable

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

The loan agreement provides that the State will deposit the loan proceeds in a restricted, interest-bearing investment account to be used by the Water and Sewers Fund as debt service reserves and for future construction requirements. Interest earned on the construction funds during the time the East Side Sewer was being built, which is credited to the Water and Sewers Fund, has been deferred and is being amortized to income over the same period that the related capitalized interest is being expensed (50 years). At September 30, 2012, the unamortized deferred interest balance was \$1,408,393. The City paid off the State of Florida loan in 2008.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT (Continued)

Notes Payable

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

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

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

Business-type Activities				Governmental Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2013	\$ 207,622	\$ 36,863	\$ 488,981	2013	\$ 830,502	\$ 147,456	\$ 1,955,923
2014	423,166	65,815	488,981	2014	1,692,663	263,261	1,955,923
2015	433,940	55,041	488,981	2015	1,735,758	220,165	1,955,923
2016	444,988	43,993	488,981	2016	1,779,951	175,973	1,955,923
2017	456,317	32,664	488,981	2017	1,825,268	130,655	1,955,923
2018-2019	948,107	30,178	978,284	2018-2019	3,792,420	120,713	3,913,135
	<u>\$ 2,914,140</u>	<u>\$ 264,555</u>	<u>\$ 3,423,188</u>		<u>\$ 11,656,561</u>	<u>\$ 1,058,223</u>	<u>\$ 13,692,753</u>

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

On May 1, 2003, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,135,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2003A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$39,940,000 and calls for annual payments due on May 1, commencing on May 1, 2004 through May 1, 2033 and bears interest at varying rates ranging from 2.0% to 5.25%.

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

Fiscal Year End	Principal	Interest	Total
2013	\$ 1,110,000	\$ 1,994,838	\$ 3,104,838
2014	1,165,000	1,936,563	3,101,563
2015	1,230,000	1,875,400	3,105,400
2016	1,295,000	1,810,825	3,105,825
2017	1,360,000	1,742,838	3,102,838
2018-2022	7,950,000	7,569,138	15,519,138
2023-2027	10,080,000	5,436,150	15,516,150
2028-2032	12,795,000	2,720,500	15,515,500
2033	2,955,000	147,750	3,102,750
	<u>\$ 39,940,000</u>	<u>\$ 25,234,000</u>	<u>\$ 65,174,000</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT (Continued)

Notes Payable (Continued)

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

On November 5, 2012 the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$41,620,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2012A, for the purpose of refinancing Florida Municipal Loan Council Revenue Bonds, Series 2003A. Principal and Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2013.

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

On February 15, 2005, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$29,090,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2005A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$25,190,000 and calls for annual payments due on February 1, commencing on February 1, 2006 through February 1, 2035 and bears interest at varying rates ranging from 3.0% to 5.0%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2012.

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

Business-type Activities				Governmental Activities			
<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 128,000	\$ 240,471	\$ 368,471	\$ 2,013	\$ 512,000	\$ 961,886	\$ 1,473,886
2014	133,000	235,319	368,319	2014	532,000	941,275	1,473,275
2015	138,000	230,381	368,381	2015	552,000	921,523	1,473,523
2016	143,000	224,942	367,942	2016	572,000	899,768	1,471,768
2017	149,000	219,057	368,057	2017	596,000	876,229	1,472,229
2018-2022	858,000	975,611	1,833,611	2018-2022	3,432,000	3,902,445	7,334,445
2023-2027	1,097,000	730,741	1,827,741	2023-2027	4,388,000	2,922,963	7,310,963
2028-2032	1,383,000	436,631	1,819,631	2028-2032	5,532,000	1,746,522	7,278,522
2033-2035	1,009,000	78,961	1,087,961	2033-2035	4,036,000	315,843	4,351,843
	<u>\$ 5,038,000</u>	<u>\$ 3,372,113</u>	<u>\$ 8,410,113</u>		<u>\$ 20,152,000</u>	<u>\$ 13,488,453</u>	<u>\$ 33,640,453</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT (Continued)

Notes Payable (Continued)

4) Community Development Block Grant Section 108 Loan

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 \$2,215,000 at September 30, 2012. 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 loan payable are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 255,000	\$ 174,080	\$ 429,080
2014	275,000	154,399	429,399
2015	295,000	133,064	428,064
2016	310,000	110,031	420,031
2017	335,000	85,671	420,671
2018-2019	<u>745,000</u>	<u>89,817</u>	<u>834,817</u>
	<u>\$ 2,215,000</u>	<u>\$ 747,062</u>	<u>\$ 2,962,062</u>

5) Revolving Loan

On May 11, 2001, the City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection for the purpose of providing financial assistance for planning and designing water and sewer system improvements. At September 30, 2011 the project had not been completed and the amount of the loan available for the project was \$2,997,370 of which the City had withdrawn \$2,779,844. The loan shall be repaid in 18 semiannual loan payments of \$110,945 beginning September 15, 2007, which is based on the total amount owed. The amount due as of September 30, 2012 was \$1,910,149, which includes capitalized interest and other costs.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT (Continued)

Notes Payable (Continued)

5) Revolving Loan (Continued)

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 118,181	\$ 52,794	\$ 170,976
2014	121,519	49,456	170,975
2015	124,952	46,023	170,975
2016	128,483	42,492	170,975
2017	132,113	38,861	170,975
2018-2022	718,733	136,141	854,873
2023-2026	566,169	32,243	769,386
	<u>\$ 1,910,149</u>	<u>\$ 398,010</u>	<u>\$ 2,479,134</u>

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

On March 23, 2011 City issued the City of Hialeah Affordable Housing Note, Series 2011 (the TD Bank Note) in the principal amount of \$14,489,840 to refund and extend the maturity of the Amended and Restated Bond Anticipation Refunding Note, Series 2010 and pay-off the mortgage payable due to the Miami-Dade Housing Agency. The proceeds of the Series 2010 note were used for the purpose of financing the construction of a 300-unit affordable housing project in the City of Hialeah. The TD Bank Note is secured by a pledge of net rental income and a covenant to budget and appropriate non-ad valorem revenues sufficient to pay the principal and interest due on the note for the fiscal year. At September 30, 2012, the TD Bank Note had an outstanding balance of \$13,956,309.

Annual debt service requirements to maturity for the TD Bank Note are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 351,005	\$ 605,573	\$ 956,579
2014	366,634	589,945	956,579
2015	382,958	573,621	956,579
2016	400,009	556,570	956,579
2017	417,819	538,759	956,579
2018-2022	2,385,276	2,397,618	4,782,894
2023-2027	2,965,733	1,817,161	4,782,894
2028-2032	3,687,446	1,095,448	4,782,894
2033-2036	2,999,429	244,963	3,244,392
	<u>\$ 13,956,309</u>	<u>\$ 8,419,659</u>	<u>\$ 22,375,968</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT (Continued)

Notes Payable (Continued)

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

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

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 310,000	\$ 2,406,188	\$ 2,716,188
2014	320,000	2,396,888	2,716,888
2015	580,000	2,387,288	2,967,288
2016	850,000	2,369,888	3,219,888
2017	955,000	2,344,388	3,299,388
2018-2022	5,305,000	11,212,325	16,517,325
2023-2027	6,525,000	10,005,163	16,530,163
2028-2032	8,360,000	8,195,163	16,555,163
2033-2037	10,840,000	5,738,988	16,578,988
2038-2042	14,190,000	2,425,775	16,615,775
	<u>\$ 48,235,000</u>	<u>\$ 49,482,050</u>	<u>\$ 97,717,050</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT (Continued)

Notes Payable (Continued)

8) Bank of America Promissory Note Series 2012A

On April 5, 2012, the City entered into an equipment term loan agreement with Bank of America, N.A., providing for a loan in an amount not to exceed \$1,850,000 to refinance existing financed purchases of two E-One Pumpers and recycling containers with interest at the rate of 1.7431% per annum based upon twelve 30 day months over a 360-day year. The entire unpaid principal balance, together with all accrued and unpaid interest, shall be due and payable in full on April 1, 2016.

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

Business-type Activities				Governmental Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2013	\$ 107,650	\$ 5,600	\$ 113,251	2013	\$ 490,408	\$ 25,513	\$ 515,920
2014	80,968	3,787	84,755	2014	368,853	17,251	386,105
2015	67,553	2,376	69,928	2015	307,739	10,822	318,561
2016	67,488	1,198	69,928	2016	314,345	5,458	318,561
	<u>\$ 323,659</u>	<u>\$ 12,961</u>	<u>\$ 337,862</u>		<u>\$ 1,481,345</u>	<u>\$ 59,044</u>	<u>\$ 1,539,148</u>

9) Capital Leases

The City has entered into several lease agreements for vehicles \$212,560. 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
	<u>Activities</u>
Vehicles- Ford Trucks	\$ 212,560
Less: accumulated depreciation	<u>(33,544)</u>
	<u>\$ 179,016</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012 were:

Fiscal Year End	Principal	Interest	Total
2013	70,842	3,202	74,044
2014	72,425	1,619	74,044
	<u>\$ 143,267</u>	<u>\$ 4,821</u>	<u>\$ 148,088</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

The following is a summary of changes in the long-term debt for the year ended September 30, 2012:

	Balance September 30, 2011	Transfers	Additions	Reductions	Balance September 30, 2012	Due Within One Year
Governmental activities:						
Revenue bonds-2007	\$ 1,672,177	\$ -	\$ -	\$ (200,250)	\$ 1,471,927	\$ 209,387
Notes:						
CDBG Sec 108	2,455,000	-	-	(240,000)	2,215,000	255,000
FMLC 2003 Bond	40,995,000	-	-	(1,055,000)	39,940,000	1,110,000
FMLC 2005 Bond	25,810,000	(5,162,000)	-	(496,000)	20,152,000	512,000
TD Bank (refi bond anticipation loan)	14,292,352	-	-	(336,043)	13,956,309	351,005
Bank of America (refi of FMLC 1999 Bond)	16,550,000	(3,310,000)	-	(1,583,439)	11,656,561	830,502
Bank of America Promissory Note	-	-	323,659	-	323,659	107,650
Notes payable	<u>100,102,352</u>	<u>(8,472,000)</u>	<u>323,659</u>	<u>(3,710,482)</u>	<u>88,243,529</u>	<u>3,166,157</u>
Less deferred amounts:						
Bond issuance costs	(1,208,420)	-	-	66,574	(1,141,846)	(66,574)
Discount	(37,872)	-	-	5,050	(32,822)	(5,050)
Premium	2,044,670	-	-	(92,283)	1,952,387	92,283
	<u>798,378</u>	<u>-</u>	<u>-</u>	<u>(20,659)</u>	<u>777,719</u>	<u>20,659</u>
Notes Payable Net	<u>100,900,730</u>	<u>(8,472,000)</u>	<u>323,659</u>	<u>(3,731,141)</u>	<u>89,021,248</u>	<u>3,186,816</u>
Capital leases						
Suntrust (10 Ford Vehicles)	212,560	-	-	(69,293)	143,267	70,842
Banc of America Pub Captl Corp (formerly Federal Signal Leasing) (refi with BOA \$1.8m)	153,067	-	-	(153,067)	-	-
Sovereign Bank (refi with BOA \$1.8m)	231,245	-	-	(231,245)	-	-
Total Capital Leases	<u>596,872</u>	<u>-</u>	<u>-</u>	<u>(453,605)</u>	<u>143,267</u>	<u>70,842</u>
Total	<u>103,169,779</u>	<u>(8,472,000)</u>	<u>323,659</u>	<u>(4,384,996)</u>	<u>90,636,442</u>	<u>3,467,045</u>
Claims payable						
Claims payable	47,111,571	(10,438)	19,310,445	(20,496,621)	45,914,957	10,601,578
Compensated absences	19,833,075	(205,132)	10,396,221	(9,512,898)	20,511,266	2,078,968
OPEB liability	41,571,000	(214,745)	18,422,524	(7,389,595)	52,389,184	-
Net Pension Obligation	41,820,057	-	-	(1,810,543)	40,009,514	-
	<u>150,335,703</u>	<u>(430,315)</u>	<u>48,129,190</u>	<u>(39,209,657)</u>	<u>158,824,921</u>	<u>12,680,546</u>
Total	<u>\$ 253,505,482</u>	<u>\$ (8,902,315)</u>	<u>\$ 48,452,849</u>	<u>\$ (43,594,653)</u>	<u>\$ 249,461,363</u>	<u>\$ 16,147,591</u>
Business-type activities:						
Revolving loan	\$ 2,027,067	\$ -	\$ -	\$ (116,918)	\$ 1,910,149	\$ 118,181
Mears Motor Leasing (refi with BOA \$1.8m)	1,808,500	-	-	(1,808,500)	-	-
Bank of America (refi of FMLC 1999 Bond)	-	3,310,000	-	(395,860)	2,914,140	207,622
Bank of America Promissory Note	-	-	1,481,345	-	1,481,345	490,407
FMLC 2005 Bond	-	5,162,000	-	(124,000)	5,038,000	128,000
FMLC 2011D	48,235,000	-	-	-	48,235,000	310,000
Total bonds and loans payable	<u>52,070,567</u>	<u>8,472,000</u>	<u>1,481,345</u>	<u>(2,445,278)</u>	<u>59,578,634</u>	<u>1,254,210</u>
Claims payable						
Claims payable	6,112,364	10,438	4,769,041	(3,757,119)	7,134,724	1,927,925
OPEB liability	5,386,566	214,745	2,782,119	(1,809,049)	6,574,381	-
Compensated absences	1,478,737	205,132	503,039	(243,037)	1,943,871	195,075
Total	<u>\$ 65,048,234</u>	<u>\$ 8,902,315</u>	<u>\$ 9,535,544</u>	<u>\$ (8,254,483)</u>	<u>\$ 75,231,610</u>	<u>\$ 3,377,210</u>

During 2012, the City converted the Stormwater Fund from a governmental to an enterprise fund. The \$8,902,315 transfer represents long-term debt transferred to the new fund as of October 1, 2011.

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12. RISK MANAGEMENT

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

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

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning	\$53,223,935	\$48,162,998	\$45,727,217
Incurred claims (including IBNR)	24,079,486	27,807,196	28,644,623
Claims payments	<u>(24,253,740)</u>	<u>(22,746,259)</u>	<u>(26,208,858)</u>
Unpaid claims, ending	<u>\$53,049,681</u>	<u>\$53,223,935</u>	<u>\$48,162,998</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grants

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

Hialeah Branch Courthouse Lease

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Charter School Agreements

On April 17, 2008, the City executed a contract with the School Board of Miami-Dade County, Florida that provides for The City of Hialeah Education Academy (the "HEA") to (1) provide a high-quality career-oriented curriculum for 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.

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

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

Water and Sewers Fund- Agreements with Miami-Dade County

In 2008, the City Council approved a 20 year agreement with Miami-Dade County (the "County") providing for the rendition of water service to the City by the County and the purchase of treated water from the County until 2027. In 2011, the City of Hialeah entered into a 20 year agreement with the County to provide wastewater treatment and disposal services until 2029. 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, 2012 were \$13,194,324 for water services and \$16,898,404 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"). DERM was subsequently renamed Miami-Dade County Department of Regulatory and Economic Resources, Division of Environmental Resources Management. 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 an extension until November 12, 2017 to correct all the deficiencies noted in the SESS Phase III Report (pending final execution). Of the 35 basins identified in need of repairs the Department has completed 16 basins with 19 basins remaining. It is estimated that repairs will cost the Department approximately \$4 to \$6 million to correct (depending on the complexity of the problems identified) the remaining pump stations to meet the requirements of the agreement.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Joint Participation Agreement- Reverse Osmosis Water Treatment Plant

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

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

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

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

The County provided \$9.5 million at the time the Agreement was executed. The County continues to provide incremental payments as set forth in the in the Cash Flow Agreement between the County and the City. In 2011, the City issued the \$48,235,000 Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) to fund its share of the costs to construct the Plant. The schedule below provides a reconciliation of the construction in progress as of September 30, 2012 and the total contributions from the County. As of September 30, 2012, the County's 50% ownership share of the Plant has been recorded as a contra account to the construction in progress totaling \$40,783,678. Reimbursements provided by the County and the County's 50% share of the grants from the South Florida Water Management District in excess of the 50% required County contribution totaling \$789,838 have been recorded as Other Liabilities – RO Plant.

	October 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	September 30, <u>2012</u>
Construction in Progress- RO Plant	\$ 40,580,855	\$ 40,986,501	\$ -	\$ 81,567,356
Contra Account (Miami Dade County)	<u>(20,290,427)</u>	<u>(20,493,251)</u>	<u>-</u>	<u>\$ (40,783,678)</u>
	<u>20,290,428</u>	<u>20,493,250</u>	<u>-</u>	<u>40,783,678</u>
 Other Liabilities - Miami Dade County	 \$ 1,056,665	 \$ -	 \$ (266,827)	 \$ 789,838
 Total Contributed by Miami Dade County				
Advances to the City	\$ 38,573,516			
50% Share of grants from SFWMD	<u>3,000,000</u>			
	<u>\$ 41,573,516</u>			
 Total in contra account	 \$ 40,783,678			
Total in other liabilities-Miami Dade County	<u>789,838</u>			
	<u>\$ 41,573,516</u>			

Construction Commitments

At September 30, 2012, the City had in process various construction projects that were not completed with a remaining balance totaling approximately \$22,132,449. Funding of these projects is to be made primarily through the proceeds of loans, tax revenues and grants.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

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

Tax-Exempt Bonds

As disclosed in Note 11 Long-Term Debt; the City has issued tax-exempt bonds to fund capital projects and infrastructure. If the bonds were deemed to be taxable, then the City's interest costs would markedly rise; the potential increase in interest costs would only be determinable at the time such debt was deemed taxable. The City does not, at this time, expect the tax-exempt status of the debt to change.

Unfair Labor Practice Charge

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

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

NOTE 14. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS

EMPLOYEES' RETIREMENT SYSTEM

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

EMPLOYEES' RETIREMENT SYSTEM (Continued)

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.

On May 22, 2012, the City passed Ordinance No. 2012-27, retroactively to April 1, 2012, closing membership to the Plan for all general employees hired after April 1, 2012. New employees will instead participate in a new defined contribution plan.

Membership in the Plan as of October 1, 2011 consisted of the following:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,318
Terminated employees entitled to benefits but not yet receiving them	<u>81</u>
Subtotal	<u>1,399</u>
Active employees:	
General employees	578
Police officers and firefighters	<u>631</u>
Subtotal	<u>1,209</u>
Total members	<u>2,608</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 (3.38% as of September 30, 2012). 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

EMPLOYEES' RETIREMENT SYSTEM (Continued)

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.

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	\$22,203,900
Interest on net pension obligation	3,297,480
Adjustment to annual required contribution	<u>(2,485,352)</u>
Annual pension cost	23,016,028
Contributions made	<u>(24,225,018)</u>
Decrease in net pension obligation	(1,208,990)
Net pension obligation, beginning of year	<u>41,218,504</u>
Net pension obligation, end of year	<u>\$ 40,009,514</u>

The annual required contribution for the current year was determined as part of the October 1, 2011 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

EMPLOYEES' RETIREMENT SYSTEM (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

<u>Fiscal Year Ending</u>	<u>Three-Year Trend Information</u>		
	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
9/30/2010	\$21,005,831	94%	\$41,459,317
9/30/2011	\$22,281,204	98%	\$41,218,504
9/30/2012	\$23,016,028	105%	\$40,009,514

DROP Plan

Effective March 1, 2007, the City established a deferred retirement option plan (DROP) for Police and Firefighters. An active participant of the City's retirement system may enter into the DROP, on the first day of the month following completion of 25 years of membership service credit, provided that the sum of the member's age and years of service is 70 points or more. Upon entry into the DROP, a member's monthly retirement benefits, which would have been payable had the member elected to cease employment and receive a normal retirement benefit, shall be paid into the member's DROP account. The maximum duration for participation in the DROP shall not exceed thirty-six (36) months. As of September 30, 2011, there were eighty-two (82) DROP participants.

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, 2012 were based on the October 1, 2011 valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

Plan Description (Continued)

Membership in the Plan as of October 1, 2011, the date of the most recent actuarial valuation, was as follows:

Active Employees	<u>13</u>
Terminated Vested	<u>5</u>
Receiving Benefits	<u>10</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.

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

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	\$ 280,405
Interest on net pension obligation	(126,389)
Adjustment to annual required contribution	<u>93,043</u>
Annual pension cost	247,059
Contributions made	<u>280,405</u>
Increase in net pension obligation (asset)	(30,846)
Net pension obligation (asset), beginning of year	<u>(2,106,486)</u>
Net pension obligation (asset), end of year	<u><u>\$ (2,139,832)</u></u>

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2010	325,925	153%	(2,075,640)
9/30/2011	282,995	111%	(2,106,486)
9/30/2012	247,059	113%	(2,139,832)

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

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

The annual required contribution for the current year was determined as part of the October 1, 2011 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, 2012 was 16 years.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

The 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, 2012

ASSETS

Cash and cash equivalents	<u>\$414,760</u>
Investments, at fair value:	
Mutual Funds – Bonds	2,932,059
Mutual Funds – Equity	<u>5,266,493</u>
Total Investments, at fair value	<u>8,198,552</u>
 Total assets	 <u>8,613,312</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>630,739</u>
Net assets held in trust for pension benefits	<u>\$7,982,573</u>

STATEMENT OF CHANGES IN NET ASSETS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

ADDITIONS

Contributions:	
Employer	<u>\$ 280,405</u>
Investment income:	
Net appreciation in fair value of investment	<u>1,146,797</u>
	1,146,797
Less investment expenses	<u>23,055</u>
Net investment income	<u>1,123,742</u>
Total additions	<u>1,404,147</u>

DEDUCTIONS

Pension benefits	<u>180,809</u>
Net increase	1,223,338
Net assets held in trust for pension benefits:	
Beginning	<u>6,759,235</u>
Ending	<u>\$7,982,573</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

Funded Status and Funding Progress (Both Plans)

The funded status of the Plans as of October 1, 2011, the most recent actuarial valuation date, is as follows:

<u>EMPLOYEES' RETIREMENT SYSTEM</u>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2011	\$511,757,155	\$708,197,223	\$196,440,068	72.3%	\$62,406,221	314.8%
<u>ELECTED OFFICIALS' RETIREMENT SYSTEM</u>						
10/1/2011	\$6,833,524	\$7,237,258	\$403,734	94.4%	\$1,048,795	38.5%

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, 2011	October 1, 2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent dollar	Level percent of payroll, closed
Remaining amortization period	30 years	16 Years
Asset valuation method	5-year smoothed market vs actual returns	Smooth market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3.5% to 9.0%	8%
* Includes inflation at:	3.5%	4%
Cost of living adjustment	2.0%	N/A

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 15. DEFINED CONTRIBUTION PLANS

The City of Hialeah has two defined contribution plans; the City of Hialeah Police Pension Fund and the City of Hialeah Firemen's Relief and Pension Fund. The Plans were created on March 27, 1984 by Ordinance 1781 as amended by Ordinance 84-43 and on May 26, 1981 by Ordinance 631 as amended by Ordinance 81-62, respectively. The purpose of these Plans is to provide a means whereby police officers and firefighters of the City may receive benefits from funds provided for that purpose by contributions of the City through state contributions provided by Chapter 175/185 of the Florida Statutes. The participants do not contribute to the Plans. These funds are a supplement to and in no way affect police officer and firefighter benefits under the City of Hialeah Employees' Retirement System. The City no longer receives passed-through State contributions for the police officers or firefighters. The City under Chapter 185 of the Florida Statutes has provided authorization to the State for the direct contribution of benefits to the Police Pension Fund. The City's Employment Retirement System received passed-through contributions from the two defined contribution plans totaling \$461,877 for the fiscal year ended September 30, 2012.

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.

The City created the City of Hialeah Employee's Retirement Plan on April 1, 2012. The City as a single-employer contributes to the Money Purchase Plan, which is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The Plan is available to all full-time general employees hired after April 1, 2012, and the City contributes 7% of the employees' salary. Employees are required to contribute 7% of their salaries. Employer contributions for the fiscal year ended September 30, 2012 were approximately \$5,100.

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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	\$	20,954,203
Interest on net OPEB obligation		1,878,302
Adjustment to annual required contribution		<u>(1,627,862)</u>
Annual OPEB cost		21,204,643
Contributions made		<u>(9,198,644)</u>
Increase in net OPEB obligation		12,005,999
Net OPEB obligation, beginning of year		<u>46,957,565</u>
Net OPEB obligation, end of year		<u>\$58,963,564</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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>
9/30/2010	\$18,439,561	37.3%	\$35,065,830
9/30/2011	19,422,907	38.8%	46,957,565
9/30/2012	21,204,643	43.4%	58,963,564

Funded Status and Funding Progress

As of October 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$309,613,913, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$309,613,913. The covered payroll (annual payroll of active employees covered by the plan) was \$79,273,518 and the ratio of the UAAL to the covered payroll was 390.6%.

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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16. OTHER POST EMPLOYMENT BENEFITS (Continued)

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, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 4.5% after ten years. Both rates included a 3.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2011, was thirty (30) years.

NOTE 17. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB Statement 60, Accounting and Financial Reporting for Service Concession Arrangements (GASB 60), addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. GASB 60 was implemented during fiscal year ended September 30, 2012. The implementation of GASB 60 did not have a material impact on the City's financial statements as the City does not have any SCAs in place as of September 30, 2012.

GASB Statement 61, The Financial Reporting Entity: Omnibus (GASB 61), amends GASB 14 and GASB 34 to modify certain requirements for inclusion of component units in the financial reporting entity, to amend the criteria for reporting component units as if they were part of the primary government (i.e. blending) in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations GASB 61 was implemented during fiscal year ended September 30, 2012. The implementation of GASB 61 did not change the reporting of the City's component units.

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

GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63) was issued to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The requirements of GASB 63 are effective for fiscal year 2013. This pronouncement will have a significant impact on the presentation of the financial statements.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 17. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

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

GASB Statement 65, Items Previously Reported as Assets and Liabilities (GASB 65) was issued to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of GASB 65 are effective for fiscal year 2014. The City is currently evaluating the impact, if any, that GASB 65 may have on its financial statements.

GASB Statement 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62 (GASB 66) was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB 54 and GASB 62. The requirements of GASB 66 are effective for fiscal year 2014. The City is currently evaluating the impact, if any, that GASB 66 may have on its financial statements.

GASB Statement 67, Accounting and Financial Reporting for Pension Plans an amendment of GASB Statement No. 25 (GASB 67) was issued to establish standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The requirements of GASB 67 are effective for fiscal year 2014. The City is currently evaluating the impact that GASB 67 will have on its financial statements.

GASB Statement 68, Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27 (GASB 68) was issued to This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The requirements of GASB 68 are effective for fiscal year 2015. The City is currently evaluating the impact that GASB 68 will have on its financial statements.

GASB Statement 69, Government Combinations and Disposals of Government Operations (GASB 69) was issued to improve accounting and financial reporting for US state and local governments' combinations and disposals of government operations. The requirements of GASB 69 are effective for fiscal year 2015. The City is currently evaluating the impact that GASB 69 may have on its 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Ad valorem taxes	\$ 45,270,208	\$ 46,395,693	\$ 44,867,987	\$ (1,527,706)
Utility taxes	21,348,543	23,058,918	22,181,374	(877,544)
Franchise fees	10,885,572	11,136,852	10,478,381	(658,471)
Licenses and permits	6,765,045	4,738,117	4,641,451	(96,666)
State and local shared revenues	21,029,534	22,339,824	21,875,813	(464,011)
Fines and forfeitures	1,078,816	1,582,967	1,512,411	(70,556)
Government grants and other revenues	<u>9,209,059</u>	<u>10,386,523</u>	<u>12,140,803</u>	<u>1,754,280</u>
Total revenues	<u>115,586,777</u>	<u>119,638,894</u>	<u>117,698,220</u>	<u>(1,940,674)</u>
Other financing sources				
Issuance of debt	-	-	323,659	323,659
Transfers in	-	-	<u>3,198,400</u>	<u>3,198,400</u>
Total financing sources	-	-	<u>3,522,059</u>	<u>3,522,059</u>
 Total revenues and other financing sources	 <u>115,586,777</u>	 <u>119,638,894</u>	 <u>121,220,279</u>	 <u>1,581,385</u>
Expenditures:				
Current:				
Police	\$ 39,532,903	\$ 39,610,339	\$ 39,659,198	\$ (48,859)
Fire	24,304,035	29,161,902	29,530,754	(368,852)
911 Communications division	3,171,305	2,864,850	2,877,722	(12,872)
Fleet maintenance	1,864,172	2,000,846	2,000,436	410
Construction and maintenance	2,720,801	2,159,459	2,169,116	(9,657)
Recreation and community services	8,306,535	8,650,670	8,724,895	(74,225)
Planning and development	2,014,049	486,816	476,241	10,575
Education and community services	2,447,190	2,308,529	2,166,341	142,188
Law	943,871	810,206	805,255	4,951
Risk management	1,019,078	972,673	976,285	(3,612)
Human resources	738,856	592,702	572,277	20,425
City Clerk's office	825,056	1,081,329	1,074,523	6,806
Office of Management and Budget	492,133	553,350	551,784	1,566
Office of the Mayor	475,539	476,189	416,047	60,142
Employee retirement	442,605	508,826	501,114	7,712
Library	1,253,069	1,187,576	1,167,333	20,243
Compliance division	368,219	311,395	310,669	726
Finance	912,364	929,089	932,222	(3,133)
Division of licenses	283,655	249,602	248,847	755
General government	22,073,203	23,312,084	24,648,110	(1,336,026)
Information systems	<u>1,398,139</u>	<u>1,410,462</u>	<u>1,405,939</u>	<u>4,523</u>
Total expenditures	<u>115,586,777</u>	<u>119,638,894</u>	<u>121,215,108</u>	<u>(1,576,214)</u>
Net change in fund balance	-	-	5,171	<u>\$ 5,171</u>
Fund balances - beginning	-	-	13,990,245	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,995,416</u>	

See notes to budgetary comparison schedule.

CITY OF HIALEAH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2012

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 \$4,052,117 for the general fund, \$92,674 for the Streets Fund, \$205,405 for the Building Better Communities Fund, \$711,348 for the Rescue Transportation Fund, \$6,500 for the Fire Prevention Fund, \$72,000 for the E-911 Fund, \$23,378 for the E-911 Wireless Communication Fund, \$1,349,791 for the Law Enforcement Trust-Federal Fund, \$206,974 for the Law Enforcement Trust-State Fund, \$195,794 for the Affordable Housing Fund, \$2,877 for the Children's Trust Fund, \$3,185,796 for the Urban Areas Security Initiative Grant, \$98,961 for the Hialeah Circulator Fund, \$346,806 for the City of Hialeah Education Academy Fund, \$8,868 for the 21st Century After School Grant, \$253,822 for the Buffer Zone Protection Grant, \$288,140 for the Building Impact Fee Fund, \$2,893,440 for the Building Department Fund, \$3,985,701 for the Neighborhood Stabilization Project, \$682,490 for the E-911 Phone Upgrade Fund, 184,104 for the Prevent Childhood Obesity Grant, \$244,143 for the Homeless Prevention Rapid Re-Housing Grant Fund, \$263,638 for the Intersection Cameras Fund, \$990,198 for the CITT Debt Service Fund, \$300,900 for the Milander Park Construction Fund, \$1,496,272 for the Parking Garage Construction Fund, \$514,827 for the Milander Auditorium Fund, \$3,344,444 for the Palm Center Fund, \$6,847,311 for MDCPW 138th Street Fund, \$2,075,430 for the FDOT 138th Street 57-67th Ave. Fund, \$600,000 for the GOB Bucky Dent Fund, \$73,105 for the GOB J. Edgar Hall Special Population Fund, \$403,558 for the West 16th Ave. from 76 to 84th Street Fund, \$311,996 for the West 29th Ave. from Okeechobee to West 4th Ave. Fund, \$104,463 for the SR 93/Interstate 75 & 138 St. Interchange, \$192,400 for the C.E.I. – 138St. 57-76th Ave. Fund, and \$43,892 for the GOB Goodlet Park Fund during fiscal year ended September 30, 2012.

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

CITY OF HIALEAH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 SEPTEMBER 30, 2012

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>
2007	\$ 15,855,083	88%	\$ 240,475	208%
2008	18,298,037	99%	263,369	190%
2009	17,861,709	111%	288,006	174%
2010	20,557,338	96%	356,028	140%
2011	21,470,324	105%	315,853	99%
2012	22,203,900	109%	280,405	100%

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

Valuation date	October 1, 2011	October 1, 2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent open	Level percent of pay, closed
Remaining amortization period	30 years	16 years
Asset valuation method	5-year smoothed market vs actual returns	Smooth market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3.5% to 9.0%	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, 2012

(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
10/1/2006	\$ 500,501,442	\$ 556,466,663	\$ 55,965,221	89.9%	\$ 66,835,565	83.7%
10/1/2007	522,796,029	595,379,468	72,583,439	87.8%	75,461,003	96.2%
10/1/2008	526,091,435	627,530,393	101,438,958	83.8%	77,006,760	131.7%
10/1/2009	531,939,481	661,893,533	129,954,052	80.4%	79,860,936	162.7%
10/1/2010	520,812,767	684,539,088	163,726,321	76.1%	72,614,908	225.5%
10/1/2011	511,757,155	708,197,223	196,440,068	72.3%	62,406,221	314.8%

ELECTED OFFICIALS' RETIREMENT SYSTEM

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	5,530,202	6,284,075	753,873	88.0%	1,206,773	62.5%
10/1/2010	6,293,694	6,439,651	145,957	97.7%	1,113,794	13.1%
10/1/2011	6,833,524	7,237,258	403,734	94.4%	1,048,795	38.5%

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%
10/1/2011	-	309,613,913	309,613,913	0.0%	79,273,518	390.6%

NOTE: Valuations are performed every three years.

COMBINING AND INDIVIDUAL FUND STATEMENTS

GENERAL FUND

CITY OF HIALEAH, FLORIDA

GENERAL FUND
COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2012
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2011)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 8,028,729	\$ 9,234,513
Receivables, net	9,180,396	10,555,075
Due from other funds	22,129,984	21,110,212
Inventories	1,335,708	1,167,186
Prepays	343,000	262,000
Notes receivable	2,132,434	1,934,181
Restricted cash and cash equivalents	-	429,809
Total assets	<u>\$ 43,150,251</u>	<u>\$ 44,692,976</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Vouchers payable and accrued liabilities	\$ 6,032,729	\$ 6,014,721
Short-term borrowing	6,000,000	-
Compensated absences payable	984,771	752,990
Self-insurance claims payable	878,420	1,095,048
Due to other funds	10,777,928	16,817,164
Deferred revenue	4,242,763	5,205,970
Other liabilities	238,224	816,838
Total liabilities	<u>29,154,835</u>	<u>30,702,731</u>
Fund balances:		
Nonspendable	1,678,708	1,429,186
Committed	82,338	192,686
Unassigned	12,234,370	12,368,373
Total fund balances	<u>13,995,416</u>	<u>13,990,245</u>
Total liabilities and fund balances	<u>\$ 43,150,251</u>	<u>\$ 44,692,976</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.

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

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.

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

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.

Building Department Fund – This fund was established to account for the cost of building permits and inspection services, through the dedicated revenues generated in providing these services. Revenues from building permit fees are used for the administration and enforcement of the State Building Code.

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

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

Debt Service Funds

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

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.

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

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

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

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

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

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

MDCPW 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.

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.

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds

(Continued)

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. 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.

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

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

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

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012

	Special Revenue													
	Streets	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	E-911 Phone Upgrade Grant	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Tele-comm. Fund	Prevent Childhood Obesity Grant	CDBG	WIA
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	617,191	1,080,979	127,718	-	118,771	91,878	-	12,219	30,000	-	-	1,000	481,889	650,821
Due from other funds	1,120,886	-	-	28,035	24,118	119,163	-	81,702	35,543	-	-	102,478	2,405,590	20,885
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	431,992	54,426	-	-	-	-	-	313,870	1,656,531	-	-	-	-
Total assets	\$ 1,738,077	\$ 1,512,971	\$ 182,144	\$ 28,035	\$ 142,889	\$ 211,041	\$ -	\$ 93,921	\$ 379,413	\$ 1,656,531	\$ -	\$ 103,478	\$ 2,887,479	\$ 671,706
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable and accrued liabilities	\$ 118,408	\$ 102,025	\$ 3,685	\$ -	\$ 10,283	\$ -	\$ -	\$ -	\$ 908	\$ 203,039	\$ 15,819	\$ 2,500	\$ 207,270	\$ 21,442
Due to other funds	751,767	854,275	371,343	-	-	6,000	-	60,409	63,310	111,843	108,277	-	197,326	758,278
Deferred revenues	-	-	-	21,881	-	-	-	-	-	-	-	39,806	2,482,883	-
Total liabilities	870,175	956,300	375,028	21,881	10,283	6,000	-	60,409	64,218	314,882	124,096	42,306	2,887,479	779,720
Fund balances:														
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	830,538	556,671	(192,884)	6,154	132,606	205,041	-	33,512	315,195	403,263	(124,096)	61,172	-	(108,014)
Committed	37,364	-	-	-	-	-	-	-	-	938,386	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	867,902	556,671	(192,884)	6,154	132,606	205,041	-	33,512	315,195	1,341,649	(124,096)	61,172	-	(108,014)
Total liabilities and fund balances	\$ 1,738,077	\$ 1,512,971	\$ 182,144	\$ 28,035	\$ 142,889	\$ 211,041	\$ -	\$ 93,921	\$ 379,413	\$ 1,656,531	\$ -	\$ 103,478	\$ 2,887,479	\$ 671,706

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2012

	Special Revenue														
	Home Investment Partnership	Emergency Shelter Grant	Building Impact Fees	Affordable Housing	S.H.I.P.	City of Hialeah Education Academy	Children's Trust	21st Century After School Grant	Urban Area Security Grants	Buffer Zone Protection Grants	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	Streets 3 Cent Optional Gas Tax	Building Department Fund
ASSETS															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 121,608	\$ -	\$ 172,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	10,403	1,696	-	-	-	68,262	199,391	174,952	2,908,178	358,422	733,807	368,118	-	-	-
Due from other funds	8,874	-	57,787	145,399	183,551	-	-	180	-	-	-	-	-	1,112,215	182,707
Inventory	-	-	-	22,478	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	2,167	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 19,277	\$ 1,696	\$ 57,787	\$ 289,485	\$ 183,551	\$ 243,348	\$ 199,391	\$ 175,132	\$ 2,908,178	\$ 358,422	\$ 733,807	\$ 368,118	\$ -	\$ 1,112,215	\$ 182,707
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts payable and accrued liabilities	\$ 19,277	\$ -	\$ 7,254	\$ 13,394	\$ -	\$ 90,083	\$ 1,867	\$ 2,106	\$ -	\$ 7,478	\$ 333,457	\$ 70,253	\$ -	\$ 34,800	\$ 7,681
Due to other funds	-	1,696	-	-	-	-	199,444	173,543	2,908,178	309,569	453,922	59,376	141,456	-	-
Deferred revenues	-	-	-	71,100	183,551	-	-	-	-	41,375	4,304	-	-	-	-
Total liabilities	19,277	1,696	7,254	84,494	183,551	90,083	201,311	175,649	2,908,178	358,422	791,683	129,629	141,456	34,800	7,681
Fund balances:															
Nonspendable	-	-	-	22,478	-	2,167	-	-	-	-	-	-	-	-	-
Restricted	-	-	41,503	182,261	-	-	(1,920)	(517)	-	-	(57,876)	238,489	(141,456)	1,065,980	175,026
Committed	-	-	9,030	252	-	-	-	-	-	-	-	-	-	11,435	-
Unassigned	-	-	-	-	-	151,098	-	-	-	-	-	-	-	-	-
Total fund balances	-	-	50,533	204,991	-	153,265	(1,920)	(517)	-	-	(57,876)	238,489	(141,456)	1,077,415	175,026
Total liabilities and fund balances	\$ 19,277	\$ 1,696	\$ 57,787	\$ 289,485	\$ 183,551	\$ 243,348	\$ 199,391	\$ 175,132	\$ 2,908,178	\$ 358,422	\$ 733,807	\$ 368,118	\$ -	\$ 1,112,215	\$ 182,707

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2012

	<u>Debt Service</u>													
	Homeless Prevention Rapid Re-Housing	Intersection Cameras Fund	CITT Debt Service Fund	Fire Admin. Debt Service Fund	Parking Garage Construction Fund	Palm Center Fund	Milander Park Construction Fund	Milander Auditorium	Sparks Park	Babcock Park	MDCPW 138th Street	E. 4 from Hialeah Drive to 21 Street	Palm to East 1 Ave from 47 to 48 Street	Capital Improvement Construction
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	-	-	1,442,471	-	230,374	3,271,146	379,101	1,822,692	3,739	68,374	823,617	52,429	92,000	
Due from other funds	-	-	-	316,078	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepays	-	-	977,962	-	-	-	-	-	-	-	-	-	-	
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total assets	\$ -	\$ -	\$ 2,420,433	\$ 316,078	\$ 230,374	\$ 3,271,146	\$ 379,101	\$ 1,822,692	\$ 3,739	\$ 68,374	\$ 823,617	\$ 52,429	\$ 92,000	\$ -
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 5,928	\$ -	\$ -	\$ 1,086,146	\$ 7,870	\$ 440,441	\$ -	\$ -	\$ 104,552	\$ -	\$ -	\$ -
Due to other funds	-	130,967	1,182,046	-	234,102	2,185,000	370,231	1,382,251	3,739	68,374	719,065	52,429	92,000	
Deferred revenues, net	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total liabilities	-	130,967	1,187,974	-	234,102	3,271,146	378,101	1,822,692	3,739	68,374	823,617	52,429	92,000	-
Fund balances:														
Nonspendable	-	-	977,962	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	254,497	316,078	(3,728)	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	1,000	-	-	-	-	-	-	-
Unassigned	-	(130,967)	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	(130,967)	1,232,459	316,078	(3,728)	-	1,000	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ 2,420,433	\$ 316,078	\$ 230,374	\$ 3,271,146	\$ 379,101	\$ 1,822,692	\$ 3,739	\$ 68,374	\$ 823,617	\$ 52,429	\$ 92,000	\$ -

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2012

	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. 68th. St. from 17-19 Ct.	GOB J. Edgar Hall Special Population	GOB Goodlet Park	W. 53 St. from 12-16th St.	W. 16th Ave. from 76 to 84th St	W. 29th Ave. from Okee to W. 4th Ave	GOB Bucky Dent	FDOT NW 138th St. Roadway Planning		Intersection W 3rd Ave and 18th St.
ASSETS													
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294,527
Receivables, net	79,030	408,570	1,090	391,764	92,301	591,018	-	447,282	57,601	148,636	25,980	52,738	18,517,648
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	5,945,191
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	22,478
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	980,129
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	2,456,819
Total assets	\$ 79,030	\$ 408,570	\$ 1,090	\$ 391,764	\$ 92,301	\$ 591,018	\$ -	\$ 447,282	\$ 57,601	\$ 148,636	\$ 25,980	\$ 52,738	\$ 28,216,792
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable and accrued liabilities	\$ 1,434	\$ -	\$ 1,090	\$ -	\$ -	\$ -	\$ -	\$ 68,690	\$ 48,018	\$ 1,140	\$ -	\$ -	\$ 3,038,338
Due to other funds	77,596	408,570	-	391,764	92,301	591,018	-	378,592	9,583	147,496	25,980	52,738	16,125,854
Deferred revenues, net	-	-	-	-	-	-	-	-	-	-	-	-	2,844,900
Total liabilities	79,030	408,570	1,090	391,764	92,301	591,018	-	447,282	57,601	148,636	25,980	52,738	22,009,092
Fund balances:													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	1,002,607
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	4,187,495
Committed	-	-	-	-	-	-	-	-	-	-	-	-	997,467
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	20,131
Total fund balances	-	-	-	-	-	-	-	-	-	-	-	-	6,207,700
Total liabilities and fund balances	\$ 79,030	\$ 408,570	\$ 1,090	\$ 391,764	\$ 92,301	\$ 591,018	\$ -	\$ 447,282	\$ 57,601	\$ 148,636	\$ 25,980	\$ 52,738	\$ 28,216,792

CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue														
	Streets	Storm Water Utilities	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	E-911 Phone Upgrade Grant	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Tele-comm. Fund	Prevent Childhood Obesity Grant	CDBG	WIA
Revenues:															
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and local shared revenues	2,756,420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	175,562	1,630,903	-	-	-	-
Interest	-	-	301	127	-	-	-	-	-	-	761	-	-	-	-
Government grants and other revenues	34,133	-	4,364,333	693,409	1,207	426,690	362,323	341,245	240,875	-	-	353,252	166,991	4,791,203	2,226,272
Total revenues	2,790,553	-	4,364,634	693,536	1,207	426,690	362,323	341,245	240,875	175,562	1,631,664	353,252	166,991	4,791,203	2,226,272
Expenditures:															
Current:															
General government	-	-	-	-	-	360,274	320,181	-	13,829	-	-	381,117	-	1,535,744	-
Police	-	-	-	-	-	-	-	-	-	226,974	403,147	-	-	-	-
Fire	-	-	4,056,177	599,636	5,843	-	-	-	-	-	-	-	-	-	-
Streets	2,602,530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	205,746	-	-
S.H.I.P. expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,295,878
Capital outlay	282,220	-	-	-	39	121,870	341,245	240,040	-	-	-	-	15,561	2,823,024	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	240,000	-
Interest	-	-	67,641	-	-	-	-	-	-	-	-	-	-	192,435	-
Total expenditures	2,884,750	-	4,123,818	599,636	5,882	360,274	442,051	341,245	253,869	226,974	403,147	381,117	221,307	4,791,203	2,295,878
Excess (deficiency) of revenues over expenditures	(94,197)	-	240,816	93,900	(4,675)	66,416	(79,728)	-	(12,994)	(51,412)	1,228,517	(27,865)	(54,316)	-	(69,606)
Other financing sources (uses):															
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	54,821	-	-
Transfers out	(2,416,318)	(4,230,111)	(4,740)	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,416,318)	(4,230,111)	(4,740)	-	-	-	-	-	-	-	-	-	54,821	-	-
Net change in fund balance	(2,510,515)	(4,230,111)	236,076	93,900	(4,675)	66,416	(79,728)	-	(12,994)	(51,412)	1,228,517	(27,865)	505	-	(69,606)
Fund balances, beginning	3,378,417	4,230,111	320,595	(286,784)	10,829	66,190	284,769	-	46,506	366,607	113,132	(96,231)	60,667	-	(38,408)
Fund balances, ending	\$ 867,902	\$ -	\$ 556,671	\$ (192,884)	\$ 6,154	\$ 132,606	\$ 205,041	\$ -	\$ 33,512	\$ 315,195	\$ 1,341,649	\$ (124,096)	\$ 61,172	\$ -	\$ (108,014)

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue														
	Home Investment Partnership	Emergency Shelter Grant	Building Impact Fees	Affordable Housing	S.H.I.P.	City of Hialeah Education Academy	Children's Trust	21st Century After School Grant	Urban Area Security Grants	Buffer Zone Protection Grant	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	Streets 3 Cent Optional Gas Tax	Building Department Fund
Revenues:															
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,988,101
State and local shared revenues	-	-	-	-	-	2,371,146	-	-	-	-	1,558,337	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	4	285	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	524,677	180,202	157,587	1,806,676	664,319	271,966	975,215	460,001	3,543,173	402,239	1,453,146	392,239	257,068	854,673	-
Total revenues	524,677	180,202	157,587	1,806,680	664,604	2,643,112	975,215	460,001	3,543,173	402,239	1,453,146	1,950,576	257,068	854,673	2,988,101
Expenditures:															
Current:															
General government	-	-	123,154	1,150,080	-	-	-	-	-	-	-	1,701,023	-	-	2,799,715
Police	-	-	-	-	-	-	-	-	-	181,110	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	51,812	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	541,567	-
Grants and human services	524,677	180,202	-	-	-	2,481,650	971,141	461,255	-	-	102,069	-	-	-	-
S.H.I.P. expenses	-	-	-	-	664,604	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	8,075	2,188	-	107,049	5,994	-	3,496,101	221,487	1,408,953	11,064	205,284	76,596	13,360
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	336,043	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	620,536	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	524,677	180,202	131,229	2,108,847	664,604	2,588,699	977,135	461,255	3,547,913	402,597	1,511,022	1,712,087	205,284	618,163	2,813,075
Excess (deficiency) of revenues over expenditures	-	-	26,358	(302,167)	-	54,413	(1,920)	(1,254)	(4,740)	(358)	(57,876)	238,489	51,784	236,510	175,026
Other financing sources (uses):															
Transfers in	-	-	-	-	-	-	-	-	4,740	358	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	4,740	358	-	-	-	-	-
Net change in fund balance	-	-	26,358	(302,167)	-	54,413	(1,920)	(1,254)	-	-	(57,876)	238,489	51,784	236,510	175,026
Fund balances, beginning	-	-	24,175	507,158	-	98,852	-	737	-	-	-	-	(193,240)	840,905	-
Fund balances, ending	\$ -	\$ -	\$ 50,533	\$ 204,991	\$ -	\$ 153,265	\$ (1,920)	\$ (517)	\$ -	\$ -	\$ (57,876)	\$ 238,489	\$ (141,456)	\$ 1,077,415	\$ 175,026

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Debt Service													
	Homeless Prevention Rapid Re-Housing	Intersection Cameras Fund	CITT Debt Service Fund	Fire Admin. Debt Service Fund	Parking Garage Construction Fund	Palm Center Fund	Milander Park Construction Fund	Milander Auditorium	Sparks Park	Babcock Park	MDCPW 138th Street	E. 4 from Hialeah Drive to 21 Street	Palm to East 1 Ave from 47 to 48 Street	Capital Improvement Construction
Revenues:														
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and local shared revenues	-	-	6,198,347	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	31,809	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	244,143	-	-	-	50,374	3,074,301	96,362	2,310,220	-	-	2,505,711	481,897	-	3,036
Total revenues	244,143	31,809	6,198,347	-	50,374	3,074,301	96,362	2,310,220	-	-	2,505,711	481,897	-	3,036
Expenditures:														
Current:														
General government	-	-	254,865	2,294	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	244,143	-	-	-	-	-	-	-	-	-	-	-	-	-
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	339,638	-	-	50,374	3,074,301	95,362	2,310,220	-	-	2,505,711	481,897	-	-
Debt service:														
Principal	-	-	3,134,439	200,250	-	-	-	-	-	-	-	-	-	-
Interest	-	-	2,449,317	2,678	-	-	-	-	-	-	-	-	-	-
Total expenditures	244,143	339,638	5,838,621	205,222	50,374	3,074,301	95,362	2,310,220	-	-	2,505,711	481,897	-	-
Excess (deficiency) of revenues over expenditures	-	(307,829)	359,726	(205,222)	-	-	1,000	-	-	-	-	-	-	3,036
Other financing sources (uses):														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(16,736)	-	-	-	-	-	-	-	-	-	(750,168)
Total other financing sources (uses)	-	-	-	(16,736)	-	-	-	-	-	-	-	-	-	(750,168)
Net change in fund balance	-	(307,829)	359,726	(221,958)	-	-	1,000	-	-	-	-	-	-	(747,132)
Fund balances, beginning	-	176,862	872,733	538,036	(3,728)	-	-	-	-	-	-	-	-	747,132
Fund balances, ending	\$ -	\$ (130,967)	\$ 1,232,459	\$ 316,078	\$ (3,728)	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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. 68th. St. from 17-19 Ct.	GOB J. Edgar Hall Special Population	GOB Goodlet Park	W. 53 St. from 12-16th St.	W. 16th Ave. from 76 to 84th St.	W. 29th Ave. from Okee to W. 4th Ave	GOB Bucky Dent	FDOT NW 138th St. Roadway Planning		Intersection W 3rd Ave and 18th St.
Revenues:													
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,988,101
State and local shared revenues	-	-	-	-	-	-	-	-	-	-	-	-	12,884,250
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	1,838,274
Interest	-	-	-	-	-	-	-	-	-	-	-	-	1,478
Government grants and other revenues	104,462	1,586,942	123,181	-	-	13,093	756,138	383,782	311,994	148,636	25,980	-	38,165,366
Total revenues	104,462	1,586,942	123,181	-	-	13,093	756,138	383,782	311,994	148,636	25,980	-	55,877,469
Expenditures:													
Current:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	8,642,276
Police	-	-	-	-	-	-	-	-	-	-	-	-	811,231
Fire	-	-	-	-	-	-	-	-	-	-	-	-	4,713,468
Streets	-	-	-	-	-	-	-	-	-	-	-	-	3,144,097
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	5,170,883
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	664,604
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	2,295,878
Capital outlay	104,462	1,586,942	123,181	-	-	13,093	756,138	383,782	311,994	148,636	25,980	-	21,691,861
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	3,910,732
Interest	-	-	-	-	-	-	-	-	-	-	-	-	3,332,607
Total expenditures	104,462	1,586,942	123,181	-	-	13,093	756,138	383,782	311,994	148,636	25,980	-	54,377,637
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-	-	-	-	1,499,832
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	59,919
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	(7,418,073)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	(7,358,154)
Net change in fund balance	-	-	-	-	-	-	-	-	-	-	-	-	(5,858,322)
Fund balances, beginning	-	-	-	-	-	-	-	-	-	-	-	-	12,066,022
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,207,700

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Streets Transportation Fund				Building Better Communities			
	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	\$ 2,743,302	\$ 2,743,302	\$ 2,756,420	\$ 13,118	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	5,000	38,901	34,133	(4,768)	-	205,405	257,068	51,663
Total revenues	<u>2,748,302</u>	<u>2,782,203</u>	<u>2,790,553</u>	<u>8,350</u>	<u>-</u>	<u>205,405</u>	<u>257,068</u>	<u>51,663</u>
Other financing sources:								
Appropriation of prior year fund balance	-	58,773	-	(58,773)	-	-	-	-
Total revenues and other financing sources	<u>2,748,302</u>	<u>2,840,976</u>	<u>2,790,553</u>	<u>(50,423)</u>	<u>-</u>	<u>205,405</u>	<u>257,068</u>	<u>51,663</u>
Expenditures:								
General government	-	-	-	-	-	205,405	205,284	121
Streets	2,748,302	2,840,976	5,301,068	(2,460,092)	-	-	-	-
Total expenditures	<u>2,748,302</u>	<u>2,840,976</u>	<u>5,301,068</u>	<u>(2,460,092)</u>	<u>-</u>	<u>205,405</u>	<u>205,284</u>	<u>121</u>
Net change in fund balance	-	-	(2,510,515)	\$ (2,510,515)	-	-	51,784	\$ 51,784
Fund balances - beginning	-	-	3,378,417		-	-	(193,240)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 867,902</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (141,456)</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Rescue Transportation				Fire Prevention Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Interest	\$ 2,000	\$ 2,000	\$ 301	\$ (1,699)	\$ -	\$ -	\$ 127	\$ 127
Government grants and other revenues	3,465,735	4,177,083	4,364,333	187,250	1,067,008	1,073,508	693,409	(380,099)
Total revenues	<u>3,467,735</u>	<u>4,179,083</u>	<u>4,364,634</u>	<u>185,551</u>	<u>1,067,008</u>	<u>1,073,508</u>	<u>693,536</u>	<u>(379,972)</u>
Other financing sources:								
Appropriation of prior year fund balance	278,973	278,973	-	(278,973)	-	-	-	-
Total other financing sources	<u>278,973</u>	<u>278,973</u>	<u>-</u>	<u>(278,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>3,746,708</u>	<u>4,458,056</u>	<u>4,364,634</u>	<u>(93,422)</u>	<u>1,067,008</u>	<u>1,073,508</u>	<u>693,536</u>	<u>(379,972)</u>
Expenditures:								
Fire	3,746,708	4,458,056	4,128,558	329,498	1,067,008	1,073,508	599,636	473,872
Total expenditures	<u>3,746,708</u>	<u>4,458,056</u>	<u>4,128,558</u>	<u>329,498</u>	<u>1,067,008</u>	<u>1,073,508</u>	<u>599,636</u>	<u>473,872</u>
Net change in fund balance	-	-	236,076	\$ 236,076	-	-	93,900	\$ 93,900
Fund balances - beginning	-	-	320,595		-	-	(286,784)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,671</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (192,884)</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 360,000	\$ 360,000	\$ 426,690	\$ 66,690	\$ 480,000	\$ 480,000	\$ 362,323	\$ (117,677)
Total revenues	<u>360,000</u>	<u>360,000</u>	<u>426,690</u>	<u>66,690</u>	<u>480,000</u>	<u>480,000</u>	<u>362,323</u>	<u>(117,677)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	72,000	-	(72,000)	-	23,378	-	(23,378)
Total other financing sources	<u>-</u>	<u>72,000</u>	<u>-</u>	<u>(72,000)</u>	<u>-</u>	<u>23,378</u>	<u>-</u>	<u>(23,378)</u>
Total revenues and other financing sources	<u>360,000</u>	<u>432,000</u>	<u>426,690</u>	<u>(5,310)</u>	<u>480,000</u>	<u>503,378</u>	<u>362,323</u>	<u>(141,055)</u>
Expenditures:								
General government	360,000	432,000	360,274	71,726	480,000	503,378	442,051	61,327
Total expenditures	<u>360,000</u>	<u>432,000</u>	<u>360,274</u>	<u>71,726</u>	<u>480,000</u>	<u>503,378</u>	<u>442,051</u>	<u>61,327</u>
Net change in fund balance	-	-	66,416	<u>\$ 66,416</u>	-	-	(79,728)	<u>\$ (79,728)</u>
Fund balances - beginning	-	-	66,190		-	-	284,769	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,606</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,041</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Law Enforcement Trust- Federal				Law Enforcement Trust- State			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Fines and forfeitures	\$ 20,000	\$ 1,369,791	\$ 1,630,903	\$ 261,112	\$ 20,000	\$ 179,261	\$ 175,562	\$ (3,699)
Interest	-	-	761	761	-	-	-	-
Total revenues	<u>20,000</u>	<u>1,369,791</u>	<u>1,631,664</u>	<u>261,873</u>	<u>20,000</u>	<u>179,261</u>	<u>175,562</u>	<u>(3,699)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	47,713	-	(47,713)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,713</u>	<u>-</u>	<u>(47,713)</u>
Total revenues and other financing sources	<u>20,000</u>	<u>1,369,791</u>	<u>1,631,664</u>	<u>261,873</u>	<u>20,000</u>	<u>226,974</u>	<u>175,562</u>	<u>(51,412)</u>
Expenditures:								
Police	<u>20,000</u>	<u>1,369,791</u>	<u>403,147</u>	<u>966,644</u>	<u>20,000</u>	<u>226,974</u>	<u>226,974</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>1,369,791</u>	<u>403,147</u>	<u>966,644</u>	<u>20,000</u>	<u>226,974</u>	<u>226,974</u>	<u>-</u>
Net change in fund balance	-	-	1,228,517	\$ <u>1,228,517</u>	-	-	(51,412)	\$ <u>(51,412)</u>
Fund balances - beginning	-	-	113,132		-	-	366,607	
Fund balances - ending	\$ -	\$ -	\$ 1,341,649		\$ -	\$ -	\$ 315,195	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 1,070	\$ 1,070	\$ 4	\$ (1,066)	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	<u>1,815,372</u>	<u>1,825,219</u>	<u>1,806,676</u>	<u>(18,543)</u>	<u>844,539</u>	<u>847,416</u>	<u>975,215</u>	<u>127,799</u>
Total revenues	<u>1,816,442</u>	<u>1,826,289</u>	<u>1,806,680</u>	<u>(19,609)</u>	<u>844,539</u>	<u>847,416</u>	<u>975,215</u>	<u>127,799</u>
Other financing sources:								
Appropriation of prior year fund balance	-	185,947	-	(185,947)	-	-	-	-
Total other financing sources	<u>-</u>	<u>185,947</u>	<u>-</u>	<u>(185,947)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>1,816,442</u>	<u>2,012,236</u>	<u>1,806,680</u>	<u>(205,556)</u>	<u>844,539</u>	<u>847,416</u>	<u>975,215</u>	<u>127,799</u>
Expenditures:								
General government	1,816,442	2,012,236	2,108,847	(96,611)	-	-	-	-
Grants and human services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844,539</u>	<u>847,416</u>	<u>977,135</u>	<u>(129,719)</u>
Total expenditures	<u>1,816,442</u>	<u>2,012,236</u>	<u>2,108,847</u>	<u>(96,611)</u>	<u>844,539</u>	<u>847,416</u>	<u>977,135</u>	<u>(129,719)</u>
Net change in fund balance	-	-	(302,167)	<u>\$ (302,167)</u>	-	-	(1,920)	<u>\$ (1,920)</u>
Fund balances - beginning	-	-	507,158		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,991</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,920)</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 200,000	\$ 3,385,796	\$ 3,543,173	\$ 157,377	\$ 982,059	\$ 982,059	\$ 854,673	\$ (127,386)
Total revenues	<u>200,000</u>	<u>3,385,796</u>	<u>3,543,173</u>	<u>157,377</u>	<u>982,059</u>	<u>982,059</u>	<u>854,673</u>	<u>(127,386)</u>
Other financing sources:								
Transfers in	-	-	4,740	4,740	-	-	-	-
Total other financing sources	-	-	<u>4,740</u>	<u>4,740</u>	-	-	-	-
Total revenues and other financing sources	<u>200,000</u>	<u>3,385,796</u>	<u>3,547,913</u>	<u>162,117</u>	<u>982,059</u>	<u>982,059</u>	<u>854,673</u>	<u>(127,386)</u>
Expenditures:								
Fire	200,000	3,385,796	3,547,913	(162,117)	-	-	-	-
Streets	-	-	-	-	982,059	982,059	618,163	363,896
Total expenditures	<u>200,000</u>	<u>3,385,796</u>	<u>3,547,913</u>	<u>(162,117)</u>	<u>982,059</u>	<u>982,059</u>	<u>618,163</u>	<u>363,896</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	-	-	236,510	<u>\$ 236,510</u>
Fund balances - beginning	-	-	-	-	-	-	840,905	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,077,415</u>	-

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ -	\$ -	\$ -	\$ -	\$ 1,330,674	\$ 1,498,786	\$ 1,558,337	\$ 59,551
Government grants and other revenues	<u>638,640</u>	<u>638,640</u>	<u>240,875</u>	<u>(397,765)</u>	<u>453,117</u>	<u>383,966</u>	<u>392,239</u>	<u>8,273</u>
Total revenues	<u>638,640</u>	<u>638,640</u>	<u>240,875</u>	<u>(397,765)</u>	<u>1,783,791</u>	<u>1,882,752</u>	<u>1,950,576</u>	<u>67,824</u>
Other financing sources:								
Appropriation of prior year fund balance	<u>325,138</u>	<u>325,138</u>	<u>-</u>	<u>(325,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>325,138</u>	<u>325,138</u>	<u>-</u>	<u>(325,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>963,778</u>	<u>963,778</u>	<u>240,875</u>	<u>(722,903)</u>	<u>1,783,791</u>	<u>1,882,752</u>	<u>1,950,576</u>	<u>67,824</u>
Expenditures:								
General government	<u>963,778</u>	<u>963,778</u>	<u>253,869</u>	<u>709,909</u>	<u>1,783,791</u>	<u>1,882,752</u>	<u>1,712,087</u>	<u>170,665</u>
Total expenditures	<u>963,778</u>	<u>963,778</u>	<u>253,869</u>	<u>709,909</u>	<u>1,783,791</u>	<u>1,882,752</u>	<u>1,712,087</u>	<u>170,665</u>
Net change in fund balance	-	-	(12,994)	\$ <u>(12,994)</u>	-	-	238,489	\$ <u>238,489</u>
Fund balances - beginning	-	-	46,506		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ <u>33,512</u>		\$ -	\$ -	\$ <u>238,489</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 1,980,000	\$ 2,370,000	\$ 2,371,146	\$ 1,146	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	289,000	269,884	271,966	2,082	10,638	10,638	1,207	(9,431)
Total revenues	<u>2,269,000</u>	<u>2,639,884</u>	<u>2,643,112</u>	<u>3,228</u>	<u>10,638</u>	<u>10,638</u>	<u>1,207</u>	<u>(9,431)</u>
Other financing sources:								
Appropriation of prior year fund balance	(56,169)	(80,247)	-	80,247	63,320	63,320	-	(63,320)
Total other financing sources	<u>(56,169)</u>	<u>(80,247)</u>	<u>-</u>	<u>80,247</u>	<u>63,320</u>	<u>63,320</u>	<u>-</u>	<u>(63,320)</u>
Total revenues and other financing sources	<u>2,212,831</u>	<u>2,559,637</u>	<u>2,643,112</u>	<u>83,475</u>	<u>73,958</u>	<u>73,958</u>	<u>1,207</u>	<u>(72,751)</u>
Expenditures:								
General government	-	-	-	-	73,958	73,958	5,882	68,076
Grants and human services	2,212,831	2,559,637	2,588,699	(29,062)	-	-	-	-
Total expenditures	<u>2,212,831</u>	<u>2,559,637</u>	<u>2,588,699</u>	<u>(29,062)</u>	<u>73,958</u>	<u>73,958</u>	<u>5,882</u>	<u>68,076</u>
Net change in fund balance	-	-	54,413	\$ 54,413	-	-	(4,675)	\$ (4,675)
Fund balances - beginning	-	-	98,852		-	-	10,829	
Fund balances - ending	\$ -	\$ -	\$ 153,265		\$ -	\$ -	\$ 6,154	

**Note: Balances are as of June 30, 2012.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	21st Century After School Grant				Buffer Zone Protection Grant			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 517,428	\$ 525,576	\$ 460,001	\$ (65,575)	\$ 178,014	\$ 431,836	\$ 402,239	\$ (29,597)
Total revenues	<u>517,428</u>	<u>525,576</u>	<u>460,001</u>	<u>(65,575)</u>	<u>178,014</u>	<u>431,836</u>	<u>402,239</u>	<u>(29,597)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	720	-	(720)	-	-	-	-
Transfers in	-	-	-	-	-	-	358	358
Total other financing sources	<u>-</u>	<u>720</u>	<u>-</u>	<u>(720)</u>	<u>-</u>	<u>-</u>	<u>358</u>	<u>358</u>
Total revenues and other financing sources	<u>517,428</u>	<u>526,296</u>	<u>460,001</u>	<u>(66,295)</u>	<u>178,014</u>	<u>431,836</u>	<u>402,597</u>	<u>(29,239)</u>
Expenditures:								
General government	-	-	-	-	178,014	431,836	221,487	210,349
Grants and human services	517,428	526,296	461,255	65,041	-	-	-	-
Total expenditures	<u>517,428</u>	<u>526,296</u>	<u>461,255</u>	<u>65,041</u>	<u>178,014</u>	<u>431,836</u>	<u>221,487</u>	<u>210,349</u>
Net change in fund balance	-	-	(1,254)	\$ (1,254)	-	-	181,110	\$ 181,110
Fund balances - beginning	-	-	737		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (517)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,110</u>	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Building Impact Fees				Building Department Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,893,440	\$ 2,988,101	\$ 94,661
Government grants and other revenues	-	288,140	157,587	(130,553)	-	-	-	-
Total revenues	-	288,140	157,587	(130,553)	-	2,893,440	2,988,101	94,661
Expenditures:								
General government	-	288,140	131,229	156,911	-	2,893,440	2,813,075	80,365
Total expenditures	-	288,140	131,229	156,911	-	2,893,440	2,813,075	80,365
Net change in fund balance	-	-	26,358	\$ 26,358	-	-	175,026	\$ 175,026
Fund balances - beginning	-	-	24,175		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 50,533		\$ -	\$ -	\$ 175,026	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Neighborhood Stabilization Project				E-911 Phone Upgrade Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 3,985,701	\$ 1,453,146	\$ (2,532,555)	\$ -	\$ 682,490	\$ 341,245	\$ (341,245)
Total revenues	-	3,985,701	1,453,146	(2,532,555)	-	682,490	341,245	(341,245)
Expenditures:								
Grants and human services	-	3,985,701	1,511,022	2,474,679	-	-	-	-
Public safety	-	-	-	-	-	682,490	341,245	341,245
Total expenditures	-	3,985,701	1,511,022	2,474,679	-	682,490	341,245	341,245
Net change in fund balance	-	-	(57,876)	\$ (57,876)	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ (57,876)		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Prevent Childhood Obesity Grant				Homeless Prevention Rapid Re-Housing 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:								
Government grants and other revenues	\$ -	\$ 184,104	\$ 166,991	\$ (17,113)	\$ -	\$ 244,143	\$ 244,143	\$ -
Total revenues	-	184,104	166,991	(17,113)	-	244,143	244,143	-
Other financing sources:								
Transfers in	-	-	54,821	54,821	-	-	-	-
Total other financing sources	-	-	54,821	54,821	-	-	-	-
Total revenues and other financing sources	-	184,104	221,812	37,708	-	244,143	244,143	-
Expenditures:								
Grants and human services	-	184,104	221,307	(37,203)	-	244,143	244,143	-
Total expenditures	-	184,104	221,307	(37,203)	-	244,143	244,143	-
Net change in fund balance	-	-	505	\$ 505	-	-	-	\$ -
Fund balances - beginning	-	-	60,667		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ 61,172		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Intersection Cameras Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeitures	\$ -	\$ 263,638	\$ 31,809	\$ (231,829)
Total revenues	-	263,638	31,809	(231,829)
Expenditures:				
Public safety	-	263,638	339,638	(76,000)
Total expenditures	-	263,638	339,638	(76,000)
Net change in fund balance	-	-	(307,829)	\$ (307,829)
Fund balances - beginning	-	-	176,862	
Fund balances - ending	-	-	\$ (130,967)	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 5,602,840	\$ 6,096,673	\$ 6,198,347	\$ 101,674
Total revenues	<u>5,602,840</u>	<u>6,096,673</u>	<u>6,198,347</u>	<u>101,674</u>
Other financing sources:				
Appropriation of prior year fund balance	-	496,365	-	(496,365)
Total other financing sources	<u>-</u>	<u>496,365</u>	<u>-</u>	<u>(496,365)</u>
Total revenues and other financing sources	<u>5,602,840</u>	<u>6,593,038</u>	<u>6,198,347</u>	<u>(394,691)</u>
Expenditures:				
Streets	5,602,840	6,593,038	5,583,756	1,009,282
Total expenditures	<u>5,602,840</u>	<u>6,593,038</u>	<u>5,838,621</u>	<u>754,417</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>359,726</u>	<u>\$ 359,726</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>872,733</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,232,459</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Milander Park Construction Fund</u>				<u>Parking Garage Construction Fund</u>			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ -	\$ 300,900	\$ 96,362	\$ (204,538)	\$ -	\$ 1,496,272	\$ 50,374	\$ (1,445,898)
Total revenues	<u>-</u>	<u>300,900</u>	<u>96,362</u>	<u>(204,538)</u>	<u>-</u>	<u>1,496,272</u>	<u>50,374</u>	<u>(1,445,898)</u>
Expenditures:								
Capital Outlay	-	300,900	95,362	205,538	-	1,496,272	50,374	1,445,898
Total expenditures	<u>-</u>	<u>300,900</u>	<u>95,362</u>	<u>205,538</u>	<u>-</u>	<u>1,496,272</u>	<u>50,374</u>	<u>1,445,898</u>
Net change in fund balance	-	-	1,000	<u>\$ 1,000</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>(3,728)</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,728)</u>	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 CAPITAL PROJECT FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 4,853,000	\$ 4,853,000	\$ 2,310,220	\$ (2,542,780)	\$ -	\$ 3,344,444	\$ 3,074,301	\$ (270,143)
Total revenues	<u>4,853,000</u>	<u>4,853,000</u>	<u>2,310,220</u>	<u>(2,542,780)</u>	<u>-</u>	<u>3,344,444</u>	<u>3,074,301</u>	<u>(270,143)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	514,827	-	(514,827)	-	-	-	-
Total other financing sources	<u>-</u>	<u>514,827</u>	<u>-</u>	<u>(514,827)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>4,853,000</u>	<u>5,367,827</u>	<u>2,310,220</u>	<u>(3,057,607)</u>	<u>-</u>	<u>3,344,444</u>	<u>3,074,301</u>	<u>(270,143)</u>
Expenditures:								
Capital Outlay	4,853,000	5,367,827	2,310,220	3,057,607	-	3,344,444	3,074,301	270,143
Total expenditures	<u>4,853,000</u>	<u>5,367,827</u>	<u>2,310,220</u>	<u>3,057,607</u>	<u>-</u>	<u>3,344,444</u>	<u>3,074,301</u>	<u>270,143</u>
Net change in fund balance	-	-	-	<u>\$ -</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	-	-	-		-	-	(3,728)	
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, 2012

	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	\$ -	\$ 6,847,311	\$ 2,505,711	\$ (4,341,600)	\$ -	\$ 2,075,430	\$ 1,586,942	\$ (488,488)
Total revenues	-	6,847,311	2,505,711	(4,341,600)	-	2,075,430	1,586,942	(488,488)
Expenditures:								
Capital Outlay	-	6,847,311	2,505,711	4,341,600	-	2,075,430	1,586,942	488,488
Debt service	-	-	-	-	-	-	-	-
Total expenditures	-	6,847,311	2,505,711	4,341,600	-	2,075,430	1,586,942	488,488
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 CAPITAL PROJECT FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	GOB Bucky Dent				GOB J. Edgar Hall Special Population			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Government grants and other revenues	\$ -	\$ 600,000	\$ 148,636	\$ (451,364)	\$ -	\$ 73,105	\$ 25,980	\$ (47,125)
Total revenues	-	600,000	148,636	(451,364)	-	73,105	25,980	(47,125)
Expenditures:								
Capital outlay	-	600,000	148,636	451,364	-	73,105	25,980	47,125
Total expenditures	-	600,000	148,636	451,364	-	73,105	25,980	47,125
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 CAPITAL PROJECT FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	West 16th Ave. from 76 to 84th Street				West 29th Ave. from Okeechobee to West 4th 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	\$ -	\$ 403,558	\$ 383,782	\$ (19,776)	\$ -	\$ 311,996	\$ 311,994	\$ (2)
Total revenues	-	403,558	383,782	(19,776)	-	311,996	311,994	(2)
Expenditures:								
Capital outlay	-	403,558	383,782	19,776	-	311,996	311,994	2
Total expenditures	-	403,558	383,782	19,776	-	311,996	311,994	2
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 CAPITAL PROJECT FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	SR 93/Interstate 75 & 138 St. Interchange				C.E.I. - 138 St. 57-76 Ave.			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 104,463	\$ 104,462	\$ (1)	\$ -	\$ 192,400	\$ 123,181	\$ (69,219)
Total revenues	-	104,463	104,462	(1)	-	192,400	123,181	(69,219)
Expenditures:								
Capital outlay	-	104,463	104,462	1	-	192,400	123,181	69,219
Total expenditures	-	104,463	104,462	1	-	192,400	123,181	69,219
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	GOB Goodlet Park			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenues:				
Government grants and other revenues	\$ -	\$ 43,892	\$ 13,093	\$ (30,799)
Total revenues	-	43,892	13,093	(30,799)
Expenditures:				
Capital outlay	-	43,892	13,093	30,799
Total expenditures	-	43,892	13,093	30,799
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, 2012

	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	\$ 32,302,092	\$ 414,760	\$ -	\$ 32,716,852
Securities lending cash collateral	<u>103,058,783</u>	<u>-</u>	<u>-</u>	<u>103,058,783</u>
Receivables:				
Accrued interest	1,002,244	-	-	1,002,244
Accrued dividends	399,234	-	-	399,234
Fraud recovery	227,351	-	-	227,351
Other receivables	186,805	-	-	186,805
Contributions	1,362,549	-	-	1,362,549
Investments sold	<u>1,725,417</u>	<u>-</u>	<u>-</u>	<u>1,725,417</u>
Total receivables	<u>4,903,600</u>	<u>-</u>	<u>-</u>	<u>4,903,600</u>
Investments, at fair value:				
U.S. Treasury bonds and notes	43,850,292	-	-	43,850,292
U.S. Government securities	11,328,929	-	-	11,328,929
Asset backed securities	15,867,562	-	-	15,867,562
Mortgage backed securities	71,201,478	-	-	71,201,478
Real estate investment trusts	13,248,393	-	-	13,248,393
Corporate bonds and notes	56,262,941	-	-	56,262,941
Mutual funds- bonds	-	2,932,059	-	2,932,059
Mutual funds- equity	-	5,266,493	-	5,266,493
Common stocks	<u>307,924,336</u>	<u>-</u>	<u>-</u>	<u>307,924,336</u>
Total investments	<u>519,683,931</u>	<u>8,198,552</u>	<u>-</u>	<u>527,882,483</u>
Loans to members	<u>9,935,959</u>	<u>-</u>	<u>-</u>	<u>9,935,959</u>
Total assets	<u>669,884,365</u>	<u>8,613,312</u>	<u>-</u>	<u>678,497,677</u>
<u>LIABILITIES AND NET ASSETS</u>				
Obligations under securities lending	103,058,783	-	-	103,058,783
Due to retired participants	37,190,931	-	-	37,190,931
Investments purchased	2,496,557	-	-	2,496,557
Accounts payable and accrued liabilities	953,595	630,739	-	1,584,334
DROP payable	<u>7,924,538</u>	<u>-</u>	<u>-</u>	<u>7,924,538</u>
Total liabilities	<u>151,624,404</u>	<u>630,739</u>	<u>-</u>	<u>152,255,143</u>
Net assets held in trust for pension benefits	<u>\$ 518,259,961</u>	<u>\$ 7,982,573</u>	<u>\$ -</u>	<u>\$ 526,242,534</u>

CITY OF HIALEAH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Employees' Retirement <u>System</u>	Elected Officials' Retirement <u>System</u>	Excess Benefit <u>Fund</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 23,763,141	\$ 280,405	\$ 103,064	\$ 24,146,610
Employee	6,467,372	-	-	6,467,372
State	461,877	-	-	461,877
Total contributions	<u>30,692,390</u>	<u>280,405</u>	<u>103,064</u>	<u>31,075,859</u>
Investment income:				
Net appreciation in fair value of investments	71,120,084	1,146,797	-	72,266,881
Investment earnings	13,009,654	-	-	13,009,654
	84,129,738	1,146,797	-	85,276,535
Less investment expenses	1,038,056	23,055	-	1,061,111
Net investment income	83,091,682	1,123,742	-	84,215,424
Total additions	<u>113,784,072</u>	<u>1,404,147</u>	<u>103,064</u>	<u>115,291,283</u>
DEDUCTIONS				
Pension benefits	41,940,646	180,809	103,064	42,224,519
Refunds of contributions	7,519,274	-	-	7,519,274
DROP benefits	4,228,240	-	-	4,228,240
Total deductions	<u>53,688,160</u>	<u>180,809</u>	<u>103,064</u>	<u>53,972,033</u>
Net increase	60,095,912	1,223,338	-	61,319,250
Net assets held in trust for pension benefits:				
Beginning	<u>458,164,049</u>	<u>6,759,235</u>	-	<u>464,923,284</u>
Ending	<u>\$ 518,259,961</u>	<u>\$ 7,982,573</u>	<u>\$ -</u>	<u>\$ 526,242,534</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>	113-116
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	117-120
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>	121-123
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>	124-125
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>	126-128

CITY OF HIALEAH, FLORIDA

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 105,547,406	\$ 139,547,580	\$ 146,261,556	\$ 157,977,858	\$ 183,501,680	\$ 200,996,079	\$ 203,538,055	\$ 211,733,799	\$ 212,133,537	\$ 194,882,428
Restricted	56,474,421	29,348,182	9,328,761	1,723,358	14,206,203	7,778,905	6,277,482	6,144,155	12,466,327	4,187,495
Unrestricted	(64,599,363)	(64,551,849)	(37,031,548)	(31,280,078)	(53,760,487)	(73,598,339)	(86,739,623)	(106,165,039)	(133,288,201)	(138,778,621)
Total governmental activities net assets	<u>97,422,464</u>	<u>104,343,913</u>	<u>118,558,769</u>	<u>128,421,138</u>	<u>143,947,396</u>	<u>135,176,645</u>	<u>123,075,914</u>	<u>111,712,915</u>	<u>91,311,663</u>	<u>60,291,302</u>
Business-type activities:										
Invested in capital assets, net of related debt	62,845,181	64,691,989	68,886,789	106,282,295	79,156,300	88,351,287	103,874,020	123,881,159	75,538,974	121,429,175
Restricted	7,414,430	7,387,298	7,473,034	7,606,961	21,446,086	-	-	-	40,562,646	5,213,862
Unrestricted	38,787,797	43,176,594	34,327,360	3,112,053	26,479,228	46,322,656	37,501,753	30,323,471	30,136,654	44,149,697
Total business-type activities net assets	<u>109,047,408</u>	<u>115,255,881</u>	<u>110,687,183</u>	<u>117,001,309</u>	<u>127,081,614</u>	<u>134,673,943</u>	<u>141,375,773</u>	<u>154,204,630</u>	<u>146,238,274</u>	<u>170,792,734</u>
Total government:										
Invested in capital assets, net of related debt	168,392,587	204,239,569	215,148,345	264,260,153	262,657,980	289,347,366	307,412,075	335,614,958	287,672,511	316,311,603
Restricted	63,888,851	36,735,480	16,801,795	9,330,319	35,652,289	7,778,905	6,277,482	6,144,155	53,028,973	9,401,357
Unrestricted	(25,811,566)	(21,375,255)	(2,704,188)	(28,168,025)	(27,281,259)	(27,275,683)	(49,237,870)	(75,841,568)	(103,151,547)	(94,628,924)
Total government net assets	<u>\$ 206,469,872</u>	<u>\$ 219,599,794</u>	<u>\$ 229,245,952</u>	<u>\$ 245,422,447</u>	<u>\$ 271,029,010</u>	<u>\$ 269,850,588</u>	<u>\$ 264,451,687</u>	<u>\$ 265,917,545</u>	<u>\$ 237,549,937</u>	<u>\$ 231,084,036</u>

CITY OF HIALEAH, FLORIDA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities										
General government	\$ 47,545,513	\$ 51,746,450	\$ 55,582,787	\$ 65,290,102	\$ 65,326,837	\$ 69,140,040	\$ 74,384,843	\$ 68,871,742	\$ 66,589,887	\$ 66,408,608
Police	32,377,628	34,840,112	38,558,035	37,743,976	42,209,396	47,982,487	46,859,988	46,206,703	47,628,629	43,670,286
Fire	22,940,682	24,501,409	27,400,080	28,371,023	32,354,377	38,058,400	38,524,121	40,660,842	43,122,832	39,712,334
Streets	11,956,652	11,404,971	12,140,825	13,049,483	12,593,306	14,561,927	13,865,386	14,581,951	14,965,763	12,935,254
Recreation and community services	11,106,559	11,201,682	11,838,894	12,357,830	13,128,189	16,045,320	13,262,701	10,852,844	10,765,871	10,441,684
Interest on long-term debt	1,245,786	3,791,259	4,464,526	5,187,625	5,491,719	5,559,226	5,421,745	5,155,341	5,155,170	3,081,789
Total governmental activities:	<u>127,172,820</u>	<u>137,485,883</u>	<u>149,985,147</u>	<u>162,000,039</u>	<u>171,103,824</u>	<u>191,347,900</u>	<u>192,318,783</u>	<u>186,329,423</u>	<u>188,228,152</u>	<u>176,249,956</u>
Business-type activities										
Water & sewer	35,101,318	37,448,005	39,891,188	37,231,951	36,259,160	38,888,103	39,571,242	43,158,697	45,302,229	52,462,058
Solid waste	12,935,775	14,157,722	15,720,554	15,144,955	14,715,629	15,349,165	14,743,134	15,047,591	15,832,635	15,415,099
Hialeah circulator	1,524,551	1,630,465	1,762,968	2,039,987	1,901,689	2,214,548	-	-	-	4,818,638
Stormwater	-	-	-	-	-	-	-	-	-	-
Total business-type activities:	<u>49,561,644</u>	<u>53,236,192</u>	<u>57,374,710</u>	<u>54,416,892</u>	<u>52,876,478</u>	<u>56,451,816</u>	<u>54,314,376</u>	<u>58,206,288</u>	<u>61,134,864</u>	<u>72,695,795</u>
Total government expenses	<u>\$ 176,734,464</u>	<u>\$ 190,722,075</u>	<u>\$ 207,359,857</u>	<u>\$ 216,416,931</u>	<u>\$ 223,980,302</u>	<u>\$ 247,799,716</u>	<u>\$ 246,633,159</u>	<u>\$ 244,535,711</u>	<u>\$ 249,363,016</u>	<u>\$ 248,945,751</u>
Program revenues:										
Governmental activities										
Charges for services:										
General government	\$ 14,425,002	\$ 14,232,618	\$ 14,562,835	\$ 18,884,163	\$ 10,990,136	\$ 15,978,981	\$ 16,545,856	\$ 13,747,204	\$ 15,711,906	\$ 17,233,277
Police	1,846,327	1,645,080	2,130,207	1,780,920	2,063,068	2,217,049	2,625,878	1,574,179	1,467,723	1,058,390
Fire	-	-	-	-	3,428,353	3,674,530	4,113,359	4,731,510	3,779,318	-
Streets	-	-	-	-	28,973	-	-	3,589,564	3,697,364	-
Recreation and community services	-	-	-	-	1,743,647	1,601,966	1,265,892	1,049,507	1,118,475	2,042,914
Operating grants and contributions	22,164,441	22,854,144	26,739,915	34,698,127	11,346,564	8,534,749	15,049,192	12,701,522	24,069,595	26,859,493
Capital grants and contributions	-	-	-	-	22,174,756	14,978,580	13,323,168	31,827,725	15,486,278	27,170,059
Total governmental activities program revenue:	<u>38,435,770</u>	<u>38,731,842</u>	<u>43,432,957</u>	<u>55,363,210</u>	<u>51,775,497</u>	<u>46,985,855</u>	<u>52,923,345</u>	<u>69,221,211</u>	<u>65,330,659</u>	<u>74,364,133</u>
Business-type activities										
Charges for services:										
Water & sewer	41,823,746	42,850,159	40,940,748	42,901,913	41,236,360	42,211,672	42,822,010	45,036,544	45,036,544	48,361,859
Solid waste	13,122,644	13,481,909	12,531,995	12,492,877	12,853,239	13,526,608	13,676,979	13,997,390	13,997,390	14,952,300
Hialeah circulator	1,596,850	1,856,442	2,325,368	1,924,770	1,947,693	1,897,338	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	3,550,573
Operating grants and contributions	845,263	302,726	597,541	457,207	-	-	-	-	-	-
Capital grants and contributions	14,759	84,210	308,954	356,111	3,557,718	4,413,317	3,119,117	9,004,831	9,004,831	1,168,560
Total business-type activities program revenue:	<u>57,403,262</u>	<u>58,575,446</u>	<u>56,704,606</u>	<u>58,132,878</u>	<u>59,595,010</u>	<u>62,048,935</u>	<u>59,618,106</u>	<u>68,038,765</u>	<u>68,038,765</u>	<u>68,033,292</u>
Total program revenues	<u>\$ 95,839,032</u>	<u>\$ 97,307,288</u>	<u>\$ 100,137,563</u>	<u>\$ 113,496,088</u>	<u>\$ 111,370,507</u>	<u>\$ 109,034,790</u>	<u>\$ 112,541,451</u>	<u>\$ 137,259,976</u>	<u>\$ 133,369,424</u>	<u>\$ 142,397,425</u>
Net (expense) revenue										
Governmental activities:	\$ (88,737,050)	\$ (98,754,041)	\$ (106,552,190)	\$ (106,636,829)	\$ (119,328,327)	\$ (144,362,045)	\$ (139,395,438)	\$ (117,108,212)	\$ (122,897,493)	\$ (101,885,823)
Business-type activities:	7,841,618	5,339,254	(670,104)	3,715,986	6,718,532	5,997,119	5,303,730	9,832,477	6,903,901	(4,662,503)
Total net expense	<u>\$ (80,895,432)</u>	<u>\$ (93,414,787)</u>	<u>\$ (107,222,294)</u>	<u>\$ (102,920,843)</u>	<u>\$ (112,609,795)</u>	<u>\$ (138,364,926)</u>	<u>\$ (134,091,708)</u>	<u>\$ (107,275,735)</u>	<u>\$ (115,993,592)</u>	<u>\$ (106,548,326)</u>
General revenues:										
Governmental activities										
Taxes:										
Property taxes	\$ 41,845,482	\$ 46,352,850	\$ 48,983,038	\$ 54,405,056	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595	\$ 44,867,987
Utility taxes	22,134,216	22,585,048	23,268,653	24,007,854	24,769,883	21,696,763	22,580,807	22,275,529	22,212,359	22,181,374
Franchise fees on gross receipts	-	-	-	-	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381
Intergovernmental revenue	29,432,234	30,952,329	36,963,680	35,372,486	34,202,926	32,202,844	26,285,985	19,773,241	21,521,902	21,875,813
Unrestricted interest	883,331	835,245	1,532,057	2,413,802	2,402,998	992,459	172,565	49,530	22,944	6,254
Transfers	800,000	-	397,600	-	-	-	391,068	(1,576,750)	-	-
Total governmental activities:	<u>95,095,263</u>	<u>100,725,472</u>	<u>111,145,028</u>	<u>116,199,198</u>	<u>134,854,585</u>	<u>135,591,294</u>	<u>126,699,379</u>	<u>109,435,567</u>	<u>102,807,954</u>	<u>99,409,809</u>
Business-type activities										
Unrestricted interest	1,194,901	869,218	1,520,798	2,598,140	3,361,773	1,995,210	1,929,614	1,419,630	720,906	672,616
Transfers	(800,000)	-	(397,600)	-	-	-	(391,068)	1,576,750	-	-
Total business-type activities:	<u>394,901</u>	<u>869,218</u>	<u>1,123,198</u>	<u>2,598,140</u>	<u>3,361,773</u>	<u>1,995,210</u>	<u>1,538,546</u>	<u>2,996,380</u>	<u>720,906</u>	<u>672,616</u>
Total general revenues	<u>\$ 95,490,164</u>	<u>\$ 101,594,690</u>	<u>\$ 112,268,226</u>	<u>\$ 118,797,338</u>	<u>\$ 138,216,358</u>	<u>\$ 137,586,504</u>	<u>\$ 128,237,925</u>	<u>\$ 112,431,947</u>	<u>\$ 103,528,860</u>	<u>\$ 100,082,425</u>
Change in net assets:										
Governmental activities:	\$ 6,358,213	\$ 1,971,431	\$ 4,592,838	\$ 9,562,369	\$ 15,526,258	\$ (8,770,751)	\$ (12,696,059)	\$ (7,672,645)	\$ (20,089,539)	\$ (2,476,014)
Business-type activities:	8,236,519	6,208,472	453,094	6,314,126	10,080,305	7,592,329	6,842,276	12,828,857	7,624,807	(3,989,887)
Total change in net assets	<u>\$ 14,594,732</u>	<u>\$ 8,179,903</u>	<u>\$ 5,045,932</u>	<u>\$ 15,876,495</u>	<u>\$ 25,606,563</u>	<u>\$ (1,178,422)</u>	<u>\$ (5,853,783)</u>	<u>\$ 5,156,212</u>	<u>\$ (12,464,732)</u>	<u>\$ (6,465,901)</u>

Note: The Hialeah Circulator Fund was converted to Special Revenue Fund in fiscal-year 2009 from an Enterprise Fund. Conversely, in fiscal-year 2012 the Stormwater Fund was converted from a Special Revenue Fund to an Enterprise Fund.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:										
Reserved	\$ 879,048	\$ 1,236,079	\$ 2,121,649	\$ 2,742,507	\$ 5,927,352	\$ 3,466,345	\$ 2,325,307	\$ 1,625,608	\$ -	\$ -
Unreserved	27,120,761	26,263,043	30,041,079	30,307,855	23,768,425	25,120,247	21,738,986	19,058,565	-	-
Nonspendable	*	-	-	-	-	-	-	-	1,429,186	1,678,708
Restricted	*	-	-	-	-	-	-	-	-	-
Committed	*	-	-	-	-	-	-	-	192,686	82,338
Unassigned	*	-	-	-	-	-	-	-	12,368,373	12,234,370
Total general fund	<u>\$ 27,999,809</u>	<u>\$ 27,499,122</u>	<u>\$ 32,162,728</u>	<u>\$ 33,050,362</u>	<u>\$ 29,695,777</u>	<u>\$ 28,586,592</u>	<u>\$ 24,064,293</u>	<u>\$ 20,684,173</u>	<u>\$ 13,990,245</u>	<u>\$ 13,995,416</u>
All other governmental funds:										
Reserved										
Encumbrances	\$ 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	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	-	-	-	-	-	-	-	-	-	-
Special revenue funds	1,628,676	4,173,689	2,101,096	3,384,753	797,136	(2,513,140)	3,268,881	3,121,877	-	-
Nonspendable	*	-	-	-	-	-	-	-	43,221	1,002,607
Restricted	*	-	-	-	-	-	-	-	12,466,327	4,187,495
Committed	*	-	-	-	-	-	-	-	174,865	997,467
Unassigned	*	-	-	-	-	-	-	-	(618,391)	20,131
Total all other governmental funds	<u>\$ 39,320,049</u>	<u>\$ 14,388,986</u>	<u>\$ 24,080,493</u>	<u>\$ 19,976,831</u>	<u>\$ 16,349,022</u>	<u>\$ 6,097,248</u>	<u>\$ 9,841,006</u>	<u>\$ 9,379,651</u>	<u>\$ 12,066,022</u>	<u>\$ 6,207,700</u>

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

CITY OF HIALEAH, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Ad valorem taxes	\$ 41,845,484	\$ 46,352,850	\$ 48,983,038	\$ 54,289,694	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595	\$ 44,867,987
Utility taxes	22,134,216	22,585,048	23,268,651	23,752,852	24,769,883	25,523,938	26,185,078	25,865,093	25,909,723	22,181,374
Franchise fees	8,211,709	8,863,712	9,062,308	11,098,497	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381
Licenses and permits	5,565,777	5,368,906	5,500,527	7,785,664	6,774,381	6,988,328	6,767,212	6,458,977	7,051,641	7,629,552
State and local shared revenues	29,432,237	30,952,329	36,963,680	35,372,486	34,277,457	32,376,186	31,721,302	30,518,499	33,595,019	34,760,063
Fines and forfeitures	1,846,326	1,645,081	2,130,206	1,780,919	2,001,490	2,217,049	2,067,047	1,465,851	1,860,247	3,350,685
Hialeah race course lease	647,515	-	-	-	-	-	-	-	-	-
Interest	893,332	835,246	1,461,075	2,594,270	2,402,998	992,459	172,565	49,530	22,944	6,254
Government grants and other revenues	22,314,660	22,854,146	26,739,917	34,813,492	41,541,262	33,779,960	34,772,591	46,869,457	40,648,290	50,301,393
Total revenues	132,881,256	139,457,318	154,109,402	171,487,874	185,246,249	182,577,148	178,954,749	180,141,424	168,138,613	173,575,689
Expenditures:										
Current:										
General government	25,927,134	29,350,162	30,382,986	43,422,682	32,294,210	32,505,934	31,914,072	30,178,666	27,517,406	32,464,271
Police	31,392,967	33,922,021	35,631,207	37,491,043	40,605,970	42,039,964	41,726,150	42,215,617	41,846,335	40,470,429
Fire	22,300,509	23,708,883	25,134,687	27,735,665	30,821,396	33,991,275	34,770,078	34,668,940	35,432,307	34,244,222
911 communications	-	-	-	-	-	-	2,334,640	2,784,860	3,057,095	2,877,722
Streets	5,569,831	4,936,659	5,153,437	5,581,116	5,539,443	5,494,218	4,051,787	4,589,071	4,286,467	3,144,097
Grants and human services	1,133,005	603,935	1,117,650	1,064,881	2,446,509	2,146,882	2,773,003	5,968,055	6,923,729	5,170,883
State housing initiative programs	1,266,610	1,280,397	1,690,485	686,690	1,388,171	1,017,306	960,403	997,212	1,133,537	664,604
Work investment act programs	1,910,697	1,838,914	1,843,001	2,121,473	2,131,368	2,209,604	2,247,265	2,444,219	2,044,010	2,295,878
City Clerk's office	1,073,200	1,364,331	1,217,191	1,295,503	1,112,082	1,315,761	905,065	1,164,135	813,123	1,074,523
Office of Management and Budget	311,318	358,042	499,740	596,364	753,186	668,269	621,505	498,549	576,663	551,784
Office of the Mayor	540,311	497,118	559,109	675,196	714,702	655,965	662,240	637,840	532,856	416,047
Communications and special events	-	-	-	-	941,837	1,016,370	841,146	801,972	747,618	-
Employee retirement	442,392	484,357	467,835	483,995	455,229	519,634	489,769	537,162	463,361	501,114
Library	1,615,478	1,769,335	1,854,187	2,067,074	1,743,219	1,896,684	1,700,898	1,514,939	1,364,462	1,158,859
Compliance division	417,583	417,126	469,331	544,655	535,830	563,559	555,821	510,496	447,585	310,669
Finance	672,967	697,412	738,228	778,099	890,882	907,045	929,122	942,757	879,174	932,222
Division of licenses	409,197	361,965	352,958	386,085	397,628	478,074	553,528	431,087	286,569	248,847
Information systems	672,018	528,572	841,477	887,225	1,109,924	1,446,964	1,676,906	1,439,308	1,608,553	1,405,939
Fleet maintenance	1,881,045	1,945,836	2,046,240	2,291,796	2,107,047	2,361,705	2,555,219	2,281,377	1,966,394	1,984,209
Construction and maintenance	2,054,030	2,088,170	2,292,005	2,656,957	2,876,541	3,123,798	4,464,077	3,648,104	3,268,194	2,169,116
Recreation and community services	10,195,983	10,270,811	10,114,055	11,313,187	10,399,244	9,991,115	10,096,913	8,940,825	8,402,552	8,480,480
Planning and development	1,799,826	1,962,264	2,199,219	2,630,981	3,135,389	2,939,020	2,506,832	2,368,498	1,909,454	476,241
Adult center	-	-	-	-	1,675,303	1,969,595	2,056,599	1,856,244	1,750,844	2,166,341
Law	718,858	752,522	797,968	889,820	965,169	988,913	960,676	895,422	730,159	805,255
Risk management	348,490	344,802	401,699	432,882	578,003	716,475	732,041	991,704	877,824	976,285
Human resources	525,478	591,529	868,676	905,862	838,335	693,341	821,708	782,972	752,723	572,277
Other expenditures	7,253	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	2,004,845	2,307,898	2,577,312	515,987	3,113,294	3,111,594	4,909,511	5,591,347	33,809,421	4,364,337
Interest	3,798,231	3,848,268	4,365,428	6,799,967	5,512,378	5,580,385	5,442,404	5,064,354	5,007,310	3,408,154
Capital outlay	32,070,880	38,657,443	44,547,773	30,479,617	42,096,354	33,261,658	19,259,020	22,198,239	14,650,952	22,198,021
Total expenditures	151,060,126	164,889,072	178,163,884	184,733,902	197,178,643	193,611,107	183,518,398	186,943,971	203,086,857	175,532,826
Excess (deficiency) of revenues over expenditures	(18,178,870)	(25,431,754)	(24,054,482)	(13,246,028)	(11,932,394)	(11,033,959)	(4,563,649)	(6,802,547)	(34,948,244)	(1,957,137)
Other financing sources (uses):										
Premium on debt	1,861,747	-	-	-	-	-	-	-	-	-
Transfers in	2,207,614	561,490	2,211,137	4,388,554	6,475,276	1,714,930	3,419,660	1,397,618	67,768	3,258,319
Transfers out	(1,407,614)	(561,490)	(1,813,537)	(4,388,554)	(6,475,276)	(1,714,930)	(3,100,661)	(1,397,618)	(67,768)	(7,477,992)
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	31,252,400	323,659
Total other financing sources (uses)	50,796,747	-	30,394,345	10,030,000	4,950,000	(327,000)	3,785,112	5,259,788	31,252,400	(3,896,014)
Net change in fund balances	\$ 32,617,877	\$ (25,431,754)	\$ 6,339,863	\$ (3,216,028)	\$ (6,982,394)	\$ (11,360,959)	\$ (778,537)	\$ (1,542,759)	\$ (3,695,844)	\$ (5,853,151)
Debt service as a percentage of non-capital expenditures	4.88%	4.88%	5.20%	4.74%	5.56%	5.42%	6.30%	6.47%	20.60%	5.07%

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>
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
2011	6,744,572,176	531,432,543	10,363,835	7,286,368,554	6.5400
2012	6,695,064,915	523,612,469	5,972,673	7,224,650,057	6.5400

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

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

CITY HIALEAH, FLORIDA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

<u>City of Hialeah</u>		<u>Overlapping Rates (1)</u>										Total Direct and Overlapping Rates
		Miami-Dade										
		Miami-Dade County			County School Board			Water Management District	Special District	Children's Trust	Everglades C.P.	
<u>Fiscal Year</u>	<u>Operating Millage</u>	<u>Operating Millage</u>	<u>Service Millage</u>	<u>County Millage</u>	<u>Operating Millage</u>	<u>Service Millage</u>	<u>School Millage</u>					
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
2011	6.5400	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0345	0.5000	0.0624	20.6058
2012	6.5400	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0345	0.5000	0.0613	20.4899

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 2012

<u>Taxpayer</u>	Net Assessed <u>Value</u>	<u>Rank</u>	Percent of Total City Net <u>Assessed Value</u>
Florida Power & Light CO	\$ 108,070,461	1	1.48%
Mall on the Mile LLC	99,252,248	2	1.36%
Lifemark Hospitals Inc.	97,140,788	3	1.33%
WH Hialeah Investors V LLC	94,633,303	4	1.30%
Westland Mall LLC	68,967,000	5	0.95%
Hialeah Speedway Limited	68,358,579	6	0.94%
Palm Springs Mile Associates LTD	62,656,625	7	0.86%
Hialeah Investors LLC	46,091,268	8	0.63%
Tenet Hialeah Health System INC	35,990,888	9	0.49%
114 Acres Hialeah LLC	33,757,463	10	0.46%
	<u>\$ 714,918,623</u>		<u>9.80%</u>

Note: Information is not available for fiscal year 2003 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>
2003	44,158,639	41,396,740	93.75%	448,744	41,845,484	94.76%
2004	49,178,630	46,172,254	93.89%	180,596	46,352,850	94.25%
2005	51,892,970	48,596,777	93.65%	386,261	48,983,038	94.39%
2006	58,024,149	53,351,595	91.95%	423,624	53,775,219	92.68%
2007	65,503,385	60,909,886	92.99%	299,605	61,209,491	93.44%
2008	72,108,007	67,599,293	93.75%	779,007	68,378,300	94.83%
2009	69,904,998	66,521,182	95.16%	810,759	67,331,941	96.32%
2010	62,055,573	55,475,555	89.40%	2,465,365	57,940,920	93.37%
2011	48,499,075	46,209,687	95.28%	2,008,135	48,217,821	99.42%
2012	45,528,300	43,747,005	96.09%	1,120,983	44,867,987	98.55%

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			
2003	3,240,000	77,810,000	434,046	124,762	1,960,000	11,090,000	838,526	-	-	95,497,334	1.31%	409
2004	3,095,000	75,710,000	376,711	119,324	1,480,000	8,340,000	874,344	-	-	89,995,379	1.15%	385
2005	2,940,000	102,620,000	316,218	113,720	970,000	5,415,000	900,989	-	-	113,275,927	1.44%	492
2006	2,780,000	109,930,000	252,391	103,841	465,000	2,305,000	1,021,188	-	514,546	117,371,966	1.47%	509
2007	2,610,000	112,010,000	185,047	97,891	-	1,185,000	2,158,254	-	352,832	118,599,024	1.42%	512
2008	2,223,591	109,035,000	113,992	91,761	-	-	2,047,309	-	176,416	113,688,069	1.38%	490
2009	2,047,751	107,553,325	334,426	85,444	-	-	1,875,810	-	-	111,896,756	1.55%	490
2010	1,864,063	102,418,870	527,519	117,969	-	-	1,705,629	-	-	106,634,050	1.48%	471
2011	1,672,177	100,102,352	596,872	-	-	-	52,070,567	-	-	102,371,401	1.42%	449
2012	1,471,927	88,242,884	143,267	-	-	57,668,324	1,910,149	-	-	89,858,078	1.26%	391

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 124 for personal income and population data.

CITY OF HIALEAH, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2012

(amounts expressed in thousands)

<u>Government Unit</u>	2012		
	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to the City of Hialeah</u>
Miami-Dade County School Board	\$ 290,988	3.59%	\$ 10,446
Miami-Dade County	<u>1,000,133</u>	3.56%	<u>35,605</u>
Subtotal, Overlapping Debt	1,291,121		46,051
City of Hialeah Direct Debt	<u>95,787</u>	100%	<u>95,787</u>
Total Direct and Overlapping Debt	<u>\$ 1,386,908</u>		<u>\$ 141,838</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 2007 Revenue Bond			
	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Rescue Transportation Fees (a)	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2003	42,966,642	31,622,333	11,344,309	3,045,000	879,430	2.89	2,119,502	140,000	184,435	6.53
2004	43,711,215	34,017,403	9,693,812	3,230,000	709,250	2.46	2,059,811	145,000	177,295	6.39
2005	42,439,031	36,554,800	5,884,231	3,435,000	528,471	1.48	1,827,090	155,000	169,755	5.63
2006	42,901,913	36,984,771	5,917,142	3,615,000	337,265	1.50	1,968,192	160,000	161,540	6.12
2007	41,236,360	36,154,466	5,081,894	1,585,000	138,400	2.95	2,394,917	170,000	152,900	7.42
2008	46,070,878	38,241,216	7,829,662	1,185,000	65,175	6.26	2,602,700	59,409	75,876	19.24
2009	40,702,131	39,699,976	1,002,155	-	-	N/A	2,763,685	175,840	94,730	10.21
2010	56,463,162	46,051,730	10,411,432	-	-	N/A	3,324,801	183,688	86,882	12.29
2011	47,536,277	48,531,832	(995,555)	-	-	N/A	2,956,713	270,570	78,674	8.47
2012	49,247,062	42,556,050	6,691,012	310,000	2,401,538	2.47	3,658,191	200,250	70,320	13.52

Source: City of Hialeah Finance Department

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

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

Note (c): During 2011, the City issued Florida Municipal Loan Council Revenue Bond Series 2011D for which the City has pledged Project Revenues, see Note 11.

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>
2003	233,388	7,262,801	31,119	39	30,910	7.1%
2004	233,566	7,830,300	33,525	39	30,254	6.6%
2005	230,225	7,850,903	34,101	39	29,370	5.9%
2006	230,407	7,996,966	34,708	39	29,885	5.1%
2007	231,500	8,352,752	36,081	39	30,105	5.8%
2008	232,155	8,224,091	35,425	38	31,226	8.9%
2009	228,157	7,230,067	31,689	42	29,370	14.5%
2010	226,419	7,183,822	31,728	41	29,685	15.9%
2011	227,962	7,227,763	31,706	38	34,194	12.6%
2012	229,969	7,151,116	31,096	41	38,794	9.2%

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>2012</u>			<u>2003</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	1,279	1	1.35%	1,279	2	1.43%
Palmetto General Hospital	1,648	2	1.74%	1,345	3	1.50%
United Parcel Service	1,162	3	1.22%	1,310	4	1.46%
Hialeah Hospital	1,075	4	1.13%	1,305	5	1.46%
Winn Dixie Super Markets	1,031	5	1.09%	-	-	-
Publix Super Markets	827	6	0.87%	-	-	-
Palm Springs Hospital	618	7	0.65%	697	7	0.78%
Sedano's Super Markets	547	8	0.58%	388	10	-
Yellow Stone Group	414	9	0.44%	-	-	-
Bank of America	391	10	0.41%	-	-	-
Coulter Electronic	-	-	-	1,815	1	2.03%
Gator Industries	-	-	-	607	6	0.68%
Interamerican Transport Equipment Co.	-	-	-	366	9	0.41%
Piba Industries Inc.	-	-	-	374	8	0.42%
Total	<u>8,992</u>		<u>9.47%</u>	<u>9,486</u>		<u>10.17%</u>

Source: Hialeah Dade Development, Inc.

CITY OF HIALEAH, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Number of employees:										
Mayor's office	8	9	9	9	10	12	12	10	8	5
Communications & special events	-	-	-	8	11	11	11	8	1	-
Information systems	10	10	10	13	19	14	14	14	14	12
Community development:										
Planning and zoning	36	38	41	15	13	13	13	8	10	9
Building	-	-	-	26	31	31	31	17	19	22
License	8	8	9	9	8	10	10	7	5	8
Code compliance	10	10	12	12	12	9	10	7	7	9
Office of Management & Budget	10	12	11	10	13	17	16	15	12	20
City Clerk's office	11	10	10	8	8	11	10	8	3	5
Law	13	15	14	14	14	13	13	10	11	10
Risk management	10	10	10	8	15	13	13	14	14	3
Police:										
Police officers	360	388	371	372	372	358	365	312	327	303
Civilians	151	152	157	131	151	150	150	121	105	75
Fire:										
Firefighters	248	284	281	262	288	262	265	241	199	254
Civilians	51	51	51	51	59	58	58	55	44	35
911 Communications	-	-	-	-	-	-	-	43	47	44
Education & community services	-	-	-	15	28	30	33	32	27	35
Library	33	32	32	28	31	29	30	24	17	15
Recreation and community services	123	116	109	94	93	92	92	81	76	79
Streets	36	36	34	33	30	30	32	23	34	19
Stormwater	24	23	21	18	17	18	20	13	13	9
Fleet	53	52	50	46	47	48	48	31	33	35
Circulator	2	2	2	7	7	7	7	5	5	-
Construction and maintenance	52	51	52	52	54	53	58	30	30	36
Solid waste	146	142	135	122	126	115	113	85	74	68
Human resources	10	11	11	12	10	10	10	9	7	8
Finance	14	16	16	15	17	15	15	14	16	13
Retirement	4	5	3	4	5	5	5	3	3	4
Grants and human services	42	44	43	50	43	42	40	38	35	33
Water and sewer	66	61	57	57	57	58	59	52	50	60
Water division	47	45	44	40	39	38	40	32	30	32
Sewer division	37	36	32	31	30	30	31	24	19	19
Total number of employees	<u>1,615</u>	<u>1,669</u>	<u>1,627</u>	<u>1,572</u>	<u>1,658</u>	<u>1,602</u>	<u>1,624</u>	<u>1,386</u>	<u>1,295</u>	<u>1,279</u>

Source: City of Hialeah Human Resources Department

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

CITY OF HIALEAH, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public safety										
Police:										
Police calls for service	277,913	263,558	260,108	224,546	222,425	223,101	260,108	259,556	203,401	215,200
Parking violations	11,683	8,518	19,533	11,514	12,325	11,925	19,533	18,775	2,915	3,510
Traffic violations	77,617	68,853	69,701	74,446	75,251	76,135	88,550	91,051	73,423	77,900
Fire:										
Number of calls answered	29,670	30,931	32,332	31,338	33,658	35,009	32,350	34,425	32,992	33,755
Inspections	4,856	4,403	10,396	13,035	17,947	22,921	10,851	11,825	11,136	12,235
Planning and development:										
Business permits issued	9,521	10,102	10,228	10,530	12,487	9,852	9,215	9,185	9,185	8,716
Occupational licenses issued	15,901	16,536	17,211	17,648	18,101	18,325	18,058	17,225	17,225	1,581
Streets:										
Street resurfacing (miles)	12.9	22.2	14.8	8.2	6.9	6.1	7.8	8.1	7.4	10.1
Potholes repaired	631	499	516	580	462	471	420	310	310	295
Culture and recreation:										
Library cards issued	10,592	13,956	15,959	16,756	16,288	14,321	32,162	18,325	18,325	2,359
Registrations for library programs	13,255	11,795	112,433	118,054	119,645	122,398	112,433	110,663	110,663	56,642
Community center admissions	236,455	216,511	175,605	184,385	192,874	195,457	136,427	141,332	141,332	145,100
Athletic field permits issued	39	34	47	60	72	85	47	41	41	65
Water and sewer:										
Active accounts - water and sewer	51,758	54,337	54,331	55,265	54,640	54,400	54,580	53,996	54,576	53,809
Average daily water consumption (thousands of gallons)	21,700	22,300	23,800	23,606	21,325	20,015	22,422	23,100	22,094	18,439
Average daily sewage treatment (thousands of gallons)	25,700	28,900	30,100	24,026	25,178	24,985	21,767	19,899	23,171	17,127
New connections	6,923	3,921	3,629	6,910	4,698	4,355	4,225	4,468	4,931	5,368
Water main breaks	123	164	163	251	225	192	115	102	177	193
Solid waste:										
Residential accounts	36,346	36,002	35,492	35,567	35,621	36,780	34,951	35,037	35,591	35,591
Commercial accounts	446	473	415	422	443	452	443	468	446	449
Refuse collected (tons/day)	241.4	246.7	267.4	251.4	231.9	241.5	398.8	405.3	358.0	365.0
Recyclables collected (tons/day)	10.6	9.5	9.6	7.2	7.3	7.4	12.7	13.5	14.2	14.9

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	4	4	4	4	5	5	5	5	5	5
Patrol units	180	177	177	191	282	315	378	386	398	402
Fire:										
Fire stations	7	7	7	7	8	8	8	8	8	8
Fire apparatus vehicles	12	12	12	12	12	13	13	15	15	15
Emergency rescue vehicles	6	6	7	8	9	10	10	10	10	12
Streets:										
Miles of streets	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1
Culture and recreation:										
Parks	27	27	27	27	27	27	27	27	27	27
Parks acreage	223.5	223.5	223.5	255.0	255.0	255.0	223.5	223.5	223.5	223.5
Community center	3	3	3	3	3	3	3	3	3	3
Swimming pools	7	7	7	7	7	7	7	7	7	7
Tennis courts	32	27	25	23	23	21	26	26	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	1	1	1	1	1	2
Water mains (miles)	486	486	487	487	490	490	492	492	492	492
Fire hydrants	2,718	2,741	2,750	2,750	2,766	2,766	2,772	2,772	2,772	2,772
Storm sewers (miles)	67.0	77.4	84.3	84.3	88.2	88.2	88.2	88.2	88.2	88.2
Solid waste:										
Collection trucks	45	36	36	38	37	35	34	38	38	38

Sources: Various City departments

COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the "City") as of and for the fiscal year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

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

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

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

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

Alberni Caballero & Company, LLP

Alberni Caballero & Company, LLP
Coral Gables, Florida
June 19, 2013



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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations and Chapter 10.550, Rules of the Auditor General*. We have issued our Independent Auditors' Report on Internal Control over financial reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and the Schedule of Findings and Responses. Disclosures in those reports and schedule, which are dated June 19, 2013, should be considered in conjunction with this management letter.

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

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

- ❖ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. Our audit disclosed no such matters.
- ❖ Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Hialeah was incorporated by Laws of Florida 90-142. There was one blended component unit disclosed in the notes to the financial statements.
- ❖ Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Hialeah, Florida did not meet the conditions described in Section 218.503(1)(6), Florida Statutes.
- ❖ Section 10.554(1)(i)7.b., Rules of the Auditor General, we determined that the annual financial report for the City of Hialeah, Florida for the fiscal year ended September 30, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Sections 10.554(i)7 and 10.556(7), Rules of the Auditor General, require that we apply financial assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

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

Alberni Caballero & Company, LLP

Alberni Caballero & Company, LLP
Coral Gables, Florida
June 19, 2013



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

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

Compliance

We have audited the City of Hialeah, Florida (the "City") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Compliance Supplement that could have a direct and material effect on each of the City's major federal and state programs for the fiscal year ended September 30, 2012. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the fiscal year ended September 30, 2012.

Internal Control over Compliance

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

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

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

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

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

Alberni Caballero & Company, LLP

Alberni Caballero & Company, LLP
Coral Gables, Florida
June 19, 2013

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>			
Community Development Block Grants/Entitlement Grants	14.218	B-09MC-12-0008	853,824
Community Development Block Grants/Entitlement Grants	14.218	B-10MC-12-0008	\$ 3,937,380
			<u>4,791,204</u>
HOME Investment Partnerships Program	14.239	M-06-MC-12-0207	117,119
HOME Investment Partnerships Program	14.239	M-07-MC-12-0207	61,433
HOME Investment Partnerships Program	14.239	M-08-MC-12-0207	256,725
HOME Investment Partnerships Program	14.239	M-09-MC-12-0207	20,119
HOME Investment Partnerships Program	14.239	M-10-MC-12-0207	69,280
			<u>524,676</u>
Emergency Shelter Grant Program	14.231	S-10-MC-12-0005	10,226
Emergency Shelter Grant Program	14.231	S-11-MC-12-0005	169,976
			<u>180,202</u>
Neighborhood Stabilization Program (NSP 1)	14.256	B-08-MN-12-0009	1,020,449
Neighborhood Stabilization Program (NSP 3)	14.256	B-11-MN-12-0009	490,572
			<u>1,511,021</u>
Homeless Prevention and Rapid-Rehousing Program	14.257**	S-09-MY-12-0005	244,143
			<u>7,251,246</u>
<i>Total U.S. Department of Housing and Urban Development</i>			
<i>U.S. Department of Justice</i>			
Equitable Sharing Program	16.922		403,145
Joint Law Enforcement Operations	16.111		70,015
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2995	89,519
			<u>562,679</u>
<i>Total U.S. Department of Justice</i>			
<i>U.S. Department of Homeland Security</i>			
Assistance to Firefighters Grant	97.044	EMW-2010-FO-08263	392,356
			<u>392,356</u>
<i>Total U.S. Department of Homeland Security</i>			
<i>Subtotal Direct Programs</i>			
			<u>8,206,281</u>
<i>U.S. Department of Transportation</i>			
<i>Indirect Programs-Passed through the Florida Department of Transportation</i>			
Highway Planning and Construction	20.205**	APU98	756,138
Highway Planning and Construction	20.205**	APL71	311,994
			<u>1,068,132</u>
<i>Total U.S. Department of Transportation</i>			
			<u>1,068,132</u>
Pass-Through Program from:			
South Florida Workforce Investment Board			
Unemployment Insurance Program	17.225**	WDS-CCPY'11-03-2-03	99,440
Unemployment Insurance Program	17.225**	WDS-CCPY'11-03-2-03	29,834
			<u>129,274</u>
Workforce Investment Act Adult Program	17.258	WDS-CCPY'11-03-2-03	102,507
Workforce Investment Act Adult Program	17.258	WDS-CCPY'11-03-2-03	235,851
Workforce Investment Act Adult Program	17.258	WDS-CCPY'12-03-00	119,153
			<u>457,511</u>
Workforce Investment Act Dislocated Workers	17.260**	WDS-CCPY'11-03-2-03	468,844
Workforce Investment Act Dislocated Workers	17.260**	WDS-CCPY'11-03-2-03	152,193
			<u>621,037</u>
<i>Total U.S. Department of Labor- Through the South Florida Workforce Investment Board</i>			
			<u>1,207,822</u>

**ARRA Funded

(Continued)

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

<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			
Temporary Assistance for Needy Families	93.558	WDS-CCPY'11-03-2-03	512,127
Temporary Assistance for Needy Families	93.558	WDS-CCPY'11-03-2-03	<u>203,284</u>
			<u>715,411</u>
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	RED-DP-PY'11-05-00	<u>248,572</u>
Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board			<u>963,983</u>
Pass-Through Program from:			
South Florida Workforce Investment Board			
Supplemental Nutrition Assistance Program	10.551**	WDS-CCPY'11-03-2-03	45,657
Supplemental Nutrition Assistance Program	10.551**	WDS-CCPY'11-03-2-03	<u>8,822</u>
			<u>54,479</u>
Total U.S. Department of Agriculture- Through the South Florida Workforce Investment Board			<u>54,479</u>
Pass-Through Program from:			
State of Florida Department of Education			
Twenty-First Century Community Learning Centers	84.287	13B-2442A-2CCC1	406,580
Twenty-First Century Community Learning Centers	84.287	13B-2443A-3CCC1	<u>54,676</u>
			<u>461,256</u>
Total U.S. Department of Education - Through the State of Education			<u>461,256</u>
Pass-Through Program from:			
The Florida Department of Law Enforcement			
Homeland Security Grant Program			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-JAGC-DADE-25-C4-19	<u>54,819</u>
Total U.S. Department of Homeland Security - Through the Florida Department of Law Enforcement			<u>54,819</u>
Pass-Through Program from:			
The Florida Division of Emergency Management			
Homeland Security Grant Program - Metropolitan Medical Response (MMRS)	97.067	COBK-233-01-0041	12,994
Homeland Security Grant Program - Metropolitan Medical Response (MMRS)	97.067	11-DS-36-11-23-02-276	240,875
Homeland Security Grant Program - Urban Areas Security Initiatives (2009)	97.067	11DS-32-11-23-02-233	1,539,860
Homeland Security Grant Program - Urban Areas Security Initiatives (2008)	97.067	10DS-48-11-23-02-195	1,492,401
Homeland Security Grant Program - Urban Areas Security Initiatives (2007)	97.067	09DS-24-11-23-02-379	<u>510,912</u>
			<u>3,797,042</u>
Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management			<u>3,797,042</u>
Pass-Through Program from:			
State of Florida Office of the Attorney General			
Crime Victim Assistance	16.575	V11272	<u>44,250</u>
Total U.S. Department of Justice - Through the State of Florida Office of the Attorney General			<u>44,250</u>
TOTAL EXPENDITURES OF FEDERAL FINANCIAL AWARDS			\$ <u>15,858,064</u>

**ARRA Funded

(Continued)

CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2012

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
Florida Housing Finance Corporation			
State Housing Initiative Partnership Program	52.901	S-01-MC-12-0008	<u>664,604</u>
Total Florida Housing Finance Corporation			<u>664,604</u>
Florida Department of State - Division of Libraries and Information Services			
State Aid to Libraries	45.030	10-ST-34	845
State Aid to Libraries	45.030	11-ST-33	<u>39,049</u>
			<u>39,894</u>
Total Florida Department of State - Division of Libraries and Information Services			<u>39,894</u>
Florida Department of Environmental Protection			
Water Protection & Sustainability Program	37.066	4600001744	<u>691,145</u>
Total Florida Department of Environmental Protection			<u>691,145</u>
Florida Department of Health			
County Grant Awards - Emergency Medical Service	64.005	C0013	<u>5,882</u>
Total Florida Department of Health			<u>5,882</u>
Florida Department of Management Services			
E911 State Grant Program	72.002	S4-11-06-16	<u>341,245</u>
Total Florida Department of Management Services			<u>341,245</u>
Florida Department of Transportation			
State Highway Project Reimbursement	55.023	APN38	1,586,942
State Highway Project Reimbursement	55.023	AQA73	383,782
State Highway Project Reimbursement	55.023	APU 95	481,897
State Highway Project Reimbursement	55.023	APR 89	104,462
State Highway Project Reimbursement	55.023	APN38	123,181
State Highway Project Reimbursement	55.023	APN38	<u>25,981</u>
			<u>2,706,245</u>
Total Florida Department of Transportation			<u>2,706,245</u>
Florida Department of Elder Affairs			
Pass-Through Program from:			
State of Florida - Department of Elder Affairs			
Special Programs for the Aging Title III, Part C Nutrition Services	65.009	2011-2012 LSP-KL-1134	174,815
Special Programs for the Aging Title III, Part C Nutrition Services	65.009	2012-2013 LSP-KL-012	<u>72,950</u>
			<u>247,765</u>
Total Florida Department of Elder Affairs			<u>247,765</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 4,696,780</u>

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, 2012

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>\$431,130</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, 2012

PRIOR YEAR COMMENTS AND STATUS

MATERIAL WEAKNESS

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

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

These instructions should include the following:

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

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

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

Current Year Status: Year-end closing procedures were included in the accounting policies and procedures manual and those procedures were implemented in fiscal year 2012. A chapter was added in the accounting manual related to budgetary levels of control and budget process from the existing budget policies and procedures, as well as a chapter on year-end closing procedures. **This condition will not be repeated.**

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

PRIOR YEAR COMMENTS AND STATUS (Continued)

SIGNIFICANT DEFICIENCY

2010-2– Reconciliation of Grants Receivable

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

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

Current Year Status: There were no prior period adjustments recorded to write-off grant receivables during 2012. The Finance Department now works together with the grants department to ensure reimbursement requests are submitted timely and balances are reconciled to avoid any write-offs. **This condition will not be repeated.**

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS

2011-1 – Financial Condition Assessment

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

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

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

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

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

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

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS (Continued)

2011-1 – Financial Condition Assessment (Continued)

Current Year Status: Subsequent to year end, the City passed a resolution to establish a fund balance/net assets policy to (1) to establish a minimum unassigned fund balance reserve equal to 10% of the General Fund's budget, (2) to establish a plan to achieve the minimum unassigned fund balance reserve by adding a designated amount to the budget to cover the deficiency, if any, over a period not to exceed five (5) fiscal years, (3) to establish that Appropriation from the minimum unassigned fund balance reserve, once met, shall require the approval of the City Council upon recommendation of the City Mayor. As of September 30, 2012, the General Fund's unassigned fund balance of \$12,234,370 represents 10.58% and 10.23% of the General Funds fiscal year 2011-2012 original and amended budgets.

However, no financial reports were provided to Council during the fiscal year ended September 30, 2012. We recommend that the City's finance department prepare quarterly budget vs actual reports to present to Council. **This recommendation will be repeated.**

View of Responsible Officials and Planned Corrective Actions: Management is well aware of the City's financial condition and has taken the following proactive measures during fiscal year 2010-2011, 2011-2012 and subsequently 2012-2013 to improve its fund balance position:

- 1) In fiscal year 2011, the City passed an ordinance that directs the finance director to submit current financial information to council members upon request and submit quarterly reports of operating funds revenue and expenditure summaries by department. This process will be expanded to include budget vs. actual analysis per department.
- 2) In fiscal year 2013, the City passed a resolution to establish a fund balance/net assets policy to (1) to establish a minimum unassigned fund balance reserve equal to 10% of the General Fund's budget, (2) to establish a plan to achieve the minimum unassigned fund balance reserve by adding a designated amount to the budget to cover the deficiency, if any, over a period not to exceed five (5) fiscal years, (3) to establish that Appropriation from the minimum unassigned fund balance reserve, once met, shall require the approval of the City Council upon recommendation of the City Mayor.

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS (Continued)

2010-1 – Establish an Unreserved Fund Balance Policy

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

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

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

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

Current Year Status: Subsequent to year end, the City passed a resolution to establish a fund balance/net assets policy to (1) to establish a minimum unassigned fund balance reserve equal to 10% of the General Fund's budget, (2) to establish a plan to achieve the minimum unassigned fund balance reserve by adding a designated amount to the budget to cover the deficiency, if any, over a period not to exceed five (5) fiscal years, (3) to establish that Appropriation from the minimum unassigned fund balance reserve, once met, shall require the approval of the City Council upon recommendation of the City Mayor. **This recommendation will not be repeated.**

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

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 Information Technology Department (the "IT Dept") has consolidated the two compensated absences report into one all-inclusive report. In addition, the IT Dept has developed a new in-house capital assets module; with the assistance of the Finance Department, which automatically calculates depreciation, determines useful life of the asset and provides reports by categories as requested by a user. The Finance Department began using the Capital Assets module in fiscal year 2013 and has posted all capital assets through the end of fiscal year 2012 in the new module. **This recommendation will not be repeated.**

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: The Finance Department reviewed access to the general ledger module and only personnel in the Finance Department are now allowed to post manual journal entries to the City's general ledger module. In addition, only designated senior staff; within the Finance Department, are authorized to create, modify or update general ledger accounts and/or funds within the City's general ledger module. Furthermore, only the Finance Director has the authority to approve all requests for access of any kind to the City's general ledger, which includes access to posting journal entries. **This recommendation will not be repeated.**

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

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 implemented the new Accounting Policies and Procedures Manual effective June 15, 2013. **This recommendation will not be repeated.**

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

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's Information Technology Department has developed a new in-house capital assets module; with the assistance of the Finance Department, which automatically calculates depreciation, determines useful life of the asset and provides reports by categories as requested by a user. The Finance Department began using the Capital Assets module in fiscal year 2013 and has posted all capital assets through the end of fiscal year 2012 in the new module. **This recommendation will not be repeated.**

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS (Continued)

2007-7 Solid Waste Fund Deficit

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

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

Current Year Status: The Solid Waste fund had an operating loss of \$393,367 for the fiscal year ended September 30, 2012 compared to operating losses of \$1,056,952, \$1,050,201, \$1,282,867 and \$1,822,557 for the fiscal years ended September 30, 2011, 2010, 2009 and 2008; respectively. This is a significant improvement from the prior year's considering the \$393,367 loss includes \$1,558,791 of administration charges from the general fund, \$805,168 of depreciation and \$300,916 of OPEB 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: Although, the current operating loss was due to non-cash related expenses as noted above, the City has been looking into various options for maximizing efficiency within the Solid Waste System. After researching other communities throughout the State, the City has entered into an agreement with an outside consultant to conduct a detail analysis and of the City's Solid Waste System and develop a study on various options and alternatives, including the possibility of privatizing the Solid Waste System using a collection franchise agreement, as is common in much of the State of Florida. Management is confident that this study will bring efficiencies and continued improvement in this fund will eliminate the current deficit reported in the 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, 2012

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? _____ yes X None reported

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

Federal Awards Program and State Financial Assistance Projects

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

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

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

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

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
Community Development Block Grant	14.218
ARRA Local Agency Program	20.205
WIA Dislocated Workers- Young Adult Summer Employ Prg	17.260
Homeland Security Grants	97.067

<u>State Assistance Projects</u>	<u>State CFSA No.</u>
State Highway Projects (FDOT)	55.023
State Housing Initiative Partnership Program	52.901
State of Florida E911 Board	72.002
Water Protection & Sustainability Program	37.066

Dollar threshold used to distinguish between Type A and Type B programs:	Federal	\$475,742
	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

See repeat comments 2011-1 and 2007-7

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.