

CITY OF HIALEAH, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2009

CITY OF HIALEAH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2009

Prepared by:
Finance Department

CITY OF HIALEAH, FLORIDA

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CITY OF HIALEAH, FLORIDA

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INTRODUCTORY SECTION

Julio Robaina

Mayor

Carlos Hernandez

Council President

Jose Yedra

Council Vice President



Council Members

Jose F. Caragol

Luis Gonzalez

Vivian Casals-Muñoz

Isis Garcia-Martinez

Katharine E. Cue

City of Hialeah

April 18, 2010

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

The Government Finance Officers Association recommends that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that recommendation, we hereby issue the comprehensive annual financial report of the City of Hialeah for the fiscal year ended September 30, 2009.

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

The City of Hialeah's financial statements have been audited by Alborni, Caballero & Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hialeah for the fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hialeah's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

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

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PROFILE OF THE GOVERNMENT

The City of Hialeah was incorporated in 1925 by the laws of the State of Florida contained in Chapter 11516 Special Acts of 1925. The City of Hialeah occupies a land area of 23 square miles and serves a population of 232,155. The City of Hialeah receives tax levies on real and personal properties located within its boundaries.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

In the past several years home prices in South Florida have declined approximately 10% based on the Miami Dade County Property Appraiser's Office assessments. Nevertheless, the City continues to maintain a stable economic base despite the negative impacts of property tax reform and a slowing housing market being felt statewide. As our tax rolls decline we will honor the commitment to our residents and not increase the millage rate above the levels that have been set by the administration for the last three (3) years. The following discussion is intended to demonstrate the growth and vitality of the City and to address the challenges and concerns of the near future.

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

Water and Sewer Reverse Osmosis Water Treatment Plant – As part of the inter-local agreement between the City and Miami Dade County, the City is on schedule to complete the Reverse Osmosis Water Treatment Plant (RO Plant) by 2011 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 also adjacent municipalities and unincorporated areas in this sector of the county which will bring additional sources of revenue to the City in the near future.

American Recovery and Reinvestment Act of 2009 – The American Recovery and Reinvestment Act (ARRA) is an unprecedented effort to jumpstart our economy, preserve and create jobs, make investments in infrastructure, energy and science and provide unemployment assistance for state and local economic stabilization. The ARRA was signed into law by President Barrack Obama on February 17, 2009. The ARRA provides \$787 billion in spending and tax relief projects. As of September 30, 2009, the City of Hialeah had been awarded approximately \$12.9 million of Federal Stimulus Funding under the ARRA for various City projects which will commence in fiscal year 2010.

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

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

During the current fiscal-year the City completed the new 300-unit affordable housing complex for the elderly on the southwest sector of the City. In addition, the City has entered into an inter-local agreement with Miami Dade County to receive approximately \$8.5 million under the County's General Obligation Bond program (GOB). These funds will be used for the construction of a multipurpose facility that will house a neighborhood service center, 75 affordable housing units and a parking garage to accommodate the project. Construction will take place on City owned property between Palm and East 1st Avenue. The parking garage will compensate for the loss of parking the new construction will cause. These affordable housing projects will allow many residents to continue living in the City rather than have rising costs force them elsewhere.

The City is also scheduled to receive approximately \$35.7 million in funding for roadway reconstruction, improvement and development projects from Federal, State and County agencies. The funds to be received include: \$7.2 million from ARRA \$3.1 million from the Community Development Block Grant, \$8.7 million from the Florida Department of Transportation and \$15.8 million from Miami Dade Public Works Department.

Setting our sights for the future, the City will continue allocating resources to the development of our annexed area in fiscal year 2010. The City of Hialeah has completed the construction of several projects for the necessary water, sewer and roadway infrastructure in the annexation area; this work continues to date. Also as part of an inter-local agreement between the City of Hialeah and Miami-Dade County, the City has commenced with the planning, design and permitting of the Reverse Osmosis (RO) Plant that will provide water service to the annexed area of the City as well as adjacent municipalities and unincorporated areas in the northwest quadrant of the County. The design and construction of the new RO Plant will be evenly funded between the City and Miami-Dade County.

The City is also continuing with the ongoing program to repair and modernize sewer pump stations around the City in accordance with the State of Florida and Miami Dade County Consent Orders. These stations are upgraded with the latest state-of-the-art pumps and control systems enhancing an already efficient water and sewer department. The City's Water and Sewer Department is also working on retrofitting the City's sewer lines to avoid filtration into the underground pipes, which increase the amount of sewer waste. Completion of this project will reduce expenses in the long-run by reducing the amount paid by the City in water dumping fees. The City to date has completed the lining of well over 240,300 lineal feet of sewer main and in the current fiscal year the City will complete the lining of well over 54,000 lineal feet of sewer main.

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

The City is currently in the process of a major renovation project at Milander Park and Milander Auditorium to convert these facilities into a new Performing Arts and Exhibition Center that will significantly upgrade the existing cultural and recreational facilities in the City of Hialeah. For this project, the City has been approved to receive \$6 million for the massive reconstruction project through Miami Dade County GOB program. In addition, with help of Miami-Dade County Commissioner Natasha Seijas, the City was approved for \$5 million in GOB funds for the 300 space parking garage that will be built in the same location to alleviate the parking congestion when events occur at the art center. An additional \$3 million has been approved from the Miami-Dade Cultural Affairs Council for the construction of the new art center, which was approved by the Board of Miami-Dade County Commissioners. The state-of-the-art facility has an estimated date of completion set for 2010. The comprehensive renovation of our park system infrastructure currently on schedule includes the construction of a new parking lot facility at Sparks Park, new state of the art batting cages and refurbished racquetball courts at Babcock Park and drainage overhauls for softball fields at Bucky Dent Park. During fiscal year 2009, the City completed the renovation of a central communications dispatch center within the Fire Administration Building that will serve 911 calls to both Police and Fire. The consolidation of both call centers has reduced maintenance, security and overhead costs, including overtime; as well as improved overall efficiency in the 911 Communications Division.

In fiscal year 2010, the City will finalize the feasibility study of implementing automated trucks to perform solid waste pickup. If implemented, this will reduce our fleet by nine trucks and will allow 75% of our routes to be serviced by automated trucks. This will improve operational efficiency and save thousands of dollars in costs to the City.

RELEVANT FINANCIAL POLICIES

Water and Sewer – A bond issuance not to exceed \$60 Million to fund the first phase of the RO Plant being constructed in the City's annexed area is expected to be priced in April 2010. Water and Sewer revenues are expected to be pledged to finance the issuance of this bond. However, the Water and Sewer Department is currently debt free and has over \$55 Million in cash and investments to fund existing and future operations. Consequently, no adverse effect on the City or Water and Sewer operations is anticipated due to this bond issuance based on the Water and Sewer Department's cash reserve and positive operating cash flow. The RO Plant will be operated from user fees once construction is completed in fiscal year 2011.

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.

The City also contributes towards an HMO group health plan (Vista Health Plan) that is brought to the City by the General Employees Union (AFSCME). The Firefighters' Union (IAFF) also submits an alternative plan, which the City contributes to as well.

Through the competitive bid process, the City changed its Third Party Administrator (United Healthcare) effective January 1, 2009. As a result of this change, the City has enjoyed deeper medical discounts when paying claims. Because of the deeper discounts, the medical savings to the City for fiscal year 2009 were approximately \$4,000,000.

An actuarial study was recently completed for self-insured risks to determine the funding requirements necessary to meet projected losses. The reserve requirements include liabilities retained for claims losses and allocated loss adjustment expenses. It includes Incurred But Not Reported (IBNR) reserves, credit for future investment income, and margins for adverse results. The City has sufficient reserves to cover potential claims.

Tax Breaks – During fiscal 2008 the City approved an additional \$25,000 senior exemption for those homeowners over 62 years of age with qualifying income. The administration felt it was crucial to pass this relief for those residents that often struggle to keep up with the rising cost of living on their fixed incomes. This senior exemption represents a decrease of \$1 million in income for the City in fiscal 2010, yet the administration feels this price is worth the benefits as it provides relief to those senior citizens who may be at risk of losing their homes especially during these times.

CERTIFICATE OF ACHIEVEMENT

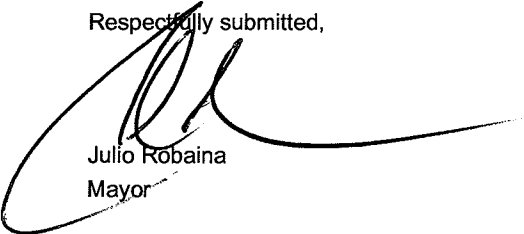
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hialeah for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2008. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the fourth consecutive year that the City of Hialeah has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our 2009 Comprehensive Annual Financial Report continues to meet the high standards of the Certificate of Achievement Program and we are submitting it to the GFOA for consideration of the award certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Julio Robaina
Mayor



Vivian D. Parks
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hialeah,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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.



President

Executive Director

CITY OF HIALEAH, FLORIDA

List of Elected City Officials

September 30, 2009

Strong Mayor Form of Government

CITY COUNCIL

Julio Robaina, Mayor

Carlos Hernandez, Council President

Jose Yedra, Council Vice President

Jose F. Caragol

Luis Gonzalez

Vivian Casals-Muñoz

Isis Garcia-Martinez

Katharine E. Cue

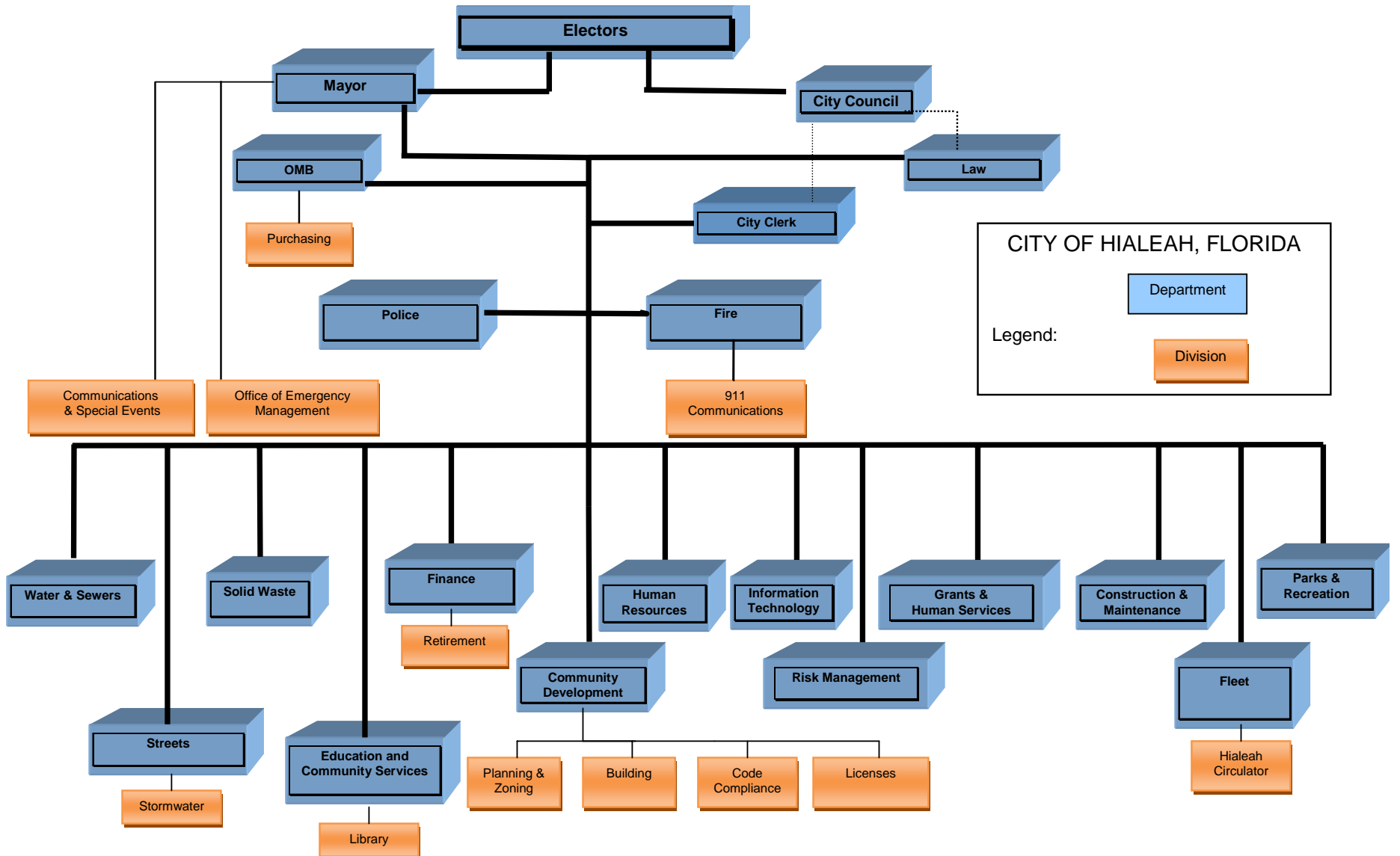
Prepared by:

Finance Department and Administration

CITY OF HIALEAH, FLORIDA

ORGANIZATIONAL CHART

SEPTEMBER 30, 2009



FINANCIAL SECTION

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the "City") as of and for the fiscal year then ended September 30, 2009 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 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards and state financial assistance projects have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the Introductory and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion thereon.

Alberni Caballero & Company, LLP

Coral Gables, Florida
March 24, 2010

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, 2009.

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 \$264 million.
- Net assets of the City's governmental activities decreased by 9% (\$12.7 million) from \$135.8 million (after restatement) for last fiscal year, compared to \$123.1 million in the current fiscal year. This decrease was due primarily to the new GASB 45 pronouncement regarding Other Post Employment Benefits (OPEB). Based on the actuarial evaluation, the OPEB liability for the current fiscal year decreased total net assets of the City by an additional \$10.9 million compared to the prior year. These changes reported in the statement of activities do not require the use of current financial resources. Therefore, not considering these non-cash changes, the City had a decrease in net asset of \$1.8 million or 1% in the current fiscal year.
- Net assets of the City's business-type activities increased by 5% (\$6.8 million) from \$134.5 million (as restated) for last fiscal year, compared to \$141.4 million in the current fiscal year.
- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$33.9 million, a decrease of \$800 thousand in comparison with the prior year.
- Approximately 73.8% of the City's Governmental Fund Balances total amount is considered unreserved funds and the remaining 26.2% is considered reserved funds. The \$25 million of unreserved fund balances are 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. Of the \$8.9 million in reserved fund balances, approximately \$2.6 million have been designated for subsequent years' expenditures, \$4.6 million for future construction, \$1.2 million for public safety and \$0.5 million for debt service.

Overview of the Financial Statements

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

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

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

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

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

The governmental activities of the City include police, fire, streets, grants, bus circulator and human services, state housing initiative, work investment act programs, library, code compliance, licenses, fleet maintenance, construction and maintenance, recreation and community services, planning and development, and general and administrative services. The business type activities of the City include solid waste and water & sewer operations. The government-wide financial statements can be found on pages 17-18 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19-20 of this report.

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

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

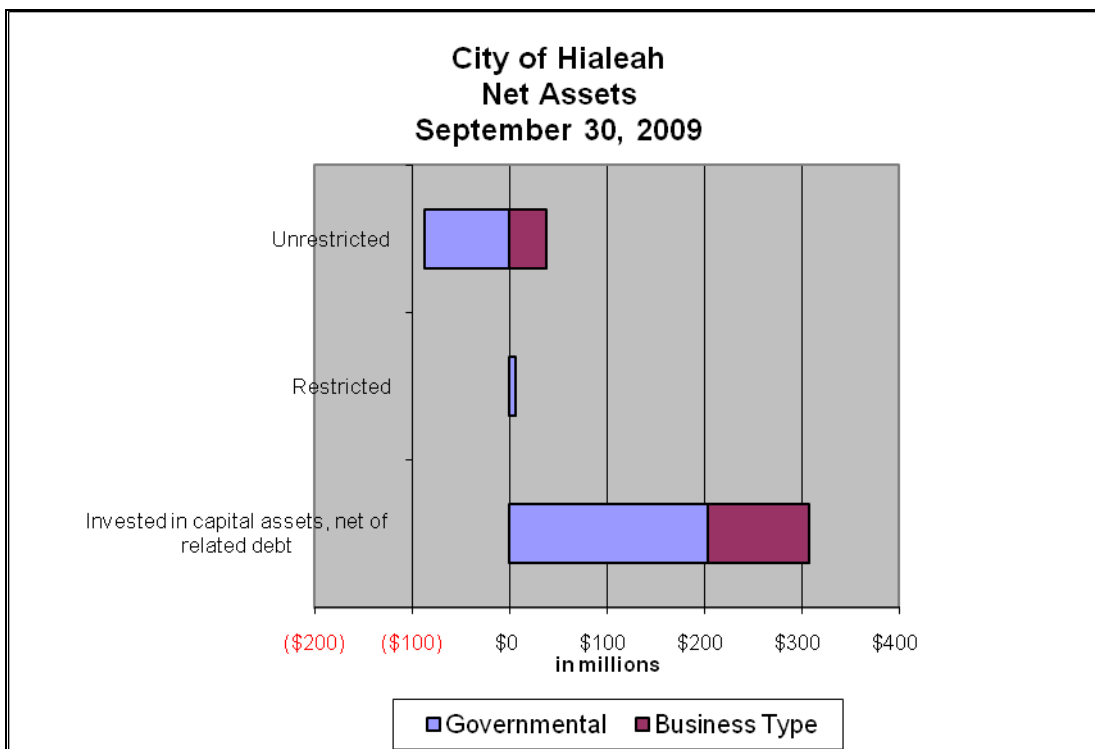
Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29-68 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 69-73 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 can be found on pages 74-93 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 \$264 million at the close of the most recent fiscal year. This is a less than 2% decrease compared to last year's net assets of \$269 million.



By far the largest portion of the City's net assets (97%) 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 (3%) 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 \$49.1 million. This figure illustrates that if all liabilities became due at this point in time, total assets would be insufficient to cover all our obligations. Fixed assets of the City would need to be sold in order to meet contingencies.

CITY OF HIALEAH - NET ASSETS						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2009</u>	<u>Activities</u>	<u>Activities</u>	<u>2008</u>
Current and other assets	\$ 60,159,710	\$ 46,718,993	\$ 106,878,703	\$ 51,689,723	\$ 60,525,661	\$ 112,215,384
Restricted assets	3,918,069	28,078,057	31,996,126	7,778,905	23,925,492	31,704,397
Unamortized bond issue costs	-	-	-	-	-	-
Capital assets, net	<u>313,160,271</u>	<u>105,638,885</u>	<u>418,799,156</u>	<u>313,320,778</u>	<u>90,398,596</u>	<u>403,719,374</u>
Total assets	<u>377,238,050</u>	<u>180,435,935</u>	<u>557,673,985</u>	<u>372,789,406</u>	<u>174,849,749</u>	<u>547,639,155</u>
Long-term liabilities	234,945,296	13,073,988	248,019,284	218,780,001	12,085,144	230,865,145
Other liabilities	<u>19,216,840</u>	<u>25,986,174</u>	<u>45,203,014</u>	<u>18,832,760</u>	<u>28,090,662</u>	<u>46,923,422</u>
Total liabilities	<u>254,162,136</u>	<u>39,060,162</u>	<u>293,222,298</u>	<u>237,612,761</u>	<u>40,175,806</u>	<u>277,788,567</u>
Net Assets:						
Invested in capital assets, net of related debt	203,538,055	103,874,020	307,412,075	200,996,079	88,351,287	289,347,366
Restricted	6,277,482	-	6,277,482	7,778,905	-	7,778,905
Unrestricted	<u>(86,739,623)</u>	<u>37,501,753</u>	<u>(49,237,870)</u>	<u>(73,598,339)</u>	<u>46,322,656</u>	<u>(27,275,683)</u>
Total net assets	<u>\$ 123,075,914</u>	<u>\$ 141,375,773</u>	<u>\$ 264,451,687</u>	<u>\$ 135,176,645</u>	<u>\$ 134,673,943</u>	<u>\$ 269,850,588</u>

Net assets of the City's governmental activities decreased by 9% (\$12.1 million) from \$135.2 million for last fiscal year, compared to \$123.1 million in the current fiscal year. See detailed explanation under Financial Highlights.

Net assets of the City's business-type activities increased by 5% (\$6.7 million) from \$134.7 million for last fiscal year, compared to \$141.4 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>2009</u>	<u>Activities</u>	<u>Activities</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 24,550,985	\$ 56,498,989	\$ 81,049,974	\$ 23,472,526	\$ 57,635,618	\$ 81,108,144
Operating grants & contributions	15,049,192	-	15,049,192	8,534,749	-	8,534,749
Capital grants & contributions	13,323,168	3,119,117	16,442,285	14,978,580	4,413,317	19,391,897
General Revenues:						
Property taxes	65,666,056	-	65,666,056	68,833,515	-	68,833,515
Utility taxes	22,580,807	-	22,580,807	21,696,763	-	21,696,763
Franchise fees on gross receipts	11,602,898	-	11,602,898	11,865,713	-	11,865,713
Intergovernmental revenue	26,285,985	-	26,285,985	32,202,844	-	32,202,844
Grants & contributions unrestricted	-	-	-	-	-	-
Unrestricted interest	<u>172,565</u>	<u>1,929,614</u>	<u>2,102,179</u>	<u>992,459</u>	<u>1,995,210</u>	<u>2,987,669</u>
Total revenues	<u>179,231,656</u>	<u>61,547,720</u>	<u>240,779,376</u>	<u>182,577,149</u>	<u>64,044,145</u>	<u>246,621,294</u>

CITY OF HIALEAH - CHANGES IN NET ASSETS (Continued)

Expenses:						
General government	74,384,843	-	74,384,843	69,140,040	-	69,140,040
Police	46,859,988	-	46,859,988	47,982,487	-	47,982,487
Fire	38,524,121	-	38,524,121	38,058,400	-	38,058,400
Streets	13,865,386	-	13,865,386	14,561,927	-	14,561,927
Recreation & community service	13,262,701	-	13,262,701	16,045,320	-	16,045,320
Interest on long-term debt	5,421,745	-	5,421,745	5,559,726	-	5,559,726
Water & sewer	-	39,571,242	39,571,242	-	38,888,103	38,888,103
Solid waste	-	14,743,134	14,743,134	-	15,349,165	15,349,165
Hialeah circulator	-	-	-	-	2,214,548	2,214,548
Total expenses	<u>192,318,783</u>	<u>54,314,376</u>	<u>246,633,159</u>	<u>191,347,900</u>	<u>56,451,816</u>	<u>247,799,716</u>
Change in net assets before transfers	(13,087,127)	7,233,344	(5,853,783)	(8,770,751)	7,592,329	(1,178,422)
Transfers	<u>391,068</u>	<u>(391,068)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(12,696,059)	6,842,276	(5,853,783)	(8,770,751)	7,592,329	(1,178,422)
Net assets-beginning	<u>135,771,973</u>	<u>134,533,497</u>	<u>270,305,470</u>	<u>143,947,396</u>	<u>127,081,614</u>	<u>271,029,010</u>
Net assets-ending	<u>\$ 123,075,914</u>	<u>\$ 141,375,773</u>	<u>\$ 264,451,687</u>	<u>\$ 135,176,645</u>	<u>\$ 134,673,943</u>	<u>\$ 269,850,588</u>

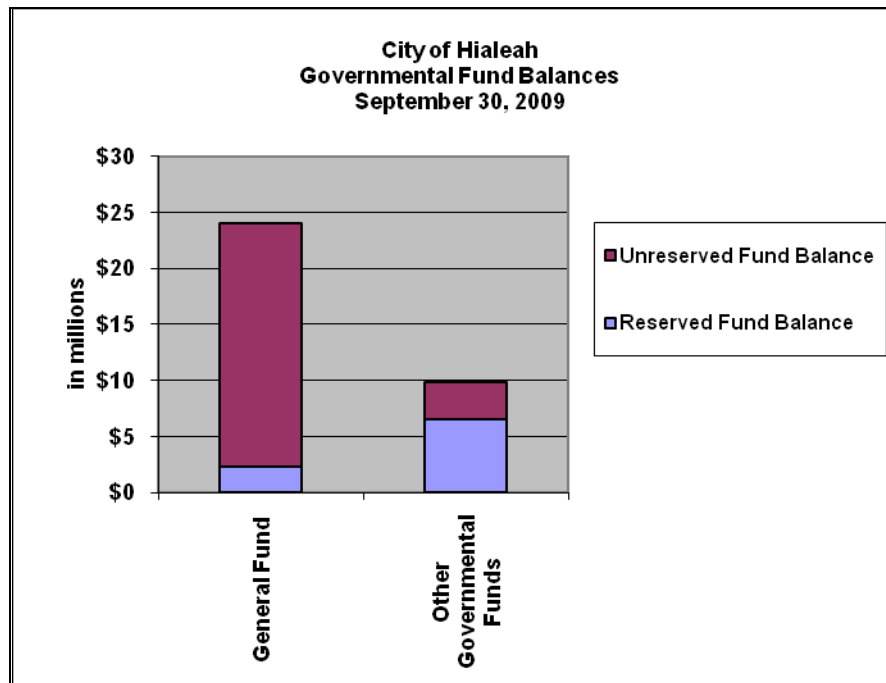
Governmental activities - Governmental activities decreased the City's net assets by \$12.7 million. This decrease was due primarily to the new GASB 45 pronouncement regarding Other Post Employment Benefits (OPEB). Based on the actuarial evaluation, the OPEB expense for the current fiscal year decreased total net assets of the City by an additional \$10.9 million compared to the prior year. These changes reported in the statement of activities do not require the use of current financial resources. Therefore, not considering these non-cash changes, the City had a decrease in net asset of \$1.8 million or 1% in the current fiscal year. In addition, ad valorem tax revenues decreased by \$3.2 million in the current fiscal year; this was due to a decrease in the assessed property values within the City by the Miami-Dade County Property Appraisers' Office. This continues to be a challenge for the City of Hialeah to maintain the high level of services while revenues continue to decrease in the current economic crisis. Yet despite these issues, the City of Hialeah remains determined to maintain its promise not to raise taxes. The City's millage rate remained unchanged from the prior fiscal year at a rate of 6.54 mills and will remain at that rate for the coming fiscal year.

Business-type activities - Net assets of the City's business-type activities increased by \$6.7 million in the current fiscal year. During the current fiscal year the Hialeah Circulator fund was converted from an enterprise fund to a special revenue fund. Due to the transfer of this fund, current year revenues and expenses in the business-type activities funds decreased approximately \$1.8 million and \$1 million, respectively. Notwithstanding this change, current year revenues and expenses remained relatively constant as compared to the prior year in the City's business-type activities. In addition, there was approximately a \$1 million decrease in Capital grants and contributions received by the Water and Sewer department during the current fiscal year. This demonstrates that over the last several fiscal years of operations the City has been stable with reasonable sources of income while performing very efficiently. The current year operating loss for Solid Waste fund of \$1.1 million was due primarily to the new GASB 45 pronouncement regarding OPEB and the depreciation expense amount in the current fiscal year of \$746 and \$754 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 operating income in the normal course of operation of \$434 thousand in the current fiscal year. This operational income was due to a decrease in operational expenses of approximately \$528 thousand in the current fiscal year while maintaining the City's high level of services. Due to the current economic crisis that the nation is undergoing, the City decided not to increase the rates charged to the residents for these services in the current fiscal year in order to alleviate their financial burden.

Financial Analysis of the City's Funds

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

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



As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (both reserved and unreserved) of \$33.9 million, a decrease of \$778 thousand in comparison with the prior year. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 78-80 of this report.

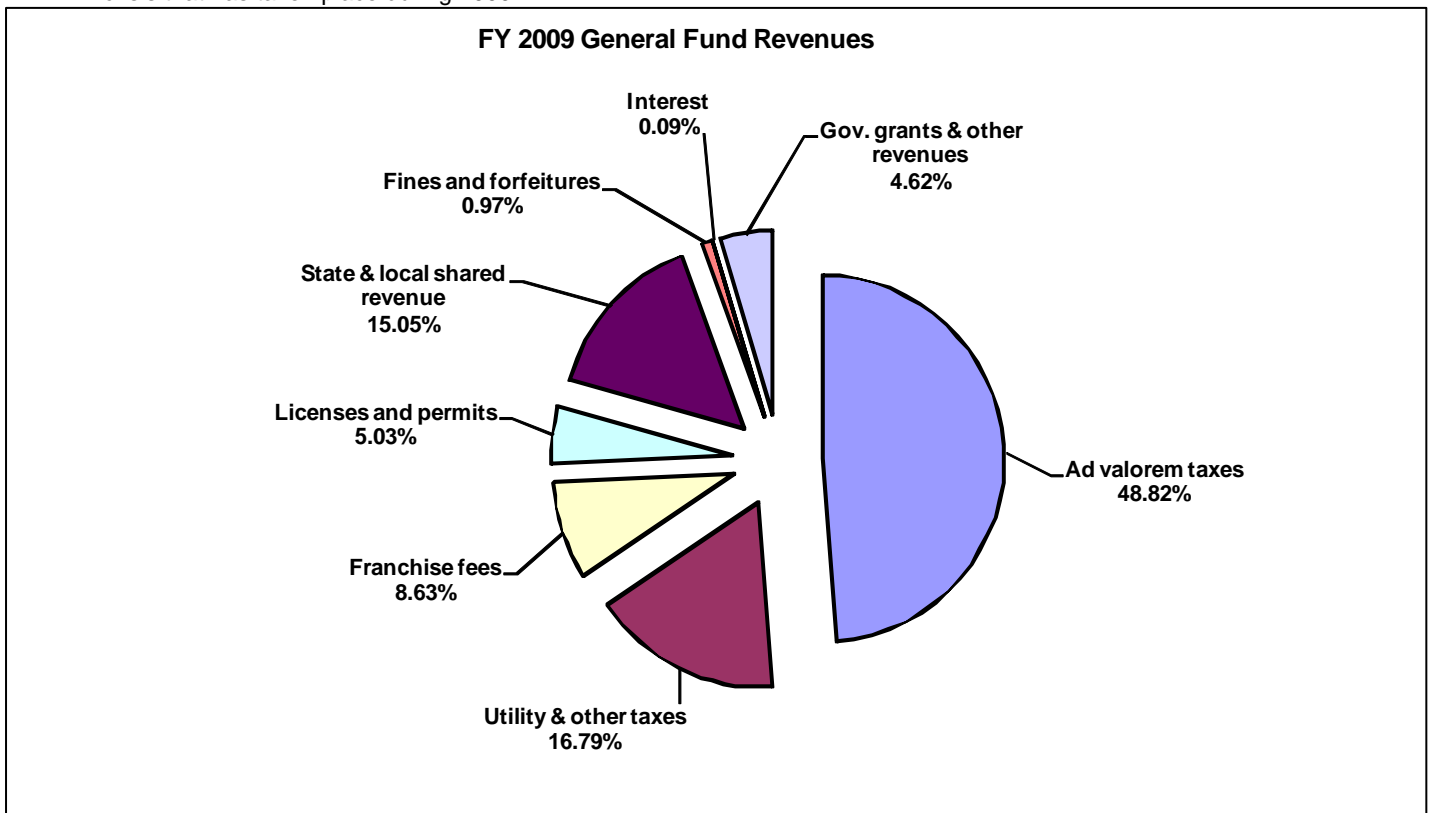
Unreserved fund balance in the amount of \$21.7 million or 90% of total fund balance constitutes amount which is available for spending as explained earlier under Financial Highlights. The remainder of fund balance is *reserved* to indicate it is not available for new spending because it has already been committed for a variety of restricted purposes, such as encumbrances and inventory.

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

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

Revenue Sources	2009		2008		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	2009 Amount	Percent of Total	2008 Amount	Percent of Total		
Ad valorem taxes	\$ 65,666,056	48.82%	\$ 68,833,515	48.75%	\$ (3,167,459)	-4.60%
Utility & other taxes	22,580,807	16.79%	21,696,763	15.37%	884,044	4.07%
Franchise fees	11,602,898	8.63%	11,865,713	8.40%	(262,815)	-2.21%
Licenses and permits	6,767,212	5.03%	6,958,549	4.93%	(191,337)	-2.75%
State & local shared revenue	20,242,733	15.05%	22,258,302	15.76%	(2,015,569)	-9.06%
Fines and forfeitures	1,305,696	0.97%	1,446,391	1.02%	(140,695)	-9.73%
Interest	114,506	0.09%	712,949	0.50%	(598,443)	-83.94%
Gov. grants & other revenues	<u>6,218,694</u>	4.62%	<u>7,436,073</u>	5.27%	<u>(1,217,379)</u>	-16.37%
Total	<u>\$ 134,498,602</u>	100%	<u>\$ 141,208,255</u>	100%	<u>\$ (6,709,653)</u>	-4.75%

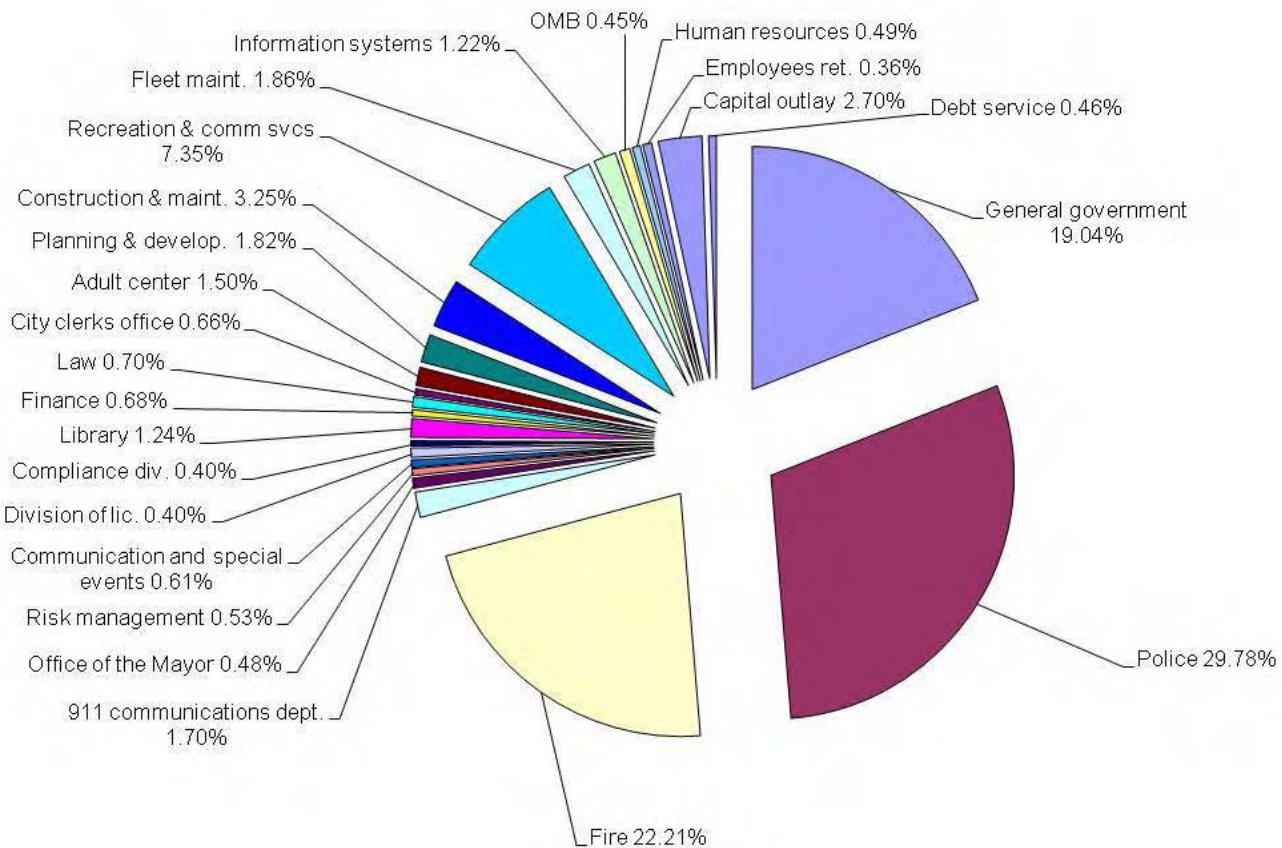
Compared to the prior fiscal year, total General Fund revenues decreased by \$6.7 million or 4.7% in fiscal year 2009. This decrease is due to a decrease in ad valorem taxes which resulted from a decreased assessed property values by Miami-Dade County Property Appraisers Office during fiscal year 2008 that affected the City's ad valorem revenue in fiscal year 2009. This change had an effect of approximately \$3 million decrease in the current fiscal year's ad valorem revenue. However, the City's millage rate remained at a rate of 6.54 mills during the current fiscal year and will remain the same in coming fiscal year. Yet despite these issues, the City of Hialeah remains determine to maintain its promise not to raise taxes. In addition, State and local shared revenues and Government grants and other revenues also decreased by approximately \$2 million and \$1 million, respectively, due to the current economic crisis that has taken place during 2009.



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

<u>Expenditures</u>	2009		2008		Amount Incr (Decr) from <u>Prior Year</u>	Percent Incr -Decr from Prior Year
	<u>2009</u>	Percent of <u>Total</u>	<u>2008</u>	Percent of <u>Total</u>		
General government	\$ 26,154,810	18.99%	\$ 29,429,549	20.82%	\$ (3,274,739)	-11.13%
Police	40,918,165	29.70%	41,532,291	29.38%	(614,126)	-1.48%
Fire	30,519,478	22.16%	30,189,478	21.36%	330,000	1.09%
911 communications dept.	2,334,640	1.69%	-	0.00%	2,334,640	100.00%
City clerks office	905,065	0.66%	1,315,761	0.93%	(410,696)	-31.21%
OMB	621,505	0.45%	668,269	0.47%	(46,764)	-7.00%
Office of the Mayor	662,240	0.48%	655,965	0.46%	6,275	0.96%
Commun. & spc. events	841,146	0.61%	1,016,370	0.72%	(175,224)	-17.24%
Employees ret.	489,769	0.36%	519,634	0.37%	(29,865)	-5.75%
Library	1,700,898	1.23%	1,896,684	1.34%	(195,786)	-10.32%
Compliance division	555,821	0.40%	563,559	0.40%	(7,738)	-1.37%
Finance	929,122	0.67%	907,045	0.64%	22,077	2.43%
Division of licenses	553,528	0.40%	478,074	0.34%	75,454	15.78%
Information systems	1,676,906	1.22%	1,446,964	1.02%	229,942	15.89%
Fleet maintenance	2,555,219	1.85%	2,361,705	1.67%	193,514	8.19%
Construction & maint.	4,464,077	3.24%	3,123,798	2.21%	1,340,279	42.91%
Recr. & comm.	10,096,913	7.33%	9,991,115	7.07%	105,798	1.06%
Planning & develop.	2,506,832	1.82%	2,939,020	2.08%	(432,188)	-14.71%
Adult center	2,056,599	1.49%	1,969,595	1.39%	87,004	4.42%
Law	960,676	0.70%	988,913	0.70%	(28,237)	-2.86%
Risk management	732,041	0.53%	716,475	0.51%	15,566	2.17%
Human resources	821,708	0.60%	693,341	0.49%	128,367	18.51%
Capital outlay	3,985,885	2.89%	7,236,301	5.12%	(3,250,416)	-44.92%
Debt service	<u>707,059</u>	0.51%	<u>705,354</u>	0.50%	<u>1,705</u>	0.24%
Total	<u>\$ 137,750,102</u>	100.00%	<u>\$ 141,345,260</u>	100.00%	<u>\$ (3,595,158)</u>	-2.54%

FY 2009 General Fund Expenses



In fiscal year 2009, total General Fund expenditures decreased by \$3.6 million or 2.5% as compared to the prior year. The bulk of the decrease was due to approximately \$3.2 million decrease in Capital Outlay in the current fiscal year. This decrease was due to decrease in the City's revenue, as described above, which has forced the City to cut cost in areas related to equipment, improvement and building projects.

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

Unrestricted net assets of all the enterprise funds at the end of the year amounted to \$37.6 million. Unrestricted net assets at the end of the year for the Water and Sewer Fund and Solid Waste Fund amounted to \$44.6 million and a negative \$6.9 million, respectively. Other factors concerning the finances of these two major funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

- Utility taxes collected were higher than budgeted due to the budget projection being based information provided by the State of Florida.
- Licenses and permits collected were higher than budgeted due to an increase in local business and residents obtaining more licenses and permits during the current fiscal year.
- State and local-shared revenues were lower than budgeted due to the current economic crisis that is currently affecting the nation. Sales tax revenue, which is a major part of this revenue source, has been greatly affected since it is based on consumer spending.
- Interest revenue earned was lower than budgeted due to the low interest rates offered by financial institutions to the City. This is a direct effect of the current economic crisis affecting the nation.
- Government grants and other revenues were lower than budgeted amounts in the current fiscal year due to the fact that most grants are based on requests for reimbursement basis. Although the grants were awarded to the City, the City cannot determine the amount that will be requested for reimbursement until related expenses are incurred. Consequently, lower expenses in related grant revenues were incurred during the current fiscal year than initially anticipated.
- The City's departments were all efficient in staying under the budgeted figures by a total of \$7.7 million savings in actual expenditures when compared to budgeted amounts.
- Police and Recreation and community services department expenses were 4% and 7.7%, respectively, lower than budgeted figures due to vacant positions during the fiscal year as well as efficient management by the respective department directors.
- General government's expenses were lower than budgeted figures by \$3.3 million or 9.3% due to contingent reserves provided for in the general government's budget that were not significantly utilized due to the efficient operation of the department.

Differences between the *original budget* and the *final amended budget* for expense accounts increased by \$3.4 million an increase of 2.3% over the original budget. These budget amendments are line item amendments; however, total actual expenditures were lower than the total final amended budget by \$7.7 million or 5.2%.

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, 2009 totals \$418 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 3.6%.

CITY OF HIALEAH - CAPITAL ASSETS (NET OF DEPRECIATION)						
	<u>September 30, 2009</u>			<u>September 30, 2008</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Land	\$ 29,051,407	\$ 329,356	\$ 29,380,763	\$ 29,051,407	\$ 329,356	\$ 29,380,763
Buildings and utility plants	78,760,349	1,692,158	80,452,507	74,642,849	1,583,613	76,226,462
Improvements other than buildings	12,764,300	112,956	12,877,256	13,290,805	143,122	13,433,927
Furniture, fixtures, machinery and equipment	15,410,866	3,015,451	18,426,317	14,499,846	3,944,676	18,444,522
Infrastructure	169,508,871	94,508,409	264,017,280	171,244,393	82,302,836	253,547,229
Construction in progress	7,664,479	5,980,557	13,645,036	10,591,478	2,094,993	12,686,471
Total capital assets	<u>\$ 313,160,272</u>	<u>\$ 105,638,887</u>	<u>\$ 418,799,159</u>	<u>\$ 313,320,778</u>	<u>\$ 90,398,596</u>	<u>\$ 403,719,374</u>

Additions to capital assets before depreciation for governmental activities equaled \$15.5 million. Transfers to capital assets before depreciation for governmental activities equaled \$9.6 million. Transfers to capital assets include projects in the amount of \$9.3 million in construction in progress as of the end of the previous fiscal year that were subsequently completed in the current fiscal year. During the current fiscal year the Hialeah Circulator fund was converted from an enterprise fund to a special revenue fund. Due to this transfer, approximately \$322 thousand of fixed assets were also transferred to governmental activities in the current fiscal year. The following additions and transfers include the following items:

- Reconstruction of several City street projects totaling \$7.5 million and the continued construction in progress of several street projects, several City parks, Fire Station #6 and the planning of the Palm Center 75-units affordable housing project in the amount of \$6.3 million.
- New vehicles and equipment for various departments totaling \$2.3 million.
- Completion of construction of the new Jeb Bush Educational Center Charter School at Slade, remodeling and construction of the new E-911 Call Center for Police and Fire, as well as the remodeling of several City parks and completion of the Hialeah High parking garage totaling \$7.3 million.

Additions to capital assets before depreciation for business type activities equaled \$21.5 million and include the following items:

- Planning, design and the continued construction in progress of the new reverse osmosis water treatment plant in annexation area totaling \$5.6 million.
- Lining of an additional 50,000 lineal feet of sewer mains, upgrading or replacing of water mains, repairing and modernizing sewer pump stations around the City in accordance with the State of Florida and Miami-Dade County ongoing program totaling \$15.4 million.

Additional information on the City's capital assets can be found in Note 8 starting on page 46 of this report.

Long-term debt - At the end of the current fiscal year, the City had total bonded debt outstanding of \$2 million all of which is secured by revenues derived from rescue transportation fees. More in-depth detail can be found on pages 49-54, Note 10.

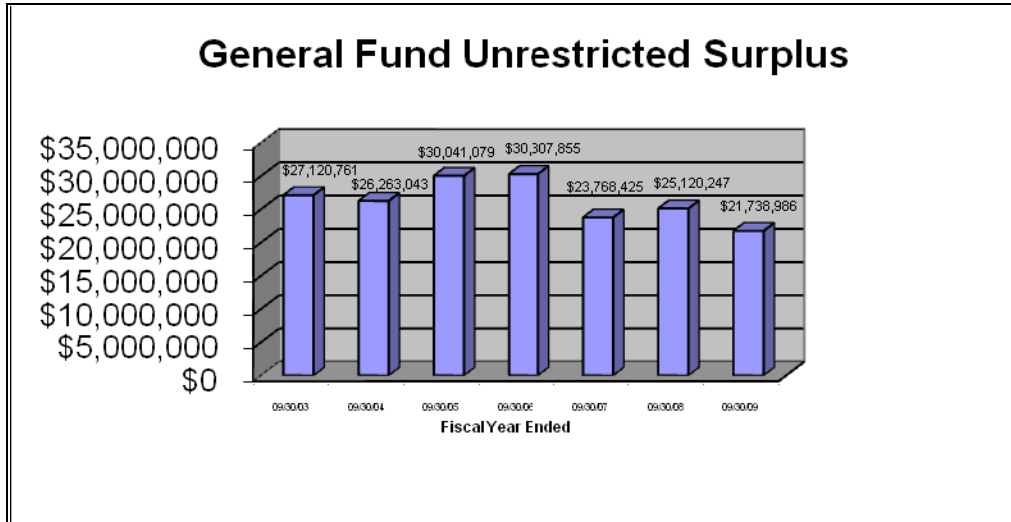
CITY OF HIALEAH'S OUTSTANDING DEBT			
General Obligation, Revenue Bonds and Notes Payable			
		<u>Governmental Activities</u>	
		<u>2009</u>	<u>2008</u>
Revenue bonds	\$	2,047,751	\$ 2,223,591
Notes payable		<u>107,450,000</u>	<u>109,035,000</u>
Total	\$	<u>109,497,751</u>	<u>\$ 111,258,591</u>

During the current fiscal year, the City's net outstanding debt decreased by \$1.8 million. The decrease was due to the payoff and refunding of existing debt during the current fiscal year. During the current fiscal the City incurred \$3 million in the refinancing of the City's line of credit which was offset by the debt service payments made in the current fiscal year. Additional information on the City's long-term debt can be found in the notes to the financial statements.

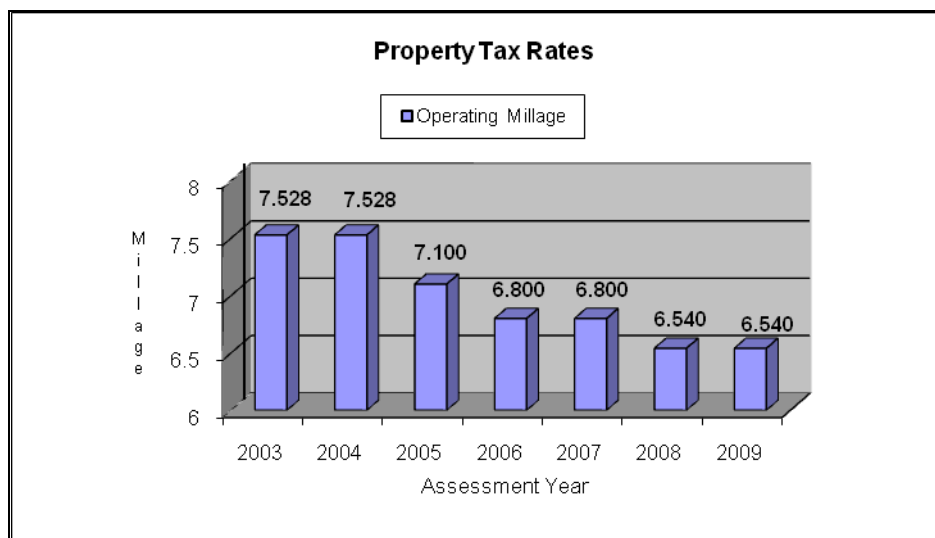
Economic Factors and Next Year's Budgets and Rates

The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 94%.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$21.7 million. The unreserved fund balance of \$21.7 million is approximately equal to two months of the General Fund expenditures. The following graph shows the City's fund balance for the last seven years:



In 1995, the State of Florida limited all local governments' ability to raise homestead assessed property value in any given year by 3% or cost of living, whichever is lower. As the following graph indicates, the City's property tax rates have been reduced by almost 1 mill since 2002 and have remained relatively steady. The City's operational expenditures, such as salaries, health insurance, pension contributions and gas and oil continue to increase while our revenue resources have become more and more limited. The City has its own police and fire services, recreational and aquatic facilities and a full service library system, which we maintain at optimum levels without the need for additional voter approved debt. During fiscal year 2009 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.



2009 Fiscal Year Accomplishments

During the 2008/2009 fiscal year, the City of Hialeah, has invested its revenues from all sources in a manner that reflects a vision towards the future. This investment will be enjoyed by the current residents of the City as well as future generations. The following list illustrates a sampling of our major accomplishments this year.

- The City has annexed 1,890 acres of land located in the Northwest section of the City and construction of the infrastructure system is underway. The proposed future land use for this area is as follows:
 - 4,395 Residential units
 - 1,651,680 Square Feet Retail/Commercial/Office
 - 7,623,000 Square Feet Industrial
 - 30 to 50 Acre Park
- Water and Sewer Department
 - Completed repairs and rehabilitation to sewage pump stations around the City of Hialeah
 - Completed the lining of approximately 50,000 lineal feet of sewer lines
 - Commenced 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
 - Continued construction of a regional sewage pump station to serve the newly City annexed area
- Construction and Maintenance
 - Completed construction of a new 300-units affordable housing project
 - Completed construction of a new parking garage adjacent to Hialeah High School to alleviate the high school's parking congestion and nearby new Performing Arts Center being constructed at Milander Park
 - Completed construction of a new fuel station for the City's Fleet Department
 - Completed renovation and construction of a new E-911 central dispatch center within the Fire Administration building that will serve both Police and Fire
 - Construction continues on the new Police community substation at Walker Park
 - Completed construction of a new Police training facility at the Police Headquarter location
 - Completed construction and remodeling of Fire Station #6
- 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
 - Completion of the state of the art batting cages and refurbished racquetball courts at Babcock Park

Future Outlook

- Water and Sewer Department
 - Continue with the construction of a new water treatment plant that will provide service to the new annexed area as well as other areas of the County
 - Continue with ongoing programs to upgrade Sewer Pump Stations
 - Continue with ongoing program of lining an additional 54,000 lineal feet of sewer lines
 - Continue construction of a new regional pump station to support the new annexed area
 - Continue construction of the sanitary sewer system and the water distribution system to service the annexed area and to support development
 - Construction and remodeling of a new Water and Sewer Administration building at the existing location continues
- Construction and Maintenance Department
 - Begin the construction of a multipurpose facility that will house a neighborhood service center, 75 affordable housing units and an adjacent parking garage for the facility
 - Complete the construction of a new Police community substation at Walker Park
 - Complete the construction of 33 elderly housing units

Future Outlook (Continued)

- Streets Department
 - Continue with road construction and resurfacing projects around the City
 - Continue implementation of median beautification/maintenance program
- Recreation Department
 - Construction of drainage systems and new fencing for softball fields at Bucky Dent Park
 - 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
 - Construction and renovations continue on a new recreation building and parking lot at Sparks Park

All these factors were considered in preparing the City's budget for fiscal year 2010.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 14,276,120	\$ 18,594,115	\$ 32,870,235
Investments	-	25,340,111	25,340,111
Receivables	28,071,803	10,229,468	38,301,271
Notes receivables	6,642,077	-	6,642,077
Net pension asset	1,901,565	-	1,901,565
Internal balances	7,901,132	(7,901,132)	-
Inventories	1,125,013	456,431	1,581,444
Prepays	242,000	-	242,000
Restricted assets:			
Cash and cash equivalents	3,918,069	24,794,511	28,712,580
Other assets	-	3,283,546	3,283,546
Capital assets, not being depreciated	36,715,886	6,309,912	43,025,798
Capital assets, net of accumulated depreciation	<u>276,444,385</u>	<u>99,328,973</u>	<u>375,773,358</u>
Total assets	<u>377,238,050</u>	<u>180,435,935</u>	<u>557,673,985</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	9,932,301	6,570,740	16,503,041
Unearned revenue	8,691,709	1,690,363	10,382,072
Liabilities payable from restricted assets	-	17,725,071	17,725,071
Other liabilities	592,830	-	592,830
Non-current liabilities:			
Due within one year	7,852,833	416,449	8,269,282
Due in more than one year	<u>227,092,463</u>	<u>12,657,539</u>	<u>239,750,002</u>
Total liabilities	<u>254,162,136</u>	<u>39,060,162</u>	<u>293,222,298</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	203,538,055	103,874,020	307,412,075
Restricted for:			
Capital projects	4,560,605	-	4,560,605
Public safety	1,173,854	-	1,173,854
Debt service	543,023	-	543,023
Unrestricted	<u>(86,739,623)</u>	<u>37,501,753</u>	<u>(49,237,870)</u>
Total net assets	<u>\$ 123,075,914</u>	<u>\$ 141,375,773</u>	<u>\$ 264,451,687</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2009

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	\$ 74,384,843	\$ 16,545,856	\$ 7,847,287	\$ 5,745,021	\$ (44,246,679)	\$ -	\$ (44,246,679)
Police	46,859,988	2,625,878	3,000	-	(44,231,110)	-	(44,231,110)
Fire	38,524,121	4,113,359	72,206	826,541	(33,512,015)	-	(33,512,015)
Streets	13,865,386	-	5,645,410	5,549,995	(2,669,981)	-	(2,669,981)
Recreation and community services	13,262,701	1,265,892	1,481,289	1,201,611	(9,313,909)	-	(9,313,909)
Interest on long term debt	5,421,745	-	-	-	(5,421,745)	-	(5,421,745)
Total governmental activities	<u>192,318,783</u>	<u>24,550,985</u>	<u>15,049,192</u>	<u>13,323,168</u>	<u>(139,395,438)</u>	<u>-</u>	<u>(139,395,438)</u>
Business-type activities:							
Water and sewer	39,571,242	42,822,010	-	3,119,117	-	6,369,885	6,369,885
Solid waste	14,743,134	13,676,979	-	-	-	(1,066,155)	(1,066,155)
Hialeah circulator	-	-	-	-	-	-	-
Total business-type activities	<u>54,314,376</u>	<u>56,498,989</u>	<u>-</u>	<u>3,119,117</u>	<u>-</u>	<u>5,303,730</u>	<u>5,303,730</u>
	<u>\$ 246,633,159</u>	<u>\$ 81,049,974</u>	<u>\$ 15,049,192</u>	<u>\$ 16,442,285</u>	<u>(139,395,438)</u>	<u>5,303,730</u>	<u>(134,091,708)</u>
General revenues:							
Property taxes					65,666,056	-	65,666,056
Utility taxes					22,580,807	-	22,580,807
Franchise fees on gross receipts					11,602,898	-	11,602,898
Intergovernmental revenues					26,285,985	-	26,285,985
Unrestricted interest					172,565	1,929,614	2,102,179
Total general revenues					<u>126,308,311</u>	<u>1,929,614</u>	<u>128,237,925</u>
Change in net assets before transfers					(13,087,127)	7,233,344	(5,853,783)
Transfers					<u>391,068</u>	<u>(391,068)</u>	<u>-</u>
Change in net assets					(12,696,059)	6,842,276	(5,853,783)
Net assets - beginning					<u>135,771,973</u>	<u>134,533,497</u>	<u>270,305,470</u>
Net assets - ending					<u>\$ 123,075,914</u>	<u>\$ 141,375,773</u>	<u>\$ 264,451,687</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 13,659,569	\$ 616,551	\$ 14,276,120
Receivables	11,462,890	16,608,913	28,071,803
Due from other funds	22,884,669	15,172,617	38,057,286
Inventories	1,101,311	23,702	1,125,013
Prepays	242,000	-	242,000
Notes receivable	6,642,077	-	6,642,077
Restricted cash	-	3,918,069	3,918,069
Total assets	<u>\$ 55,992,516</u>	<u>\$ 36,339,852</u>	<u>\$ 92,332,368</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Vouchers payable and accrued liabilities	\$ 6,126,317	\$ 3,805,984	\$ 9,932,301
Compensated absences payable	135,285	-	135,285
Self-insurance claims payable	2,276,713	-	2,276,713
Due to other funds	13,577,163	16,578,991	30,156,154
Deferred revenue	9,219,915	6,113,871	15,333,786
Other liabilities	592,830	-	592,830
Total liabilities	<u>31,928,223</u>	<u>26,498,846</u>	<u>58,427,069</u>
Fund balances:			
Reserved for:			
Encumbrances	981,996	294,643	1,276,639
Prepays	242,000	-	242,000
Inventories	1,101,311	-	1,101,311
Public safety	-	1,173,854	1,173,854
Capital projects	-	4,560,605	4,560,605
Debt service	-	543,023	543,023
Unreserved:			
Undesignated, reported in:			
General fund	21,738,986	-	21,738,986
Special revenue funds	-	3,268,881	3,268,881
Total fund balances	<u>24,064,293</u>	<u>9,841,006</u>	<u>33,905,299</u>
Total liabilities and fund balances	<u>\$ 55,992,516</u>	<u>\$ 36,339,852</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.			313,160,271
Long-term liabilities, including bonds payable, are not due and payable in the current period			(110,860,642)
Compensated absences			(22,854,877)
Claims payable			(38,040,481)
Net pension asset			1,901,565
Net pension obligation			(40,367,125)
Notes receivable- long term			6,642,077
OPEB Liability			(20,410,173)
Net assets of governmental activities			<u>\$ 123,075,914</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, 2009

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Ad valorem taxes	\$ 65,666,056	\$ -	\$ 65,666,056
Utility taxes	22,580,807	3,604,271	26,185,078
Franchise fees	11,602,898	-	11,602,898
Licenses and permits	6,767,212	-	6,767,212
State and local shared revenues	20,242,733	11,478,569	31,721,302
Fines and forfeitures	1,305,696	761,351	2,067,047
Interest	114,506	58,059	172,565
Government grants and other revenues	<u>6,218,694</u>	<u>28,553,897</u>	<u>34,772,591</u>
Total revenues	<u>134,498,602</u>	<u>44,456,147</u>	<u>178,954,749</u>
Expenditures:			
Current:			
General government	26,154,810	5,759,262	31,914,072
Police	40,918,165	807,985	41,726,150
Fire	30,519,478	4,250,600	34,770,078
911 communications department	2,334,640	-	2,334,640
Streets	-	4,051,787	4,051,787
Grants and human services	-	2,773,003	2,773,003
State housing initiative program	-	960,403	960,403
Work Investment Act programs	-	2,247,265	2,247,265
City Clerk's office	905,065	-	905,065
Office of Management and Budget	621,505	-	621,505
Office of the Mayor	662,240	-	662,240
Communications and special events	841,146	-	841,146
Employee retirement	489,769	-	489,769
Library	1,700,898	-	1,700,898
Compliance division	555,821	-	555,821
Finance	929,122	-	929,122
Division of licenses	553,528	-	553,528
Information systems	1,676,906	-	1,676,906
Fleet maintenance	2,555,219	-	2,555,219
Construction and maintenance	4,464,077	-	4,464,077
Recreation and community services	10,096,913	-	10,096,913
Planning and development	2,506,832	-	2,506,832
Adult center	2,056,599	-	2,056,599
Law	960,676	-	960,676
Risk management	732,041	-	732,041
Human resources	821,708	-	821,708
Debt service:			
Principal	253,383	4,656,128	4,909,511
Interest	453,676	4,988,728	5,442,404
Capital outlay	<u>3,985,885</u>	<u>15,273,135</u>	<u>19,259,020</u>
Total expenditures	<u>137,750,102</u>	<u>45,768,296</u>	<u>183,518,398</u>
Deficiency of revenues over expenditures before other financing sources (uses)	<u>(3,251,500)</u>	<u>(1,312,149)</u>	<u>(4,563,649)</u>
Other financing sources (uses):			
Transfers in	-	3,419,660	3,419,660
Transfers out	(1,633,587)	(1,467,074)	(3,100,661)
Proceeds from issuance of debt	<u>362,788</u>	<u>3,103,325</u>	<u>3,466,113</u>
Total other financing sources (uses)	<u>(1,270,799)</u>	<u>5,055,911</u>	<u>3,785,112</u>
Net change in fund balances	(4,522,299)	3,743,762	(778,537)
Fund balances - beginning	<u>28,586,592</u>	<u>6,097,244</u>	<u>34,683,836</u>
Fund balances - ending	<u>\$ 24,064,293</u>	<u>\$ 9,841,006</u>	<u>\$ 33,905,299</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, 2009

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) \$ (778,537)

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	\$ 19,259,020	
Depreciation expense	<u>(15,939,942)</u>	
Net adjustment		3,319,078

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	(3,719,935)	
Other miscellaneous	<u>17,100</u>	(3,702,835)

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		276,907
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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		
Notes payable	(3,000,000)	
Notes payable- City of Hialeah Education Academy	(103,325)	
Capital leases	<u>(362,788)</u>	
	(3,466,113)	
Principal payments:		
Revenue bonds	175,840	
Notes payable	4,585,000	
Mortgage payable	6,317	
Capital leases	<u>142,353</u>	
	4,909,510	
Net adjustment		1,443,397

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:

Net pension obligation	541,432	
Net pension asset	149,952	
OPEB liability	(10,876,163)	
Increase in claims payable	(448,074)	
Amortization bond issue costs	(71,624)	
Amortization of bond discount/premium	92,283	
Compensated absences	<u>(2,641,875)</u>	
Net adjustment		<u>(13,254,069)</u>

Change in net assets of governmental activities (Page 18)	\$ <u>(12,696,059)</u>
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CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

SEPTEMBER 30, 2009

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Nonmajor Fund- Hialeah Circulator</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 18,594,115	\$ -	\$ -	\$ 18,594,115
Investments	25,340,111	-	-	25,340,111
Customers accounts receivable	9,422,947	641,432	-	10,064,379
Other receivables	165,089	-	-	165,089
Due from other funds	652,280	2,112,732	-	2,765,012
Inventories	456,431	-	-	456,431
Restricted assets:				
Cash	24,794,511	-	-	24,794,511
Other assets	3,283,546	-	-	3,283,546
Total current assets	<u>82,709,030</u>	<u>2,754,164</u>	<u>-</u>	<u>85,463,194</u>
Non-current assets:				
Capital assets	187,476,304	12,709,462	-	200,185,766
Less accumulated depreciation	<u>(84,542,942)</u>	<u>(10,003,939)</u>	<u>-</u>	<u>(94,546,881)</u>
Total non-current assets	<u>102,933,362</u>	<u>2,705,523</u>	<u>-</u>	<u>105,638,885</u>
Total assets	<u>\$ 185,642,392</u>	<u>\$ 5,459,687</u>	<u>\$ -</u>	<u>\$ 191,102,079</u>

(Continued)

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (Continued)

SEPTEMBER 30, 2009

	Water and Sewers Utility System	Solid Waste Utility System	Nonmajor Fund- Hialeah Circulator	Total
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 6,367,834	\$ 202,906	\$ -	\$ 6,570,740
Current portion of self-insurance claims payable	205,488	100,016	-	305,504
Current portion of revolving loan	110,945	-	-	110,945
Due to other funds	<u>2,445,974</u>	<u>4,936,888</u>	-	<u>7,382,862</u>
	<u>9,130,241</u>	<u>5,239,810</u>	-	<u>14,370,051</u>
Current liabilities payable from restricted assets:				
DERM payable	3,541,943	-	-	3,541,943
Due to other funds	3,283,282	-	-	3,283,282
Deferred revenues- RO Plant	7,069,441	-	-	7,069,441
Customer deposits	<u>7,113,687</u>	-	-	<u>7,113,687</u>
Total current liabilities payable from restricted assets	<u>21,008,353</u>	-	-	<u>21,008,353</u>
Total current liabilities	<u>30,138,594</u>	<u>5,239,810</u>	-	<u>35,378,404</u>
Non-current liabilities:				
Revolving loan	1,764,865	-	-	1,764,865
Deferred revenues, net	-	35,000	-	35,000
Deferred interest, net	1,655,363	-	-	1,655,363
Self-insurance claims payable	3,433,402	1,671,116	-	5,104,518
OPEB liability	1,579,837	1,514,257	-	3,094,094
Compensated absences payable	<u>1,410,192</u>	<u>1,283,870</u>	-	<u>2,694,062</u>
Total non-current liabilities	<u>9,843,659</u>	<u>4,504,243</u>	-	<u>14,347,902</u>
Total liabilities	<u>39,982,253</u>	<u>9,744,053</u>	-	<u>49,726,306</u>
Net assets:				
Invested in capital assets, net of related debt	101,168,497	2,705,523	-	103,874,020
Unrestricted	<u>44,491,642</u>	<u>(6,989,889)</u>	-	<u>37,501,753</u>
Total net assets	<u>\$ 145,660,139</u>	<u>\$ (4,284,366)</u>	\$ -	<u>\$ 141,375,773</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, 2009

	Water and Sewers Utility System	Solid Waste Utility System	Nonmajor Fund- Hialeah Circulator	Total
Operating revenues:				
Metered water sales	\$ 14,907,080	\$ -	\$ -	\$ 14,907,080
Sanitary sewer service	26,710,230	-	-	26,710,230
Sanitation fees	-	13,624,446	-	13,624,446
Other	1,204,700	52,533	-	1,257,233
Total operating revenues	<u>42,822,010</u>	<u>13,676,979</u>	<u>-</u>	<u>56,498,989</u>
Operating expenses:				
Operating, administrative and maintenance	35,962,861	13,996,938	-	49,959,799
Depreciation	3,447,045	746,196	-	4,193,241
Total operating expenses	<u>39,409,906</u>	<u>14,743,134</u>	<u>-</u>	<u>54,153,040</u>
Operating income (loss)	<u>3,412,104</u>	<u>(1,066,155)</u>	<u>-</u>	<u>2,345,949</u>
Non-operating revenues (expenses):				
Interest income	1,929,614	-	-	1,929,614
Interest expense	(161,336)	-	-	(161,336)
Transfers	-	-	(391,068)	(391,068)
Net non-operating revenues (expenses)	<u>1,768,278</u>	<u>-</u>	<u>(391,068)</u>	<u>1,377,210</u>
Income (loss) before contributions	5,180,382	(1,066,155)	(391,068)	3,723,159
Capital contributions	<u>3,119,117</u>	<u>-</u>	<u>-</u>	<u>3,119,117</u>
Change in net assets	8,299,499	(1,066,155)	(391,068)	6,842,276
Net assets - beginning	<u>137,360,640</u>	<u>(3,218,211)</u>	<u>391,068</u>	<u>134,533,497</u>
Net assets, ending	<u>\$ 145,660,139</u>	<u>\$ (4,284,366)</u>	<u>\$ -</u>	<u>\$ 141,375,773</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Nonmajor Fund- Hialeah Circulator</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash received from customers	\$ 42,609,098	\$ 12,983,014	\$ -	\$ 55,592,112
Cash received from others	1,204,700	52,533	-	1,257,233
Cash paid for interfund services used	(2,000,000)	-	-	(2,000,000)
Cash payments to suppliers	(29,865,688)	(7,764,723)	-	(37,630,411)
Cash payments to employees	<u>(5,488,383)</u>	<u>(5,270,824)</u>	-	<u>(10,759,207)</u>
Net cash provided by operating activities	<u>6,459,727</u>	<u>-</u>	<u>-</u>	<u>6,459,727</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(19,673,879)	-	-	(19,673,879)
Interest paid	(243,658)	-	-	(243,658)
Capital contributions	3,119,117	-	-	3,119,117
Payments on long-term debt	<u>(347,915)</u>	<u>-</u>	<u>-</u>	<u>(347,915)</u>
Net cash used in capital and related financing activities	<u>(17,146,335)</u>	<u>-</u>	<u>-</u>	<u>(17,146,335)</u>
Cash flows from investing activities:				
Purchase of investments	(1,613,391)	-	-	(1,613,391)
Interest received on investments	<u>1,929,614</u>	<u>-</u>	<u>-</u>	<u>1,929,614</u>
Net cash provided by investing activities	<u>316,223</u>	<u>-</u>	<u>-</u>	<u>316,223</u>
Net decrease in cash and cash equivalents	(10,370,385)	-	-	(10,370,385)
Cash and cash equivalents, beginning	<u>53,759,211</u>	<u>-</u>	<u>-</u>	<u>53,759,211</u>
Cash and cash equivalents, ending	<u>\$ 43,388,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,388,826</u>
Cash and cash equivalents per statement of net assets:				
Unrestricted	\$ 18,594,115	\$ -	\$ -	\$ 18,594,115
Restricted - current	<u>24,794,511</u>	<u>-</u>	<u>-</u>	<u>24,794,511</u>
	<u>\$ 43,388,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,388,626</u>

(Continued)

CITY OF HIALEAH, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Water and Sewers Utility System	Solid Waste Utility System	Nonmajor Fund- Hialeah Circulator	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 3,412,104	\$ (1,066,155)	\$ -	\$ 2,345,949
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,447,045	746,195	-	4,193,240
Allowance for uncollectable accounts	205,000	-	-	205,000
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	786,788	(641,432)	-	145,356
Other receivables	(84,657)	-	-	(84,657)
Due from other funds	(652,280)	1,310,503	-	658,223
Inventories	20,601	-	-	20,601
Increase (decrease) in:				
Vouchers payable and accrued liabilities	(754,598)	(7,203)	-	(761,801)
Self insurance claims payable	415,241	(1,139,743)	-	(724,502)
Compensated absences payable	445,143	142,230	-	587,373
OPEB liability	747,554	754,170	-	1,501,724
Due to other funds	(460,539)	(98,565)	-	(559,104)
Deferred revenues	(1,506,643)	-	-	(1,506,643)
Customer deposits	<u>438,968</u>	<u>-</u>	<u>-</u>	<u>438,968</u>
Total adjustments	<u>3,047,623</u>	<u>1,066,155</u>	<u>-</u>	<u>4,113,778</u>
Net cash provided by operating activities	<u>\$ 6,459,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,459,727</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

SEPTEMBER 30, 2009

<u>ASSETS</u>	<u>Pension Trust</u>
Cash and cash equivalents	\$ 31,927,475
Securities lending cash collateral	119,928,583
Investments, at fair value:	
U.S. Treasury bonds and notes	19,291,352
U.S. Government securities	23,506,629
Asset backed securities	1,786,029
Mortgage backed securities	92,337,072
Real estate investment trusts	7,766,948
Corporate bonds and notes	71,017,049
Mutual funds- bonds	2,527,121
Mutual funds- equity	1,855,437
Certificates of deposit	750,000
Common stocks	243,217,240
Receivables:	
Other receivables	201,078
Employer and employee contributions	907,845
Accrued interest and dividends	1,900,431
Fraud recovery	227,351
Investments sold	25,650
Loans to members	11,195,865
Total assets	<u>630,369,155</u>
<u>LIABILITIES AND NET ASSETS</u>	
Obligations under securities lending	119,928,583
Due to retired participants	34,813,393
Investments purchased	6,885,031
Accounts payable and accrued liabilities	475,352
DROP payable	<u>2,307,230</u>
Total liabilities	<u>164,409,589</u>
Net assets held in trust for pension benefits	<u>\$ 465,959,566</u>

See notes to basic financial statements.

CITY OF HIALEAH, FLORIDA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 19,958,105
Employee	6,396,929
State	<u>461,877</u>
Total contributions	<u>26,816,911</u>
Investment income:	
Net appreciation in fair value of investments	1,284,366
Investment earnings	<u>18,830,964</u>
	20,115,330
Less investment expenses	<u>1,020,230</u>
Net investment income	<u>19,095,100</u>
Total additions	<u>45,912,011</u>
DEDUCTIONS	
Pension benefits	34,337,574
Refunds of contributions	6,631,159
DROP benefits	<u>1,523,771</u>
Total deductions	<u>42,492,504</u>
Net increase	3,419,507
Net assets held in trust for pension benefits:	
Beginning	<u>462,540,059</u>
Ending	<u>\$ 465,959,566</u>

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

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 (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The more significant of the City's accounting policies are described below.

a. The Financial Reporting Entity

The financial statements were prepared in accordance with Government Accounting Standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon the application of these criteria, there were no organizations that met the criteria described above.

Related Organization

The City Council is also responsible for appointing the members of the Board of the Hialeah Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. In fiscal year 2009, the City appropriated an operating grant of approximately \$135,000 to this organization, of which \$135,000 was expended.

b. Government-Wide and Fund Financial Statements

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

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

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

2. *Interfund Activity*

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

4. Capital Assets

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

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

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Compensated Absences*

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

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

6. *Unearned/ Deferred Revenues*

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

7. *Long-Term Obligations*

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Fund Equity

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

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

Net assets of the governmental activities, as of October 1, 2008, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 135,176,645
Correction of compensated absences	(4,204,672)
Correction of notes receivable (see note 5)	<u>4,800,000</u>
Net assets – beginning as restated	<u>\$135,771,973</u>

Net assets of the business type activities, as of October 1, 2008, were restated to correct the adjustments noted below:

Net assets – beginning as previously reported	\$ 134,673,943
Correction of compensated absences	<u>(140,446)</u>
Net assets – beginning as restated	<u>\$134,533,497</u>

Net assets of the enterprise funds, as of October 1, 2008, were restated to correct the adjustments noted below:

	<u>Water and Sewers</u>	<u>Solid Waste</u>
Net assets – beginning as previously reported	\$137,284,374	\$(3,001,499)
Correction of compensated absences	<u>76,266</u>	<u>(216,712)</u>
Net assets – beginning as restated	<u>\$137,360,640</u>	<u>\$(3,218,211)</u>

9. Capital Contributions

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

10. Utility Billings

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Rebatable Arbitrage*

The City has elected the option of treating rebatable arbitrage as a reduction of investment income. However, for the fiscal year ended September 30, 2009, there was no rebatable arbitrage required to be recorded.

12. *Employee Benefit Plans and Net Pension Asset/Obligation*

The City provides two separate defined benefit pension plans for its employees and elected officials. At September 30, 2009, the City recorded a net pension obligation related to the Employees' Retirement System and a net pension asset related to the Elected Officials' Retirement System in its government-wide statement of net assets. The net pension asset/obligations are functions of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers contributions made to the Plans. Please refer to Note 13 for further information.

13. *Use of Estimates*

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. 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.

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 assessed value of property at January 1, 2008, upon which the 2008-2009 levy was based, was approximately \$10.26 billion. The County bills and collects all property taxes for the City.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2009 was 6.540 mills per \$1,000 of assessed valuation.

NOTE 3. CASH AND INVESTMENTS

Cash

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

Investments

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

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

	Fair Value	Less Than 1	<u>Investment Maturities (In Years)</u>		More Than 10
			<u>1 to 5</u>	<u>6 to 10</u>	
<u>City of Hialeah Employees' Retirement System's</u>					
U.S. Treasuries	\$ 19,291,352	\$1,998,311	\$10,073,330	\$7,219,710	\$ -
U.S. Agencies/Instrumentalities	23,506,629	6,077,253	8,921,560	3,995,698	4,512,117
Corporate Bonds	71,017,049	4,144,325	24,544,870	27,620,396	14,707,459
Mortgage Backed Securities	92,337,072	-	1,401,288	10,153,070	80,782,715
Asset Backed Securities	<u>1,786,029</u>	<u>-</u>	<u>1,717,945</u>	<u>-</u>	<u>68,084</u>
Sub-total	<u>207,938,131</u>	<u>12,219,889</u>	<u>46,658,993</u>	<u>48,988,874</u>	<u>100,070,375</u>
Real estate investment trusts	<u>7,766,948</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Common stocks	<u>243,217,240</u>				
Sub-total	<u>458,922,319</u>	<u>12,219,889</u>	<u>46,658,993</u>	<u>48,988,874</u>	<u>100,070,375</u>
<u>Elected Officials Retirement Plan</u>					
Certificates of deposits	750,000	750,000			
Vanguard-bond mutual funds	<u>2,527,121</u>	<u>-</u>	<u>2,527,121</u>	<u>-</u>	<u>-</u>
Sub-total	<u>3,277,121</u>	<u>750,000</u>	<u>2,527,121</u>	<u>-</u>	<u>-</u>
Vanguard-equity funds	<u>1,855,437</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Sub-total	<u>5,132,558</u>	<u>750,000</u>	<u>2,527,121</u>	<u>-</u>	<u>-</u>
<u>Primary Government</u>					
FMIvT-bond mutual funds	<u>25,340,111</u>	<u>2,467,650</u>	<u>22,872,461</u>	<u>-</u>	<u>-</u>
Total	<u>\$489,394,988</u>	<u>\$15,437,539</u>	<u>\$72,058,575</u>	<u>\$48,988,874</u>	<u>\$100,070,375</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City has an investment policy that limits investments to the highest ratings by nationally recognized statistical rating organizations (NRSPO) – (Standard and Poor's, Moody's Investors Services and Fitch Ratings). Excess funds are also invested daily with the Florida Municipal Investment Trust (FMIvT).

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

As of September 30, 2009, the City's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
<u>City of Hialeah Employees' Retirement System's</u>		
U.S. Treasuries	\$ 23,506,629	AAA
U.S. Agencies/Instrumentalities	19,291,352	AAA
Mortgage Backed Securities	253,469	A2
Mortgage Backed Securities	91,219,562	AAA
Mortgage Backed Securities	211,324	BA1
Mortgage Backed Securities	652,716	NA
Asset Backed Securities	1,786,029	AAA
Corporate Bonds	9,236,016	A1
Corporate Bonds	17,663,864	A2
Corporate Bonds	6,889,309	A3
Corporate Bonds	672,456	AA1
Corporate Bonds	6,671,351	AA2
Corporate Bonds	6,400,901	AA3
Corporate Bonds	1,484,148	AAA
Corporate Bonds	10,715,068	BAA1
Corporate Bonds	6,011,352	BAA2
Corporate Bonds	<u>5,272,585</u>	BAA3
Sub-total	<u>207,938,131</u>	
<u>Elected Officials Retirement Plan</u>		
Inter-Term Bond Index Adm	971,099	Aa2/Aa3
Short-Term Bond Index Adm	353,535	Aa2/Aa3
Inflation Protect Sec Adm	317,209	Aa1/Aa2
GNMA Fund Admiral Shares	690,189	Aaa
Long-term Invest Gr Adm	195,089	Aaa
Sub-total	<u>2,527,121</u>	
<u>Primary Government</u>		
Florida Municipal Investment Trust:		
1-3 Year High Quality Bond	2,467,650	AAA/V2
Intermediate High Quality Fund	<u>22,872,461</u>	AAA/V3
Sub-total	<u>25,340,111</u>	
Total	<u>\$235,805,363</u>	

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (Continued)

Concentration Credit Risk

GASB Statement 40 requires disclosure of investments in any one issuer that represents 5% or more of the total of the City's investments. Conversely, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from the concentration of credit risk disclosure requirement.

As of September 30, 2009, concentration of the City of Hialeah Employees' Retirement System's investments was as follows:

FED HM LN PC POOL G13072	6.83%
FNMA Pool – 622547	6.89%
FNMA Pool – AA7720	6.76%

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the City of Hialeah Employees' Retirement System's (the "Plan") securities lending policy, \$116,575,083 was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

Securities Lending Transactions

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

During the fiscal year, State Street lent, on behalf of the Plan, certain securities of the Plan held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government and letters of credit. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% of the market value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to provide a form of indemnification to the Plan in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration and notice of Default of the Borrower (other than the default by Lehman Brothers Inc. which occurred in September 2009, and the Plan was made whole in connection with this process).

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. CASH AND INVESTMENTS (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, 2009, such investment pool had an average duration of 47 days and an average weighted final maturity of 271 days for USD collateral. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral.

GASB Statement No. 28, Accounting and Financial Reporting for Securities Lending Transactions, establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their balance sheets unless the entity did not have the ability to pledge or sell collateral securities absent a borrower default as the case with the Plan. Cash received as collateral and investments made with that cash must also be reported as assets. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them. The market values of collateral held and securities on loan for Plan as of September 30, 2009, were \$119,928,584 and \$116,575,083; respectively. The \$119,928,584 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 \$119,928,584 for obligations under security lending.

NOTE 4. RECEIVABLES

Receivables as of September 30, 2009 for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water & Sewers	Solid Waste	Nonmajor Governmental Funds	Total
Receivables:					
Billed	\$ -	\$ 7,799,717	\$ -	\$ 706,483	\$ 8,506,200
Unbilled	-	3,522,724	-	-	3,522,724
Franchise and utility	5,038,516	-	-	-	5,038,516
Intergovernmental	2,761,133	-	-	1,278,052	4,039,185
Grants	1,480,089	-	-	15,285,371	16,765,460
Other	183,652	2,154,141	641,432	-	2,979,225
Sales taxes	1,999,500	-	-	-	1,999,500
Gross receivables	11,462,890	13,476,582	641,432	17,269,906	42,850,810
Less: allowances for uncollectibles	-	605,000	-	660,993	1,265,993
Net total receivables	\$ 11,462,890	\$ 12,871,582	\$ 641,432	\$ 16,608,913	\$ 41,584,817

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 4. RECEIVABLES (Continued)

Revenues of the Water & Sewer, 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 are as follows:

Uncollectible related to water & sewer fees	\$ 205,000
Uncollectible related to fire rescue transport fees	<u>2,567,524</u>
Total uncollectible for the current fiscal year	<u>\$2,772,524</u>

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

Occupational licenses	\$ 1,695,401
Grants and other deferred revenues	1,528,082
Hayes program	178,812
Community Development Block Grant (CDBG)	2,470,578
State Housing Initiative Program (SHIP)	2,818,835
Notes receivable (see note 5)	<u>6,642,078</u>
	<u>\$15,333,786</u>

NOTE 5. NOTES RECEIVABLE

Note Receivable- Palm Centre

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

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

The amended land lease agreement provides for the following terms:

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 5. NOTES RECEIVABLE (Continued)

The future minimum receivable and net present value of these minimum payments as of September 30, 2009 were:

Long-term receivable	\$3,578,872
Less present value	<u>(1,736,794)</u>
Present value of future receivable payments	<u>\$1,842,078</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.

Note Receivable- Villas Hialeah

Pursuant to a "Reaffirmation of HODAG Note Obligation and Extension of Maturity Date with Interest" agreement (the "Reaffirmation Agreement") dated November 25, 2009; the City recorded a note receivable of \$4,800,000 due from a developer (See Prior Period Adjustment Note 1 d.(8)). The developer through a Subordination and Assumption Agreement dated December 23, 2002 (Subordination Agreement) had assumed a Housing Development Grant ("HODAG Note") awarded on November 25, 1987 to an unrelated developer through the City in the amount of \$4,800,000 with payment due in full on November 25, 2009. No payment of principal and interest was due on the HODAG Note until the first loan is paid in full or with proceeds from the re-financing of the property. The HODAG Note is secured by a Second Mortgage issued to the City and is subordinate to the loan provided to the developer in the amount of \$15,793,850 to purchase the property from the original owner. The HODAG Note matures on November 25, 2009 and the City through the Reaffirmation Agreement has extended the maturity for one year in exchange for an interest payment of 5% with the option to extend the maturity for an additional one year period for a 6% interest payment.

The City has recorded the notes receivable in its governmental-wide financial statements as of September 30, 2009. No allowance against the notes receivable are deemed necessary at September 30, 2009. The notes receivable were 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 6. DUE FROM/TO OTHER FUNDS

The amounts due from/to other funds at September 30, 2009 were as follows:

	<u>Receivables</u>	<u>Payables</u>
Major Governmental Funds	<u>\$22,884,669</u>	<u>\$13,577,163</u>
Non-Major Governmental Funds	<u>15,172,617</u>	<u>16,578,991</u>
Major Proprietary Type Funds		
Water and Sewer	652,280	5,729,256
Solid Waste	<u>2,112,732</u>	<u>4,936,888</u>
Total Major Proprietary Type Funds	<u>2,765,012</u>	<u>10,666,144</u>
	<u>\$40,822,298</u>	<u>\$40,822,298</u>

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

As of September 30, 2009, major fund and non-major fund activity was as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
Major Governmental Funds		
General Fund	\$ _____ -	<u>\$1,633,587</u>
Total Major Governmental Funds	_____ -	<u>1,633,587</u>
Non-Major Governmental Funds	<u>3,419,660</u>	<u>1,467,074</u>
Non-Major Proprietary Type Funds		
Hialeah Circulator	_____ -	<u>391,068</u>
	<u>\$3,419,660</u>	<u>\$3,491,729</u>

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

During 2009, the City changed the reporting of the Hialeah Circulator fund from an enterprise fund to a governmental fund. The reconciling difference of \$72,069 between transfers in and transfers out represents the net amount of the capital assets and OPEB liability that was transferred to the governmental activities.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 7. RESTRICTED ASSETS

Restricted assets consist of the cash restricted for debt service, capital projects, advances, public safety and customer deposits at September 30, 2009:

Water and Sewers Fund

Customers' deposit - cash and investments	\$ 7,113,687
Restricted for Miami-Dade County DERM – DERM Fee	3,541,943
Reverse Osmosis Plant- Joint Participation Agreement	<u>14,138,881</u>
Total restricted cash water and sewers fund	<u>24,794,511</u>

Other restricted assets

Customer accounts - Solid Waste Fund	2,154,141
Customer accounts - Stormwater Fund	711,943
Customer accounts - City Utility Tax	<u>417,462</u>
Total other restricted assets water and sewers fund	<u>3,283,546</u>

Total restricted assets water and sewers fund 28,078,057

Governmental Funds

Capital Project Funds	
Capital Improvement Construction	2,379,353
Total Restricted for Capital Project	<u>2,379,353</u>

Special Revenue Funds

Rescue Transportation	\$958,699
Fire Prevention	177,373
State Law Enforcement Trust	36,218
Federal Law Enforcement Trust	<u>342,408</u>
Total Restricted for Public Safety	<u>1,514,698</u>

Debt Service

Debt Service Funds	<u>24,018</u>
Total Restricted for Debt Service	<u>24,018</u>

Total Restricted Assets \$31,996,126

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2009 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 29,051,407	\$ -	\$ -	\$ -	\$ 29,051,407
Construction in Progress	10,591,478	6,359,454	-	(9,286,453)	7,664,479
Total capital assets not being depreciated	<u>39,642,885</u>	<u>6,359,454</u>	<u>-</u>	<u>(9,286,453)</u>	<u>36,715,886</u>
Capital assets being depreciated:					
Buildings	91,296,811	1,259,266	-	5,280,422	97,836,499
Improvements other than buildings	24,222,368	656,830	-	-	24,879,198
Furniture, fixtures, machinery and equipment	40,291,765	3,778,695	(1,758,246)	322,151	42,634,365
Infrastructure	310,340,122	3,484,840	-	4,006,031	317,830,993
Total capital assets being depreciated	<u>466,151,066</u>	<u>9,179,631</u>	<u>(1,758,246)</u>	<u>9,608,604</u>	<u>483,181,055</u>
Less accumulated depreciation for:					
Buildings	16,653,962	2,422,188	-	-	19,076,150
Improvements other than buildings	10,931,563	1,183,335	-	-	12,114,898
Furniture, fixtures, machinery and equipment	25,791,919	3,108,026	(1,758,246)	81,801	27,223,500
Infrastructure	139,095,729	9,226,393	-	-	148,322,122
Total accumulated depreciation	<u>192,473,173</u>	<u>15,939,942</u>	<u>(1,758,246)</u>	<u>81,801</u>	<u>206,736,670</u>
Total capital assets being depreciated, net	<u>273,677,893</u>	<u>(6,760,311)</u>	<u>-</u>	<u>9,526,803</u>	<u>276,444,385</u>
Governmental activities capital assets, net	<u>\$ 313,320,778</u>	<u>\$ (400,857)</u>	<u>\$ -</u>	<u>\$ 240,350</u>	<u>\$ 313,160,271</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. CAPITAL ASSETS (Continued)

	Beginning				Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
<u>Business-type activities</u>					
Capital assets not being depreciated:					
Land	\$ 329,356	\$ -	\$ -	\$ -	\$ 329,356
Construction-in-progress	<u>2,094,993</u>	<u>3,885,563</u>	-	-	<u>5,980,556</u>
Total capital assets not being depreciated	<u>2,424,349</u>	<u>3,885,563</u>	-	-	<u>6,309,912</u>
Capital assets being depreciated:					
Buildings and utility plant	3,676,073	219,234	-		3,895,307
Improvements to other than building	320,533	-	-		320,533
Machinery and equipment	17,609,124	318,302	-	(322,151)	17,605,275
Infrastructure	<u>146,809,908</u>	<u>15,250,780</u>	<u>(41,401)</u>	-	<u>162,019,287</u>
Total capital assets being depreciated	<u>168,415,638</u>	<u>15,788,316</u>	<u>(41,401)</u>	<u>(322,151)</u>	<u>183,840,402</u>
Less accumulated depreciation for:					
Buildings and utility plant	2,092,460	110,689	-	-	2,203,149
Improvements other than building	177,412	30,166	-	-	207,578
Machinery and equipment	13,644,488	1,027,137	-	(81,801)	14,589,824
Infrastructure	<u>64,527,031</u>	<u>3,025,248</u>	<u>(41,401)</u>	-	<u>67,510,878</u>
Total accumulated depreciation	<u>80,441,391</u>	<u>4,193,240</u>	-	<u>(81,801)</u>	<u>84,511,429</u>
Total capital assets being depreciated, net	<u>87,974,247</u>	<u>11,595,076</u>	-	<u>(240,350)</u>	<u>99,328,973</u>
Business-type activities capital assets, net	<u>\$90,398,596</u>	<u>\$15,480,639</u>	\$ -	<u>\$(240,350)</u>	<u>\$105,638,885</u>

During 2009, the City transferred approximately \$9,286,453 of completed projects of its governmental activities to buildings, improvements and infrastructure. The net increase in transfers of \$240,350 was due to the transfer of the capital assets of the Hialeah Circulator fund to the governmental activities. The Hialeah Circulator fund was previously reported as an enterprise fund.

Construction Commitments

At September 30, 2009, the City had in process various construction projects that were not completed with a remaining balance totaling \$12,298,702. 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 8. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 2,546,136
Police	1,298,838
Fire	1,161,965
Streets	9,485,833
Recreation	<u>1,447,170</u>
Total depreciation expense - governmental activities	<u>\$15,939,942</u>
Business-type activities:	
Water and sewer	\$ 3,447,045
Solid waste	<u>746,196</u>
Total depreciation expense - business-type activities	<u>\$ 4,193,241</u>

NOTE 9. CAPITAL LEASES

The City has entered into a lease agreement as lessee for the retrofit installation of energy efficiency equipment in City buildings. Payment on the lease is due quarterly through 2010. During 2009, the City entered into a purchase lease agreement for equipment totaling \$362,788, which calls for five annual installments of \$80,806. 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 fixed 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>
Buildings	\$875,500
Equipment	362,788
Less: accumulated depreciation	<u>(873,476)</u>
	<u>\$364,812</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 were:

<u>Year ending September 30:</u>	
2010	\$ 120,619
2011	80,806
2012	80,806
2013	<u>80,806</u>
Total minimum lease payments	363,037
Less: amount representing interest	<u>(28,612)</u>
Present value of minimum lease payments	<u>\$334,425</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT

1993 Revenue Bonds - On November 1993, the City issued \$4,400,000 Capital Improvement Revenue Bonds, Series 1993 (the "Series 1993 Bonds"). Proceeds from the Series 1993 Bonds were used to finance construction of a new fire administration building, fund the debt service account and pay certain issuance costs. The Series 1993 bonds mature October 2018 and bear interest ranging from 3.1% to 5.5%. The Series 1993 Bonds are secured by a lien upon revenues derived by rescue transport service fees. The City will budget non-ad valorem revenues if such revenue is not adequate to pay debt service costs. During 2008, the City refunded the 1993 Revenue Bonds with the issuance of the Capital Improvement Revenue Refunding Bonds, Series 2007.

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

The net proceeds of \$2,283,000 were used to advance refund the Series 1993 Bonds with a total principal amount of \$2,610,000 and an interest rate ranging from 3.1% to 5.5%.

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

Fiscal Year End	Principal	Interest	Total
2010	\$ 183,688	\$ 86,882	\$ 270,570
2011	191,886	78,684	270,570
2012	200,250	70,320	270,570
2013	209,387	61,184	270,570
2014	218,732	51,839	270,570
2015-2019	1,043,808	106,116	1,149,924
	<u>\$ 2,047,751</u>	<u>\$ 455,025</u>	<u>\$ 2,502,776</u>

State of Florida

In fiscal year 1977, the Water and Sewers Fund borrowed \$43,490,000 from the State of Florida toward the construction of the East Side Sewer System. The loan, which bears interest at rates ranging from 5.4% to 5.6%, is payable in varying annual installments of principal and interest through 2008. The loan is collateralized by a secondary lien on net revenues of the water and sewer system after the funding requirements of the 1968 revenue bonds have been met.

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).

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

State of Florida (Continued)

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, 2009, the unamortized deferred interest balance was \$1,655,363. The City paid off the State of Florida loan in 2008.

Notes Payable

Notes payable recorded in the governmental entity-wide statement relate to loans from the Florida Municipal Loan Council and a Community Development Block Grant Section 108 Loan.

1) Florida Municipal Loan Council

On April 28, 1999, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$30,000,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 1999 for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$18,120,000 and calls for semi-annual payments due on April 1 and October 1, commencing on October 1, 1999 through April 1, 2019 and bears interest at varying rates ranging from 3.2% to 5.1%.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,460,000	\$ 871,463	\$ 2,331,463
2011	1,525,000	807,588	2,332,588
2012	1,595,000	738,963	2,333,963
2013	1,665,000	667,188	2,332,188
2014	1,740,000	592,263	2,332,263
2015-2019	10,135,000	1,535,819	11,670,819
	<u>\$ 18,120,000</u>	<u>\$ 5,213,281</u>	<u>\$ 23,333,281</u>

On May 1, 2003, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,135,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2003A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$42,960,000 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%.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

Notes Payable (Continued)

1) Florida Municipal Loan Council (Continued)

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

Fiscal Year End	Principal	Interest	Total
2010	\$ 960,000	\$ 2,145,838	\$ 3,105,838
2011	1,005,000	2,097,838	3,102,838
2012	1,055,000	2,047,588	3,102,588
2013	1,110,000	1,994,838	3,104,838
2014	1,165,000	1,936,563	3,101,563
2015-2019	6,825,000	8,696,863	15,521,863
2020-2024	8,775,000	6,743,788	15,518,788
2025-2029	11,060,000	4,452,950	15,512,950
2030-2033	11,005,000	1,409,000	12,414,000
	\$ 42,960,000	\$ 31,525,263	\$ 74,485,263

On February 15, 2005, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$29,090,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2005A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$26,980,000 and calls for annual payments due on February 1, commencing on February 1, 2006 through February 1, 2035 and bears interest at varying rates ranging from 3.0% to 5.0%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2009.

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

Fiscal Year End	Principal	Interest	Total
2010	\$ 575,000	\$ 1,270,002	\$ 1,845,002
2011	595,000	1,249,005	1,844,005
2012	620,000	1,226,540	1,846,540
2013	640,000	1,202,357	1,842,357
2014	665,000	1,176,594	1,841,594
2015-2019	3,740,000	5,452,678	9,192,678
2020-2024	4,735,000	4,419,910	9,154,910
2025-2029	6,025,000	3,105,211	9,130,211
2030-2034	7,620,000	1,458,331	9,078,331
2035	1,765,000	45,485	1,810,485
	\$ 26,980,000	\$ 20,606,113	\$ 47,586,113

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

2) Community Development Block Grant Section 108 Loan

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

The loan had an outstanding balance of \$2,890,000 at September 30, 2009.

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

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

Fiscal Year End	Principal	Interest	Total
2010	\$ 210,000	\$ 224,946	\$ 434,946
2011	225,000	209,305	434,305
2012	240,000	192,435	432,435
2013	255,000	174,080	429,080
2014	275,000	154,399	429,399
2015-2019	1,685,000	418,583	2,103,583
	\$ 2,890,000	\$ 1,373,748	\$ 4,263,748

3) Bond Anticipation Refunding Note

On December 16, 2005, the City entered into a loan agreement with SunTrust Bank for a construction line of credit for the purpose of financing the construction of a 300-unit affordable housing project in the amount of \$15,000,000. Quarterly interest only payments shall be due and payable commencing on March 1, 2006 and ending on December 1, 2008 (the "Maturity Date") with the entire unpaid principal balance due and payable in full on the maturity date at a variable interest rate, currently at 4.69% and not to exceed 12% over the life of the loan. During 2009, the City entered into a new loan agreement with the bank which extended the maturity date to January 31, 2010 and increased the line of credit to \$18,000,000. The note is secured by a pledged of net rental income, a covenant to allocate HOME Program Funds annually to pay all amounts due under the note and a covenant to budget and appropriate non-ad valorem revenues sufficient to pay the principal and interest due on the note for the fiscal year. At September 30, 2009, the loan had an outstanding balance of \$16,500,000.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

3) Bond Anticipation Refunding Note (Continued)

Subsequent to year end the maturity date of the note was extended to August 1, 2011 and the interest rate was reduced to 3.42%.

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

Fiscal Year End	Principal	Interest	Total
2010	\$1,916,130	\$592,808	\$2,508,938
2011	14,583,870	425,285	15,009,155
	\$16,500,000	\$1,1018,093	\$17,518,093

Mortgage Payable

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

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

Fiscal Year End	Principal	Interest	Total
2010	\$ 6,461	\$ 2,646	\$ 9,107
2011	6,657	2,450	9,107
2012	6,860	2,247	9,107
2013	7,068	2,038	9,107
2014	7,283	1,823	9,107
2015-2019	39,877	5,656	45,533
2020-2021	11,238	513	11,751
	\$ 85,444	\$ 17,374	\$ 102,818

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, 2009 the project had not been completed and the amount of the loan available for the project was \$2,997,370 of which the City had withdrawn \$2,312,470. The loan shall be repaid in 18 semiannual loan payments of \$110,945 beginning September 15, 2007, which is based on the total amount owed. Amount due as of September 30, 2009 was \$1,875,810, which includes capitalized interest and other costs.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. LONG-TERM DEBT (Continued)

Note Payable- Charter School

The City of Hialeah Education Academy has a note payable due to Academica Dade, LLC totaling \$103,325. The note bears no interest rate and full payment is due June 30, 2012.

Changes in Long-Term Liabilities

The following is a summary of changes in the long-term debt for the year ended September 30, 2009:

	Balance September 30, 2008	Additions	Reductions	Balance September 30, 2009	Due Within One Year
Governmental activities:					
Revenue bonds-2007	\$ 2,223,591	\$ -	\$ (175,840)	\$ 2,047,751	\$ 183,688
Notes:					
CDBG Sec 108	3,090,000	-	(200,000)	2,890,000	210,000
FMLC 1999 Bond	19,520,000	-	(1,400,000)	18,120,000	1,460,000
FMLC 2003 Bond	43,890,000	-	(930,000)	42,960,000	960,000
FMLC 2005 Bond	27,535,000	-	(555,000)	26,980,000	575,000
Bond Anticipation Loan	15,000,000	3,000,000	(1,500,000)	16,500,000	1,916,130
Notes payable	109,035,000	3,000,000	(4,585,000)	107,450,000	5,121,130
Less deferred amounts:					
Bond issuance costs	(1,408,142)	-	66,574	(1,341,568)	(66,574)
Discount	(53,022)	-	5,050	(47,972)	(5,050)
Premium	2,321,519	-	(92,283)	2,229,236	92,283
	860,355	-	(20,659)	839,696	20,659
Notes Payable Net	109,895,355	3,000,000	(4,605,659)	108,289,696	5,141,789
Capital leases	113,992	362,788	(142,354)	334,426	108,897
Mortgage payable	91,761	-	(6,317)	85,444	6,461
Total	112,324,699	3,362,788	(4,930,170)	110,757,317	5,440,835
Note Payable- Charter School	\$ -	\$ 103,325	\$ -	\$ 103,325	\$ -
Claims payable	\$ 39,869,120	\$ 27,319,623	\$ (26,871,549)	\$ 40,317,194	\$ 2,276,713
Compensated absences	\$ 20,348,287	\$ 10,613,073	\$ (7,971,198)	\$ 22,990,162	\$ 135,285
OPEB liability	\$ 9,653,332	\$ 15,666,813	\$ (4,909,972)	\$ 20,410,173	\$ -
Net Pension Obligation	\$ 40,908,557	\$ 18,812,640	\$ (19,354,072)	\$ 40,367,125	\$ -
Total Governmental activities	\$ 223,103,995	\$ 75,878,262	\$ (64,036,961)	\$ 234,945,296	\$ 7,852,833
Business-type activities:					
Revolving loan	2,047,309	-	(171,499)	1,875,810	110,945
Miami-Dade County water purchase agreement	176,416	-	(176,416)	-	-
Total bonds and loans payable	\$ 2,223,725	\$ -	\$ (347,915)	\$ 1,875,810	\$ 110,945
Claims payable	\$ 6,134,524	\$ 1,972,932	\$ (2,697,433)	\$ 5,410,023	\$ 305,504
OPEB liability	\$ 1,592,370	\$ 2,187,187	\$ (685,464)	\$ 3,094,093	\$ -
Compensated absences	\$ 2,015,203	\$ 1,621,734	\$ (942,876)	\$ 2,694,061	\$ -
Total Business-type activities	\$ 11,965,822	\$ 5,781,853	\$ (4,673,688)	\$ 13,073,987	\$ 416,449

Other long-term liabilities such as compensated absences are normally paid from the general fund.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. RISK MANAGEMENT

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

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

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning	\$46,003,644	\$39,047,904	\$39,047,904
Incurred claims (including IBNR)	29,292,555	41,832,579	34,611,139
Claims payments	<u>(29,568,982)</u>	<u>(34,981,550)</u>	<u>(34,506,428)</u>
Unpaid claims, ending	<u>\$45,727,217</u>	<u>\$46,003,644</u>	<u>\$39,152,615</u>

NOTE 12. COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

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

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Charter School Agreements

On April 17, 2008, the City executed a contract with the School Board of Miami-Dade County, Florida that provides for The City of Hialeah Education Academy 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.

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

Water and Sewers Fund- Agreements with Miami-Dade County

The Department of Water and Sewers has entered into two agreements with the Miami-Dade Water and Sewer Department (the "County"), whereby the County will sell treated water and provide wastewater treatment and disposal services through September 2007 and February 2009, respectively, to the extent required by the City. (City is currently negotiating extensions.) 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, 2009 were \$10,562,804 for water services and \$11,160,593 for wastewater treatment and disposal services.

Water and Sewers Fund- Administrative Consent Agreement

The Department of Water and Sewers has entered 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 (MDCC). Pursuant to this agreement the City has agreed to correct deficiencies noted in a report submitted by DERM (SESS Phase III Report) which identified thirty five (35) pump stations within the City's sewer collection and transmission system that are not in conformance with the requirements of MDCC Section 24-42.2. The agreement requires the City to have corrected all the deficiencies noted in the SESS Phase III Report by September 30, 2010. The City is currently negotiating with DERM for a one year extension to comply with the agreement to September 30, 2011 and estimates that it will cost the City between \$2 million to \$4 million to correct the remaining pump stations to meet the requirements of the agreement.

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. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS

EMPLOYEES' RETIREMENT SYSTEM

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

Plan Description

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

Membership in the Plan as of October 1, 2008 consisted of the following:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,115
Terminated employees entitled to benefits but not yet receiving them	<u>88</u>
Subtotal	<u>1,203</u>
Active employees:	
General employees	690
Police officers and firefighters	<u>748</u>
Subtotal	<u>1,438</u>
Total members	<u>2,641</u>

Loans to Members

The Employees' Retirement System Plan permits members to borrow from the Plan assets (subject to the rules of the Internal Revenue Service) at rates determined by the Plan Trustees. Interest charged on loans is 1.5% above the Wall Street Journal prime rate (4.75% as of September 30, 2009). 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 13. 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	\$17,861,709
Interest on net pension obligation	3,272,685
Adjustment to annual required contribution	<u>(2,321,754)</u>
Annual pension cost	18,812,640
Contributions made	<u>(19,354,072)</u>
Decrease in net pension obligation	(541,432)
Net pension obligation, beginning of year	<u>40,908,557</u>
Net pension obligation, end of year	<u>\$ 40,367,125</u>

The annual required contribution for the current year was determined as part of the October 1, 2008 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 fs. actual returns method. The unfunded actuarial accrued liability is being amortized using the level dollar open basis. The remaining amortization period was 30 years.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

EMPLOYEES' RETIREMENT SYSTEM (Continued)

<u>Three-Year Trend Information</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2007	\$15,501,815	93%	\$41,091,160
9/30/2008	\$17,935,308	101%	\$40,908,557
9/30/2009	\$18,812,640	103%	\$40,367,125

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, 2009, there were thirty-one (31) 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. The latest available actuarial valuation is as of September 30, 2008, however, employer contribution requirements for the year ended September 30, 2009 were based on the September 30, 2008 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 13. EMPLOYEES' AND ELECTED OFFICIALS' RETIREMENT SYSTEMS (Continued)

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

Membership in the Plan as of September 30, 2008, the date of the most recent actuarial valuation, was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>12</u>
Current employees:	
Vested	14
Non-vested	<u>-</u>
Total	<u>14</u>

Pension Benefits

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

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

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

Contributions and Funding Policy

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

Basis of Accounting

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

Method Used to Value Investments

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

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

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	\$	288,006
Interest on net pension obligation		(105,097)
Adjustment to annual required contribution		<u>167,139</u>
Annual pension cost		350,048
Contributions made		<u>500,000</u>
Decrease in net pension obligation		(149,952)
Net pension obligation (asset), beginning of year		<u>(1,751,613)</u>
Net pension obligation (asset), end of year		<u><u>\$ (1,901,565)</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>
9/30/2007	276,320	181%	(1,565,708)
9/30/2008	313,995	159%	(1,751,613)
9/30/2009	350,048	143%	(1,901,565)

The annual required contribution for the current year was determined as part of the September 30, 2008 actuarial valuation, using the individual entry age 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, 2008 was 5-26 years, closed.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

ELECTED OFFICIALS' RETIREMENT SYSTEM (Continued)

The 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, 2009

ASSETS

Cash and cash equivalents	<u>\$725,024</u>
Investments, at fair value:	
Certificates of Deposit	750,000
Mutual Funds – Bonds	2,527,121
Mutual Funds – Equity	<u>1,855,437</u>
Total Investments, at fair value	<u>5,132,558</u>
 Total assets	 <u>5,857,582</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>90,926</u>
Net assets held in trust for pension benefits	<u>\$5,766,656</u>

STATEMENT OF CHANGES IN NET ASSETS FISCAL YEAR ENDED SEPTEMBER 30, 2009

ADDITIONS

Contributions:	
Employer	<u>\$ 500,000</u>
Investment income:	
Net appreciation in fair value of investment	595,885
	595,885
Less investment expenses	<u>8,625</u>
Net investment income	<u>587,260</u>
Total additions	<u>1,087,260</u>

DEDUCTIONS

Pension benefits	<u>160,388</u>
Net increase	926,872
Net assets held in trust for pension benefits:	
Beginning	<u>4,839,784</u>
Ending	<u>\$5,766,656</u>

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

Funded Status and Funding Progress

The funded status of the Plans as of October 1, 2008, 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
10/1/2008	\$526,091,435	\$627,530,393	\$101,438,958	83.8%	\$77,006,760	131.7%
<u>ELECTED OFFICIALS' RETIREMENT SYSTEM</u>						
10/1/2008	\$4,839,784	\$5,589,488	\$749,704	86.6%	\$1,200,461	62.5%

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, 2008	September 30, 2008
Actuarial cost method	Entry age normal	Individual entry age
Amortization method	Level dollar open	Level percent of payroll, closed
Remaining amortization period	30 years	5-26 years closed
Asset valuation method	5-year smoothed market vs actual returns	Market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3.5% to 12.0%	8%
* Includes inflation at:	3.5%	4%
Cost of living adjustment	2.0%	N/A

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 14. DEFINED CONTRIBUTION PLANS

The City of Hialeah has two defined contribution plans; the City of Hialeah Police Pension Fund and the City of Hialeah Firemen's Relief and Pension Fund. The Plans were created on March 27, 1984 by Ordinance 1781 as amended by Ordinance 84-43 and on May 26, 1981 by Ordinance 631 as amended by Ordinance 81-62, respectively. The purpose of these Plans is to provide a means whereby police officers and firefighters of the City may receive benefits from funds provided for that purpose by contributions of the City through state contributions provided by Chapter 175/185 of the Florida Statutes. The participants do not contribute to the Plans. These funds are a supplement to and in no way affect police officer and firefighter benefits under the City of Hialeah Employees' Retirement System. The City no longer receives passed-through State contributions for the police officers or firefighters. The City under Chapter 185 of the Florida Statutes has provided authorization to the State for the direct contribution of benefits to the Police Pension Fund. The City's Employment Retirement System received passed-through contributions from the two defined contribution plans totaling \$461,877 for the fiscal year ended September 30, 2009.

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.

NOTE 15. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation – fiscal 2009

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (Continued)

	<u>Governmental Funds</u>	<u>Water & Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Annual Required Contribution	\$ 15,666,813	\$ 1,088,776	\$ 1,098,411	\$ 17,854,000
Interest on the Net OPEB Obligation	-	-	-	-
Adjustment to the ARC	-	-	-	-
Annual OPEB cost	\$ 15,666,813	\$ 1,088,776	\$ 1,098,411	\$ 17,854,000
Less estimated employer contributions	<u>(4,909,972)</u>	<u>(341,222)</u>	<u>(344,242)</u>	<u>(5,595,436)</u>
Increase in Net OPEB Obligation	<u>10,756,840</u>	<u>747,554</u>	<u>754,170</u>	<u>12,258,564</u>
Net OPEB obligation— beginning of year	<u>9,653,332</u>	<u>832,283</u>	<u>760,087</u>	<u>11,245,702</u>
Net OPEB obligation—end of year	<u>\$20,410,172</u>	<u>\$1,579,837</u>	<u>\$ 1,514,257</u>	<u>\$ 23,504,266</u>

Funded Status and Funding Progress

The funded status of the plan (most recent actuarial valuation date October 1, 2006*) was as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$140,501,000	\$76,786,000	\$64,631,000	\$281,918,000
Actuarial value of plan assets	-	-	-	-
Unfunded actuarial accrued liability (UAAL)	\$140,501,000	\$76,786,000	\$64,631,000	\$281,918,000
Actuarial Value of Assets as a % of AAL	0%	0%	0%	0%
Covered Payroll	28,647,000	24,976,000	20,664,000	74,287,000
UAAL as a % of covered Payroll	490%	307%	313%	380%

*New Actuarial Valuation will be performed as of 10/1/09 for the September 30, 2010 fiscal year.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan, including the method of sharing of costs between the employer and plan members.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (Continued)

As of the most recent actuarial valuation performed as of October 1, 2006, the Entry age normal (percent of pay) actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11% initially, reduced by 1% per year to an ultimate rate of 5% after six years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30 year period beginning in fiscal 2008.

NOTE 16. JOINT PARTICIPATION AGREEMENT

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 shall have equal 50% ownership of the Plant, exclusive of land but inclusive of structures, facilities and appurtenances to be situated in the Annexation Area of the City, having a capacity of 17.5 MGD ("WTP"). The construction of the WTP building structures shall be in one phase, while the water production and related appurtenances shall be in three phases, with the final phase at full production or capacity. The WTP 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.

At all times during the operation of the WTP, the County and City shall each receive 50% of the water production produced by the WTP. However, if either party desires to purchase a portion of the other party's 50% share, the price of such water sold from one party to the other party shall be equal to the production costs.

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 WTP issued by the County; and (2) The expiration date of the original issuance of any bond related to the WTP 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 shall contribute and pay for 50% of the planning, design and construction and construction management (the "design and construction") costs for the WTP, in an amount not less than \$80 million, and the City shall contribute and pay for 50% of the design and construction costs of the WTP, 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.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16. JOINT PARTICIPATION AGREEMENT (Continued)

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 WTP and its related or connected uses, 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, upon the transfer of the land to the City, is liable for a wetlands mitigation payment, each party shall pay 50% of the amount of such payment. The City shall also receive 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 WTP 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. The City and the County acknowledge that the \$160 million estimate for the design and construction of the WTP does not include additional capital costs for the procurement of land for and the construction of additional wellfields for Phase II and III, 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 WTP, said grants shall be applied to the overall construction of the WTP, and the contribution required from each party shall be accordingly equally adjusted.

The County shall provided \$9.5 million at the time the Agreement was executed. The County shall provide incremental payments as set forth in the Operating Agreement with the Contractor, and shall provide the balance of the \$80 million contribution, if any, at the time of the commencement of operations of the WTP at Phase I. All money contributed by the City and the County shall be maintained by separate interest bearing accounts, and shall be used only for the purposes contemplated by the agreement. All interest that accrues in the account in which the County funds are deposited shall be credited towards the County's required contribution. All interest that accrues in the account in which the City funds are deposited shall be credited towards the City's required contribution. The City shall secure bond financing during 2010 for its contribution to the design and construction costs.

A volunteer Oversight Board shall be established consisting of five members who will serve without compensation for staggered two-year terms. The Oversight Board shall manage operations of the WTP after completion of Phase I, subject to the Operating Agreement with the Contractor. The Oversight Board shall review and approve the annual operating budget of the WTP, and shall provide overall financial oversight and financial management of the activities of the WTP within the physical perimeter of the WTP and well-fields. The Oversight Board shall not have any management or oversight of the water distribution system of the Hialeah Utility System. The Oversight Board shall not establish water rates and connection fees and other charges. The City shall appoint two members to the Oversight Board and fill vacancies of its appointed members due to resignation, expiration of terms of service, ill health or death and other reasons. The County shall appoint two members to the Oversight Board and fill vacancies of its appointed members due to resignation, expiration of terms of service, ill health or death or other reasons. The four appointed members, by a majority vote, shall appoint the fifth member of the Oversight Board. The Chair of the Board shall be selected by majority vote of the entire membership. The City and the County will jointly prepare documents reflecting the duties and responsibilities of the Oversight Board.

CITY OF HIALEAH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 16. JOINT PARTICIPATION AGREEMENT (Continued)

As of September 30, 2009, the City has received \$9,500,000 from the County and \$558,900 from the South Florida Water Management District towards the construction of the Plant. The City has deferred \$7,069,441 of the \$9,500,000 received from the County as of September 30, 2009. During 2009, the City also restricted \$7,069,441 of its share of the costs of the Plant and reported \$14,138,881 as restricted cash and cash equivalents for the construction of the Plant which includes the County's and City's share of the costs.

In 2009, the City was awarded a grant from the South Florida Water Management District of \$6,000,000 towards the construction of the Plant. The contribution from the District will reduce the City's and County's contribution to the Plant equally.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF HIALEAH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Ad valorem taxes	\$ 66,409,748	\$ 66,409,748	\$ 65,666,056	\$ (743,692)
Utility taxes	21,457,123	21,457,123	22,580,807	1,123,684
Franchise fees	11,455,000	11,455,000	11,602,898	147,898
Licenses and permits	6,305,500	6,359,021	6,767,212	408,191
State and local shared revenues	21,864,848	21,864,848	20,242,733	(1,622,115)
Fines and forfeitures	1,137,000	1,137,000	1,305,696	168,696
Interest	500,000	500,000	114,506	(385,494)
Government grants and other revenues	<u>5,993,599</u>	<u>6,667,515</u>	<u>6,218,694</u>	<u>(448,821)</u>
Total revenues	<u>135,122,818</u>	<u>135,850,255</u>	<u>134,498,602</u>	<u>(1,351,653)</u>
Other financing sources				
Proceeds from issuance of debt	-	-	362,788	362,788
Appropriation of prior year fund balance	<u>8,549,440</u>	<u>11,243,425</u>	-	<u>(11,243,425)</u>
Total financing sources	<u>8,549,440</u>	<u>11,243,425</u>	<u>362,788</u>	<u>(10,880,637)</u>
 Total revenues and other financing sources	 <u>143,672,258</u>	 <u>147,093,680</u>	 <u>134,861,390</u>	 <u>(12,232,290)</u>
Expenditures:				
Current:				
Police	\$ 42,549,570	\$ 42,795,738	\$ 41,101,874	\$ 1,693,864
Fire	30,410,754	30,410,754	30,519,478	(108,724)
911 Communications division	2,412,049	2,412,049	2,334,640	77,409
Fleet maintenance	2,573,724	2,581,124	2,555,519	25,605
Construction and maintenance	4,450,261	4,493,938	4,464,276	29,662
Recreation and community services	10,778,793	10,954,877	10,108,274	846,603
Planning and development	2,988,562	2,992,869	2,506,832	486,037
Education and community services	2,209,527	2,222,983	2,056,599	166,384
Law	1,015,168	1,032,573	960,550	72,023
Risk management	831,716	831,716	732,041	99,675
Human resources	911,635	914,875	821,708	93,167
City Clerk's office	1,110,170	1,115,417	905,065	210,352
Office of Management and Budget	598,063	612,503	621,505	(9,002)
Office of the Mayor	677,945	677,945	662,240	15,705
Communications and special events	1,104,115	1,108,744	841,146	267,598
Employee retirement	579,526	579,526	489,769	89,757
Library	1,891,943	1,926,278	1,782,522	143,756
Compliance division	700,867	700,867	555,821	145,046
Finance	951,851	951,851	929,122	22,729
Division of licenses	497,074	536,680	553,528	(16,848)
General government	32,882,231	35,534,574	32,204,274	3,330,300
Information systems	<u>1,546,714</u>	<u>1,705,799</u>	<u>1,676,906</u>	<u>28,893</u>
Total expenditures	<u>143,672,258</u>	<u>147,093,680</u>	<u>139,383,689</u>	<u>7,709,991</u>
Net change in fund balance	-	-	(4,522,299)	(4,522,299)
Fund balances - beginning	-	-	28,586,592	
Fund balances - ending	\$ -	\$ -	\$ 24,064,293	

See notes to budgetary comparison schedule.

CITY OF HIALEAH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

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.

- 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 \$3,421,422 for the general fund, \$263,405 for the Streets Fund, (\$217,198) for the Stormwater Utilities Fund, \$28,609 for the Rescue Transportation Fund, \$184,424 for the Fire Rescue Fund, \$55,078 for the E-911 Wireless Communication Fund, \$358,884 for the Law Enforcement Trust-Federal Fund, \$64,962 for the Law Enforcement Trust-State Fund, (\$221,249) for the Affordable Housing Fund, \$122,302 for the Children's Trust Fund, \$362 for the Urban Areas Security Initiative Grant, \$1,356,296 for the Building Better Communities Fund, \$425,365 for the Metro Medical Response System Fund, \$2,496,965 for the Hialeah Circulator Fund, (\$13,000) for the City of Hialeah Education Academy Fund, \$2,760 for the EMS County Grant Fund, \$270,016 for the Parking Garage Construction Fund, (\$13,000,000) for the Palm Center Capital Projects Fund, \$100,721 for the 300 Units Development Fund and \$434,818 for the Fire Station #6 Fund, during fiscal year ended September 30, 2009.

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

CITY OF HIALEAH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2009

(CONTINUED)

NOTE 2. For fiscal year ended September 30, 2009, expenditures exceeded appropriations in the following departments for the General Fund.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Fire	\$30,410,754	\$30,519,478	\$108,724
Office of Management and Budget	612,503	621,505	9,002
Division of Licenses	536,680	553,528	16,848

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

For fiscal year ended September 30, 2009, expenditures exceeded appropriations in the following non-major governmental funds.

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Fire Prevention Fund	\$1,239,485	\$1,410,606	\$171,121
E-911 Fund	436,968	480,429	43,461
Affordable Housing	1,497,239	1,506,341	9,102
City of Hialeah Education Academy	596,000	744,207	148,207
300 Units Development	100,721	166,906	66,185

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

CITY OF HIALEAH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 SEPTEMBER 30, 2009

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>
2004	\$ 15,257,996	69%	\$ 130,205	229%
2005	16,577,257	88%	250,415	160%
2006	15,084,481	102%	240,475	208%
2007	15,855,083	88%	263,369	190%
2008	18,298,037	99%	288,006	174%
2009	17,861,709	108%	352,805	142%

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, 2008	September 30, 2008
Actuarial cost method	Entry age normal	Individual entry age
Amortization method	Level dollar open	Level percent of payroll, closed
Remaining amortization period	30 years	4-25 years closed
Asset valuation method	5-year smoothed market vs actual returns	Market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3.5% to 12.0%	8%
* Includes inflation at:	3.5%	4%
Cost of living adjustment	2.0%	N/A

CITY OF HIALEAH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 SEPTEMBER 30, 2009

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
10/1/2003	\$ 439,793,566	\$ 501,224,409	\$ 61,430,843	87.7%	\$ 58,129,374	105.7%
10/1/2004	442,293,992	516,284,449	73,990,457	85.7%	57,655,037	128.3%
10/1/2005	462,096,761	507,134,721	45,037,960	91.1%	60,364,488	74.6%
10/1/2006	500,501,442	556,466,663	55,965,221	89.9%	66,835,565	83.7%
10/1/2007	522,796,029	595,379,468	72,583,439	87.8%	75,461,003	96.2%
10/1/2008	526,091,435	627,530,393	101,438,958	83.8%	77,006,760	131.7%

ELECTED OFFICIALS' RETIREMENT SYSTEM

10/1/2003	\$ 2,664,848	\$ 3,154,525	\$ 489,677	84.5%	\$ 988,293	49.5%
10/1/2004	3,049,827	3,396,593	346,766	89.8%	965,463	35.9%
10/1/2005	3,455,014	3,810,238	355,224	90.7%	1,043,850	34.0%
10/1/2006	3,920,986	4,568,219	647,233	85.8%	986,381	65.6%
10/1/2007	4,507,879	5,044,765	536,886	89.4%	1,116,589	48.1%
10/1/2008	4,839,784	5,589,488	749,704	86.6%	1,200,461	62.5%

COMBINING AND INDIVIDUAL FUND STATEMENTS

GENERAL FUND

CITY OF HIALEAH, FLORIDA

GENERAL FUND
COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2008)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 13,659,569	\$ 17,946,249
Receivables, net	11,462,890	12,018,969
Due from other funds	22,884,669	20,766,569
Inventories	1,101,311	1,303,980
Prepays	242,000	-
Note receivable	6,642,077	-
Total assets	<u>\$ 55,992,516</u>	<u>\$ 52,035,767</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Vouchers payable and accrued liabilities	\$ 6,126,317	\$ 6,848,693
Compensated absences payable	135,285	157,797
Self-insurance claims payable	2,276,713	2,477,448
Due to other funds	13,577,163	10,832,673
Deferred revenue	9,219,915	2,681,853
Other liabilities	592,830	450,711
Total liabilities	<u>31,928,223</u>	<u>23,449,175</u>
Fund balances:		
Reserved for:		
Encumbrances	981,996	2,162,365
Prepays	242,000	-
Inventories	1,101,311	1,303,980
Unreserved:		
Designated for:		
Subsequent years' expenditures	-	8,549,440
Undesignated	<u>21,738,986</u>	<u>16,570,807</u>
Total fund balances	<u>24,064,293</u>	<u>28,586,592</u>
Total liabilities and fund balances	<u>\$ 55,992,516</u>	<u>\$ 52,035,767</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

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

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

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

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

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

Disaster Recovery Initiative Fund – This fund was established to account for expenditures and revenues derived from a Community Development Block Grant obtained from HUD. The grant was established to provide for residential rehabilitation.

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Debt Service

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds

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

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

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

Vocational School Fund – The Charter School Fund is a capital projects fund which is used to account for expenditures incurred for building a charter school.

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds (Continued)

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.

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.

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2009

	Special Revenue													
	Streets	Storm Water Utilities	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Hialeah-Dade Development County Grant	Tele-communications Fund	CDBG	WIA
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	745,807	176,151	710,415	140,426	-	70,471	143,872	-	30,000	-	-	-	359,894	588,802
Due from other funds	3,033,959	2,795,525	5,803	-	-	-	90,007	468,433	437,697	122,933	20,000	-	2,470,579	45,682
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	958,699	177,373	-	-	-	-	36,218	342,408	-	-	-	-
Total assets	\$ 3,779,766	\$ 2,971,676	\$ 1,674,917	\$ 317,799	\$ -	\$ 70,471	\$ 233,879	\$ 468,433	\$ 503,915	\$ 465,341	\$ 20,000	\$ -	\$ 2,830,473	\$ 634,484
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable and accrued liabilities	\$ 112,223	\$ 12,526	\$ 61,873	\$ -	\$ -	\$ 27,651	\$ 203,913	\$ 22,053	\$ 10,120	\$ 194,339	\$ 20,000	\$ 14,151	\$ 359,894	\$ 31,024
Due to other funds	-	-	1,077,577	242,918	18,034	42,820	-	132,480	119,352	210,783	-	70,225	-	424,648
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	-	2,470,579	178,812
Total liabilities	112,223	12,526	1,139,450	242,918	18,034	70,471	203,913	154,533	129,472	405,122	20,000	84,376	2,830,473	634,484
Fund balances:														
Reserved for encumbrances	59,081	19,705	2,686	4,990	-	-	15,875	131,160	92	60,219	-	-	-	-
Unreserved:														
Designated for:														
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future construction	3,608,462	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	532,781	69,891	-	-	14,091	182,740	374,351	-	-	-	-	-
Undesignated	-	2,939,445	-	-	(18,034)	-	-	-	-	-	-	(84,376)	-	-
Total fund balances	3,667,543	2,959,150	535,467	74,881	(18,034)	-	29,966	313,900	374,443	60,219	-	(84,376)	-	-
Total liabilities and fund balances	\$ 3,779,766	\$ 2,971,676	\$ 1,674,917	\$ 317,799	\$ -	\$ 70,471	\$ 233,879	\$ 468,433	\$ 503,915	\$ 465,341	\$ 20,000	\$ -	\$ 2,830,473	\$ 634,484

CITY OF HIALEAH, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)

SEPTEMBER 30, 2009

	Special Revenue													Total
	Home Investment Partnership	Disaster Recovery Initiative Fund	Emergency Shelter Grant	Building Impact Fees	Affordable Housing	S.H.I.P.	City of Hialeah Education Academy	Children's Trust	21st Century After School Grant	Urban Area Security Grants	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 603,699	\$ -	\$ 12,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 616,551
Receivables, net	143,718	24,299	668	-	-	-	14,000	61,825	23,259	1,153,906	24,048	584,620	3,997,188	8,993,369
Due from other funds	-	-	-	218,075	28,493	2,818,835	-	-	4,318	-	-	-	-	12,560,339
Inventory	-	-	-	-	23,702	-	-	-	-	-	-	-	-	23,702
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	1,514,698
Total assets	\$ 143,718	\$ 24,299	\$ 668	\$ 218,075	\$ 655,894	\$ 2,818,835	\$ 26,852	\$ 61,825	\$ 27,577	\$ 1,153,906	\$ 24,048	\$ 584,620	\$ 3,997,188	\$ 23,708,659
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable and accrued liabilities	\$ 143,718	\$ 24,299	\$ 668	\$ -	\$ 53,410	\$ -	\$ 18,935	\$ 2,576	\$ -	\$ -	\$ -	\$ 209,124	\$ -	\$ 1,522,497
Due to other funds	-	-	-	-	-	-	-	59,249	27,577	1,153,906	24,048	441,273	3,417,468	7,462,358
Deferred revenues	-	-	-	-	65,925	2,818,835	-	-	-	-	-	-	579,720	6,113,871
Total liabilities	143,718	24,299	668	-	119,335	2,818,835	18,935	61,825	27,577	1,153,906	24,048	650,397	3,997,188	15,098,726
Fund balances:														
Reserved for encumbrances	-	-	-	-	835	-	-	-	-	-	-	-	-	294,643
Unreserved:														
Designated for:														
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future construction	-	-	-	218,075	-	-	-	-	-	-	-	-	-	3,826,537
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	1,173,854
Undesignated	-	-	-	-	535,724	-	7,917	-	-	-	-	(65,777)	-	3,314,899
Total fund balances	-	-	-	218,075	536,559	-	7,917	-	-	-	-	(65,777)	-	8,609,933
Total liabilities and fund balances	\$ 143,718	\$ 24,299	\$ 668	\$ 218,075	\$ 655,894	\$ 2,818,835	\$ 26,852	\$ 61,825	\$ 27,577	\$ 1,153,906	\$ 24,048	\$ 584,620	\$ 3,997,188	\$ 23,708,659

CITY OF HIALEAH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
SEPTEMBER 30, 2009

	Debt Service		Capital Projects													Total Nonmajor Governmental Funds
	CITT Debt Service Fund	Fire Adm. Debt Service Fund	300 Units Development	Parking Garage Construction Fund	Vocational School	Fire Station #6 Capital Fund	Palm Center Fund	Milander Park Construction Fund	Milander Auditorium	Sparks Park	Babcock Park	MDCPW 138th Street	E. 4 from Hialeah Drive to 21 Street	Palm to East 1 Ave from 47 to 48 Street	Capital Improvement Construction	
ASSETS																
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	1,264,052	-	-	3,079,252	-	-	530,756	266,332	25,548	44,494	68,374	1,719,930	18,851	597,955	-	
Due from other funds	924,845	519,005	1,168,428	-	-	-	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted cash and cash equivalents	-	24,018	5,036	-	-	-	-	-	-	-	-	-	-	-	2,374,317	
Total assets	\$ 2,188,897	\$ 543,023	\$ 1,173,464	\$ 3,079,252	\$ -	\$ -	\$ 530,756	\$ 266,332	\$ 25,548	\$ 44,494	\$ 68,374	\$ 1,719,930	\$ 18,851	\$ 597,955	\$ 2,374,317	\$ 36,339,852
LIABILITIES AND FUND BALANCES																
Liabilities:																
Accounts payable and accrued liabilities	\$ 10,858	\$ -	\$ -	\$ 6,325	\$ -	\$ 5,365	\$ 771	\$ 11,241	\$ -	\$ 38,750	\$ -	\$ 1,719,930	\$ 18,426	\$ -	\$ 471,821	\$ 3,805,984
Due to other funds	2,178,039	-	1,173,464	3,072,927	-	40,653	529,985	255,091	25,548	5,744	68,374	-	425	597,955	1,168,428	16,578,991
Deferred revenues, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,113,871
Total liabilities	2,188,897	-	1,173,464	3,079,252	-	46,018	530,756	266,332	25,548	44,494	68,374	1,719,930	18,851	597,955	1,640,249	26,498,846
Fund balances:																
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	294,643
Unreserved:																
Designated for:																
Debt service	-	543,023	-	-	-	-	-	-	-	-	-	-	-	-	-	543,023
Future construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	734,068	4,560,605
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,173,854
Undesignated	-	-	-	-	-	(46,018)	-	-	-	-	-	-	-	-	-	3,268,881
Total fund balances	-	543,023	-	-	-	(46,018)	-	-	-	-	-	-	-	-	734,068	9,841,006
Total liabilities and fund balances	\$ 2,188,897	\$ 543,023	\$ 1,173,464	\$ 3,079,252	\$ -	\$ -	\$ 530,756	\$ 266,332	\$ 25,548	\$ 44,494	\$ 68,374	\$ 1,719,930	\$ 18,851	\$ 597,955	\$ 2,374,317	\$ 36,339,852

CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue													
	Streets	Storm Water Utilities	Rescue Transportation	Fire Prevention Fund	EMS County Grant Fund	E-911	E-911 Wireless	Metro Medical Response System	State Law Enforcement Trust	Federal Law Enforcement Trust	Hialeah-Dade Development County Grant	Tele-communications Fund	CDBG	WIA
Revenues:														
Utility taxes	\$ -	\$ 3,604,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	4,075,052	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	472,511	288,840	-	-	-	-
Interest	-	-	8,567	3,636	-	-	-	-	5,892	2,842	-	-	-	-
Government grants and other revenues	1,103,605	-	2,931,732	1,111,644	33,666	432,105	445,853	141,589	-	-	-	-	5,527,860	2,247,265
Total revenues	5,178,657	3,604,271	2,940,299	1,115,280	33,666	432,105	445,853	141,589	478,403	291,682	-	-	5,527,860	2,247,265
Expenditures:														
Current:														
General government	-	-	-	-	616	480,429	923,043	256,760	-	-	-	59,131	1,489,878	-
Police	-	-	-	-	-	-	-	-	224,003	475,221	-	-	-	-
Fire	-	-	3,054,174	1,196,426	-	-	-	-	-	-	-	-	-	-
Streets	2,702,011	1,349,776	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S.H.I.P. expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	2,247,265
Capital outlay	590,107	371,790	1,409	214,180	88,284	-	758,900	221,716	-	590,607	-	25,245	3,598,640	-
Debt service:														
Principal	-	634,971	-	-	-	-	-	-	-	-	-	-	200,000	-
Interest	-	291,795	-	-	-	-	-	-	-	-	-	-	239,342	-
Total expenditures	3,292,118	2,648,332	3,055,583	1,410,606	88,900	480,429	1,681,943	478,476	224,003	1,065,828	-	84,376	5,527,860	2,247,265
Excess (deficiency) of revenues over expenditures	1,886,539	955,939	(115,284)	(295,326)	(55,234)	(48,324)	(1,236,090)	(336,887)	254,400	(774,146)	-	(84,376)	-	-
Other financing sources (uses):														
Transfers in	-	-	-	-	-	48,324	-	-	-	-	-	-	-	-
Transfers out	-	-	(298,646)	-	-	-	-	-	-	-	-	-	-	-
Proceeds of issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(298,646)	-	-	48,324	-	-	-	-	-	-	-	-
Net change in fund balance	1,886,539	955,939	(413,930)	(295,326)	(55,234)	-	(1,236,090)	(336,887)	254,400	(774,146)	-	(84,376)	-	-
Fund balances, beginning	1,781,004	2,003,211	949,397	370,207	37,200	-	1,266,056	650,787	120,043	834,365	-	-	-	-
Fund balances, ending	\$ 3,667,543	\$ 2,959,150	\$ 535,467	\$ 74,881	\$ (18,034)	\$ -	\$ 29,966	\$ 313,900	\$ 374,443	\$ 60,219	\$ -	\$ (84,376)	\$ -	\$ -

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue													Total
	Home Investment Partnership	Disaster Recovery Initiative Fund	Emergency Shelter Grant	Building Impact Fees	Affordable Housing	S.H.I.P.	City of Hialeah Education Academy	Children's Trust	21st Century After School Grant	Urban Area Security Grants	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	
Revenues:														
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,604,271
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	-	-	-	-	-	-	621,138	-	-	-	-	-	1,347,062	6,043,252
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	761,351
Interest	-	-	-	-	2,388	12,021	-	-	-	-	-	-	-	35,346
Government grants and other revenues	<u>2,580,395</u>	<u>397,642</u>	<u>123,914</u>	<u>64,500</u>	<u>1,621,300</u>	<u>948,382</u>	<u>27,661</u>	<u>1,370,691</u>	<u>23,259</u>	<u>989,784</u>	<u>24,048</u>	<u>681,065</u>	<u>1,839,031</u>	<u>24,666,991</u>
Total revenues	<u>2,580,395</u>	<u>397,642</u>	<u>123,914</u>	<u>64,500</u>	<u>1,623,688</u>	<u>960,403</u>	<u>648,799</u>	<u>1,370,691</u>	<u>23,259</u>	<u>989,784</u>	<u>24,048</u>	<u>2,028,127</u>	<u>1,839,031</u>	<u>35,111,211</u>
Expenditures:														
Current:														
General government	-	-	-	-	735,415	-	-	-	-	-	-	1,813,990	-	5,759,262
Police	-	-	-	-	-	-	-	-	-	108,761	-	-	-	807,985
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	4,250,600
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	4,051,787
Grants and human services	96,018	397,642	123,914	-	-	-	744,207	1,363,915	23,259	-	24,048	-	-	2,773,003
S.H.I.P. expenses	-	-	-	-	-	960,403	-	-	-	-	-	-	-	960,403
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	2,247,265
Capital outlay	984,377	-	-	-	3,118	-	-	6,807	-	881,384	-	598,914	1,839,031	10,774,509
Debt service:														
Principal	1,500,000	-	-	-	6,317	-	-	-	-	-	-	-	-	2,341,288
Interest	-	-	-	-	761,491	-	-	-	-	-	-	-	-	1,292,628
Total expenditures	<u>2,580,395</u>	<u>397,642</u>	<u>123,914</u>	<u>-</u>	<u>1,506,341</u>	<u>960,403</u>	<u>744,207</u>	<u>1,370,722</u>	<u>23,259</u>	<u>990,145</u>	<u>24,048</u>	<u>2,412,904</u>	<u>1,839,031</u>	<u>35,258,730</u>
Excess (deficiency) of revenues over expenditures	-	-	-	64,500	117,347	-	(95,408)	(31)	-	(361)	-	(384,777)	-	(147,519)
Other financing sources (uses):														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	319,000	-	367,324
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	(298,646)
Proceeds of issuance of debt	-	-	-	-	-	-	103,325	-	-	-	-	-	-	103,325
Total other financing sources (uses)	-	-	-	-	-	-	103,325	-	-	-	-	319,000	-	172,003
Net change in fund balance	-	-	-	64,500	117,347	-	7,917	(31)	-	(361)	-	(65,777)	-	24,484
Fund balances, beginning	-	-	-	153,575	419,212	-	-	31	-	361	-	-	-	8,585,449
Fund balances, ending	\$ -	\$ -	\$ -	\$ 218,075	\$ 536,559	\$ -	\$ 7,917	\$ -	\$ -	\$ -	\$ -	\$ (65,777)	\$ -	\$ 8,609,933

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Debt Service		Capital Projects											Total Nonmajor Governmental Funds		
	CITT Debt Service Fund	Fire Admin. Debt Service Fund	300 Units Development	Parking Garage Construction Fund	Vocational School	Fire Station #6 Capital Fund	Palm Center Fund	Milander Park Construction Fund	Milander Auditorium	Sparks Park	Babcock Park	MDCPW 138th Street	E. 4 from Hialeah Drive to 21 Street		Palm to East 1 Ave from 47 to 48 Street	Capital Improvement Construction
Revenues:																
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,604,271
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State and local shared revenues	5,435,317	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,478,569
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	761,351
Interest	-	-	1,474	-	-	-	-	-	-	-	-	-	-	-	21,239	58,059
Government grants and other revenues	-	-	-	799,979	6,890	-	341,669	263,216	25,548	44,494	68,374	1,719,930	18,851	597,955	-	28,553,897
Total revenues	5,435,317	-	1,474	799,979	6,890	-	341,669	263,216	25,548	44,494	68,374	1,719,930	18,851	597,955	21,239	44,456,147
Expenditures:																
Current:																
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,759,262
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	807,985
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,250,600
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,051,787
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,773,003
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	960,403
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,247,265
Capital outlay	-	-	166,906	850,321	-	401,362	341,669	263,216	25,548	44,494	68,374	1,719,930	18,851	597,955	-	15,273,135
Debt service:																
Principal	2,139,000	175,840	-	-	-	-	-	-	-	-	-	-	-	-	-	4,656,128
Interest	3,598,920	97,180	-	-	-	-	-	-	-	-	-	-	-	-	-	4,988,728
Total expenditures	5,737,920	273,020	166,906	850,321	-	401,362	341,669	263,216	25,548	44,494	68,374	1,719,930	18,851	597,955	-	45,768,296
Excess (deficiency) of revenues over expenditures	(302,603)	(273,020)	(165,432)	(50,342)	6,890	(401,362)	-	-	-	-	-	-	-	-	21,239	(1,312,149)
Other financing sources (uses):																
Transfers in	1,227,065	298,646	1,168,428	-	(6,890)	365,087	-	-	-	-	-	-	-	-	-	3,419,660
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,168,428)	(1,467,074)
Proceeds of issuance of debt	-	-	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	3,103,325
Total other financing sources (uses)	1,227,065	298,646	4,168,428	-	(6,890)	365,087	-	-	-	-	-	-	-	-	(1,168,428)	5,055,911
Net change in fund balance	924,462	25,626	4,002,996	(50,342)	-	(36,275)	-	-	-	-	-	-	-	-	(1,147,189)	3,743,762
Fund balances, beginning	(924,462)	517,397	(4,002,996)	50,342	-	(9,743)	-	-	-	-	-	-	-	-	1,881,257	6,097,244
Fund balances, ending	\$ -	\$ 543,023	\$ -	\$ -	\$ -	\$ (46,018)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 734,068	\$ 9,841,006

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Streets Transportation Fund				Storm Water Utilities			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Utility taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,600,000	\$ 3,350,000	\$ 3,604,271	\$ 254,271
State and local shared revenues	4,026,508	4,289,913	4,075,052	(214,861)	-	-	-	-
Government grants and other revenues	172,150	172,150	1,103,605	931,455	-	-	-	-
Total revenues	<u>4,198,658</u>	<u>4,462,063</u>	<u>5,178,657</u>	<u>716,594</u>	<u>3,600,000</u>	<u>3,350,000</u>	<u>3,604,271</u>	<u>254,271</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	32,802	-	(32,802)
Total revenues and other financing sources	<u>4,198,658</u>	<u>4,462,063</u>	<u>5,178,657</u>	<u>716,594</u>	<u>3,600,000</u>	<u>3,382,802</u>	<u>3,604,271</u>	<u>221,469</u>
Expenditures:								
Streets	2,790,479	2,870,047	2,702,011	168,036	1,461,212	1,462,262	1,349,776	112,486
Capital outlay	1,408,179	1,592,016	590,107	1,001,909	1,206,403	773,587	371,790	401,797
Debt service	-	-	-	-	932,385	932,385	926,766	5,619
Total expenditures	<u>4,198,658</u>	<u>4,462,063</u>	<u>3,292,118</u>	<u>1,169,945</u>	<u>3,600,000</u>	<u>3,168,234</u>	<u>2,648,332</u>	<u>519,902</u>
Other financing sources (uses):								
Transfers out	-	-	-	-	-	214,568	-	214,568
Total expenditures and other financing sources (uses)	<u>4,198,658</u>	<u>4,462,063</u>	<u>3,292,118</u>	<u>1,169,945</u>	<u>3,600,000</u>	<u>3,382,802</u>	<u>2,648,332</u>	<u>734,470</u>
Net change in fund balance	-	-	1,886,539	\$ 1,886,539	-	-	955,939	\$ 955,939
Fund balances - beginning	-	-	1,781,004		-	-	2,003,211	
Fund balances - ending	\$ -	\$ -	\$ 3,667,543		\$ -	\$ -	\$ 2,959,150	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2009

	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	\$ 75,000	\$ 75,000	\$ 8,567	\$ (66,433)	\$ 25,000	\$ 25,000	\$ 3,636	\$ (21,364)
Government grants and other revenues	2,946,513	2,946,513	2,931,732	(14,781)	1,030,061	1,030,061	1,111,644	81,583
Total revenues	3,021,513	3,021,513	2,940,299	(81,214)	1,055,061	1,055,061	1,115,280	60,219
Other financing sources:								
Appropriation of prior year fund balance	593,151	621,760	-	(621,760)	-	184,424	-	(184,424)
Total other financing sources	593,151	621,760	-	(621,760)	-	184,424	-	(184,424)
Total revenues and other financing sources	3,614,664	3,643,273	2,940,299	(702,974)	1,055,061	1,239,485	1,115,280	(124,205)
Expenditures:								
Fire	3,316,018	3,344,627	3,054,174	290,453	1,055,061	1,055,061	1,196,426	(141,365)
Capital outlay	-	-	1,409	(1,409)	-	184,424	214,180	(29,756)
Debt service	298,646	298,646	-	298,646	-	-	-	-
Total expenditures	3,614,664	3,643,273	3,055,583	587,690	1,055,061	1,239,485	1,410,606	(171,121)
Other financing sources (uses):								
Transfers out	-	-	(298,646)	(298,646)	-	-	-	-
Total expenditures and other financing sources (uses)	3,614,664	3,643,273	3,354,229	886,336	1,055,061	1,239,485	1,410,606	(171,121)
Net change in fund balance	-	-	(413,930)	\$ (413,930)	-	-	(295,326)	\$ (295,326)
Fund balances - beginning	-	-	949,397		-	-	370,207	
Fund balances - ending	\$ -	\$ -	\$ 535,467		\$ -	\$ -	\$ 74,881	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	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	\$ 436,968	\$ 436,968	\$ 432,105	\$ (4,863)	\$ 426,561	\$ 426,561	\$ 445,853	\$ 19,292
Total revenues	<u>436,968</u>	<u>436,968</u>	<u>432,105</u>	<u>(4,863)</u>	<u>426,561</u>	<u>426,561</u>	<u>445,853</u>	<u>19,292</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	1,273,044	1,328,122	-	(1,328,122)
Transfers in	-	-	48,324	48,324	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>48,324</u>	<u>48,324</u>	<u>1,273,044</u>	<u>1,328,122</u>	<u>-</u>	<u>(1,328,122)</u>
Total revenues and other financing sources	<u>436,968</u>	<u>436,968</u>	<u>480,429</u>	<u>43,461</u>	<u>1,699,605</u>	<u>1,754,683</u>	<u>445,853</u>	<u>(1,308,830)</u>
Expenditures:								
General government	436,968	436,968	480,429	(43,461)	1,027,758	1,029,511	923,043	106,468
Capital outlay	-	-	-	-	671,847	725,172	758,900	(33,728)
Total expenditures	<u>436,968</u>	<u>436,968</u>	<u>480,429</u>	<u>(43,461)</u>	<u>1,699,605</u>	<u>1,754,683</u>	<u>1,681,943</u>	<u>72,740</u>
Net change in fund balance	-	-	-	\$ -	-	-	(1,236,090)	\$ (1,236,090)
Fund balances - beginning	-	-	-		-	-	1,266,056	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,966</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	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	\$ 518,225	\$ 518,225	\$ 288,840	\$ (229,385)	\$ 168,746	\$ 228,507	\$ 472,511	\$ 244,004
Interest	25,000	25,000	2,842	(22,158)	8,000	8,000	5,892	(2,108)
Total revenues	<u>543,225</u>	<u>543,225</u>	<u>291,682</u>	<u>(251,543)</u>	<u>176,746</u>	<u>236,507</u>	<u>478,403</u>	<u>241,896</u>
Other financing sources:								
Appropriation of prior year fund balance	486,786	845,670	-	(845,670)	40,000	45,201	-	(45,201)
Total other financing sources	<u>486,786</u>	<u>845,670</u>	<u>-</u>	<u>(845,670)</u>	<u>40,000</u>	<u>45,201</u>	<u>-</u>	<u>(45,201)</u>
Total revenues and other financing sources	<u>1,030,011</u>	<u>1,388,895</u>	<u>291,682</u>	<u>(1,097,213)</u>	<u>216,746</u>	<u>281,708</u>	<u>478,403</u>	<u>196,695</u>
Expenditures:								
Police	1,030,011	1,388,895	475,221	913,674	200,000	264,962	224,003	40,959
Capital outlay	-	-	590,607	(590,607)	16,746	16,746	-	16,746
Total expenditures	<u>1,030,011</u>	<u>1,388,895</u>	<u>1,065,828</u>	<u>323,067</u>	<u>216,746</u>	<u>281,708</u>	<u>224,003</u>	<u>57,705</u>
Net change in fund balance	-	-	(774,146)	\$ (774,146)	-	-	254,400	\$ 254,400
Fund balances - beginning	-	-	834,365		-	-	120,043	
Fund balances - ending	\$ -	\$ -	\$ 60,219		\$ -	\$ -	\$ 374,443	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	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	\$ 22,500	\$ 22,500	\$ 2,388	\$ (20,112)	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	<u>1,695,988</u>	<u>1,474,739</u>	<u>1,621,300</u>	<u>146,561</u>	<u>1,482,910</u>	<u>1,605,212</u>	<u>1,370,691</u>	<u>(234,521)</u>
Total revenues	<u>1,718,488</u>	<u>1,497,239</u>	<u>1,623,688</u>	<u>126,449</u>	<u>1,482,910</u>	<u>1,605,212</u>	<u>1,370,691</u>	<u>(234,521)</u>
Expenditures:								
General government	759,898	759,898	735,415	24,483	-	-	-	-
Grants and human services	-	-	-	-	1,466,410	1,598,402	1,363,915	234,487
Capital Outlay	221,577	328	3,118	(2,790)	16,500	6,810	6,807	3
Debt service	<u>737,013</u>	<u>737,013</u>	<u>767,808</u>	<u>(30,795)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,718,488</u>	<u>1,497,239</u>	<u>1,506,341</u>	<u>(9,102)</u>	<u>1,482,910</u>	<u>1,605,212</u>	<u>1,370,722</u>	<u>234,490</u>
Net change in fund balance	-	-	117,347	<u>\$ 117,347</u>	-	-	(31)	<u>\$ (31)</u>
Fund balances - beginning	-	-	419,212		-	-	31	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536,559</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Urban Area Security Grants				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:								
Government grants and other revenues	\$ 2,616,955	\$ 2,616,955	\$ 989,784	\$ (1,627,171)	\$ 846,000	\$ 712,468	\$ 1,839,031	\$ 1,126,563
Total revenues	<u>2,616,955</u>	<u>2,616,955</u>	<u>989,784</u>	<u>(1,627,171)</u>	<u>846,000</u>	<u>712,468</u>	<u>1,839,031</u>	<u>1,126,563</u>
Other financing sources:								
Appropriation of prior year fund balance	-	362	-	(362)	-	1,489,828	-	(1,489,828)
Total other financing sources	<u>-</u>	<u>362</u>	<u>-</u>	<u>(362)</u>	<u>-</u>	<u>1,489,828</u>	<u>-</u>	<u>(1,489,828)</u>
Total revenues and other financing sources	<u>2,616,955</u>	<u>2,617,317</u>	<u>989,784</u>	<u>(1,627,533)</u>	<u>846,000</u>	<u>2,202,296</u>	<u>1,839,031</u>	<u>(363,265)</u>
Expenditures:								
Police	450,200	465,800	108,761	357,039	-	-	-	-
Capital Outlay	<u>2,166,755</u>	<u>2,151,517</u>	<u>881,384</u>	<u>1,270,133</u>	<u>846,000</u>	<u>2,202,296</u>	<u>1,839,031</u>	<u>363,265</u>
Total expenditures	<u>2,616,955</u>	<u>2,617,317</u>	<u>990,145</u>	<u>1,627,172</u>	<u>846,000</u>	<u>2,202,296</u>	<u>1,839,031</u>	<u>363,265</u>
Net change in fund balance	-	-	(361)	\$ (361)	-	-	-	\$ -
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>361</u>		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 FUND BALANCE-BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2009

	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	\$ -	\$ -	\$ -	\$ -	\$ 1,444,905	\$ 1,444,905	\$ 1,347,062	\$ (97,843)
Government grants and other revenues	258,145	579,356	141,589	(437,767)	763,914	3,260,879	681,065	(2,579,814)
Total revenues	<u>258,145</u>	<u>579,356</u>	<u>141,589</u>	<u>(437,767)</u>	<u>2,208,819</u>	<u>4,705,784</u>	<u>2,028,127</u>	<u>(2,677,657)</u>
Other financing sources:								
Appropriation of prior year fund balance	931,301	1,035,455	-	(1,035,455)	-	-	-	-
Transfers in	-	-	-	-	-	-	319,000	319,000
Total other financing sources	<u>931,301</u>	<u>1,035,455</u>	<u>-</u>	<u>(1,035,455)</u>	<u>-</u>	<u>-</u>	<u>319,000</u>	<u>319,000</u>
Total revenues and other financing sources	<u>1,189,446</u>	<u>1,614,811</u>	<u>141,589</u>	<u>(1,473,222)</u>	<u>2,208,819</u>	<u>4,705,784</u>	<u>2,347,127</u>	<u>(2,358,657)</u>
Expenditures:								
General government	339,633	671,070	256,760	414,310	1,933,819	1,927,213	1,813,990	113,223
Capital outlay	849,813	943,741	221,716	722,025	275,000	2,778,571	598,914	2,179,657
Total expenditures	<u>1,189,446</u>	<u>1,614,811</u>	<u>478,476</u>	<u>1,136,335</u>	<u>2,208,819</u>	<u>4,705,784</u>	<u>2,412,904</u>	<u>2,292,880</u>
Net change in fund balance	-	-	(336,887)	\$ (336,887)	-	-	(65,777)	\$ (65,777)
Fund balances - beginning	-	-	650,787		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,900</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (65,777)</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	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	\$ 588,555	\$ 573,408	\$ 621,138	\$ 47,730	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	22,600	22,600	27,661	5,061	35,751	35,751	33,666	(2,085)
Total revenues	<u>611,155</u>	<u>596,008</u>	<u>648,799</u>	<u>52,791</u>	<u>35,751</u>	<u>35,751</u>	<u>33,666</u>	<u>(2,085)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	80,842	83,602	-	(83,602)
Proceeds from debt issued	-	-	103,325	103,325	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>103,325</u>	<u>103,325</u>	<u>80,842</u>	<u>83,602</u>	<u>-</u>	<u>(83,602)</u>
Total revenues and other financing sources	<u>611,155</u>	<u>596,008</u>	<u>752,124</u>	<u>156,116</u>	<u>116,593</u>	<u>119,353</u>	<u>33,666</u>	<u>(85,687)</u>
Expenditures:								
General government	-	-	-	-	15,000	15,000	616	14,384
Grants and human services	609,000	596,000	744,207	(148,207)	-	-	-	-
Capital outlay	-	-	-	-	101,593	104,353	88,284	16,069
Debt service	-	-	-	-	-	-	-	-
Total expenditures	<u>609,000</u>	<u>596,000</u>	<u>744,207</u>	<u>(148,207)</u>	<u>116,593</u>	<u>119,353</u>	<u>88,900</u>	<u>30,453</u>
Net change in fund balance	2,155	8	7,917	<u>\$ 7,909</u>	-	-	(55,234)	<u>\$ (55,234)</u>
Fund balances - beginning	-	-	-	-	-	-	37,200	-
Fund balances - ending	<u>\$ 2,155</u>	<u>\$ 8</u>	<u>\$ 7,917</u>	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,034)</u>	-

**Note: Balances are as of June 30, 2009.

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	CITT Debt Service Fund			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State and local shared revenues	\$ 5,779,621	\$ 5,779,621	\$ 5,435,317	\$ (344,304)
Total revenues	<u>5,779,621</u>	<u>5,779,621</u>	<u>5,435,317</u>	<u>(344,304)</u>
Other financing sources:				
Transfers in	-	-	1,227,065	1,227,065
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,227,065</u>	<u>1,227,065</u>
Total revenues and other financing sources	<u>5,779,621</u>	<u>5,779,621</u>	<u>6,662,382</u>	<u>882,761</u>
Expenditures:				
Capital Outlay	30,315	30,315	-	30,315
Debt service	5,749,306	5,749,306	5,737,920	11,386
Total expenditures	<u>5,779,621</u>	<u>5,779,621</u>	<u>5,737,920</u>	<u>41,701</u>
Net change in fund balance	-	-	924,462	<u>\$ 841,060</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(924,462)</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF HIALEAH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Milander Park Construction Fund				Parking Garage Construction Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Government grants and other revenues	\$ 5,000,000	\$ 5,000,000	\$ 263,216	\$ (4,736,784)	\$ 2,500,000	\$ 2,719,674	\$ 799,979	\$ (1,919,695)
Total revenues	<u>5,000,000</u>	<u>5,000,000</u>	<u>263,216</u>	<u>(4,736,784)</u>	<u>2,500,000</u>	<u>2,719,674</u>	<u>799,979</u>	<u>(1,919,695)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	50,342	-	(50,342)
Total other financing sources	-	-	-	-	-	50,342	-	(50,342)
Total revenues and other financing sources	<u>5,000,000</u>	<u>5,000,000</u>	<u>263,216</u>	<u>(4,736,784)</u>	<u>2,500,000</u>	<u>2,770,016</u>	<u>799,979</u>	<u>(1,970,037)</u>
Expenditures:								
Capital Outlay	5,000,000	5,000,000	263,216	4,736,784	2,500,000	2,770,016	850,321	1,919,695
Total expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>263,216</u>	<u>4,736,784</u>	<u>2,500,000</u>	<u>2,770,016</u>	<u>850,321</u>	<u>1,919,695</u>
Net change in fund balance	-	-	-	\$ -	-	-	(50,342)	\$ -
Fund balances - beginning	-	-	-		-	-	50,342	
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, 2009

	Milander Auditorium				Palm Center			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 6,646,000	\$ 6,646,000	\$ 25,548	\$ (6,620,452)	\$ 14,000,000	\$ 1,000,000	\$ 341,669	\$ (658,331)
Total revenues	<u>6,646,000</u>	<u>6,646,000</u>	<u>25,548</u>	<u>(6,620,452)</u>	<u>14,000,000</u>	<u>1,000,000</u>	<u>341,669</u>	<u>(658,331)</u>
Expenditures:								
Capital Outlay	6,646,000	6,646,000	25,548	6,620,452	14,000,000	1,000,000	341,669	658,331
Total expenditures	<u>6,646,000</u>	<u>6,646,000</u>	<u>25,548</u>	<u>6,620,452</u>	<u>14,000,000</u>	<u>1,000,000</u>	<u>341,669</u>	<u>658,331</u>
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, 2009

	Sparks Park				Babcock Park			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 398,000	\$ 398,000	\$ 44,494	\$ (353,506)	\$ 134,000	\$ 134,000	\$ 68,374	\$ (65,626)
Total revenues	<u>398,000</u>	<u>398,000</u>	<u>44,494</u>	<u>(353,506)</u>	<u>134,000</u>	<u>134,000</u>	<u>68,374</u>	<u>(65,626)</u>
Expenditures:								
Capital Outlay	398,000	398,000	44,494	353,506	134,000	134,000	68,374	65,626
Total expenditures	<u>398,000</u>	<u>398,000</u>	<u>44,494</u>	<u>353,506</u>	<u>134,000</u>	<u>134,000</u>	<u>68,374</u>	<u>65,626</u>
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, 2009

	300 Units Development				Fire Station #6			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Interest	\$ -	\$ -	\$ 1,474	\$ 1,474	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	-	-	-	-	-	398,542	-	(398,542)
Total revenues	-	-	1,474	1,474	-	398,542	-	(398,542)
Other financing sources:								
Appropriation of prior year fund balance	-	50,721	-	(50,721)	-	36,276	-	(36,276)
Proceeds from debt issued	-	50,000	3,000,000	2,950,000	-	-	-	-
Transfers in	-	-	1,168,428	1,168,428	-	-	365,087	365,087
Total other financing sources	-	100,721	4,168,428	4,067,707	-	36,276	365,087	328,811
Total revenues and other financing sources	-	100,721	4,169,902	4,069,181	-	434,818	365,087	(69,731)
Expenditures:								
Capital outlay	-	100,721	166,906	(66,185)	-	434,818	401,362	33,456
Total expenditures	-	100,721	166,906	(66,185)	-	434,818	401,362	33,456
Net change in fund balance	-	-	4,002,996	\$ 4,002,996	-	-	(36,275)	\$ (36,275)
Fund balances - beginning	-	-	(4,002,996)		-	-	(9,743)	
Fund balances - ending	\$ -	\$ -	\$ -		\$ -	\$ -	\$ (46,018)	

FIDUCIARY FUNDS

CITY OF HIALEAH, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2009

	Employees' Retirement System	Elected Officials' Retirement System	Excess Benefit Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 31,202,451	\$ 725,024	\$ -	\$ 31,927,475
Securities lending cash collateral	119,928,583	-	-	119,928,583
Receivables:				
Accrued interest	1,630,707	-	-	1,630,707
Accrued dividends	269,724	-	-	269,724
Fraud recovery	227,351	-	-	227,351
Other receivables	201,078	-	-	201,078
Employer and employee contributions	907,845	-	-	907,845
Investments sold	25,650	-	-	25,650
Total receivables	3,262,355	-	-	3,262,355
Investments, at fair value:				
U.S. Treasury bonds and notes	19,291,352	-	-	19,291,352
U.S. Government securities	23,506,629	-	-	23,506,629
Asset backed securities	1,786,029	-	-	1,786,029
Mortgage backed securities	92,337,072	-	-	92,337,072
Real estate investment trusts	7,766,948	-	-	7,766,948
Corporate bonds and notes	71,017,049	-	-	71,017,049
Mutual funds- bonds	-	2,527,121	-	2,527,121
Mutual funds- equity	-	1,855,437	-	1,855,437
Certificates of deposit	-	750,000	-	750,000
Common stocks	243,217,240	-	-	243,217,240
Total investments	458,922,319	5,132,558	-	464,054,877
Loans to members	11,195,865	-	-	11,195,865
Total assets	624,511,573	5,857,582	-	630,369,155
<u>LIABILITIES AND NET ASSETS</u>				
Obligations under securities lending	119,928,583	-	-	119,928,583
Due to retired participants	34,813,393	-	-	34,813,393
Investments purchased	6,885,031	-	-	6,885,031
Accounts payable and accrued liabilities	384,426	90,926	-	475,352
DROP payable	2,307,230	-	-	2,307,230
Total liabilities	164,318,663	90,926	-	164,409,589
Net assets held in trust for pension benefits	\$ 460,192,910	\$ 5,766,656	\$ -	\$ 465,959,566

CITY OF HIALEAH, FLORIDA

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Employees' Retirement System	Elected Officials' Retirement System	Excess Benefit Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 19,354,072	\$ 500,000	\$ 104,033	\$ 19,958,105
Employee	6,396,929	-	-	6,396,929
State	<u>461,877</u>	<u>-</u>	<u>-</u>	<u>461,877</u>
Total contributions	<u>26,212,878</u>	<u>500,000</u>	<u>104,033</u>	<u>26,816,911</u>
Investment income:				
Net appreciation in fair value of investments	688,481	595,885	-	1,284,366
Investment earnings	<u>18,830,964</u>	<u>-</u>	<u>-</u>	<u>18,830,964</u>
	19,519,445	595,885	-	20,115,330
Less investment expenses	<u>1,011,605</u>	<u>8,625</u>	<u>-</u>	<u>1,020,230</u>
Net investment income (loss)	<u>18,507,840</u>	<u>587,260</u>	<u>-</u>	<u>19,095,100</u>
Total additions	<u>44,720,718</u>	<u>1,087,260</u>	<u>104,033</u>	<u>45,912,011</u>
DEDUCTIONS				
Pension benefits	34,073,153	160,388	104,033	34,337,574
Refunds of contributions	6,631,159	-	-	6,631,159
DROP payments	<u>1,523,771</u>	<u>-</u>	<u>-</u>	<u>1,523,771</u>
Total deductions	<u>42,228,083</u>	<u>160,388</u>	<u>104,033</u>	<u>42,492,504</u>
Net increase (decrease)	2,492,635	926,872	-	3,419,507
Net assets held in trust for pension benefits:				
Beginning	<u>457,700,275</u>	<u>4,839,784</u>	<u>-</u>	<u>462,540,059</u>
Ending	<u>\$ 460,192,910</u>	<u>\$ 5,766,656</u>	<u>\$ -</u>	<u>\$ 465,959,566</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>	96-99
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	100-103
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>	104-106
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>	107-108
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>	109-111

CITY OF HIALEAH, FLORIDA

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

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

CITY OF HIALEAH, FLORIDA

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

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

CITY OF HIALEAH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund:								
Reserved	\$ 2,183,527	\$ 879,048	\$ 1,236,079	\$ 2,121,649	\$ 2,742,507	\$ 5,927,352	\$ 3,466,345	\$ 2,325,307
Unreserved	<u>24,079,207</u>	<u>27,120,761</u>	<u>26,263,043</u>	<u>30,041,079</u>	<u>30,307,855</u>	<u>23,768,425</u>	<u>25,120,247</u>	<u>21,738,986</u>
Total general fund	<u>26,262,734</u>	<u>27,999,809</u>	<u>27,499,122</u>	<u>32,162,728</u>	<u>33,050,362</u>	<u>29,695,777</u>	<u>28,586,592</u>	<u>24,064,293</u>
All other governmental funds:								
Reserved								
Encumbrances	1,422,384	8,851,406	3,674,875	10,177,921	3,351,691	4,345,683	831,483	294,643
Public safety	4,365,324	2,583,214	3,077,777	2,472,715	2,260,634	2,717,111	2,243,527	1,173,854
Capital projects	-	26,256,753	3,462,645	9,328,761	10,314,057	7,802,592	5,017,981	4,560,605
Debt service	-	-	-	-	665,696	686,500	517,397	543,023
Unreserved								
Undesignated, reported in:								
Capital projects fund	(506,351)	-	-	-	-	-	-	-
Special revenue funds	<u>1,222,868</u>	<u>1,628,676</u>	<u>4,173,689</u>	<u>2,101,096</u>	<u>3,384,753</u>	<u>797,136</u>	<u>(2,513,140)</u>	<u>3,268,881</u>
Total all other governmental funds	<u>6,504,225</u>	<u>39,320,049</u>	<u>14,388,986</u>	<u>24,080,493</u>	<u>19,976,831</u>	<u>16,349,022</u>	<u>6,097,248</u>	<u>9,841,006</u>
Total governmental funds	<u>\$ 32,766,959</u>	<u>\$ 67,319,858</u>	<u>\$ 41,888,108</u>	<u>\$ 56,243,221</u>	<u>\$ 53,027,193</u>	<u>\$ 46,044,799</u>	<u>\$ 34,683,840</u>	<u>\$ 33,905,299</u>

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

CITY OF HIALEAH, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:								
Ad valorem taxes	\$ 39,840,108	\$ 41,845,484	\$ 46,352,850	\$ 48,983,038	\$ 54,289,694	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056
Utility taxes	23,329,898	22,134,216	22,585,048	23,268,651	23,752,852	24,769,883	25,523,938	26,185,078
Franchise taxes	7,692,273	8,211,709	8,863,712	9,062,308	11,098,497	11,929,276	11,865,713	11,602,898
Licenses and permits	5,671,404	5,565,777	5,368,906	5,500,527	7,785,664	6,774,381	6,988,328	6,767,212
State and local shared revenues	23,813,085	29,432,237	30,952,329	36,963,680	35,372,486	34,277,457	32,376,186	31,721,302
Fines and forfeitures	2,122,863	1,846,326	1,645,081	2,130,206	1,780,919	2,001,490	2,217,049	2,067,047
Hialeah race course lease	647,515	647,515	-	-	-	-	-	-
Interest	1,859,908	883,332	835,246	1,461,075	2,594,270	2,402,998	992,459	172,565
Government grants and other revenues	28,288,277	22,314,660	22,854,146	26,739,917	34,813,492	41,541,262	33,779,960	34,772,591
Total revenues	133,265,331	132,881,256	139,457,318	154,109,402	171,487,874	185,246,249	182,577,148	178,954,749
Expenditures:								
Current:								
General government	24,486,772	25,927,134	29,350,162	30,382,986	43,422,682	32,294,210	32,505,934	31,914,072
Police	28,611,302	31,392,967	33,922,021	35,631,207	37,491,043	40,605,970	42,039,964	41,726,150
Fire	21,010,237	22,300,509	23,708,883	25,134,687	27,735,665	30,821,396	33,991,275	34,770,078
911 communications department	-	-	-	-	-	-	-	2,334,640
Streets	4,755,396	5,569,831	4,936,659	5,153,437	5,581,116	5,539,443	5,494,218	4,051,787
Grants and human services	1,055,177	1,133,005	603,935	1,117,650	1,064,881	2,446,509	2,146,882	2,773,003
State housing initiative expenses	1,305,904	1,266,610	1,280,397	1,690,485	686,690	1,388,171	1,017,306	960,403
Work investment act programs	1,960,514	1,910,697	1,838,914	1,843,001	2,121,473	2,131,368	2,209,604	2,247,265
City Clerk's office	935,630	1,073,200	1,364,631	1,217,191	1,295,503	1,112,082	1,315,761	905,065
Office of Management and Budget	300,298	311,318	358,042	499,740	596,364	753,186	668,269	621,505
Office of the Mayor	510,635	540,311	497,118	559,109	675,196	714,702	655,965	662,240
Communications and special events	-	-	-	-	-	941,837	1,016,370	841,146
Employee retirement	418,449	442,392	484,357	467,835	483,995	455,229	519,634	489,769
Library	1,374,704	1,615,478	1,769,335	1,854,187	2,067,074	1,743,219	1,896,684	1,700,898
Compliance division	482,642	417,583	417,126	469,331	544,655	535,830	563,559	555,821
Finance	685,732	672,957	697,412	738,228	778,099	890,882	907,045	929,122
Division of licenses	355,899	409,197	361,965	352,958	386,085	397,628	478,074	553,528
Information systems	578,067	672,018	528,572	841,477	887,225	1,109,924	1,446,964	1,676,906
Fleet maintenance	1,851,115	1,881,045	1,945,836	2,046,240	2,291,796	2,107,047	2,361,705	2,555,219
Construction and maintenance	1,918,975	2,054,030	2,088,170	2,292,005	2,656,957	2,876,541	3,123,798	4,464,077
Recreation and community services	9,227,272	10,195,983	10,270,811	10,114,055	11,313,187	10,399,244	9,991,115	10,096,913
Planning and development	1,685,782	1,799,826	1,962,264	2,199,219	2,630,981	3,135,389	2,939,020	2,506,832
Adult center	-	-	-	-	-	1,675,303	1,969,595	2,056,599
Law	678,808	718,858	752,522	797,968	889,820	965,169	988,913	960,676
Risk management	176,276	348,490	344,802	401,699	432,882	578,003	716,475	732,041
Human resources	545,610	525,478	591,529	868,676	905,862	838,335	693,341	821,708
Other expenditures	21,594	7,253	-	-	-	-	-	-
Capital outlay	27,540,072	32,070,880	38,657,443	44,547,773	30,479,617	42,096,354	33,261,658	19,259,020
Debt service:								
Principal	3,570,729	2,004,845	2,307,898	2,577,312	515,987	3,113,294	3,111,594	4,909,511
Interest	2,114,613	3,798,231	3,848,268	4,365,428	6,799,067	5,512,378	5,580,385	5,442,404
Total expenditures	138,158,204	151,060,126	164,889,072	178,163,884	184,733,902	197,178,643	193,611,107	183,518,398
Excess (deficiency) of revenues over expenditures	(4,892,873)	(18,178,870)	(25,431,754)	(24,054,482)	(13,246,028)	(11,932,394)	(11,033,959)	(4,563,649)
Other financing sources (uses):								
Premium on debt	-	1,861,747	-	-	-	-	-	-
Transfers in	3,915,584	2,207,614	561,490	2,211,137	4,388,554	6,475,276	1,714,930	3,419,660
Transfers out	(3,115,584)	(1,407,614)	(561,490)	(1,813,537)	(4,388,554)	(6,475,276)	(1,714,930)	(3,100,661)
Payment to refunded bond escrow agent	-	-	-	-	-	-	(2,610,000)	-
Proceeds of refunding bonds	-	-	-	-	-	-	2,283,000	-
Proceeds from issuance of debt	-	48,135,000	-	29,996,745	10,030,000	4,950,000	-	3,466,113
Total other financing sources (uses)	800,000	50,796,747	-	30,394,345	10,030,000	4,950,000	(327,000)	3,785,112
Net change in fund balances	\$ (4,092,873)	\$ 32,617,877	\$ (25,431,754)	\$ 6,339,863	\$ (3,216,028)	\$ (6,982,394)	\$ (11,360,959)	\$ (778,537)
Debt service as a percentage of non-capital expenditures	4.12%	3.84%	3.73%	3.90%	3.96%	4.37%	4.49%	5.64%

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

CITY OF HIALEAH, FLORIDA

NET ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>
2000	\$ 4,638,928,250	\$ 548,920,342	\$ 5,314,500	\$ 5,193,163,092	7.5280
2001	4,662,790,101	576,998,953	5,002,900	5,244,791,954	7.5280
2002	4,960,051,499	582,924,525	4,739,888	5,547,715,912	7.5280
2003	5,276,571,866	567,960,412	4,820,236	5,849,352,514	7.5280
2004	5,926,022,316	584,659,729	4,687,473	6,515,369,518	7.1000
2005	6,670,557,535	588,805,658	4,649,909	7,264,013,102	6.8000
2006	7,907,932,115	619,146,007	5,884,955	8,532,963,077	6.8000
2007	9,001,150,803	625,028,036	6,671,929	9,632,850,768	6.5400
2008	10,126,361,853	554,764,657	7,711,059	10,688,837,569	6.5400
2009	8,940,547,673	538,044,784	10,027,214	9,488,619,671	6.5400

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

Fiscal Year	Overlapping Rates (1)											
	City of Hialeah	Miami-Dade										
		Miami-Dade County			County School Board			Water Management District	Special District	Children's Trust	Everglades C.P.	Total Direct and Overlapping Rates
		Operating Millage	Operating Millage	Service Millage	Debt County Millage	Total Millage	Operating Millage					
2000	7.5280	5.7510	0.6520	6.4030	8.7020	0.9150	9.6170	0.5970	0.0410	0.0000	0.1000	24.2860
2001	7.5280	5.7130	0.5520	6.2650	8.5280	0.8480	9.3760	0.5970	0.0385	0.0000	0.1000	23.9045
2002	7.5280	5.8890	0.3900	6.2790	8.4820	0.7700	9.2520	0.5970	0.0385	0.0000	0.1000	23.7945
2003	7.5280	5.9690	0.2850	6.2540	8.4180	0.6820	9.1000	0.5970	0.0385	0.5000	0.1000	24.1175
2004	7.1000	5.9350	0.2850	6.2200	8.0900	0.5970	8.6870	0.5970	0.0385	0.4442	0.1000	23.1867
2005	6.8000	5.8350	0.2850	6.1200	7.9470	0.4910	8.4380	0.5970	0.0385	0.4288	0.1000	22.5223
2006	6.8000	5.6150	0.2850	5.9000	7.6910	0.4140	8.1050	0.5970	0.0385	0.4223	0.1000	21.9628
2007	6.5400	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0345	0.4223	0.0894	20.4334
2008	6.5400	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0345	0.4212	0.0894	20.5396
2009	6.5400	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0345	0.5000	0.0894	20.8164

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 2009

<u>Taxpayer</u>	Net Assessed <u>Value</u>	<u>Rank</u>	Percent of Total City Net <u>Assessed Value</u>
Lifemark Hospitals Inc.	\$ 174,506,068	1	1.84%
Ashland Inc.	119,771,756	2	1.26%
Palm Springs Mile Associates LTD	105,196,859	3	1.11%
Westland Mills LLC	91,056,763	4	0.96%
Airras Group Inc.	65,950,191	5	0.70%
77 Acres LLC	50,441,060	6	0.53%
Gratigny Partners LTD	42,739,788	7	0.45%
Las Brisas LLC	37,988,733	8	0.40%
Bellsouth Telecommunications Inc.	37,648,417	9	0.40%
Royal Gardens Investments LLC	36,650,593	10	0.39%
	<u>\$ 761,950,228</u>		<u>8.04%</u>

Note: Information is not available for fiscal year 2000 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>
2000	\$ 39,057,778	\$ 36,701,876	93.97%	\$ 603,599	\$ 37,305,475	95.51%
2001	39,525,422	36,948,594	93.48%	813,314	37,761,908	95.54%
2002	41,651,160	39,166,129	94.03%	673,979	39,840,108	95.65%
2003	44,158,639	41,396,740	93.75%	448,744	41,845,484	94.76%
2004	49,178,630	46,172,254	93.89%	180,596	46,352,850	94.25%
2005	51,892,970	48,596,777	93.65%	386,261	48,983,038	94.39%
2006	58,024,149	53,351,595	91.95%	423,624	53,775,219	92.68%
2007	65,503,385	60,909,886	92.99%	299,605	61,209,491	93.44%
2008	72,108,007	67,599,293	93.75%	779,007	68,378,300	94.83%
2009	69,904,998	66,521,182	95.16%	810,759	67,331,941	96.32%

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 September 30.	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			
2000	\$ 3,635,000	\$ 37,113,901	\$ 5,075,313	\$ 140,132	\$ 3,320,000	\$ 18,385,000	-	\$ 287,753	\$ -	\$ 67,957,099	3.37%	\$ 964
2001	3,510,000	35,529,747	3,386,755	135,162	2,880,000	16,105,000	-	112,665	-	61,659,329	0.93%	268
2002	3,380,000	33,874,122	1,606,773	130,040	2,420,000	13,675,000	813,471	-	-	55,899,406	0.82%	242
2003	3,240,000	77,810,000	434,046	124,762	1,960,000	11,090,000	838,526	-	-	95,497,334	1.31%	409
2004	3,095,000	75,710,000	376,711	119,324	1,480,000	8,340,000	874,344	-	-	89,995,379	1.15%	385
2005	2,940,000	102,620,000	316,218	113,720	970,000	5,415,000	900,989	-	-	113,275,927	1.44%	492
2006	2,780,000	109,930,000	252,391	103,841	465,000	2,305,000	1,021,188	-	514,546	117,371,966	1.47%	509
2007	2,610,000	112,010,000	185,047	97,891	-	1,185,000	2,158,254	-	352,832	118,599,024	1.42%	512
2008	2,223,591	109,035,000	113,992	91,761	-	-	2,047,309	-	176,416	113,688,069	1.38%	490
2009	2,047,751	107,450,000	334,426	85,444	-	-	1,875,810	-	-	111,793,431	1.55%	490

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 107 for personal income and population data.

CITY OF HIALEAH, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2009

(amounts expressed in thousands)

<u>Government Unit</u>	2009		
	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to the City of Hialeah</u>
Miami-Dade County	\$ 408,745,000	3.72%	\$ 15,205,314
Miami-Dade County School Board	<u>504,371,000</u>	3.67%	<u>18,510,416</u>
Subtotal, Overlapping Debt	913,116,000		33,715,730
City of Hialeah Direct Debt	<u>109,917,621</u>	100%	<u>109,917,621</u>
Total Direct and Overlapping Debt	<u>\$ 1,023,033,621</u>		<u>\$ 143,633,351</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 (a)						Rescue Transportation 2007 Revenue Bonds			
	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Rescue Transportation Fees (b)	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2000	\$ 60,505,487	\$ 43,825,427	\$ 16,680,060	\$ 2,565,000	\$ 1,332,145	4.28	\$ 2,300,123	\$ 120,000	\$ 202,575	7.13
2001	57,078,928	45,129,902	11,949,026	2,720,000	1,190,850	3.06	1,826,888	125,000	196,935	5.67
2002	45,576,660	33,723,172	11,853,488	2,890,000	1,039,570	3.02	1,902,477	130,000	190,935	5.93
2003	42,966,642	31,622,333	11,344,309	3,045,000	879,430	2.89	2,119,502	140,000	184,435	6.53
2004	43,711,215	34,017,403	9,693,812	3,230,000	709,250	2.46	2,059,811	145,000	177,295	6.39
2005	42,439,031	36,554,800	5,884,231	3,435,000	528,471	1.48	1,827,090	155,000	169,755	5.63
2006	42,901,913	36,984,771	5,917,142	3,615,000	337,265	1.50	1,968,192	160,000	161,540	6.12
2007	41,236,360	36,154,466	5,081,894	1,585,000	138,400	2.95	2,394,917	170,000	152,900	7.42
2008	46,070,878	38,241,216	7,829,662	1,185,000	65,175	6.26	2,602,700	59,409	75,876	19.24
2009	40,702,131	39,699,976	1,002,155	-	-	N/A	2,763,685	175,840	94,730	10.21

Source: City of Hialeah Finance Department

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

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

CITY OF HIALEAH, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2000	226,419	\$ 2,018,299	\$ 28,633	39	32,512	6.2%
2001	230,059	6,599,012	28,684	39	32,486	7.3%
2002	231,270	6,785,693	29,341	39	32,082	7.9%
2003	233,388	7,262,801	31,119	39	30,910	7.2%
2004	233,566	7,830,300	33,525	39	30,254	6.8%
2005	230,225	7,850,903	34,101	39	29,370	5.9%
2006	230,407	7,996,966	34,708	39	29,885	4.6%
2007	231,500	8,352,752	36,081	39	30,105	4.7%
2008	232,155	8,224,091	35,425	38	31,226	5.2%
2009	228,157	7,230,067	31,689	42	29,370	6.9%

Sources:

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

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

CITY OF HIALEAH, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2009</u>			<u>2000</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	1,800	1	1.96%	1,675	2	1.87%
Palmetto General Hospital	1,635	2	1.78%	1,149	5	1.28%
United Parcel Service	1,119	3	1.22%	1,245	3	1.39%
Winn Dixie Super Markets	1,054	4	1.15%	-	-	-
Hialeah Hospital	1,032	5	1.12%	1,157	4	1.29%
Publix Super Markets	816	6	0.89%	-	-	-
Palm Springs Hospital	611	8	0.66%	638	7	0.71%
Sedano's Super Markets	573	9	0.62%	285	-	-
Yellow Stone Group	434	10	0.47%	-	-	-
Bank of America	378	7	0.41%	-	-	-
Coulter Electronic	-	-	-	2,052	1	2.29%
Gator Industries	-	-	-	645	6	0.72%
Interamerican Transport Equipment Co.	-	-	-	423	8	0.47%
Piba Industries Inc.	-	-	-	389	9	0.43%
Consolidated Bank	-	-	-	355	10	0.40%
Total	9,452		10.29%	10,013		10.87%

Source: Hialeah Dade Development, Inc.

CITY OF HIALEAH, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Number of employees:										
Mayor's office	8	8	9	8	9	9	9	10	12	12
Communications & special events	-	-	-	-	-	-	8	11	11	11
Information systems	8	8	10	10	10	10	13	19	14	14
Community development:										
Planning and zoning	27	30	31	36	38	41	15	13	13	13
Building	-	-	-	-	-	-	26	31	31	31
License	9	9	9	8	8	9	9	8	10	10
Code compliance	13	11	11	10	10	12	12	12	9	10
Office of Management & Budget	12	10	11	10	12	11	10	13	17	16
City Clerk's office	9	10	10	11	10	10	8	8	11	10
Law	10	13	14	13	15	14	14	14	13	13
Risk management	10	11	11	10	10	10	8	15	13	13
Police:										
Police officers	358	346	347	360	388	371	372	372	358	365
Civilians	139	134	146	151	152	157	131	151	150	150
Fire:										
Firefighters	225	228	242	248	284	281	262	288	262	265
Civilians	54	52	57	51	51	51	51	59	58	58
Education & community services	-	-	-	-	-	-	15	28	30	33
Library	29	35	36	33	32	32	28	31	29	30
Recreation and community services	124	122	126	123	116	109	94	93	92	92
Streets	40	35	35	36	36	34	33	30	30	32
Stormwater	28	28	26	24	23	21	18	17	18	20
Fleet	43	48	56	53	52	50	46	47	48	49
Circulator	-	-	2	2	2	2	7	7	7	7
Construction and maintenance	53	53	53	52	51	52	52	54	53	58
Solid waste	138	133	135	146	142	135	122	126	115	113
Human resources	11	12	11	10	11	11	12	10	10	10
Finance	15	16	16	14	16	16	15	17	15	15
Retirement	5	5	5	4	5	3	4	5	5	5
Grants and human services	35	48	42	42	44	43	50	43	42	40
Water and sewer	71	61	64	66	61	57	57	57	58	59
Water division	45	51	48	47	45	44	40	39	38	40
Sewer division	41	40	38	37	36	32	31	30	30	31
Total number of employees	<u>1,560</u>	<u>1,557</u>	<u>1,601</u>	<u>1,615</u>	<u>1,669</u>	<u>1,627</u>	<u>1,572</u>	<u>1,658</u>	<u>1,602</u>	<u>1,625</u>

Source: City of Hialeah Human Resources Department

Note: Circulator division was established in fiscal-year 2002; as well as Communication & Special Events and Education & Community Services, which were established in fiscal-year 2006. 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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public safety										
Police:										
Police calls for service	316,997	296,593	269,469	277,913	263,558	260,108	224,546	222,425	223,101	260,108
Parking violations	6,392	12,078	18,008	11,683	8,518	19,533	11,514	12,325	11,925	19,533
Traffic violations	75,004	86,001	76,216	77,617	68,853	69,701	74,446	75,251	76,135	88,550
Fire:										
Number of calls answered	28,951	29,310	29,150	29,670	30,931	32,332	31,338	33,658	35,009	32,350
Inspections	3,705	3,974	5,873	4,856	4,403	10,396	13,035	17,947	22,921	10,851
Planning and development:										
Business permits issued	6,546	6,699	7,829	9,521	10,102	10,228	10,530	12,487	9,852	9,215
Occupational licenses issued	14,693	14,942	15,885	15,901	16,536	17,211	17,648	18,101	18,325	18,058
Streets:										
Street resurfacing (miles)	10.6	9.8	12.0	12.9	22.2	14.8	8.2	6.9	6.1	7.8
Potholes repaired	830	643	742	631	499	516	580	462	471	420
Culture and recreation:										
Library cards issued	9,181	9,861	12,354	10,592	13,956	15,959	16,756	16,288	14,321	32,162
Registrations for library programs	8,683	11,297	14,697	13,255	11,795	112,433	118,054	119,645	122,398	112,433
Community center admissions	301,434	278,550	251,799	236,455	216,511	175,605	184,385	192,874	195,457	136,427
Athletic field permits issued	26	28	29	39	34	47	60	72	85	47
Water and sewer:										
Active accounts - water and sewer	37,069	40,726	45,273	51,898	54,740	56,072	58,253	59,321	62,311	52,920
Average daily water consumption (thousands of gallons)	24,700	23,200	24,300	21,700	22,300	23,800	23,606	21,325	20,015	22,422
Average daily sewage treatment (thousands of gallons)	30,000	29,600	28,200	25,700	28,900	30,100	24,026	25,178	24,985	21,767
New connections	3,184	3,854	4,721	6,923	3,921	3,629	6,910	4,698	4,225	4,225
Water main breaks	125	164	120	123	164	163	251	225	192	115
Solid waste:										
Residential accounts	35,863	36,214	36,193	36,346	36,002	35,492	35,567	35,621	36,780	34,951
Commercial accounts	412	426	433	446	473	415	422	443	452	443
Refuse collected (tons/day)	267.2	237.1	238.8	241.4	246.7	267.4	251.4	231.9	241.5	398.8
Recyclables collected (tons/day)	9.6	9.5	10.0	10.6	9.5	9.6	7.2	7.3	7.4	12.7

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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	2	3	4	4	4	4	4	5	6	6
Patrol units	180	189	194	180	177	177	191	282	315	350
Fire:										
Fire stations	7	7	7	7	7	7	7	8	8	8
Fire apparatus vehicles	12	12	12	12	12	12	12	12	13	13
Emergency rescue vehicles	6	6	6	6	6	7	8	9	10	10
Streets:										
Miles of streets	490.4	492.9	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1
Culture and recreation:										
Parks	26	26	26	27	27	27	27	27	27	27
Parks acreage	218.5	218.5	218.5	223.5	223.5	223.5	255.0	255.0	255.0	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	36	33	33	32	27	25	23	23	21	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	481	482	484	486	486	487	487	490	490	492
Fire hydrants	2,687	2,699	2,708	2,718	2,741	2,750	2,750	2,766	2,766	2,772
Storm sewers (miles)	50.7	55.3	61.0	67.0	77.4	84.3	84.3	88.2	88.2	88.2
Solid waste:										
Collection trucks	36	37	45	45	36	36	38	37	35	34

Sources: Various City departments

COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the "City") as of and for the fiscal year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

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 the 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 recommendations and responses as required by the Auditor General of the State of Florida.

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

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

Alberni Caballero & Company, LLP

Coral Gables, Florida
March 24, 2010



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

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

We have audited the basic financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the City of Hialeah, Florida (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Report of Independent Certified Public Accountants on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program and State Financial Assistance Project, and the Schedule of Findings and Responses. Disclosures in those reports and schedule, which are dated March 24, 2010, 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. There were no recommendations during the current year's audit. See Schedule of Recommendations for current year recommendations.
- ✓ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. Our audit disclosed no such matters.
- ❖ Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Hialeah was incorporated by Laws of Florida 90-142. There were no component units related to the City.
- ❖ Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Hialeah, Florida did not meet the conditions described in Section 218.503(1)(6), Florida Statutes.
- ❖ Section 10.554(1)(i)7.b., Rules of the Auditor General, we determined that the annual financial report for the City of Hialeah, Florida for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. 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 entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

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

Alberni Caballero & Company, LLP

Coral Gables, Florida
March 24, 2010



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**Report of Independent Certified Public Accountants on
Compliance and Internal Control over Compliance Applicable to Each
Major Federal Awards Program and State Financial Assistance Project**

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

Compliance

We have audited the compliance of the City of Hialeah, Florida (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2009. The City's major federal awards programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal awards programs and state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to its major federal awards programs and state financial assistance projects for the year ended September 30, 2009.

Internal Control over Compliance

The 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 awards programs and state financial assistance projects. 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 awards program and or state financial assistance projects in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

Honorable Mayor and Members of the City Council
City of Hialeah, Florida
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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal awards program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Alberni Caballero & Company, LLP

Coral Gables, Florida
March 24, 2010

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

<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 Grant	14.218	B-07MC-12-0008	\$ 3,856,196
Community Development Block Grant	14.218	B-08MC-12-0008	<u>1,671,456</u>
			<u>5,527,652</u>
HOME Investment Partnership	14.239	M-04-MC-12-0207	277,817
HOME Investment Partnership	14.239	M-05-MC-12-0207	143,445
HOME Investment Partnership	14.239	M-06-MC-12-0207	37,338
HOME Investment Partnership	14.239	M-07-MC-12-0207	821,294
HOME Investment Partnership	14.239	M-08-MC-12-0207	<u>1,290,402</u>
			<u>2,570,296</u>
Emergency Shelter Grant	14.231	S-07-MC-12-0005	1,662
Emergency Shelter Grant	14.231	S-08-MC-12-0005	<u>122,252</u>
			<u>123,914</u>
Neighborhood Stabilization Program	14.256	B-08-MN-12-0009	<u>24,048</u>
			<u>8,245,910</u>
<i>Total U.S. Department of Housing and Urban Development</i>			
<i>U.S. Department of Justice</i>			
Edward Byrne Memorial formula Grant Program	16.579	2009-SB-B9-2427	505,125
Edward Byrne Memorial formula Grant Program	16.579	2007-JAGC-DADE-6P3-157	<u>31,181</u>
			<u>536,306</u>
<i>Total U.S. Department of Justice</i>			
<i>U.S. Department of Homeland Security</i>			
Assistance to Firefighters Grant	97.044	EMW-226-FF-04047	<u>890,453</u>
			<u>890,453</u>
<i>Total U.S. Department of Homeland Security</i>			
<i>Subtotal Direct Programs</i>			
			<u>9,672,669</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
One-Stop Career Center Hialeah Downtown	17.258	WDS-CC-PY08-03-2-04	146,161
One-Stop Career Center Hialeah Downtown	17.258	WDS-CC-PY09-03-01	58,851
WIA - Youth Services Out of School	17.259	WDS-YS-OSY-PY08-02-00	13,926
WIA - Youth Services Out of School	17.259	WDS-YS-OSY-PY08-02-2-00	151,346
WIA - Youth Services Out of School	17.259	WDS-YS-OSY-PY09-02-00	69,044
WIA- Youth Stay In School	17.259	WDS-YS-ISY-PY08-01-01	16,348
WIA- Youth Stay In School	17.259	WDS-YS-ISY-PY08-01-2-00	51,896
WIA- Youth Stay In School	17.259	WDS-YS-ISY-PY09-01-00	49,594
One-Stop Career Center Hialeah Downtown	17.260	WDS-CC-PY09-03-01	141,923
One-Stop Career Center Hialeah Downtown	17.260	WDS-CC-PY08-03-2-04	159,242
One-Stop Career Center Hialeah Downtown	17.225	WDS-CC-PY09-03-01	39,610
One-Stop Career Center Hialeah Downtown	17.225	WDS-CC-PY08-03-2-04	<u>78,879</u>
			<u>976,819</u>
<i>Total U.S. Department of Labor- Through the South Florida Workforce Investment Board</i>			

(Continued)

CITY OF HIALEAH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
One-Stop Career Center Hialeah Downtown	93.558	WDS-CC-PY08-03-2-04	520,786
One-Stop Career Center Hialeah Downtown	93.558	WDS-CC-PY09-03-01	216,508
WIA - Youth Services Out of School	93.558	WDS-YS-OSY-PY08-02-00	5,946
WIA - Youth Services Out of School	93.558	WDS-YS-OSY-PY08-02-2-00	37,902
WIA - Youth Services Out of School	93.558	WDS-YS-OSY-PY09-02-00	27,484
WIA- Youth Stay In School	93.558	WDS-YS-ISY-PY08-01-01	4,812
WIA- Youth Stay In School	93.558	WDS-YS-ISY-PY08-01-2-00	10,352
WIA- Youth Stay In School	93.558	WDS-YS-ISY-PY09-01-00	<u>19,742</u>
Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board			<u>843,533</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
Refugee Employment and Training	93.584	RED-DP-PY08-05-01	<u>341,821</u>
Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board			<u>341,821</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
One-Stop Career Center Hialeah Downtown	10.551	WDS-CC-PY08-03-2-04	70,995
One-Stop Career Center Hialeah Downtown	10.551	WDS-CC-PY09-03-01	<u>14,097</u>
Total U.S. Department of Agriculture- Through the South Florida Workforce Investment Board			<u>85,092</u>
Pass- Through Program from:			
State of Florida Department of Education			
21st Century Community Learning Centers	84.287	13B-2440A-0CC1	<u>27,577</u>
Total U.S. Department of Education - Through the State of Education			<u>27,577</u>
Pass-Through Program from:			
The Florida Department of Health			
Homeland Security Grant Program	97.067	282-01-0041	84,485
Homeland Security Grant Program	97.067	COBK-233-01-0041	<u>78,538</u>
Total U.S. Department of Homeland Security - Through the Florida Department of Health			<u>163,023</u>
Pass-Through Program from:			
The Florida Division of Emergency Management			
Homeland Security Grant Program	97.067	09-DS-44-11-23-02	166,008
Homeland Security Grant Program	97.067	08-DS-65-11-23-02-404	249,507
Urban Areas Security Initiatives	97.067	07-DS-5S-11-23-02-379	<u>890,084</u>
Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management			<u>1,305,599</u>
Pass-Through Program from:			
Miami-Dade County			
Community Development Block Grant	14.218	CDBG 2005 DRI	<u>397,642</u>
Total U.S. Department of Housing and Urban Development - Through Miami-Dade County			<u>397,642</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,813,775</u>

(Continued)

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

CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State Grant Number</u>	<u>State CSFA Number</u>	<u>Expenditures</u>
Florida Housing Finance Corporation			
State Housing Initiative Partnership Program	S-01-MC-12-0006	52.901	\$ 83,155
State Housing Initiative Partnership Program	S-01-MC-12-0007	52.901	515,571
State Housing Initiative Partnership Program	S-01-MC-12-0008	52.901	<u>207,463</u>
Total Florida Housing Finance Corporation			<u>806,189</u>
Florida Department of State - Division of Libraries and Information Services			
State Aid to Libraries	N/A	45.030	<u>109,241</u>
Total Florida Department of State - Division of Libraries and Information Services			<u>109,241</u>
Florida Pass Through Miami-Dade School Board			
FCAT Preparation	N/A	N/A	<u>52,411</u>
Total Florida pass Through Miami-Dade School Board			<u>52,411</u>
Florida Department of Environmental Protection			
Florida Recreation Development Assistance Program	N/A	37.017	183,815
Statewide Surface Water Restoration and Wastewater Projects	LP6726 to LP6730	37.039	888,410
Water Protection & Sustainability Program	4600001744	37.066	<u>558,900</u>
Total Florida Department of Environmental Protection			<u>1,631,125</u>
Florida Department of Financial Services			
My Safe Florida Home Local Government Grant Program	083006-1	43.002	<u>155,569</u>
Total Florida Department of Education			<u>155,569</u>
Florida Department of Health			
County Grant Awards	C8013	64.005	<u>33,666</u>
Total Florida Department of Health			<u>33,666</u>
Florida Department of Transportation			
County Incentive Grant Program	AP082	55.008	<u>268,607</u>
Total Florida Department of Education			<u>268,607</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 3,056,808</u>

N/A - Not Applicable

CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2009

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>\$638,876</u>

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

PRIOR YEAR COMMENTS AND STATUS

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/View of Responsible Officials and Planned Corrective Actions:

In 2009 the City hired an outside consultant who completed the City's Accounting Policies and Procedures Manual. The City is in the process of reviewing the manual and should be implemented effective October 1, 2011. **This recommendation will be repeated.**

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS

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/View of Responsible Officials and Planned Corrective Actions:

Each department performed a physical inventory in fiscal year 2008 and those inventories were reconciled to the fixed asset inventory report. The City will analyze and adjust as necessary, the useful lives of the fixed assets in the next fiscal year. The City will also perform an assessment of the value of the City's infrastructure by September 30, 2010.

This recommendation will be repeated.

CITY OF HIALEAH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2009

PRIOR YEAR COMMENTS AND STATUS (Continued)

OTHER MATTERS

2007-7 Solid Waste Fund Deficit

Condition:

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

Recommendation:

We recommend that the City review its current charges for sanitation services to ensure the fees cover the costs of operations.

Current Year Status:

The Solid Waste fund had an operating loss of \$1,282,867 for the fiscal year ended September 30, 2009 compared to \$1,822,557 for the fiscal year ended September 30, 2008. This is a significant improvement from the prior year's considering the \$1,282,867 loss includes \$746,196 of depreciation and \$754,170 of OPEB expenses, both non-cash items. The Solid Waste fund reports operating cash flow of \$217,499 without the non-cash expenses. However, continued improvement is needed to eliminate the current deficit reported in the fund. **This recommendation will be repeated.**

View of Responsible Officials and Planned Corrective Actions:

The current operating loss of \$1,282,867 was due to non-cash related expenses as noted above. Without the non-cash charges the fund generated positive cash flow of \$217,499 during 2009. However, the City has been aware of the deficit in the Solid Waste Fund, and has established a committee to evaluate its business practices and continue to identify ways to reduce operating costs. Also, public meetings have been held and options and recommendations have been submitted to the City Council members for their review.

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, 2009

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:

Federal Awards Program

Federal CFDA No.

Community Development Block Grant

14.218

Edward Byrne Memorial Formula Grant Program

16.579

State Assistance Projects

CFSA Numbers

Water Protection & Sustainability Program

37.066

County Incentive Grant Program

55.008

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$414,413
State	\$300,000

Auditee qualified as low risk auditee for audit of federal awards programs?

 X yes _____ no

CITY OF HIALEAH, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES

OTHER MATTERS

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

Condition:

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

These instructions should include the following:

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

Recommendation:

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

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

Managements Response:

Closing procedures are included in the accounting and procedures manual that is currently being reviewed for implementation on October 1, 2011.

CITY OF HIALEAH, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES (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.

Managements Response:

The Information Technology Department is currently in the process of updating the capital assets module which should be ready for implementation during the 2010 fiscal year. The department is also working on consolidating the two compensated absence report into one all-inclusive report.

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.

Managements Response:

Management will review the list of employees authorized to post journal entries and will limit access as necessary. Currently the Finance Director creates any new fund and the O.M.B. department creates accounts for the budget.

CITY OF HIALEAH, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.