

# CITY OF HIALEAH, FLORIDA COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

**CITY OF HIALEAH, FLORIDA**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

Prepared by:  
Finance Department

# CITY OF HIALEAH, FLORIDA

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## INTRODUCTORY SECTION

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**Carlos Hernandez**  
Mayor

**Isis Garcia-Martinez**  
Council President

**Luis E. Gonzalez**  
Council Vice President



Council Members

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

# City of Hialeah

June 30, 2014

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Hialeah, Florida, for the fiscal year ending September 30, 2013. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The City of Hialeah's financial statements have been audited by Alberní, Caballero & Company, LLP Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hialeah's financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **PROFILE OF THE GOVERNMENT**

The City of Hialeah was incorporated in 1925 by the laws of the State of Florida contained in Chapter 11516 Special Acts of 1925. The City of Hialeah occupies a land area of 23 square miles and serves a population of approximately 233,000 residents. The City of Hialeah has operated under a strong mayor form of government since its inception. Policy making and legislative authority are vested in a governing council consisting of a seven member council. The council is responsible for, among other things, passing ordinances and adopting the budget.

The Mayor is responsible for carrying out the policies and ordinances of the council, overseeing the day-to-day operations of the government, and appointing the heads of various departments.

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

In the past several years, home taxable values in the City of Hialeah have declined approximately 35% based on the Miami Dade County Property Appraiser's Office assessments. Nevertheless, the City continues to maintain a stable economic base despite the negative impacts of property tax reform and a slowing housing market being felt nationwide. As our tax rolls decline, we will honor the commitment to our residents and not increase the millage rate above the levels that have been set by the Administration for the last two (2) years. The following discussion is intended to demonstrate the growth and vitality of the City and to address the challenges and concerns of the near future.

**Annexation Area** - In 2005 the City of Hialeah annexed from Miami Dade County an area located along the northwest corner of the City of Hialeah between Highway I-75 and the Florida Turnpike lying directly to the west of City. The Annexation Area consists of 1,890 acres of land, of which, a third has been designated for residential use and two-thirds have been designated for commercial and industrial use. As part of the inter-local agreement between the City and Miami-Dade County, the City will provide the necessary regional pre-development infrastructure, including: water and sewer services, road improvements, and regional recreational facilities. The Annexation Area will provide continued strong economic growth to the City of Hialeah by expanding its revenue base and maximizing the land use within its borders. Current development began in fiscal 2013 and approximately five hundred single family home are schedule to be completed in the next several years. As of the date of this report approximately one hundred single family homes were completed and the project was well underway.

**Water and Sewer Reverse Osmosis Water Treatment Plant** – As part of the inter-local agreement between the City and Miami Dade County, the City completed the construction phase of the Reverse Osmosis Water Treatment Plant (RO Plant) by October 2013 in the 1,890 acres of annexed area and is finalizing the water testing phase of the project and is schedule to be completed in late fiscal 2014. The design and construction costs will be split evenly between the City and Miami Dade County and each will receive 50% of the daily water production, estimated at 10 million gallons per day. This plant will serve not only the annexed area but adjacent municipalities and unincorporated areas in this sector of the county, which will bring additional sources of revenue to the City in the near future.

## **MAJOR INITIATIVES AND PROGRAMS**

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

The City entered into an interlocal agreement with Miami Dade County to receive approximately \$8.5 million under the County's General Obligation Bond program (GOB). These funds will be used for the construction of 72-unit affordable housing project and a parking garage to accommodate the project. Construction will take place on City owned property between Palm and East 1<sup>st</sup> Avenue.

The parking garage will compensate for the loss of parking that the new construction will cause. As of September 30, 2013, the construction phase of the project was nearing completion; however, as of the date of this report the project had been completed and seventy two low income families were living in the housing project. This affordable housing project allowed many residents to continue living in the City rather than have rising costs force them to live elsewhere.

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

In fiscal year 2013, the City completed construction of a 36-unit affordable housing project located on 355 East 32 Street and a 9-unit affordable housing project located at 45 West 6<sup>th</sup> Street in Hialeah. These projects were made possible through the utilization of federal grant funds from the U.S. Department of Housing and Urban Development, under the Neighborhood Stabilization Program (NSP1). These units, as with all other City-owned and operated affordable housing facilities, will be occupied by very-low-income elderly residents.

Setting our sights for the future, the City will continue allocating resources to the development of our annexed area in fiscal year 2014. The City of Hialeah has completed the construction of several projects for the necessary water, sewer and roadway infrastructure in the annexation area; this work continues to date. The City is also continuing with the ongoing program to repair and modernize sewer pump stations around the City in accordance with the State of Florida and Miami Dade County Consent Orders. These stations are upgraded with the latest state-of-the-art pumps and control systems enhancing an already efficient water and sewer department. The City's Water and Sewer Department is also working on retrofitting the City's sewer lines to avoid filtration into the underground pipes, which increases the amount of sewer waste. Completion of this project will reduce expenses in the long-run by reducing the amount paid by the City in water dumping fees.

## **RELEVANT FINANCIAL POLICIES**

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

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

**Water and Sewer** – In fiscal year 2011 the City issued a \$48.2 million bond to fund its share of the costs of the RO Plant being constructed in the City's annexed area. Prior to the issuance of this bond the Water and Sewer Department had approximately \$60 Million in unrestricted cash and investments to fund existing and future operations. Consequently, no adverse effect on the City or Water and Sewer operations is anticipated based on the Water and Sewer Department's cash reserve and positive operating cash flow. Construction of the RO Plant has been completed and is currently expected to be fully operational in late fiscal year 2014.



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

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hialeah for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2012. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. This was the seventh 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 2013 Comprehensive Annual Financial Report continues to meet the high standards of the Certificate of Achievement Program requirements and we are submitting it to the GFOA for consideration of the award certificate.

### **ACKNOWLEDGEMENTS**

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

Respectfully submitted,



Carlos Hernandez  
Mayor

Javier Collazo  
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, 2012

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



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

President

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

Executive Director

**CITY OF HIALEAH, FLORIDA**

**List of Elected City Officials**

**September 30, 2013**

**Strong Mayor Form of Government**

**CITY COUNCIL**

**Carlos Hernandez, Mayor**

**Isis Garcia-Martinez, Council President**

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

**Jose F. Caragol**

**Vivian Casals-Muñoz**

**Paul B. Hernandez**

**Katharine Cue**

**Lourdes Lozano**

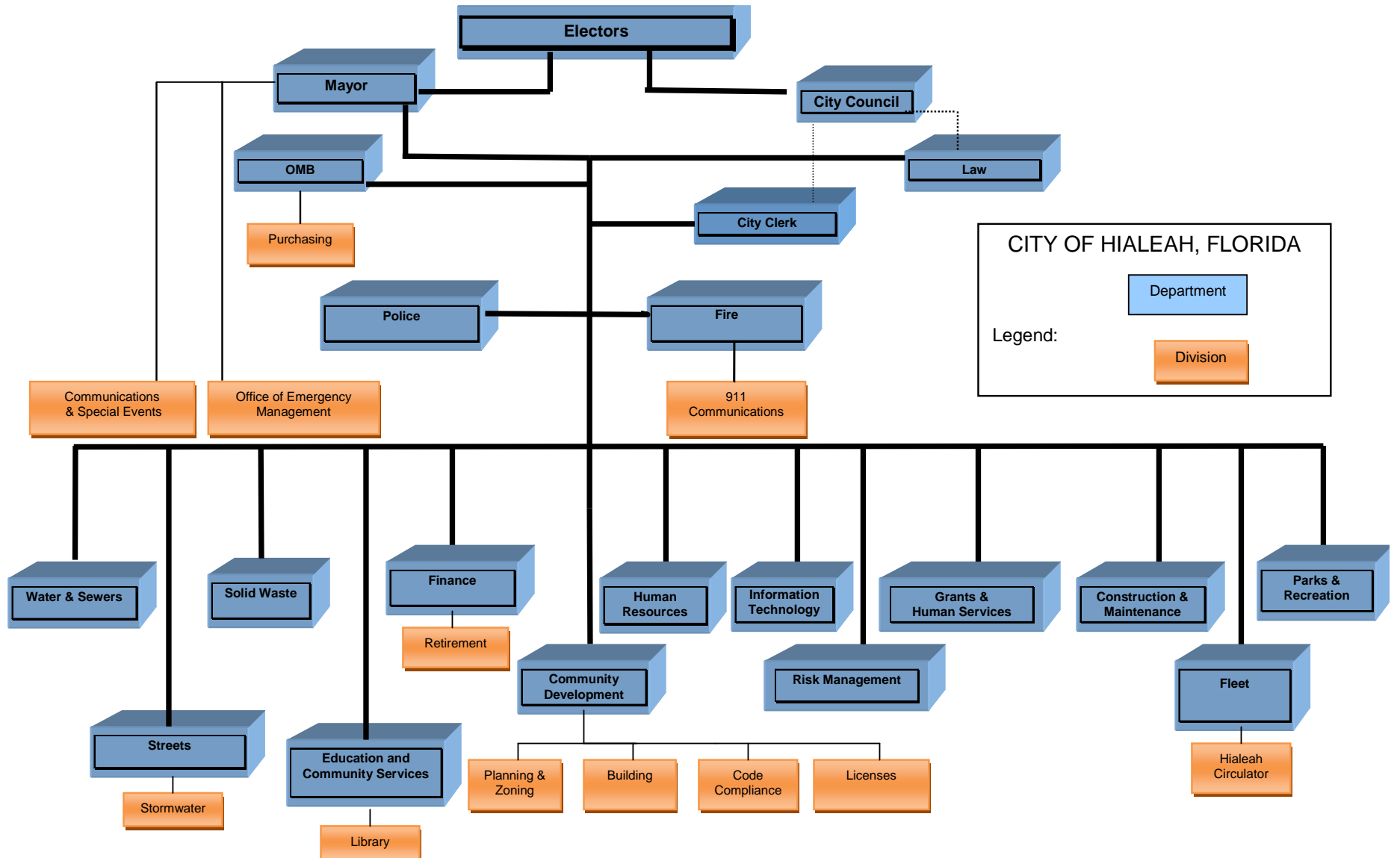
Prepared by:

Finance Department and Administration

# CITY OF HIALEAH, FLORIDA

## ORGANIZATIONAL CHART

SEPTEMBER 30, 2013



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## FINANCIAL SECTION

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INDEPENDENT  
AUDITORS' REPORT

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SUITE 404  
CORAL GABLES, FL 33146  
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FAX: 305-662-4266  
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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

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 City of Hialeah, Florida (the "City") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, 2013, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of October 1, 2012. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Schedules of Funding Progress and Employer Contributions on pages 3-16 and 77-80, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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 nonmajor fund financial statements, budgetary comparison schedules, statistical section and schedule of expenditures of federal awards and state financial assistance projects, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and Chapter 10.550, Rules of the Auditor General are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of expenditures of federal awards and state financial assistance projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules and schedule of expenditures of federal awards and state financial assistance projects are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, 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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
June 30, 2014



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Hialeah, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City of Hialeah's Governmental and Business-type funds exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$224 million.
- Net position of the City's governmental activities decreased by 9% (\$6.2 million) from \$68.3 million for last fiscal year, compared to \$62.1 million in the current fiscal year. A decrease change in the Net Position for fiscal 2013 of \$6.2 million was due primarily to the net change of increases in OPEB liability and net pension obligation of \$11 and \$2.7 million, respectively; however, this was offset by decreases in compensated absences and reduction of long-term liability of \$3 and \$6 million, respectively. In addition, the October 1, 2012 beginning net position and liabilities were restated for the government activities by an increase of net position and decrease liabilities of \$8 million to recognize the allocation of the FMLC 2003 Bond liability in the Stormwater fund (see note 19).
- Net position of the City's business-type activities decreased by .1% (approximately \$100,000) from \$162.8 million compared to \$162.7 million in the current fiscal year. Further, in the current year it was determine that the October 1, 2012 beginning net position and liabilities for the business-type activities were to be restated by increasing liabilities and decreasing beginning net position by \$8 million to recognize the allocation of the FMLC 2003 Bond liability in the Stormwater fund (see note 19).
- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$18.5 million, a decrease of approximately \$1.7 million.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$10.6 million, or 82% of the total General Fund Balance. The non-spendable fund balance was \$2.2 million which represents inventory and prepaid expenses which are amounts that are not spendable in nature. The \$10.6 million of unassigned fund balance is considered undesignated at the closing of the year; and are funds *available for spending* at the government's discretion. It is important for readers to understand that these funds *available for spending* are essential for long-term commitments and unanticipated contingencies and should not be considered superfluous.

### **Overview of the Financial Statements**

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

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. There were no deferred inflows or deferred outflow of resources for the fiscal year ended September 30, 2013.

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

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

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

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

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

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

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

The City adopts an annual appropriated budget for its General Fund and other governmental funds. Budgetary comparison statements have been provided for the General Fund and governmental funds with legally adopted budgets to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 19-21 of this report.

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

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

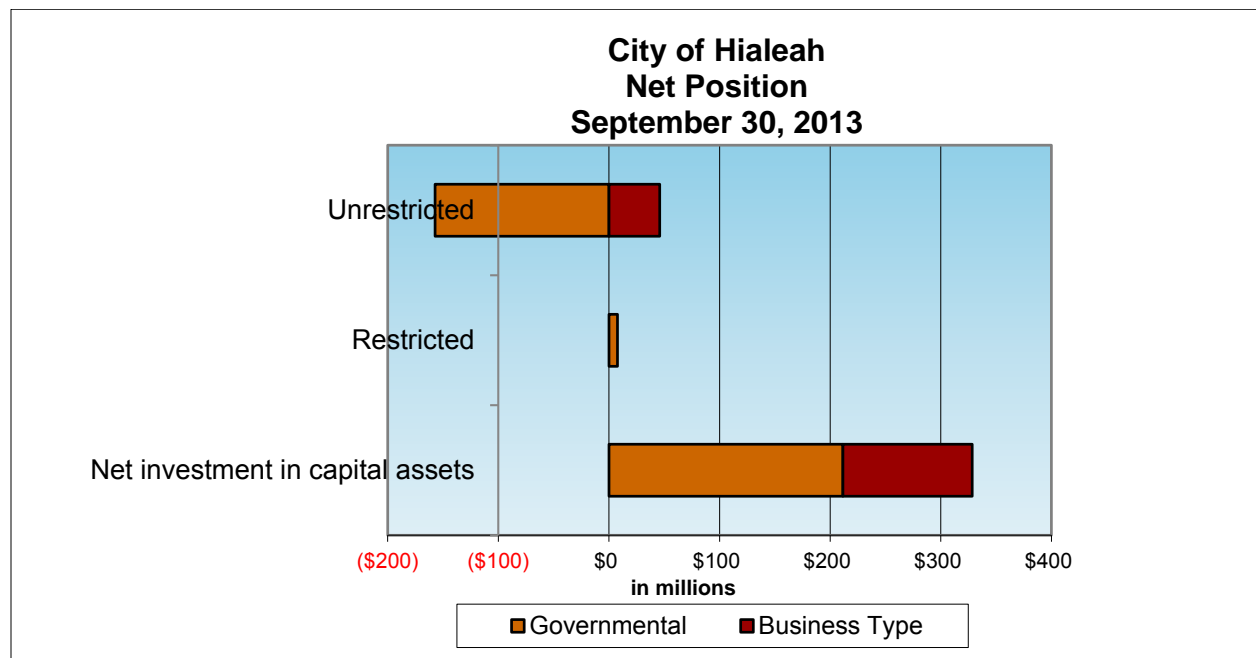
**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29-76 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including, but not limited to, the budgetary comparison schedule of the General Fund and information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 77-80 of this report. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81-110 of this report.

**Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Hialeah, total assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources by \$224 million at the close of the most recent fiscal year. This is a 2.7% decrease compared to last year's net position of \$231 million.



<b>CITY OF HIALEAH - NET POSITION</b>						
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>2013</u>	<u>Activities</u>	<u>Activities</u>	<u>2012</u>
Current and other assets	\$ 54,883,602	\$ 82,343,147	\$ 137,226,749	\$ 44,146,274	\$ 66,266,738	\$ 110,413,012
Restricted assets	1,389,383	10,879,245	12,268,628	2,456,819	26,360,115	28,816,934
Capital assets, net	291,082,133	183,387,320	474,469,453	284,741,151	181,007,645	465,748,796
Total assets	<u>347,355,118</u>	<u>276,609,712</u>	<u>623,964,830</u>	<u>331,344,244</u>	<u>273,634,498</u>	<u>604,978,742</u>
Long-term liabilities	238,586,075	81,657,713	320,243,788	233,313,772	71,854,236	305,168,008
Other liabilities	46,681,105	32,246,741	78,927,846	37,739,170	30,987,528	68,726,698
Total liabilities	<u>285,267,180</u>	<u>113,904,454</u>	<u>399,171,634</u>	<u>271,052,942</u>	<u>102,841,764</u>	<u>373,894,706</u>
Net Position:						
Net investment in capital assets	211,571,226	116,770,648	328,341,874	194,882,428	121,429,175	316,311,603
Restricted	7,703,518	-	7,703,518	4,187,495	5,213,862	9,401,357
Unrestricted	<u>(157,186,806)</u>	<u>45,934,610</u>	<u>(111,252,196)</u>	<u>(138,778,621)</u>	<u>44,149,697</u>	<u>(94,628,924)</u>
Total net position	<u>\$ 62,087,938</u>	<u>\$ 162,705,258</u>	<u>\$ 224,793,196</u>	<u>\$ 60,291,302</u>	<u>\$ 170,792,734</u>	<u>\$ 231,084,036</u>

By far the largest portion of the City's net position 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance is considered unrestricted net position and that amount is a negative \$157.2 million. This figure illustrates that if all liabilities became due at this point in time, total assets would be insufficient to cover all our obligations. Capital assets of the City would need to be sold in order to meet contingencies.

Net position of the City's governmental activities decreased by 9% (\$6.2 million) from \$68.3 million for last fiscal year, compared to \$62.1 million in the current fiscal year. See detailed explanation under Financial Highlights.

Net position of the City's business-type activities decreased by .1% (approximately \$100,000) from \$162.8 million for last fiscal year, compared to \$162.7 million in the current fiscal year. See detailed explanation under Financial Highlights.

**CITY OF HIALEAH - CHANGES IN NET POSITION**

	Governmental Activities	Business-type Activities	Total 2013	Governmental Activities	Business-type Activities	Total 2012
Revenues:						
Program revenues:						
Charges for services	\$ 26,600,182	\$ 68,575,726	\$ 95,175,908	\$ 25,097,481	\$ 66,864,732	\$ 91,962,213
Operating grants & contributions	21,651,822	-	21,651,822	22,096,593	-	22,096,593
Capital grants & contributions	26,000,214	538,297	26,538,511	27,170,059	1,168,560	28,338,619
General Revenues:						
Property taxes	41,687,822	-	41,687,822	44,867,987	-	44,867,987
Utility taxes	21,909,541	-	21,909,541	22,181,374	-	22,181,374
Franchise fees on gross receipts	10,277,964	-	10,277,964	10,478,381	-	10,478,381
Intergovernmental revenue	23,733,372	-	23,733,372	21,875,813	-	21,875,813
Gain on disposal of capital assets	163,973					
Unrestricted interest	<u>14,745</u>	<u>(316,354)</u>	<u>(301,609)</u>	<u>6,254</u>	<u>672,616</u>	<u>678,870</u>
Total revenues	<u>172,039,635</u>	<u>68,797,669</u>	<u>240,837,304</u>	<u>173,773,942</u>	<u>68,705,908</u>	<u>242,479,850</u>

Expenses:						
General government	68,161,389	-	68,161,389	66,408,608	-	66,408,608
Police	43,436,364	-	43,436,364	43,670,286	-	43,670,286
Fire	39,443,585	-	39,443,585	39,712,334	-	39,712,334
Streets	11,985,507	-	11,985,507	12,935,254	-	12,935,254
Recreation & community service	10,665,547	-	10,665,547	10,441,684	-	10,441,684
Interest on long-term debt	4,538,607	-	4,538,607	3,081,789	-	3,081,789
Water & sewer	-	45,991,989	45,991,989	-	52,462,058	52,462,058
Solid waste	-	18,232,547	18,232,547	-	15,415,099	15,415,099
Stormwater	-	4,672,609	4,672,609	-	4,818,638	4,818,638
Total expenses	<u>178,230,999</u>	<u>68,897,145</u>	<u>247,128,144</u>	<u>176,249,955</u>	<u>72,695,795</u>	<u>248,945,750</u>
Transfers	-	-	-	<u>(28,544,347)</u>	<u>28,544,347</u>	-
Change in net position	(6,191,364)	(99,476)	(6,290,840)	(2,476,013)	(3,989,887)	(6,465,900)
Net position-beginning	<u>68,279,302</u>	<u>162,804,734</u>	<u>231,084,036</u>	<u>91,311,663</u>	<u>146,238,274</u>	<u>237,549,937</u>
Net position-ending	<u>\$ 62,087,938</u>	<u>\$ 162,705,258</u>	<u>\$ 224,793,196</u>	<u>\$ 60,291,303</u>	<u>\$ 170,792,734</u>	<u>\$ 231,084,037</u>

**Governmental activities** - Governmental activities decreased the City's net position by \$6.2 million. This change in the Net Position for fiscal 2013 of \$6.2 million was due primarily to the net change of increases in OPEB liability and net pension obligation of \$11 and \$2.7 million, respectively; however, this was offset by decreases in compensated absences and reduction of long-term liability of \$3 and \$6 million, respectively. In addition, the October 1, 2012 beginning net position and liabilities were restated for the government activities by an increase of net position and decrease liabilities of \$8 million to recognize the allocation of the FMLC 2003 Bond liability in the Stormwater fund (note 19). These changes reported in the statement of activities do not require the use of current financial resources.

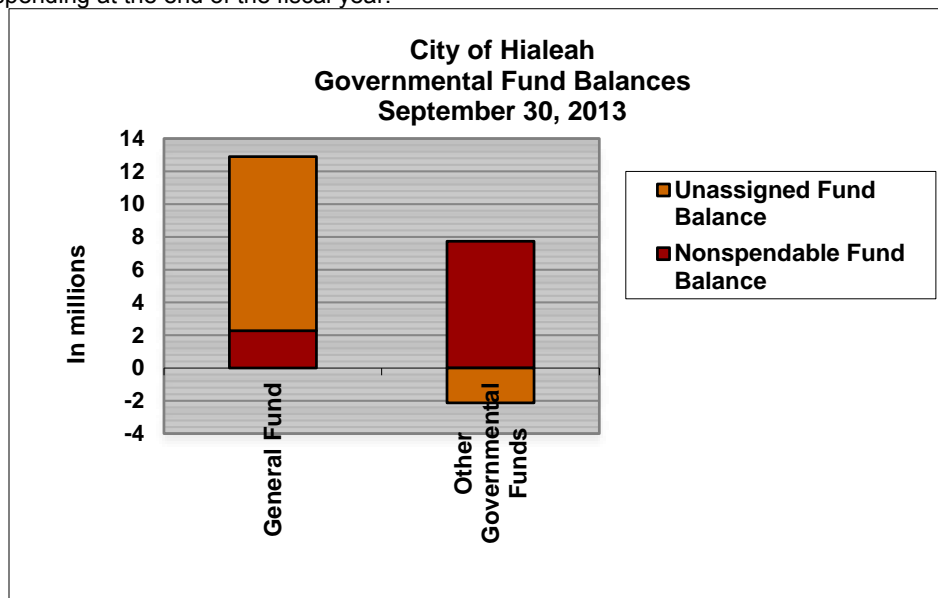
Revenues in ad valorem taxes decreased by approximately \$3.2 million in the current fiscal year; this was due to a decrease in the assessed property values within the City by the Miami-Dade County Property Appraisers' Office. This continues to be a challenge for the City of Hialeah to maintain the high level of services while revenues continue to decrease in the current economic crisis. Yet despite these issues, the City of Hialeah remains determine to maintain its promise not to raise taxes and in fact decrease the City's millage rate to 6.3018 from the prior fiscal year rate of 6.54 mills and will remain at that rate for the coming fiscal year.

**Business-type activities** - Net position of the City's business-type activities decreased by approximately \$100,000 in the current fiscal year. Further, in the current year it was determine that the October 1, 2012 beginning net position and liabilities for the business-type activities were to be restated by increasing liabilities and decreasing beginning net position by \$8 million to recognize the allocation of the FMLC 2003 Bond liability in the Stormwater fund (note 19). Current year operating loss for Solid Waste fund of \$3.2 million was increase in health and workers' compensation expenses which increased by \$1 and 1.2 million, respectively. In addition, OPEB and depreciation expense for the current fiscal year in the amount of \$300 and \$695 thousand, respectively, reported in the statement of revenues, expenses and changes in net position do not require the use of current financial resources and are non-cash transactions. However, the City has entered into an agreement with an outside consultant to conduct a detail analysis of the City's Solid Waste System and develop a study on various options and alternatives, including the possibility of privatizing the Solid Waste System using a collection franchise agreement, as is common in much of the State of Florida. Management is confident that this study will bring efficiencies and continued improvement in this fund will eliminate the current deficit reported in the fund. As of September 30, 2013, the analyses was being conducted and the assessments of the privatization study were very optimistic and the City was proceeding with the development of a request for proposal.

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

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

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



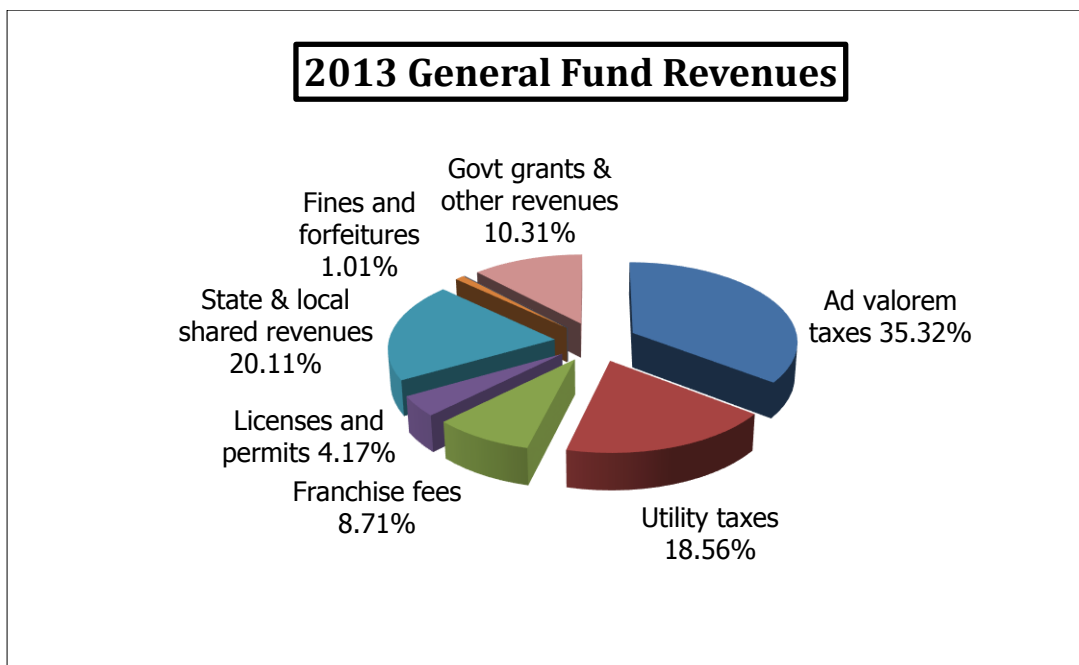
As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances (assigned and nonspendable) of \$18.5 million, a decrease of approximately \$1.7 million. The individual *statement of revenues, expenditures and changes in fund balances* for nonmajor governmental funds can be found on pages 86-89 of this report.

Unassigned fund balance in the amount of \$10.6 million in the General Fund constitutes amount which is available for spending as explained earlier under Financial Highlights. The remainder of fund balance is *non-spendable* to indicate it is not available for spending because they are in non-spendable form (i.e. inventory and prepaid expenses).

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

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

<u>Revenue Sources</u>	2013		2012		Amount Incr (Decr) from <u>Prior Year</u>	Percent Incr -Decr from Prior Year
	<u>2013 Amount</u>	Percent of <u>Total</u>	<u>2012 Amount</u>	Percent of <u>Total</u>		
Ad valorem taxes	\$ 41,687,822	35.32%	\$ 44,867,987	38.12%	\$ (3,180,165)	-7.09%
Utility taxes	21,909,541	18.56%	22,181,374	18.85%	(271,833)	-1.23%
Franchise fees	10,277,964	8.71%	10,478,381	8.90%	(200,417)	-1.91%
Licenses and permits	4,924,571	4.17%	4,641,451	3.94%	283,120	6.10%
State & local shared revenues	23,733,372	20.11%	21,875,813	18.59%	1,857,559	8.49%
Fines and forfeitures	1,197,481	1.01%	1,512,411	1.28%	(314,930)	-20.82%
Interest	14,096	0.01%	4,776	0.00%	9,320	195.14%
Gov. grants & other revenues	14,282,319	12.10%	12,136,027	10.31%	2,146,292	17.69%
<b>Total</b>	<b>\$ 118,027,166</b>	<b>100%</b>	<b>\$ 117,698,220</b>	<b>100%</b>	<b>\$ 328,946</b>	<b>0.28%</b>



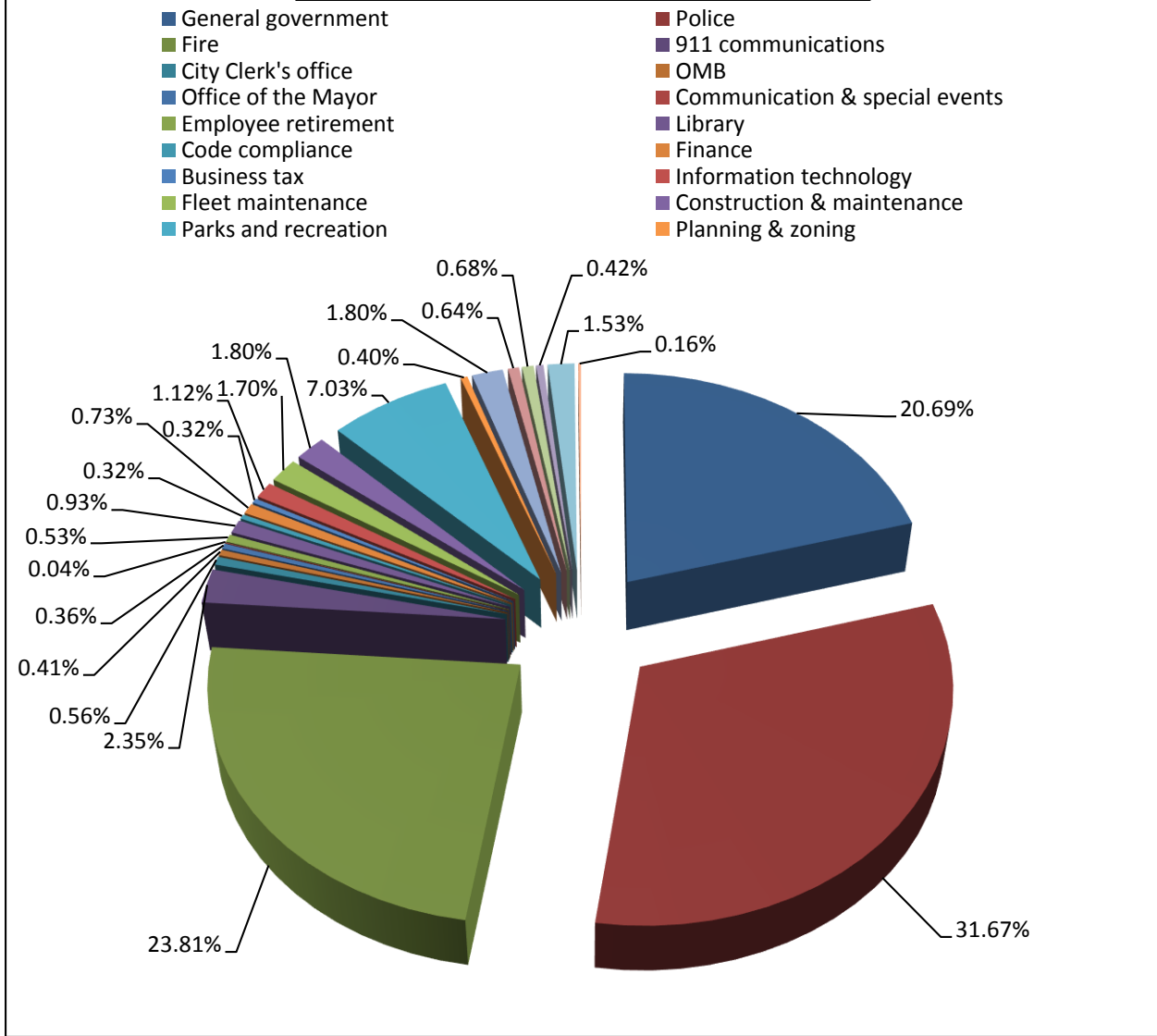


Compared to the prior fiscal year; total General Fund revenues increased slightly by \$328 thousand or 0.28% in fiscal year 2013. Although there was a decrease of \$3.2 million dollar in ad valorem taxes in 2013 due to a decrease in the City's millage rate from 6.54 to 6.0318 mills; this change was offset by an increase in state and local shared revenues and government grants and other revenues of \$1.9 and \$2.1 million, respectively. Consequently, current year General Fund revenues remained relatively consistent in comparison to the prior year; nevertheless, the City of Hialeah remains determined to maintain its services at the highest levels.

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

<u>Expenditures</u>	2013		2012		Amount Incr (Decr) from Prior Year	Percent Incr -Decr from Prior Year
	<u>2013</u>	Percent of <u>Total</u>	<u>2012</u>	Percent of <u>Total</u>		
General government	\$ 25,015,678	20.69%	\$ 23,821,995	19.66%	\$ 1,193,683	5.01%
Police	38,292,740	31.67%	39,659,198	32.73%	(1,366,458)	-3.45%
Fire	28,794,425	23.81%	29,530,754	24.37%	(736,329)	-2.49%
911 communications	2,842,064	2.35%	2,877,722	2.38%	(35,658)	-1.24%
City Clerk's office	676,279	0.56%	1,074,523	0.89%	(398,244)	-37.06%
OMB	494,087	0.41%	551,784	0.46%	(57,697)	-10.46%
Office of the Mayor	441,278	0.36%	416,047	0.34%	25,231	6.06%
Communication & special events	47,427	0.04%	-	0.00%	47,427	100.00%
Employee retirement	636,543	0.53%	501,114	0.41%	135,429	27.03%
Library	1,124,518	0.93%	1,158,859	0.96%	(34,341)	-2.96%
Code compliance	392,052	0.32%	310,669	0.26%	81,383	26.20%
Finance	880,172	0.73%	932,222	0.77%	(52,050)	-5.58%
Business tax	392,421	0.32%	248,847	0.21%	143,574	57.70%
Information technology	1,358,607	1.12%	1,405,939	1.16%	(47,332)	-3.37%
Fleet maintenance	2,052,285	1.70%	1,984,209	1.64%	68,076	3.43%
Construction & maintenance	2,178,352	1.80%	2,169,116	1.79%	9,236	0.43%
Parks and recreation	8,504,481	7.03%	8,480,480	7.00%	24,001	0.28%
Planning & zoning	484,169	0.40%	476,241	0.39%	7,928	1.66%
Education & community svcs	2,171,059	1.80%	2,166,341	1.79%	4,718	0.22%
Law	768,888	0.64%	805,255	0.66%	(36,367)	-4.52%
Risk management	819,238	0.68%	976,285	0.81%	(157,047)	-16.09%
Human resources	513,118	0.42%	572,277	0.47%	(59,159)	-10.34%
Debt service	1,849,607	1.53%	529,152	0.44%	1,320,455	249.54%
Capital outlay	196,364	0.16%	506,160	0.42%	(309,796)	-61.21%
Total	<u>\$ 120,925,852</u>	100.00%	<u>\$ 121,155,189</u>	100.00%	<u>\$ (229,337)</u>	-0.19%

## 2013 General Fund Expenditures



In fiscal year 2013, total General Fund expenditures decreased by \$229 thousand or 0.19% as compared to the prior year. This decrease was due to reduction in spending in several City departments in the current fiscal year. The decrease in the City's revenue, as described above, has also forced the City to cut costs 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, storm-water and solid waste operations.

Unrestricted net position of all the enterprise funds at the end of the year amounted to \$45.9 million. Unrestricted net position at the end of the year for the Water and Sewer Fund, Solid Waste Fund and Stormwater Utility Fund amounted to \$50.9 million, a deficit \$10.3 million and \$5.3 million, respectively. Other factors concerning the finances of these 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:

- Ad valorem revenue was lower than budgeted due to a decrease in monies received from Miami Dade Tax Collector's department. Due to the current economic conditions and the lingering decline in the housing market this revenue source continues to be an area of concern for the City.
- Utility taxes collected were lower than budgeted due to budget projection being based information provided by the State of Florida.
- Franchise fees collected were lower than budgeted due to a decrease in consumer usage.
- State and local-shared revenues were lower than budgeted due to decrease in Sales tax revenue, which is a major part of this revenue source.
- General government's expenses were lower than budgeted figures by \$300 thousand or 0.025%

Differences between the *original budget* and the *final amended budget* for expense accounts increase by \$4.7 million an increase of 4.1% over the original budget.

**Capital Assets and Debt Administration**

**Capital assets** - The City's investment in capital assets for its governmental and business type activities as of September 30, 2013 totals \$847 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 81.3%.

<b>CITY OF HIALEAH - CAPITAL ASSETS (NET OF DEPRECIATION)</b>						
	<u>September 30, 2013</u>			<u>September 30, 2012</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Land	\$ 29,967,769	\$ 629,356	\$ 30,597,125	\$ 29,699,626	\$ 329,356	\$ 30,028,982
Construction in progress	13,272,080	48,177,144	61,449,224	13,426,534	43,149,745	56,576,279
Buildings and utility plants	90,338,178	4,484,824	94,823,002	80,251,579	3,142,775	83,394,354
Improvements other than buildings	9,407,502	-	9,407,502	10,128,434	20,571	10,149,005
Furniture, fixtures, machinery and equipment	12,785,297	2,186,190	14,971,487	12,262,782	3,183,834	15,446,616
Furniture, fixtures, machinery and equipment - Charter School	389,721	-	389,721	415,050	-	415,050
Infrastructure	<u>134,921,586</u>	<u>127,909,806</u>	<u>262,831,392</u>	<u>138,557,147</u>	<u>131,181,365</u>	<u>269,738,512</u>
Total capital assets	<u>\$ 291,082,133</u>	<u>\$ 183,387,320</u>	<u>\$ 474,469,453</u>	<u>\$ 284,741,152</u>	<u>\$ 181,007,646</u>	<u>\$ 465,748,798</u>

Additions to capital assets before depreciation for governmental activities equaled \$22.1 million. The following additions and transfers include the following items:

- Reconstruction and engineering services of various City street projects totaling \$5.1 million that were completed during the current fiscal year and were subsequently transferred to the Infrastructure asset group once placed in service. Continued construction and engineering services in progress of several City street projects totaling approximately \$2.3 million at the end of FY 2013.
- Continued construction in progress of several City projects including Milander Park and Auditorium and adjacent parking garage, Palm Center 72-units affordable housing project adjacent parking garage totaling approximately \$12 million at the end of FY 2013.

Additions to capital assets before depreciation for business type activities equaled \$10.1 million and include the following items:

- Continued construction in progress of the new reverse osmosis water treatment plant in the annexation area totaling approximately \$6.5 million in construction in fiscal year 2013.
- 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 approximately \$1.5 million.

Additional information on the City's capital assets can be found in Note 9 starting on page 49 of this report.

**Long-term debt** - The City's net outstanding debt decreased by approximately \$16 million to approximately \$341 million during the current fiscal year. The change was mainly attributable to an increase of \$11 million on OPEB liability. Additional information on the City's long-term debt can be found in the notes to the financial statements. More in-depth detail can be found on pages 51-58, Note 11.

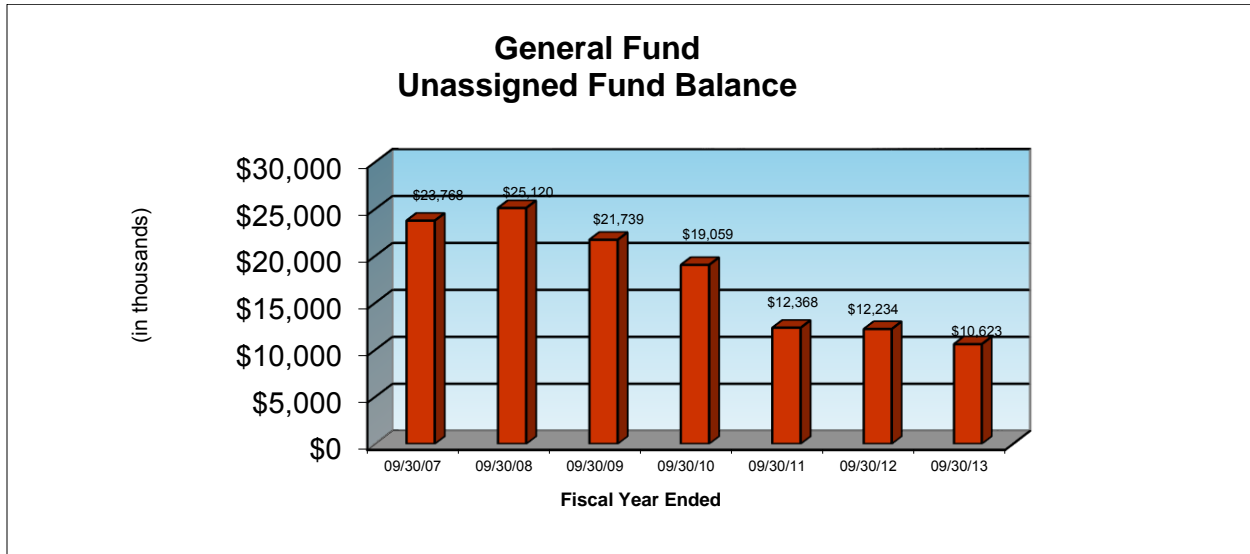
<b>CITY OF HIALEAH'S OUTSTANDING DEBT</b>			
<u>Governmental Activities</u>			
<u>2013</u> <u>2012</u>			
Revenue bonds	\$	-	\$ 1,471,927
Bonds payable (W&S)		47,925,000	48,235,000
Notes payable		102,879,261	101,125,030
Other long-term debt		190,665,222	174,621,164
Total	\$	<u>341,469,483</u>	\$ <u>325,453,121</u>

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

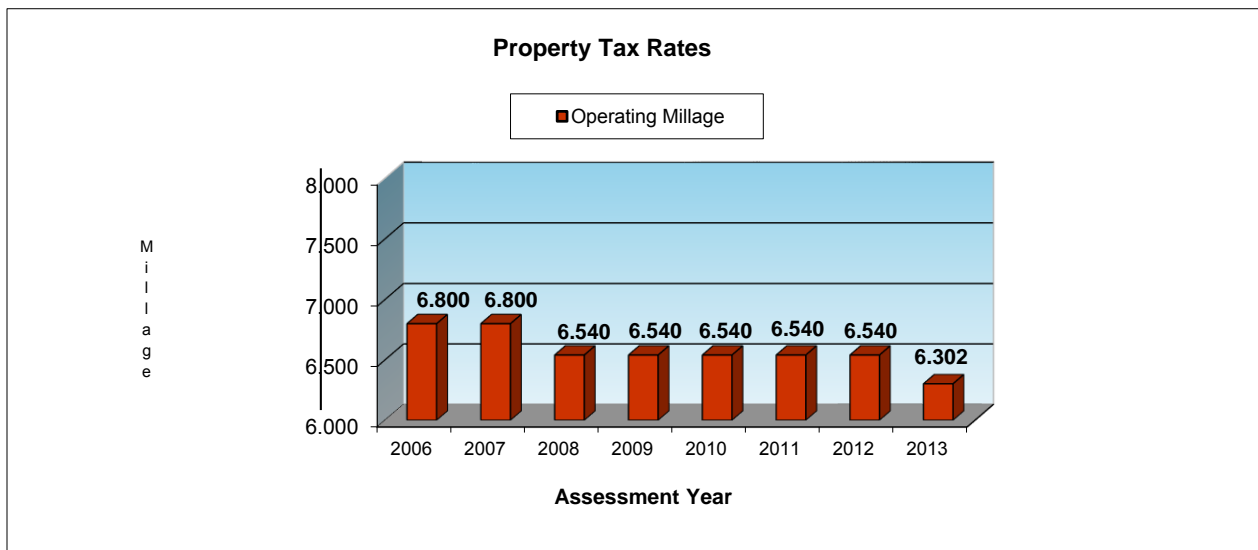
The City's local economy is primarily based upon industrial, light manufacturing and service related companies. The occupancy rates of the City's establishments for these businesses remained at approximately 97%.

During the current fiscal year, unassigned fund balance in the General Fund decreased to \$10.6 million. The unassigned fund balance of \$10.6 million is approximately equal to one month of the General Fund budgeted expenditures for fiscal year 2013-2014.

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 3/4 of a mill since 2006. 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. During fiscal year 2012-2013, the City decreased the millage rate from 6.540 to 6.3018 mills and reduced the property taxes to the average resident by 3.64%. The City has reduced the cost of government, while maintaining a full complement of municipal services (police, fire, parks, recreation, libraries, education, community services and affordable housing) at optimum levels without the need for additional voter approved debt.



An annual budget of \$110 million and an unchanged property tax rate of 6.0318 mills was approved for the General Fund fiscal year 2013-2014 with no use of unassigned fund balance.

### **2013 Fiscal Year Accomplishments**

During the 2012-2013 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 construction of the new water treatment plant that will provide service to the new annexed area as well as other areas of the County and is expected to be fully operational in fiscal 2014
  - Completed construction of a regional sewage pump station to serve the newly City annexed area
- Construction and Maintenance
  - Completed construction of a 36-unit affordable housing project located on 355 East 32 Street
  - Completed construction of a 9-unit affordable housing project located at 45 West 6<sup>th</sup> Street
- Street Department
  - Completion of road construction and resurfacing projects around the City
  - Continue median beautification/maintenance program
- Recreation Department
  - Completed construction and major renovations at Milander Park and Auditorium to convert these facilities into a new Performing Arts and Exhibition Center
  - Completed construction on the 300 space parking garage at Milander Park to alleviate parking congestion at the new performing arts center

### **Future Outlook**

- Water and Sewer Department
  - Continue with ongoing programs to upgrade Sewer Pump Stations
  - Continue with ongoing program of lining an additional 50,000 lineal feet of sewer lines
  - Continue construction of a new regional pump station to support the new annexed area
  - Continue construction of the sanitary sewer system and the water distribution system to service the annexed area and to support development
- Construction and Maintenance Department
  - Continued construction of a multipurpose facility that will house 72 affordable housing units and an adjacent parking garage for the facility
- Streets Department
  - Continue with road construction and resurfacing projects around the City
  - Continue implementation of median beautification/maintenance program
- Recreation Department
  - Continue construction and completion of major renovations and improvements at various City parks and recreational facilities

**Requests for Information**

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

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

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## BASIC FINANCIAL STATEMENTS

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**CITY OF HIALEAH, FLORIDA**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,663,556	\$ 14,074,643	\$ 23,738,199
Investments	3,066,585	51,152,329	54,218,914
Receivables, net	30,758,578	14,464,567	45,223,145
Notes receivable	2,239,056	-	2,239,056
Net pension asset	2,167,382	-	2,167,382
Internal balances	2,132,115	(2,132,115)	-
Inventories	1,481,002	522,232	2,003,234
Prepays and other assets	3,375,328	4,261,491	7,636,819
Restricted assets:			
Cash and cash equivalents	1,389,383	7,300,192	8,689,575
Other assets	-	3,579,053	3,579,053
Capital assets:			
Depreciable	43,239,849	48,806,500	92,046,349
Non-depreciable, net of depreciation	<u>247,842,284</u>	<u>134,580,820</u>	<u>382,423,104</u>
Total assets	<u>347,355,118</u>	<u>276,609,712</u>	<u>623,964,830</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	8,933,844	15,706,764	24,640,608
Short-term borrowings	15,000,000	-	15,000,000
Accrued interest	950,032	1,213,572	2,163,604
Unearned revenue	5,368,482	1,420,175	6,788,657
Liabilities payable from restricted assets	-	9,001,678	9,001,678
Other liabilities	107,604	-	107,604
Non-current liabilities:			
Due within one year	16,321,143	4,904,552	21,225,695
Due in more than one year	<u>238,586,075</u>	<u>81,657,713</u>	<u>320,243,788</u>
Total liabilities	<u>285,267,180</u>	<u>113,904,454</u>	<u>399,171,634</u>
<u>NET POSITION</u>			
Net investment in capital assets	211,571,226	116,770,648	328,341,874
Restricted:			
Capital projects	4,623,971	-	4,623,971
Public safety	1,767,579	-	1,767,579
Human services	583,149	-	583,149
Debt service	728,819	-	728,819
Unrestricted	<u>(157,186,806)</u>	<u>45,934,610</u>	<u>(111,252,196)</u>
Total net position	<u>\$ 62,087,938</u>	<u>\$ 162,705,258</u>	<u>\$ 224,793,196</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 68,161,389	\$ 20,356,002	\$ 15,194,737	\$ 10,705,025	\$ (21,905,625)	\$ -	\$ (21,905,625)
Police	43,436,364	889,365	913,577	276,881	(41,356,541)	-	(41,356,541)
Fire	39,443,585	4,489,584	253,063	1,043,189	(33,657,749)	-	(33,657,749)
Streets	11,985,507	209,436	4,027,541	7,412,306	(336,224)	-	(336,224)
Recreation and community services	10,665,547	655,795	1,262,904	6,562,813	(2,184,035)	-	(2,184,035)
Interest on long term debt	4,538,607	-	-	-	(4,538,607)	-	(4,538,607)
Total governmental activities	<u>178,230,999</u>	<u>26,600,182</u>	<u>21,651,822</u>	<u>26,000,214</u>	<u>(103,978,781)</u>	<u>-</u>	<u>(103,978,781)</u>
Business-type activities:							
Water and sewer	45,991,989	49,939,574	-	538,297	-	4,485,882	4,485,882
Solid waste	18,232,547	15,002,838	-	-	-	(3,229,709)	(3,229,709)
Stormwater	4,672,609	3,633,314	-	-	-	(1,039,295)	(1,039,295)
Total business-type activities	<u>68,897,145</u>	<u>68,575,726</u>	<u>-</u>	<u>538,297</u>	<u>-</u>	<u>216,878</u>	<u>216,878</u>
	<u>\$ 247,128,144</u>	<u>\$ 95,175,908</u>	<u>\$ 21,651,822</u>	<u>\$ 26,538,511</u>	<u>(103,978,781)</u>	<u>216,878</u>	<u>(103,761,903)</u>
General revenues:							
Property taxes					41,687,822	-	41,687,822
Utility taxes					21,909,541	-	21,909,541
Franchise fees on gross receipts					10,277,964	-	10,277,964
Intergovernmental revenues not restricted to specific program					23,733,372	-	23,733,372
Unrealized loss on investments					-	(401,464)	(401,464)
Gain on disposal of capital assets					163,973	-	163,973
Unrestricted interest					14,745	85,110	99,855
Total general revenues					<u>97,787,417</u>	<u>(316,354)</u>	<u>97,471,063</u>
Change in net position					(6,191,364)	(99,476)	(6,290,840)
Net position - beginning (as restated, see Note 19)					<u>68,279,302</u>	<u>162,804,734</u>	<u>231,084,036</u>
Net position - ending					<u>\$ 62,087,938</u>	<u>\$ 162,705,258</u>	<u>\$ 224,793,196</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 9,243,952	\$ 419,604	\$ 9,663,556
Investments	3,066,585	-	3,066,585
Receivables	14,316,975	16,441,603	30,758,578
Due from other funds	23,302,767	8,273,127	31,575,894
Inventories	1,457,058	23,944	1,481,002
Prepays	718,000	983,803	1,701,803
Notes receivable	2,239,056	-	2,239,056
Restricted cash	-	1,389,383	1,389,383
Total assets	<u>\$ 54,344,393</u>	<u>\$ 27,531,464</u>	<u>\$ 81,875,857</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Vouchers payable and accrued liabilities	5,683,834	3,250,010	8,933,844
Short-term borrowing	15,000,000	-	15,000,000
Compensated absences payable	1,493,521	-	1,493,521
Self-insurance claims payable	782,586	-	782,586
Due to other funds	14,035,226	15,408,553	29,443,779
Unearned revenue	4,338,586	3,268,952	7,607,538
Other liabilities	107,604	-	107,604
Total liabilities	<u>41,441,357</u>	<u>21,927,515</u>	<u>63,368,872</u>
Fund balances:			
Nonspendable	2,175,058	29,785	2,204,843
Restricted	-	7,703,518	7,703,518
Committed	105,440	-	105,440
Unassigned	10,622,538	(2,129,354)	8,493,184
Total fund balances	<u>12,903,036</u>	<u>5,603,949</u>	<u>18,506,985</u>
Total liabilities and fund balances	<u>\$ 54,344,393</u>	<u>\$ 27,531,464</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	291,082,133
Long-term liabilities, including bonds payable, are not due and payable in the current period	(84,260,014)
Compensated absences	(16,974,147)
Claims payable	(45,239,134)
Accrued interest	(950,032)
Net pension asset	2,167,382
Net pension obligation	(42,735,703)
Notes receivable- long term	2,239,056
Loan costs	1,673,525
OPEB Liability	<u>(63,422,113)</u>
Net position of governmental activities	<u>\$ 62,087,938</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, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 41,687,822	\$ -	\$ 41,687,822
Utility taxes	21,909,541	-	21,909,541
Franchise fees	10,277,964	-	10,277,964
Licenses and permits	4,924,571	3,311,856	8,236,427
State and local shared revenues	23,733,372	13,640,083	37,373,455
Fines and forfeitures	1,197,481	745,416	1,942,897
Interest	14,096	649	14,745
Government grants and other revenues	14,282,319	36,150,492	50,432,811
Total revenues	118,027,166	53,848,496	171,875,662
<b>Expenditures:</b>			
<b>Current:</b>			
General government	25,015,678	10,402,809	35,418,487
Police	38,292,740	637,492	38,930,232
Fire	28,794,425	4,732,864	33,527,289
911 communications	2,842,064	-	2,842,064
Streets	-	2,781,994	2,781,994
Grants and human services	-	5,326,027	5,326,027
State housing initiative program	-	107,769	107,769
Work Investment Act programs	-	2,021,437	2,021,437
City Clerk's office	676,279	-	676,279
Office of Management and Budget	494,087	-	494,087
Office of the Mayor	441,278	-	441,278
Communications and special events	47,427	-	47,427
Employee retirement	636,543	-	636,543
Library	1,124,518	-	1,124,518
Code compliance	392,052	-	392,052
Finance	880,172	-	880,172
Business tax division	392,421	-	392,421
Information technology	1,358,607	-	1,358,607
Fleet maintenance	2,052,285	-	2,052,285
Construction and maintenance	2,178,352	-	2,178,352
Parks and recreation	8,504,481	-	8,504,481
Planning and zoning	484,169	-	484,169
Education and community services	2,171,059	-	2,171,059
Law	768,888	-	768,888
Risk management	819,238	-	819,238
Human resources	513,118	-	513,118
<b>Debt service:</b>			
Principal	1,655,157	35,088,980	36,744,137
Interest	182,450	4,749,574	4,932,024
Debt issuance costs	12,000	618,913	630,913
Capital outlay	196,364	23,671,536	23,867,900
Total expenditures	120,925,852	90,139,395	211,065,247
(Deficiency) of revenues over expenditures before other financing sources (uses)	(2,898,686)	(36,290,899)	(39,189,585)
<b>Other financing sources (uses):</b>			
Proceeds from disposal of capital assets	163,973	-	163,973
Issuance of debt	1,620,000	35,709,481	37,329,481
Transfers in	26,895	11,660	38,555
Transfers out	(4,562)	(33,993)	(38,555)
Total other financing sources (uses)	1,806,306	35,687,148	37,493,454
Net change in fund balances	(1,092,380)	(603,751)	(1,696,131)
Fund balances - beginning	13,995,416	6,207,700	20,203,116
Fund balances - ending	\$ 12,903,036	\$ 5,603,949	\$ 18,506,985

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, 2013

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

Net change in fund balances - total governmental funds (Page 20) \$ (1,696,131)

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	\$ 23,867,900	
Depreciation expense	<u>(15,668,617)</u>	
Net adjustment		8,199,283

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

Capital outlay which did not meet the threshold for capitalization (1,783,476)

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 position.

The details of the differences are as follows:

Issuance of debt	<u>(37,329,481)</u>	
Principal payments:		
Revenue bonds	1,471,927	
Notes payable	35,201,368	
Capital leases	<u>70,842</u>	
	<u>36,744,137</u>	
Debt issuance costs	<u>630,913</u>	
Net adjustment		45,569

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

The details of the difference are as follows:

Decrease in net pension obligation	(2,726,189)	
Decrease in net pension asset	27,550	
Increase in OPEB liability	(11,032,929)	
Decrease in accrued interest	377,027	
Decrease in claims payable	(202,597)	
Amortization bond issue costs	(99,234)	
Amortization of bond discount/premium	115,624	
Decrease in compensated absences	2,552,348	
Other	<u>31,791</u>	
Net adjustment		<u>(10,956,609)</u>

Change in net position of governmental activities (Page 18) \$ (6,191,364)

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2013

	Water and Sewers Utility <u>System</u>	Solid Waste Utility <u>System</u>	Stormwater Utility <u>System</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 12,313,882	\$ 1,760,761	\$ -	\$ 14,074,643
Investments	51,152,329	-	-	51,152,329
Customers accounts receivable	12,678,757	884,176	-	13,562,933
Other receivables	901,634	-	-	901,634
Due from other funds	270,301	2,270,285	6,754,864	9,295,450
Inventories	522,232	-	-	522,232
Prepays	3,343,227	-	39,456	3,382,683
Restricted assets:				
Cash and cash equivalents	7,300,192	-	-	7,300,192
Other assets	3,579,053	-	-	3,579,053
Total current assets	<u>92,061,607</u>	<u>4,915,222</u>	<u>6,794,320</u>	<u>103,771,149</u>
Non-current assets:				
Capital assets, not being depreciated	48,635,216	171,284	-	48,806,500
Capital assets, net of accumulated depreciation	<u>102,759,772</u>	<u>2,626,512</u>	<u>29,194,536</u>	<u>134,580,820</u>
Total capital assets, net	<u>151,394,988</u>	<u>2,797,796</u>	<u>29,194,536</u>	<u>183,387,320</u>
Loan costs	<u>878,808</u>	<u>-</u>	<u>-</u>	<u>878,808</u>
Total assets	<u>\$ 244,335,403</u>	<u>\$ 7,713,018</u>	<u>\$ 35,988,856</u>	<u>\$ 288,037,277</u>

(Continued)

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 (Continued)

SEPTEMBER 30, 2013

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Stormwater Utility System</u>	<u>Total</u>
<b><u>LIABILITIES AND NET POSITION</u></b>				
Current Liabilities:				
Accounts payable and accrued liabilities	14,654,514	1,046,631	5,619	\$ 15,706,764
Current portion of self-insurance claims payable	1,202,514	1,658,722	262,942	3,124,178
Current portion of loans payable	428,357	368,854	648,082	1,445,293
Current portion of compensated absences	179,851	128,877	26,353	335,081
Interest payable	1,213,572	-	-	1,213,572
Due to other funds	2,561,906	4,903,797	99,971	7,565,674
	<u>20,240,714</u>	<u>8,106,881</u>	<u>1,042,967</u>	<u>29,390,562</u>
Current liabilities payable from restricted assets:				
DERM payable	826,332	-	-	826,332
Due to other funds	3,861,891	-	-	3,861,891
Customer deposits	8,175,346	-	-	8,175,346
Total current liabilities payable from restricted assets	<u>12,863,569</u>	<u>-</u>	<u>-</u>	<u>12,863,569</u>
Total current liabilities	<u>33,104,283</u>	<u>8,106,881</u>	<u>1,042,967</u>	<u>42,254,131</u>
Non-current liabilities:				
Revolving loan	1,670,449	-	-	1,670,449
Loan payable	47,249,626	622,084	15,629,220	63,500,930
Unearned revenues, net	59,106	35,000	-	94,106
Unearned interest, net	1,326,069	-	-	1,326,069
Self-insurance claims payable	2,798,655	3,860,404	611,955	7,271,014
OPEB liability	4,268,454	2,954,442	324,555	7,547,451
Compensated absences payable	895,213	641,484	131,172	1,667,869
Total non-current liabilities	<u>58,267,572</u>	<u>8,113,414</u>	<u>16,696,902</u>	<u>83,077,888</u>
Total liabilities	<u>91,371,855</u>	<u>16,220,295</u>	<u>17,739,869</u>	<u>125,332,019</u>
Net position:				
Net investment in capital assets	102,046,556	1,806,858	12,917,234	116,770,648
Unrestricted	50,916,992	(10,314,135)	5,331,753	45,934,610
Total net position	<u>\$ 152,963,548</u>	<u>\$ (8,507,277)</u>	<u>\$ 18,248,987</u>	<u>\$ 162,705,258</u>

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Total
Operating revenues:				
Metered water sales	\$ 18,501,165	\$ -	\$ -	\$ 18,501,165
Sanitary sewer service	28,918,354	-	-	28,918,354
Sanitation fees	-	14,944,068	-	14,944,068
Stormwater fees	-	-	3,599,662	3,599,662
Other	<u>2,520,055</u>	<u>58,770</u>	<u>33,652</u>	<u>2,612,477</u>
Total operating revenues	<u>49,939,574</u>	<u>15,002,838</u>	<u>3,633,314</u>	<u>68,575,726</u>
Operating expenses:				
Operating, administrative and maintenance	38,457,478	17,536,721	2,269,352	58,263,551
Depreciation	<u>5,057,708</u>	<u>695,826</u>	<u>1,921,969</u>	<u>7,675,503</u>
Total operating expenses	<u>43,515,186</u>	<u>18,232,547</u>	<u>4,191,321</u>	<u>65,939,054</u>
Operating Income (Loss)	<u>6,424,388</u>	<u>(3,229,709)</u>	<u>(558,007)</u>	<u>2,636,672</u>
Non-operating revenues (expenses):				
Unrealized loss on investments	(401,464)	-	-	(401,464)
Interest income	85,110	-	-	85,110
Interest expense	<u>(2,476,803)</u>	<u>-</u>	<u>(481,288)</u>	<u>(2,958,091)</u>
Net non-operating revenues (expenses)	<u>(2,793,157)</u>	<u>-</u>	<u>(481,288)</u>	<u>(3,274,445)</u>
Gain (Loss) before contributions	3,631,231	(3,229,709)	(1,039,295)	(637,773)
Capital contributions	538,297	-	-	538,297
Change in net position	4,169,528	(3,229,709)	(1,039,295)	(99,476)
Net position - beginning (as restated, see Note 19)	<u>148,794,020</u>	<u>(5,277,568)</u>	<u>19,288,282</u>	<u>162,804,734</u>
Net position, ending	<u>\$ 152,963,548</u>	<u>\$ (8,507,277)</u>	<u>\$ 18,248,987</u>	<u>\$ 162,705,258</u>

See notes to basic financial statements.



**CITY OF HIALEAH, FLORIDA**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Water and Sewers Utility System	Solid Waste Utility System	Stormwater Utility System	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 45,570,916	\$ 14,610,517	\$ 3,599,662	\$ 63,781,095
Cash received from others	2,520,055	58,770	33,652	2,612,477
Cash paid for interfund services used	(3,600,526)	(2,110,734)	(157,621)	(5,868,881)
Cash payments to suppliers	(26,418,400)	(6,492,953)	(2,486,343)	(35,397,696)
Cash payments to employees	<u>(6,647,127)</u>	<u>(3,814,582)</u>	<u>(844,062)</u>	<u>(11,305,771)</u>
Net cash provided by operating activities	<u>11,424,918</u>	<u>2,251,018</u>	<u>145,288</u>	<u>13,821,224</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(10,188,572)	-	-	(10,188,572)
Proceeds from issuance of debt	-	-	8,324,000	8,324,000
Interest paid	(5,392,553)	-	(481,288)	(5,873,841)
Capital contributions	538,297	-	-	538,297
Payments on long-term debt	<u>(796,716)</u>	<u>(490,407)</u>	<u>(7,988,000)</u>	<u>(9,275,123)</u>
Net cash used in capital and related financing activities	<u>(15,839,544)</u>	<u>(490,407)</u>	<u>(145,288)</u>	<u>(16,475,239)</u>
Cash flows from investing activities:				
Purchases net of sales of investments	(1,586,184)	-	-	(1,586,184)
Interest received on investments	<u>85,110</u>	<u>-</u>	<u>-</u>	<u>85,110</u>
Net cash (used in) investing activities	<u>(1,501,074)</u>	<u>-</u>	<u>-</u>	<u>(1,501,074)</u>
Net (decrease) increase in cash and cash equivalents	(5,915,700)	1,760,611	-	(4,155,089)
Cash and cash equivalents, beginning	<u>25,529,774</u>	<u>150</u>	<u>-</u>	<u>25,529,924</u>
Cash and cash equivalents, ending	<u>19,614,074</u>	<u>1,760,761</u>	<u>-</u>	<u>21,374,835</u>
Cash and cash equivalents per statement of net position:				
Unrestricted	12,313,882	1,760,761	-	14,074,643
Restricted - current	<u>7,300,192</u>	<u>-</u>	<u>-</u>	<u>7,300,192</u>
	<u>\$ 19,614,074</u>	<u>\$ 1,760,761</u>	<u>\$ -</u>	<u>\$ 21,374,835</u>

(Continued)

See notes to basic financial statements.

**CITY OF HIALEAH, FLORIDA**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Water and Sewers Utility System</u>	<u>Solid Waste Utility System</u>	<u>Stormwater Utility System</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating income (loss)	\$ 6,424,388	\$ (3,229,709)	\$ (558,007)	\$ 2,636,672
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	5,057,708	695,826	1,921,969	7,675,503
Amortization	413,085	-	-	413,085
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(1,848,603)	(333,551)	-	(2,182,154)
Other receivables	72,268	-	-	72,268
Due from other funds	154,838	91,862	(1,356,026)	(1,109,326)
Inventories	1,853	-	-	1,853
Increase (decrease) in:				
Vouchers payable and accrued liabilities	(351,583)	788,515	2,710	439,642
Unearned revenue	(730,732)	-	-	(730,732)
Self insurance claims payable	1,411,015	1,496,826	352,627	3,260,468
Compensated absences payable	(8,235)	70,857	(3,544)	59,078
OPEB liability	617,249	300,916	54,905	973,070
Due to other funds	(30,082)	2,369,476	(269,346)	2,070,048
Customer deposits	<u>241,749</u>	<u>-</u>	<u>-</u>	<u>241,749</u>
Total adjustments	<u>5,000,530</u>	<u>5,480,727</u>	<u>703,295</u>	<u>11,184,552</u>
Net cash provided by operating activities	\$ <u>11,424,918</u>	\$ <u>2,251,018</u>	\$ <u>145,288</u>	\$ <u>13,821,224</u>

See notes to basic financial statements.

# CITY OF HIALEAH, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2013

<u>ASSETS</u>	Pension <u>Trust</u>
Cash and cash equivalents	\$ 33,611,905
Securities lending cash collateral	99,716,308
Investments, at fair value:	
U.S. Treasury bonds and notes	41,545,334
U.S. Government securities	12,281,629
Asset backed securities	10,432,396
Mortgage backed securities	49,342,556
Real estate investment trusts	12,869,400
Corporate bonds and notes	80,323,066
Municipal bonds	956,060
Limited partnerships	993,252
Mutual funds	18,925,484
Common stocks	341,750,745
Receivables:	
Other receivables	191,016
Employer and employee contributions	892,509
Accrued interest and dividends	1,458,592
Investments sold	934,300
Loans to members	9,861,175
Total assets	<u>716,085,727</u>
<u>LIABILITIES AND NET POSITION</u>	
Obligations under securities lending	99,716,308
Due to retired participants	38,605,207
Investments purchased	2,013,027
Accounts payable and accrued liabilities	482,429
DROP payable	9,325,968
Total liabilities	<u>150,142,939</u>
Net position restricted for pension benefits	<u>\$ 565,942,788</u>

See notes to basic financial statements.

# CITY OF HIALEAH, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 21,843,730
Employee	5,299,726
State	<u>461,877</u>
Total contributions	<u>27,605,333</u>
Investment income:	
Net appreciation in fair value of investments	57,841,697
Investment earnings	<u>13,490,077</u>
	71,331,774
Less investment expenses	<u>1,274,952</u>
Net investment income	<u>70,056,822</u>
Total additions	<u>97,662,155</u>
DEDUCTIONS	
Pension benefits	45,662,797
Refunds of contributions	8,635,105
DROP benefits	<u>3,664,000</u>
Total deductions	<u>57,961,902</u>
Net increase	39,700,253
Net position restricted for pension benefits:	
Beginning	<u>526,242,535</u>
Ending	<u>\$ 565,942,788</u>

See notes to basic financial statements.

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## NOTES TO BASIC FINANCIAL STATEMENTS

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# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. The Financial Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the City. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the City of Hialeah Educational Academy, Inc. (the "HEA") met the definition for inclusion as a blended component unit. There were no discretely presented component units.

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

HEA is a charter school operating as a charter-school-municipality through a school charter agreement between the School Board of Miami Dade County, Florida and the City. HEA is governed by an Oversight Committee which was established by City Ordinance 08-48 and is composed of the City's Mayor and council members. The members of the oversight committee also serve as the HEA Board of Directors. HEA is included as a blended component unit because the City, through the oversight committee, approves the budget and oversees the HEA operations. Further, there is a direct financial benefit to the City. HEA has a fiscal year ending on June 30, 2013. The June 30, 2013 financial statements are reported as a special revenue fund and issues separate financial statements.

#### ***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 2013, the City appropriated an operating grant of approximately \$135,000 to this organization, of which \$135,000 was expended.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

The *Stormwater Utility System Fund* accounts for providing stormwater services to customers of the City.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements for both the government wide and proprietary fund financial statements. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent FASB guidance.

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. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### **Implementation of Governmental Accountant Standards Board Statement**

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the fiscal year ended September 30, 2013. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all other elements presented in a statement of net position.



# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### d. Assets, Liabilities and Net Position 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 Position 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

**5. 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 (deferred inflows of resources) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### 6. *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.

##### 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 position. 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.

##### 8. *Net Position*

###### **Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. The City considers restricted net position to have been depleted before unrestricted-net position is applied.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### 8. Net Position (Continued)

Total equity as of September 30, 2013, is classified into three components of net position:

**Net investment in capital assets** — This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

**Restricted net position** — This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.

**Unrestricted net position** — This category includes all of the remaining net position that does not meet the definition of the other two categories.

##### 9. Fund Balance

As of September 30, 2013, fund balances of the governmental funds are classified as follows:

**Non-spendable** — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** — Amounts that can be used only for specific purposes determined by a formal action of the City Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. Ordinances and resolutions are equally binding and are the highest level of decision making authority.

**Assigned** — Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the City Council who has the authority to assign, modify or rescind amounts to be used for specific purposes. This is delineated in the policy approved by the Council. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type, Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

**Unassigned** — This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Prepays	\$ 718,000	\$ -	\$ 718,000
Inventories	1,457,058	29,785	1,486,843
Restricted:			
Capital projects	-	4,623,971	4,623,971
Public safety	-	1,767,579	1,767,579
Human services	-	583,149	583,149
Debt service	-	728,819	728,819
Committed:			
Various expenditures	105,440	-	105,440
Assigned:	-	-	-
Unassigned:	<u>10,622,538</u>	<u>(2,129,354)</u>	<u>8,493,184</u>
Total Fund Balances	<u>\$ 12,903,036</u>	<u>\$ 5,603,949</u>	<u>\$ 18,506,985</u>
Fund Balances:			
Nonspendable	\$ 2,175,058	\$ 29,785	\$ 2,204,843
Restricted	-	7,703,518	7,703,518
Committed	105,440	-	105,440
Assigned	-	-	-
Unassigned	<u>10,622,538</u>	<u>(2,129,354)</u>	<u>8,493,184</u>
Total Fund Balances	<u>\$ 12,903,036</u>	<u>\$ 5,603,949</u>	<u>\$ 18,506,985</u>

##### 10. Capital Contributions

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

##### 11. Utility Billings

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

##### 12. Rebtable 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, 2013, there was no rebatable arbitrage required to be recorded.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

The City provides two separate defined benefit pension plans for its employees and elected officials. At September 30, 2013, 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 position. The net pension asset/obligations are functions of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers contributions made to the Plans. Please refer to Note 14 for further information.

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

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

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

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

##### **15. Risk Management**

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### 16. Use of Estimates

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

##### 17. Fund Deficits

The following funds had deficits in the amounts indicated as of September 30, 2013:

<u>Fund</u>	<u>Deficit</u>
Proprietary Fund:	
Solid Waste Utility System	\$ 8,507,277
Special Revenue:	
Fire Prevention Fund	341,060
Telecommunication Fund	124,096
WIA	396,552
Affordable Housing	86,691
Urban Area Security Grant	253
Palm Center Fund	965,581
Milander Auditorium	768
Intersection Cameras Fund	186,681
Parking Garage Construction Fund	3,728

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

**18. Excess of Expenditures over Appropriations**

For fiscal year ended September 30, 2013, expenditures exceeded appropriations in the following departments for the General Fund.

	<u>Final</u> <u>Budget</u>		<u>Actual</u>		<u>Amount in Excess</u> <u>of Final Budget</u>
Fire	\$ 28,531,597	\$	28,794,425	\$	262,828
Construction and Maintenance	\$ 2,136,499	\$	2,178,352	\$	41,853
Compliance Division	\$ 391,772	\$	392,052	\$	280
General Government	\$ 25,497,703	\$	26,931,263	\$	1,433,560

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

For fiscal year ended September 30, 2013, expenditures exceeded appropriations in the following non-major governmental funds.

	<u>Budget</u>		<u>Actual</u>		<u>of Final Budget</u>
Neighborhood Stabilization Project	\$ 657,149	\$	2,301,596	\$	1,644,447

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



# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 2. PROPERTY TAXES

Property taxes (ad valorem taxes) are assessed on January 1 and are billed and payable November 1, with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and accrue interest charges from April 1 until a tax sale certificate is sold at auction. Assessed values are established by the Miami-Dade County Property Appraiser at approximately fair market value. The County bills and collects all property taxes for the City. Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2013 was 6.3018 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.

	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
<b><u>City of Hialeah Employees' Retirement System</u></b>					
U.S. Treasuries	\$ 41,545,334	\$ 2,900,775	\$ 27,058,872	\$ 11,585,687	\$ -
U.S. Agencies/Instrumentalities	12,281,629	1,252,075	10,275,246	754,308	-
Corporate Bonds	80,323,066	6,616,839	47,854,137	25,852,090	-
Municipal Bonds	956,060	-	-	956,060	-
Mortgage Backed Securities	49,342,556	-	1,403,449	3,037,985	44,901,122
Asset Backed Securities	<u>10,432,396</u>	<u>34,021</u>	<u>10,398,375</u>	<u>-</u>	<u>-</u>
Sub-total	<u>194,881,041</u>	<u>10,803,710</u>	<u>96,990,079</u>	<u>42,186,130</u>	<u>44,901,122</u>
Real estate investment trusts	12,869,400				
Limited Partnership	993,252				
Mutual Funds	9,929,594				
Common stocks	<u>341,750,745</u>				
Sub-total	<u>560,424,032</u>				
	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
<b><u>Elected Officials Retirement Plan</u></b>					
Vanguard-bond mutual funds	<u>2,874,778</u>	<u>-</u>	<u>2,874,778</u>	<u>-</u>	<u>-</u>
Sub-total	<u>2,874,778</u>	<u>-</u>	<u>2,874,778</u>	<u>-</u>	<u>-</u>
Vanguard-equity funds	<u>6,121,112</u>				
Sub-total	<u>8,995,890</u>				
<b><u>Primary Government</u></b>					
Money market funds	1,562,595	1,562,595	-	-	-
Vanguard-bond mutual funds	4,857,219	-	-	4,857,219	-
FMLVT-bond mutual funds	<u>47,799,100</u>	<u>-</u>	<u>31,055,817</u>	<u>16,743,283</u>	<u>-</u>
Sub-total	<u>54,218,914</u>	<u>1,562,595</u>	<u>31,055,817</u>	<u>21,600,502</u>	<u>-</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

***Concentration Credit Risk***

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

As of September 30, 2013, concentration of the City of Hialeah Employees' Retirement System's investments was as follows:

Freddie Mac	5.28%
WR Grace & Co	5.36%
U.S. Treasury N/B	7.02%

***Custodial Credit Risk***

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

***Foreign Currency Risk***

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The investment policy of the Plan limits the foreign investments to no more than 5% of the Plan's investment balance. The City of Hialeah Employees' Retirement System has exposure to foreign currency fluctuations as follows:

Holdings Valued in U.S. Dollars	
<u>Currency</u>	<u>International Equities</u>
CANADIAN DOLLAR	\$ 1,052,524
DANISH KRONE	441,387
EURO CURRENCY	12,556,302
HONG KONG DOLLAR	2,279,072
JAPANESE YEN	2,835,176
NORWEGIAN KRONE	882,290
POUND STERLING	5,292,271
SINGAPORE DOLLAR	1,087,428
SWEDISH KRONA	936,057
SWISS FRANC	<u>2,537,560</u>
	<u>\$ 29,900,067</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### **Credit Risk**

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

As of September 30, 2013, the City’s investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
<b><u>Employees Retirement System</u></b>		
U.S. Treasury bonds and notes	\$ 1,003,200	Aaa
U.S. Treasury bonds and notes	40,542,134	NR
U.S. Government securities	12,281,629	Aaa
Asset backed securities	10,231,726	Aaa
Asset backed securities	200,670	NR
Mortgage backed securities	43,691,394	AAA
Mortgage backed securities	603,881	Aaa
Mortgage backed securities	1,002,546	Aa1
Mortgage backed securities	844,295	AA
Mortgage backed securities	3,200,439	NR
Municipals	483,330	Aa1
Municipals	472,730	A1
Corporate bonds and notes	13,524,931	A1
Corporate bonds and notes	14,722,970	A2
Corporate bonds and notes	12,830,895	A3
Corporate bonds and notes	1,117,370	Aa1
Corporate bonds and notes	1,889,853	Aa2
Corporate bonds and notes	2,706,748	Aa3
Corporate bonds and notes	500,565	Aaa
Corporate bonds and notes	1,342,396	Ba1
Corporate bonds and notes	469,570	Ba2
Corporate bonds and notes	13,560,651	Baa1
Corporate bonds and notes	12,416,163	Baa2
Corporate bonds and notes	5,138,154	Baa3
Corporate bonds and notes	<u>102,801</u>	NR
Sub-total	<u>\$ 194,881,041</u>	
<b><u>Primary Government</u></b>		
Florida Municipal Investment Trust:		
0-2 Year High Quality Bond	\$ 33,865,599	AAA/V1
1-3 Year High Quality Bond	2,047,437	AAA/V2
Intermediate High Quality Fund	8,393,387	AAA/V3
Broad Market High Quality Fund	<u>8,349,896</u>	AA/V4
Sub-total	<u>\$ 52,656,319</u>	
Total	<u>\$ 442,418,401</u>	

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 4. SECURITIES LENDING TRANSACTIONS

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

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

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

During the fiscal year, the Plan and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2013, such investment pool had an average duration of 3 days and an average weighted final maturity of 182 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. On September 30, 2013, the Plan had no credit risk exposure to borrowers. The market values of collateral held and the market value (USD) of securities on loan for the Plan as of September 30, 2013, was \$99,716,308. The \$99,716,308 was cash and securities collateral and has been reported in the statement of fiduciary net position as an asset of the Plan along with the liability of \$99,716,308 for obligations under security lending.

### NOTE 5. RECEIVABLES

Receivables as of September 30, 2013 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 & Sewer	Stormwater	Nonmajor Governmental Funds	Total
Receivables:					
Billed	\$ -	\$ 14,352,569	\$ 884,176	\$ 3,900,174	\$ 19,136,919
Unbilled	-	3,936,553	-	-	3,936,553
Franchise and utility	4,379,973	-	-	-	4,379,973
Intergovernmental	4,836,045	874,436	-	3,542,217	9,252,698
Grants	182,423	-	-	12,566,784	12,749,207
Other	2,462,564	27,198	-	-	2,489,762
Sales taxes	<u>2,455,970</u>	-	-	-	<u>2,455,970</u>
Gross receivables	<u>14,316,975</u>	<u>19,190,756</u>	<u>884,176</u>	<u>20,009,175</u>	<u>54,401,082</u>
Less: allowances for uncollectibles	<u>-</u>	<u>2,031,312</u>	<u>-</u>	<u>3,567,572</u>	<u>5,598,884</u>
Net total receivables	<u>\$ 14,316,975</u>	<u>\$ 17,159,444</u>	<u>\$ 884,176</u>	<u>\$ 16,441,603</u>	<u>\$ 48,802,198</u>

Approximately 34% or \$10,318,685 of the \$30,758,578 in governmental activities receivable is due from Miami Dade County.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 5. RECEIVABLES (Continued)

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

Revenues of the Fire Prevention and Rescue Transportation fund are reported net of uncollectible amounts. Total amount charged to the provision related to revenues of the current period was \$9,300,739.

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

Occupational licenses	\$ 2,077,363
Grants and other deferred revenues	199,493
Community Development Block Grant (CDBG)	2,605,417
State Housing Initiative Program (SHIP)	486,209
Notes receivable (see note 6)	<u>2,239,056</u>
	<u>\$ 7,607,538</u>

### NOTE 6. NOTE RECEIVABLE

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

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

The amended land lease agreement provides for the following terms:

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

**NOTE 6. NOTES RECEIVABLE (Continued)**

The future minimum receivable and net present value of these minimum payments as of September 30, 2013 were

Long-term receivable	\$3,531,153
Less present value	<u>(1,292,097)</u>
Present value of future receivable payments	<u>\$2,239,056</u>

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

The City has recorded the note receivable in its governmental-wide financial statements as of September 30, 2013. No allowance against the note receivable is deemed necessary at September 30, 2013. The note receivable was also recorded in the City’s general fund and offset by deferred revenues since the proceeds of the receivables are not considered to be available to liquidate liabilities of the current period.

**NOTE 7. INTERFUND ACTIVITY**

The amounts due from/to other funds at September 30, 2013 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 23,302,767	14,035,226
Non-Major Governmental Funds	8,273,127	15,408,553
Major Proprietary Type Funds		
Water & Sewer	270,301	6,423,797
Solid Waste	2,270,285	4,903,797
Stormwater	6,754,864	99,971
Total Major Proprietary Type Funds	9,295,450	11,427,565
	\$ 40,871,344	\$ 40,871,344

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



# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

**NOTE 7. INTERFUND ACTIVITY (Continued)**

As of September 30, 2013, major fund and non-major fund activity was as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
Major Governmental Funds		
General Fund	\$ 26,895	\$ 4,562
Total Major Governmental Funds	26,895	4,562
Non-Major Governmental Funds	11,660	33,993
	\$ 38,555	\$ 38,555

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

**NOTE 8. RESTRICTED ASSETS**

Restricted assets consist of the cash restricted for debt service, capital projects, advances, public safety and customer deposits at September 30, 2013:

<b>Water and Sewers Fund</b>	
Customers' deposit - cash and investments	\$7,300,192
Total restricted cash water and sewers fund	7,300,192
<b>Other restricted assets</b>	
Customer accounts - Solid Waste Fund	2,261,093
Customer accounts - Stormwater Fund	768,623
Customer accounts - City Utility Tax	549,337
Total other restricted assets water and sewers fund	3,579,053
Total restricted assets water and sewers fund	10,879,245
<b>Governmental Funds</b>	
Special Revenue Funds	
Rescue Transportation	\$752,578
Fire Prevention	15,547
State Law Enforcement Trust	419,396
Federal Law Enforcement Trust	201,862
Total Restricted for Public Safety	1,389,383
Total Restricted Assets	\$12,268,628

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. CAPITAL ASSETS

A summary of the City's capital assets at September 30, 2013 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 29,699,626	\$ 342,967	\$ (74,825)	\$ -	\$ 29,967,768
Construction in Progress	<u>13,426,534</u>	<u>17,584,517</u>	<u>-</u>	<u>(17,738,970)</u>	<u>13,272,081</u>
Total capital assets not being depreciated	<u>43,126,160</u>	<u>17,927,484</u>	<u>(74,825)</u>	<u>(17,738,970)</u>	<u>43,239,849</u>
Capital assets being depreciated:					
Buildings	106,139,887	-	-	12,627,954	118,767,841
Improvements other than buildings	26,049,568	602,554	(6,078,081)	-	20,574,041
Furniture, fixtures, machinery and equipment	49,135,473	3,554,386	-	-	52,689,859
Infrastructure	<u>281,312,338</u>	<u>-</u>	<u>-</u>	<u>5,111,016</u>	<u>286,423,354</u>
Total capital assets being depreciated	<u>462,637,266</u>	<u>4,156,940</u>	<u>(6,078,081)</u>	<u>17,738,970</u>	<u>478,455,095</u>
Less accumulated depreciation for:					
Buildings	25,888,308	2,541,355	-	-	28,429,663
Improvements other than buildings	15,921,134	1,323,486	-	-	17,244,620
Furniture, fixtures, machinery and equipment	36,457,642	3,057,199	(6,078,081)	-	33,436,760
Infrastructure	<u>142,755,191</u>	<u>8,746,577</u>	<u>-</u>	<u>-</u>	<u>151,501,768</u>
Total accumulated depreciation	<u>221,022,275</u>	<u>15,668,617</u>	<u>(6,078,081)</u>	<u>-</u>	<u>230,612,811</u>
Total capital assets being depreciated, net	<u>241,614,991</u>	<u>(11,511,677)</u>	<u>-</u>	<u>17,738,970</u>	<u>247,842,284</u>
Governmental activities capital assets, net	<u>\$ 284,741,151</u>	<u>\$ 6,415,807</u>	<u>\$ (74,825)</u>	<u>\$ -</u>	<u>\$ 291,082,133</u>
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 329,356	\$ 300,000	\$ -	\$ -	\$ 629,356
Construction in progress	<u>43,149,745</u>	<u>5,125,436</u>	<u>(98,037)</u>	<u>-</u>	<u>48,177,144</u>
Total capital assets not being depreciated	<u>43,479,101</u>	<u>5,425,436</u>	<u>(98,037)</u>	<u>-</u>	<u>48,806,500</u>
Capital assets being depreciated:					
Buildings and utility plant	5,774,875	1,506,644	-	-	7,281,519
Improvements to other than building	320,533	-	-	-	320,533
Machinery and equipment	22,132,372	28,196	(8,458,954)	-	13,701,614
Infrastructure	<u>245,623,544</u>	<u>3,192,939</u>	<u>-</u>	<u>-</u>	<u>248,816,483</u>
Total capital assets being depreciated	<u>\$ 273,851,324</u>	<u>\$ 4,727,779</u>	<u>\$ (8,458,954)</u>	<u>\$ -</u>	<u>\$ 270,120,149</u>
Less accumulated depreciation for:					
Buildings and utility plant	2,632,100	164,595	-	-	2,796,695
Improvements other than building	299,962	20,571	-	-	320,533
Machinery and equipment	18,948,539	1,025,839	(8,458,954)	-	11,515,424
Infrastructure	<u>114,442,179</u>	<u>6,464,498</u>	<u>-</u>	<u>-</u>	<u>120,906,677</u>
Total accumulated depreciation	<u>136,322,780</u>	<u>7,675,503</u>	<u>(8,458,954)</u>	<u>-</u>	<u>135,539,329</u>
Total capital assets being depreciated, net	<u>137,528,544</u>	<u>(2,947,724)</u>	<u>-</u>	<u>-</u>	<u>134,580,820</u>
Business-type activities capital assets, net	<u>\$ 181,007,645</u>	<u>\$ 2,477,712</u>	<u>\$ (98,037)</u>	<u>\$ -</u>	<u>\$ 183,387,320</u>

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

Governmental activities:	
General government	\$ 2,585,488
Police	1,167,454
Fire	1,424,073
Streets	8,923,596
Recreation	<u>1,568,006</u>
Total depreciation expense - governmental activities	<u>\$15,668,617</u>
Business-type activities:	
Water and sewer	\$ 5,057,708
Solid waste	696,826
Stormwater	<u>1,921,969</u>
Total depreciation expense - business-type activities	<u>\$ 7,675,503</u>

**NOTE 10. SHORT-TERM DEBT**

**Bank of America Promissory Note Series 2012**

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

**TD Bank Tax Anticipation Note Series 2013**

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

The following is a summary of changes in short-term debt for the year ended September 30, 2013:

Balance, October 1, 2012	\$ 6,000,000
Additions	15,000,000
Deletions	<u>6,000,000</u>
Balance, September 30, 2013	<u>\$ 15,000,000</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 11. LONG-TERM DEBT

#### **Revenue Bonds**

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

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

On November 19, 2012 the City issued "The City of Hialeah Capital Improvement Revenue Refunding Bond, Series 2012" for \$1,620,000 for the purpose of refunding the City's \$2,283,000 Capital Improvement Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds") , and paying additional costs of the original project. The Bonds are expected to be repaid over approximately six (6) years at an interest rate of 1.64%. The transaction resulted in an economic gain of approximately \$135,000.

Annual debt service requirements to maturity for the Revenue Bonds are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	252,290	20,951	273,241
2015	256,453	16,788	273,241
2016	260,685	12,556	273,241
2017	264,987	8,255	273,242
2018	269,359	3,882	273,241
2019	68,031	279	68,310
	<u>\$ 1,371,805</u>	<u>\$ 62,711</u>	<u>\$ 1,434,516</u>

#### **State of Florida Loan Payable**

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

The loan agreement provides that the State will deposit the loan proceeds in a restricted, interest-bearing investment account to be used by the Water and Sewers Fund as debt service reserves and for future construction requirements. Interest earned on the construction funds during the time the East Side Sewer was being built, which is credited to the Water and Sewers Fund, has been deferred and is being amortized to income over the same period that the related capitalized interest is being expensed (50 years). At September 30, 2013, the unamortized deferred interest balance was \$1,326,069. The City paid off the State of Florida loan in 2008.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Notes Payable*

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

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

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

Governmental Activities				Business - Type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2014	851,650	126,311	977,961	2014	212,913	65,815	278,728
2015	1,735,758	220,165	1,955,923	2015	433,940	55,041	488,981
2016	1,779,951	175,973	1,955,924	2016	444,988	43,993	488,981
2017	1,825,268	130,655	1,955,923	2017	456,317	32,664	488,981
2018	1,871,740	84,184	1,955,924	2018	467,935	21,046	488,981
2019	1,920,676	36,529	1,957,205	2019	480,005	9,132	489,137
	<u>\$ 9,985,043</u>	<u>\$ 773,817</u>	<u>\$ 10,758,860</u>		<u>\$ 2,496,098</u>	<u>\$ 227,691</u>	<u>\$ 2,723,789</u>

#### 2) Florida Municipal Loan Council Revenue Bond Series 2012A- Loan Payable

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

On November 5, 2012 the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$41,620,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2012A, for the purpose of refinancing Florida Municipal Loan Council Revenue Bonds, Series 2003A. 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 \$4,240,000. The loan matures on May 1, 2033 and bears an interest rate of approximately 3.5%

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

**Notes Payable** (Continued)

**2) Florida Municipal Loan Council Revenue Bond Series 2012A- Loan Payable** (Continued)

Annual debt service requirements to maturity for the FMLC Revenue Bond Series 2012A loan payable are as follows:

Governmental Activities				Business - Type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2014	1,088,000	1,387,050	2,475,050	2014	272,000	346,763	618,763
2015	1,124,000	1,354,410	2,478,410	2015	281,000	338,603	619,603
2016	1,168,000	1,309,450	2,477,450	2016	292,000	327,363	619,363
2017	1,216,000	1,262,730	2,478,730	2017	304,000	315,683	619,683
2018	1,264,000	1,214,090	2,478,090	2018	316,000	303,523	619,523
2019-2023	7,212,000	5,182,890	12,394,890	2019-2023	1,803,000	1,295,723	3,098,723
2024-2028	9,088,000	3,305,480	12,393,480	2024-2028	2,272,000	826,370	3,098,370
2029-2033	11,032,000	1,368,800	12,400,800	2029-2033	2,758,000	342,200	3,100,200
	<u>\$ 33,192,000</u>	<u>\$ 16,384,900</u>	<u>\$ 49,576,900</u>		<u>\$ 8,298,000</u>	<u>\$ 4,096,225</u>	<u>\$ 12,394,225</u>

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

On February 15, 2005, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$29,090,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2005A, for major roadway improvements and infrastructure projects. The loan has an outstanding balance of \$25,190,000 and calls for annual payments due on February 1, commencing on February 1, 2006 through February 1, 2035 and bears interest at varying rates ranging from 3.0% to 5.0%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2013.

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

Governmental Activities				Business - Type Activities			
Fiscal Year End	Principal	Interest	Total	Fiscal Year End	Principal	Interest	Total
2014	532,000	941,275	1,473,275	2014	133,000	235,319	368,319
2015	552,000	921,523	1,473,523	2015	138,000	230,381	368,381
2016	572,000	899,768	1,471,768	2016	143,000	224,942	367,942
2017	596,000	876,229	1,472,229	2017	149,000	219,057	368,057
2018	620,000	848,468	1,468,468	2018	155,000	212,117	367,117
2019-2023	3,604,000	3,723,708	7,327,708	2019-2023	901,000	930,927	1,831,927
2024-2028	4,604,000	2,706,478	7,310,478	2024-2028	1,151,000	676,620	1,827,620
2029-2033	5,804,000	1,466,332	7,270,332	2029-2033	1,451,000	366,583	1,817,583
2034-2035	2,756,000	142,786	2,898,786	2034-2035	689,000	35,697	724,697
	<u>\$ 19,640,000</u>	<u>\$ 12,526,567</u>	<u>\$ 32,166,567</u>		<u>\$ 4,910,000</u>	<u>\$ 3,131,643</u>	<u>\$ 8,041,643</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

**Notes Payable (Continued)**

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

On June 14, 2000, the City executed a loan agreement with the U.S. Department of Housing and Urban Development (HUD) under HUD's Community Development Block Grant (CDBG) Section 108 Loan Program. The loan totaled \$4,400,000 and calls for semi-annual principal and interest payments at varying interest rates commencing on August 1, 2000 through August 1, 2019. The loan is payable to a bank as the trustee and registered holder of the note, guaranteed by HUD and collateralized by future CDBG funds granted to the City. The loan had an outstanding balance of \$2,215,000 at September 30, 2012. The City granted all of the guaranteed loan funds to a local business to finance economic development activities, including the purchase of machinery and equipment for the local business warehousing and distributing facilities and corporate headquarters. A grant agreement was also executed with the local business and the City obtained a first priority security interest in the local business machinery and equipment as stipulated in the grant agreement. The City paid the local business \$4,000,000 of the loan amount and has designated the additional \$400,000 net of transaction fees in the City's CDBG special revenue fund.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 275,000	\$ 154,399	\$ 429,399
2015	295,000	133,064	428,064
2016	310,000	110,031	420,031
2017	335,000	85,671	420,671
2018	360,000	59,180	419,180
2019	<u>385,000</u>	<u>30,638</u>	<u>415,638</u>
	<u>\$ 1,960,000</u>	<u>\$ 572,983</u>	<u>\$ 2,532,983</u>

**5) Revolving Loan**

On May 11, 2001, the City entered into a revolving loan agreement with the State of Florida Department of Environmental Protection for the purpose of providing financial assistance for planning and designing water and sewer system improvements. As of September 30, 2013, the project has been completed and the City has withdrawn \$2,779,844 for the project. The loan shall be repaid in 18 semiannual loan payments beginning September 15, 2007, which is based on the total amount owed. The amount due as of September 30, 2013 was \$1,791,968, which includes capitalized interest and other costs.

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

**Notes Payable (Continued)**

**5) Revolving Loan (Continued)**

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 121,519	\$ 49,456	\$ 170,975
2015	124,952	46,023	170,975
2016	128,483	42,492	170,975
2017	132,113	38,862	170,975
2018	135,847	35,128	170,975
2019-2023	739,050	115,823	854,873
2024-2026	410,004	17,431	427,435
	<u>\$ 1,791,968</u>	<u>\$ 345,215</u>	<u>\$ 2,137,183</u>

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

On March 23, 2011 City issued the City of Hialeah Affordable Housing Note, Series 2011 (the TD Bank Note) in the principal amount of \$14,489,840 to refund and extend the maturity of the Amended and Restated Bond Anticipation Refunding Note, Series 2010 and pay-off the mortgage payable due to the Miami-Dade Housing Agency. The proceeds of the Series 2010 note were used for the purpose of financing the construction of a 300-unit affordable housing project in the City of Hialeah. The TD Bank Note is secured by a pledge of net rental income and a covenant to budget and appropriate non-ad valorem revenues sufficient to pay the principal and interest due on the note for the fiscal year. At September 30, 2013, the TD Bank Note had an outstanding balance of \$13,956,309.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 366,634	\$ 589,945	\$ 956,579
2015	382,958	573,621	956,579
2016	400,009	556,570	956,579
2017	417,819	538,759	956,578
2018	436,423	520,156	956,579
2019-2023	2,491,479	2,291,415	4,782,894
2024-2028	3,097,782	1,685,112	4,782,894
2029-2033	3,851,628	931,266	4,782,894
2033-2036	2,160,572	127,241	2,287,813
	<u>\$ 13,605,304</u>	<u>\$ 7,814,085</u>	<u>\$ 21,419,389</u>



# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

**Notes Payable (Continued)**

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

On May 1, 2011, the City executed a loan agreement with the Florida Municipal Loan Council to borrow \$48,235,000 from the proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2011D, for construction, expansion and improvements of the City's sewer treatment plant. The loan has an outstanding balance of \$48,235,000 and calls for annual principal payments due on October 1, commencing on October 1, 2012 through October 1, 2041 and semi-annual interest payments commencing on October 1, 2011 at varying rates of interest ranging from 3.0% to 5.5%. The arbitrage rebate requirement generally requires issuers of tax-exempt debt to rebate to the U.S. Treasury that investment income arising from the proceeds of tax-exempt debt to the extent that such income results from investments yields in excess of the bond yield. The City has pledged the net revenues (gross revenues after reduction of the cost of operation and maintenance of the project). There is no arbitrage rebate liability in connection with the Revenue Bonds at September 30, 2013.

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

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 320,000	\$ 2,392,088	\$ 2,712,088
2015	580,000	2,378,588	2,958,588
2016	850,000	2,357,138	3,207,138
2017	955,000	2,330,063	3,285,063
2018	985,000	2,300,963	3,285,963
2019-2023	5,515,000	10,895,344	16,410,344
2024-2028	6,835,000	9,532,150	16,367,150
2029-2033	8,800,000	7,525,263	16,325,263
2034-2038	11,435,000	4,840,875	16,275,875
2039-2042	11,650,000	1,324,950	12,974,950
	<u>\$ 47,925,000</u>	<u>\$ 45,877,422</u>	<u>\$ 93,802,422</u>

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

**Notes Payable (Continued)**

**8) Bank of America Promissory Note Series 2012A**

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

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

Governmental Activities				Business - Type Activities			
<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	80,968	3,787	84,755	2014	368,854	17,251	386,105
2015	67,553	2,376	69,929	2015	307,739	10,822	318,561
2016	67,488	1,198	68,686	2016	314,345	5,458	319,803
	<u>\$ 216,009</u>	<u>\$ 7,361</u>	<u>\$ 223,370</u>		<u>\$ 990,938</u>	<u>\$ 33,531</u>	<u>\$ 1,024,469</u>

**9) Capital Leases**

The City has entered into several lease agreements for vehicles \$212,560. The lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets section and the related liability in the governmental-wide financial statements.

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

	Governmental <u>Activities</u>
Vehicles- Ford Trucks	\$ 212,560
Less: accumulated depreciation	<u>(136,661)</u>
	<u>\$ 75,899</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 were:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>72,425</u>	<u>1,619</u>	<u>74,044</u>
	<u>\$ 72,425</u>	<u>\$ 1,619</u>	<u>\$ 74,044</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

The following is a summary of changes in the long-term debt for the year ended September 30, 2013:

	Balance September 30, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds-2007	\$ 1,471,927	\$ -	\$ (1,471,927)	\$ -	\$ -
Notes:					
CDBG Sec 108	2,215,000	-	(255,000)	1,960,000	275,000
FMLC 2003 Bond	31,952,000	-	(31,952,000)	-	-
FMLC 2005A Bond	20,152,000	-	(512,000)	19,640,000	532,000
FMLC 2012A Bond	-	33,296,000	(104,000)	33,192,000	1,088,000
Capital Improvement Revenue Bond 2012	-	1,620,000	(248,195)	1,371,805	252,290
TD Bank (refi bond anticipation loan)	13,956,309	-	(351,005)	13,605,304	366,634
Bank of America (refi of FMLC 1999 Bond)	11,656,561	-	(1,671,518)	9,985,043	851,650
Bank of America Promissory Note	323,659	-	(107,650)	216,009	80,968
Notes payable	<u>80,255,529</u>	<u>34,916,000</u>	<u>(35,201,368)</u>	<u>79,970,161</u>	<u>3,446,542</u>
Less deferred amounts:					
Discount	(32,822)	-	5,050	(27,772)	(5,050)
Premium	1,952,387	2,413,487	(120,674)	4,245,200	92,283
	<u>1,919,565</u>	<u>2,413,487</u>	<u>(115,624)</u>	<u>4,217,428</u>	<u>87,233</u>
Notes payable, net	<u>82,175,094</u>	<u>37,329,487</u>	<u>(35,316,992)</u>	<u>84,187,589</u>	<u>3,533,775</u>
Capital Leases					
SunTrust (10 Ford vehicles)	143,267	-	(70,842)	72,425	72,425
Total capital leases	<u>143,267</u>	<u>-</u>	<u>(70,842)</u>	<u>72,425</u>	<u>72,425</u>
Claims payable	45,914,957	19,349,040	(19,242,277)	46,021,720	9,622,072
Compensated absences	20,511,266	11,879,250	(13,902,848)	18,467,668	3,092,871
OPEB liability	52,389,184	18,422,524	(7,389,595)	63,422,113	-
Net Pension Obligation	<u>40,009,514</u>	<u>24,585,273</u>	<u>(21,859,084)</u>	<u>42,735,703</u>	<u>-</u>
Total Governmental activities	<u>\$ 242,615,209</u>	<u>\$ 111,565,574</u>	<u>\$ (99,253,565)</u>	<u>\$ 254,907,218</u>	<u>\$ 16,321,143</u>
<b>Business-type activities:</b>					
Revolving loan	\$ 1,910,149	\$ -	\$ (118,181)	\$ 1,791,968	\$ 121,519
Bank of America (refi of FMLC 1999 Bond)	2,914,140	-	(418,042)	2,496,098	212,913
Bank of America Promissory Note	1,481,345	-	(490,407)	990,938	368,854
FMLC 2003 Bond	7,988,000	-	(7,988,000)	-	-
FMLC 2005A Bond	5,038,000	-	(128,000)	4,910,000	133,000
FMLC 2011D	48,235,000	-	(310,000)	47,925,000	320,000
FMLC 2012A	-	8,324,000	(26,000)	8,298,000	272,000
Total bonds and loans payable	<u>67,566,634</u>	<u>8,324,000</u>	<u>(9,478,630)</u>	<u>66,412,004</u>	<u>1,428,286</u>
Less deferred amounts:					
Discount	(381,698)	-	13,162	(368,536)	(13,162)
Premium	-	603,373	(30,169)	573,204	30,169
	<u>(381,698)</u>	<u>603,373</u>	<u>(17,007)</u>	<u>204,668</u>	<u>17,007</u>
Notes payable, net	<u>67,184,936</u>	<u>8,927,373</u>	<u>(9,495,637)</u>	<u>66,616,672</u>	<u>1,445,293</u>
Claims payable	7,134,724	8,376,793	(5,116,325)	10,395,192	3,124,178
OPEB liability	6,574,381	2,782,119	(1,809,049)	7,547,451	-
Compensated absences	<u>1,943,871</u>	<u>955,085</u>	<u>(896,006)</u>	<u>2,002,950</u>	<u>335,081</u>
Total Business-type activities	<u>\$ 82,837,912</u>	<u>\$ 21,041,370</u>	<u>\$ (17,317,017)</u>	<u>\$ 86,562,265</u>	<u>\$ 4,904,552</u>

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

**NOTE 12. RISK MANAGEMENT**

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

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

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning	\$53,049,681	\$53,223,935	\$48,162,998
Incurred claims (including IBNR)	27,725,833	24,079,486	27,807,196
Claims payments	<u>(24,538,602)</u>	<u>(24,253,740)</u>	<u>(22,746,259)</u>
Unpaid claims, ending	<u>\$56,416,912</u>	<u>\$53,049,681</u>	<u>\$53,223,935</u>

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

***Grants***

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

***Hialeah Branch Courthouse Lease***

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

On April 17, 2008, the City executed a contract with the School Board of Miami-Dade County, Florida that provides for The City of Hialeah Education Academy (the "HEA") to (1) provide a high-quality career-oriented curriculum for 21<sup>st</sup> Century occupations; (2) prepare students for productive employment within a multilingual work environment; and (3) prepare students for successful progression into postsecondary studies. The contract ends in June 2014 but provides for a renewal of up to 15 years by mutual agreement of both parties.

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

The City has entered into an agreement with Academica Dade LLC to provide administrative and educational services for HEA. The agreement terminates in June 2014 with an option for renewal for two additional years.

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

In 2008, the City Council approved a 20 year agreement with Miami-Dade County (the "County") providing for the rendition of water service to the City by the County and the purchase of treated water from the County until 2027. In 2011, the City of Hialeah entered into a 20 year agreement with the County to provide wastewater treatment and disposal services until 2029. Rates paid by the City of Hialeah vary depending on usage and costs incurred by the County. The charges to operations under these agreements for the year ended September 30, 2013 were \$8,460,021 for water services and \$13,538,085 for wastewater treatment and disposal services.

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

The Department of Water and Sewers (the "Department") entered into an "Administrative Consent Agreement" with the Miami-Dade County Department of Environmental Resources Management ("DERM") pursuant to Section 24-7(15)(c), of the Miami-Dade County Code (the "MDCC"). DERM was subsequently renamed Miami-Dade County Department of Regulatory and Economic Resources, Division of Environmental Resources Management. Pursuant to this agreement the City has agreed to correct deficiencies for thirty five (35) pump stations within the City's sewer collection and transmission system that were not in conformance with the requirements of MDCC Section 24-42.2. The agreement required the City to have corrected all the deficiencies noted in the SESS Phase III Report by September 30, 2010. The City has reached an agreement with DERM for an extension until November 12, 2017 to correct all the deficiencies noted in the SESS Phase III Report (pending final execution). Of the 35 basins identified in need of repairs the Department has completed 23 basins with 12 basins remaining. It is estimated that repairs will cost the Department approximately \$3 to \$4 million to correct (depending on the complexity of the problems identified) the remaining pump stations to meet the requirements of the agreement.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

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

The County provided \$9.5 million at the time the Agreement was executed. The County continues to provide incremental payments as set forth in the in the Cash Flow Agreement between the County and the City. In 2011, the City issued the \$48,235,000 Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) to fund its share of the costs to construct the Plant. The schedule below provides a reconciliation of the construction in progress as of September 30, 2013 and the total contributions from the County. As of September 30, 2013, the County's 50% ownership share of the Plant has been recorded as a contra account to the construction in progress totaling \$45,909,309.

	October 1,			September 30,
	<u>2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>2013</u>
Construction in Progress - RO Plant	\$ 81,567,356	\$ 10,251,262	\$ -	\$ 91,818,618
Contra Account (Miami Dade County)	<u>(40,783,678)</u>	<u>(5,125,631)</u>	<u>-</u>	<u>(45,909,309)</u>
	<u>\$ 40,783,678</u>	<u>\$ 5,125,631</u>	<u>\$ -</u>	<u>\$ 45,909,309</u>
Other Liabilities - Miami Dade County	<u>\$ 789,838</u>	<u>\$ -</u>	<u>\$ (789,838)</u>	<u>\$ -</u>
Total Contributed by Miami Dade County				
Advances to the City	\$ 42,909,309			
50% Share of grants from SFWMD	<u>3,000,000</u>			
Total in contra account	<u>\$ 45,909,309</u>			

***Construction Commitments***

At September 30, 2013, the City had in process various construction projects that were not completed with a remaining balance totaling approximately \$3,665,263. Funding of these projects is to be made primarily through the proceeds of loans, tax revenues and grants.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *Litigation*

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

#### *Tax-Exempt Bonds*

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

#### *Unfair Labor Practice Charge*

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

If the City is required to return concessions previously implemented it could potentially cost the City the 10% pre-tax health contribution taken from AFSCME bargaining unit members from July 13, 2010 to March 4, 2011 which represents approximately \$2.4 million. This amount does represent a cash outlay but could be distributed in the additional hours placed in employee individual time banks. However, it is the opinion of the City attorney that the only cost to the City would be the requirement to pay the fees for litigation of the charging parties' attorneys, estimated to be \$35,000 for the administrative proceeding and \$20,000 for appellate fees. As of September 30, 2013, there has been no change in the status of this case and there have been no court filings on behalf of AFSCME.

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

#### *EMPLOYEES' RETIREMENT SYSTEM*

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



# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

Membership in the Plan as of October 1, 2012 consisted of the following:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits	1,467
Terminated employees entitled to benefits but not yet receiving them	<u>92</u>
Subtotal	<u>1,559</u>
Active employees:	
General employees	662
Police officers and firefighters	<u>549</u>
Subtotal	<u>1,211</u>
Total members	<u>2,770</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 (4.71% as of September 30, 2013). Such loans are limited to and fully secured by the respective member's annuity savings account. Loan payments are deducted directly from the member's bi-weekly payroll.

##### ***Administrative Expenses***

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### **Funding Policy**

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

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

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

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

Annual required contribution	\$23,796,966
Interest on net pension obligation	3,200,761
Adjustment to annual required contribution	<u>(2,412,454)</u>
Annual pension cost	24,585,273
Contributions made	<u>(21,859,084)</u>
Decrease in net pension obligation	(2,726,189)
Net pension obligation, beginning of year	<u>40,009,514</u>
Net pension obligation, end of year	<u>\$ 42,735,703</u>

The annual required contribution for the current year was determined as part of the October 1, 2012 actuarial valuation using the entry age normal method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases ranging from 3.5% to 12% per year. Both (a) and (b) included an inflation component of 3.5%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using 5-year smoothed expected vs. actual returns method. The unfunded actuarial accrued liability is being amortized using the level percent open basis. The remaining amortization period was 30 years.

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

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

<u>Fiscal Year Ending</u>	<u>Three-Year Trend Information</u>		
	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
9/30/2011	\$22,281,204	98%	\$41,218,504
9/30/2012	\$23,016,028	105%	\$40,009,514
9/30/2013	\$24,585,273	89%	\$42,735,703

***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, 2013, there were seventy-nine (79) DROP participants.

***ELECTED OFFICIALS' RETIREMENT SYSTEM***

***Plan Description***

The City of Hialeah Elected Officials' Retirement System (EORS) is a single employer defined benefit pension plan administered by the City of Hialeah. The EORS was established by City Ordinance effective June 1998. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All qualified elected officials and city attorneys are eligible to participate in the plan. The Plan does not issue a stand-alone financial report. Employer contribution requirements for the year ended September 30, 2013 were based on the October 1, 2012 valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the City Council.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### ***Plan Description (Continued)***

Membership in the Plan as of October 1, 2012, the date of the most recent actuarial valuation, was as follows:

Active Employees	<u>14</u>
Terminated Vested	<u>5</u>
Receiving Benefits	<u>8</u>

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

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

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

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

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

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

##### ***Basis of Accounting***

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

##### ***Method Used to Value Investments***

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

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

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

Annual required contribution	\$	312,403
Interest on net pension obligation		(128,390)
Adjustment to annual required contribution		<u>100,840</u>
Annual pension cost		284,853
Contributions made		<u>(312,403)</u>
Increase in net pension obligation (asset)		(27,550)
Net pension obligation (asset), beginning of year		<u>(2,139,832)</u>
Net pension obligation (asset), end of year		<u><u>\$ (2,167,382)</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>
9/30/2011	282,995	111%	(2,106,486)
9/30/2012	247,059	113%	(2,139,832)
9/30/2013	284,853	110%	(2,167,382)

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

The annual required contribution for the current year was determined as part of the October 1, 2012 actuarial valuation, using the individual entry age normal method. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 6% per year compounded annually, (b) projected salary increases of 8% per year compounded annually, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques, which express it as a percentage of the actuarial accrued liability. The unfunded actuarial accrued liability is being expressed as a percentage of covered payroll which approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. The unfunded actuarial accrued liability is being amortized using the level percent of payroll closed basis. The remaining amortization period at September 30, 2013 was 14 years.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

#### STATEMENT OF NET POSITION SEPTEMBER 30, 2013

##### ASSETS

Cash and cash equivalents	<u>\$208,424</u>
Investments, at fair value:	
Mutual Funds – Bonds	2,874,778
Mutual Funds – Equity	<u>6,121,112</u>
Total Investments, at fair value	<u>8,995,890</u>
Total assets	<u>9,204,314</u>

##### LIABILITIES AND NET POSITION

Accounts payable and accrued liabilities	<u>336,097</u>
Net position restricted for pension benefits	<u>\$8,868,217</u>

#### STATEMENT OF CHANGES IN NET POSITION FISCAL YEAR ENDED SEPTEMBER 30, 2013

##### ADDITIONS

Contributions:	
Employer	<u>\$ 312,403</u>
Investment income:	
Net appreciation in fair value of investment	562,904
Dividends	<u>234,434</u>
	797,338
Less investment expenses	<u>44,555</u>
Net investment income	<u>752,738</u>
Total additions	<u>1,065,186</u>

##### DEDUCTIONS

Pension benefits	<u>179,542</u>
Net increase	885,644

Net position restricted for pension benefits:

Beginning	<u>7,982,573</u>
Ending	<u>\$8,868,217</u>

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

The funded status of the Plans as of October 1, 2012, 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
10/1/2012	\$507,232,353	\$734,713,229	\$227,480,876	69.0%	\$62,092,146	366.4%
<u>ELECTED OFFICIALS' RETIREMENT SYSTEM</u>						
10/1/2012	\$7,484,518	\$7,549,980	\$65,462	99.1%	\$1,085,310	6%

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, 2012	October 1, 2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent open	Level percent of pay, closed
Remaining amortization period	30 years	14 Years
Asset valuation method	5-year smoothed expected vs actual returns	Smoothed market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3.5% to 9.0%	8%
* Includes inflation at:	3.5%	4%
Cost of living adjustment	2.0%	N/A



# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### **NOTE 15. DEFINED CONTRIBUTION PLANS**

The City of Hialeah has two defined contribution plans; the City of Hialeah Police Pension Fund and the City of Hialeah Firemen's Relief and Pension Fund. The Plans were created on March 27, 1984 by Ordinance 1781 as amended by Ordinance 84-43 and on May 26, 1981 by Ordinance 631 as amended by Ordinance 81-62, respectively. The purpose of these Plans is to provide a means whereby police officers and firefighters of the City may receive benefits from funds provided for that purpose by contributions of the City through state contributions provided by Chapter 175/185 of the Florida Statutes. The participants do not contribute to the Plans. These funds are a supplement to and in no way affect police officer and firefighter benefits under the City of Hialeah Employees' Retirement System. The City no longer receives passed-through State contributions for the police officers or firefighters. The City under Chapter 185 of the Florida Statutes has provided authorization to the State for the direct contribution of benefits to the Police Pension Fund. The City's Employment Retirement System received passed-through contributions from the two defined contribution plans totaling \$461,877 for the fiscal year ended September 30, 2013.

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

The City created the City of Hialeah Employee's Retirement Plan on April 1, 2012. The City as a single-employer contributes to the Money Purchase Plan, which is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The Plan is available to all full-time general employees hired after April 1, 2012, and the City contributes 7% of the employees' salary. Employees are required to contribute 7% of their salaries. Employer contributions for the fiscal year ended September 30, 2013 were approximately \$59,796.

### **NOTE 16. OTHER POST EMPLOYMENT BENEFITS**

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

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

#### ***Funding Policy***

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

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

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

**CITY OF HIALEAH, FLORIDA**

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

***Annual OPEB Cost and Net OPEB Obligation (Continued)***

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$	20,954,203
Interest on net OPEB obligation		1,878,302
Adjustment to annual required contribution		<u>(1,627,862)</u>
Annual OPEB cost		21,204,643
Contributions made		<u>(9,198,644)</u>
Increase in net OPEB obligation		12,005,999
Net OPEB obligation, beginning of year		<u>58,963,565</u>
Net OPEB obligation, end of year		<u>\$ 70,969,564</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2011	\$19,422,907	38.8%	\$46,957,565
9/30/2012	21,204,643	43.4%	\$58,963,565
9/30/2013	21,204,643	43.4%	\$70,969,564

***Funded Status and Funding Progress***

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

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

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

### **NOTE 17. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED**

*GASB Statement No. 66, Technical Corrections – 2012-An Amendment of GASB Statements No. 10 and No.62*, was issued March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

*GASB Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, was issued June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of Statement 67 are effective for financial statements for fiscal years beginning after June 15, 2013.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 17. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (Continued)

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The adoption of this statement will require the City to record a liability for the unfunded portion of its pension plans. The unfunded liability has not yet been determined.

*GASB Statement No. 69, Government Combinations and Disposals of Government Operations*, was issued January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of Statement 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

*GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued April 2013. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

*GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, was issued November 2013. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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

# CITY OF HIALEAH, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

**NOTE 18. SUBSEQUENT EVENTS**

On December 10, 2013 the Mayor and the City Council of the City of Hialeah, Florida approved the internal transfer of assets comprising of 35.438 acres improved with buildings located at 900 East 56 Street, Hialeah, Florida in the amount of \$19,000,000 from the City of Hialeah to its Department of Public Works.

The Department of Public Works intends to utilize this asset transfer as part of the privatization of trash collection within the solid waste division of the department, to lease a portion of the land and solid waste building to the private hauler for use of its contracted service, and to relocate and consolidate its fleet with the city fleet and to lease vacant land to a third party for a recycling/trash transfer station.

On November 26, 2013 the Mayor and the City Council of the City of Hialeah, Florida amended Chapter 94 – Water and Sewers, Article IV; thereby adopting a water and wastewater payment in lieu of franchise fee applicable to all sales of water and wastewater service by the City equal to ten percent (10%) of the bi-monthly rates, fees and charges from the sale of water and wastewater service to customers of the City’s water and wastewater system. The Ordinance calls for payments in lieu of franchise fee from the Water & Sewer Department to the General Fund on a monthly basis. The Water & Sewer Department began making payments on December 2013.

**NOTE 19. RESTATEMENT**

In the current year it was determined that the October 1, 2012 beginning net position and liabilities for the government activities and business-type activities were to be restated to increase beginning net position and decrease liabilities in the government activities by \$7,988,000 and increase liabilities and decrease beginning net position in the business-type activities by \$7,988,000 to recognize the allocation of the FMLC 2003 Bond liability in the Stormwater fund.

The corrections are detailed below:

**Beginning Net Position, Government Activities**

Beginning net position, as previously recorded	\$ 60,291,302
Correction of liabilities	<u>7,988,000</u>
Beginning net position, as restated	<u>\$ 68,279,302</u>

**Beginning Net Position, Business-Type Activities**

Beginning net position, as previously recorded	\$ 170,792,734
Correction of liabilities	<u>(7,988,000)</u>
Beginning net position, as restated	<u>\$ 162,804,734</u>

**Beginning Net Position, Stormwater Fund**

Beginning net position, as previously recorded	\$ 27,276,282
Correction of liabilities	<u>(7,988,000)</u>
Beginning net position, as restated	<u>\$ 19,288,282</u>

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REQUIRED SUPPLEMENTARY INFORMATION  
(Other Than MD&A)

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**CITY OF HIALEAH, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Ad valorem taxes	\$ 43,251,885	\$ 43,351,885	\$ 41,687,822	\$ (1,664,063)
Utility taxes	22,181,374	23,686,249	21,909,541	(1,776,708)
Franchise fees	11,669,166	11,669,166	10,277,964	(1,391,202)
Licenses and permits	4,550,700	4,618,700	4,924,571	305,871
State and local shared revenues	21,930,813	24,835,211	23,733,372	(1,101,839)
Fines and forfeitures	1,390,400	1,535,697	1,197,481	(338,216)
Government grants and other revenues	<u>11,483,856</u>	<u>11,360,685</u>	<u>14,296,415</u>	<u>2,935,730</u>
Total revenues	<u>116,458,194</u>	<u>121,057,593</u>	<u>118,027,166</u>	<u>(3,030,427)</u>
Other financing sources				
Proceeds from disposal of capital assets	-	-	163,973	163,973
Issuance of debt	-	124,238	1,620,000	1,495,762
Transfers in	-	48,965	26,895	(22,070)
Total financing sources	<u>-</u>	<u>173,203</u>	<u>1,810,868</u>	<u>1,637,665</u>
 Total revenues and other financing sources	<u>116,458,194</u>	<u>121,230,796</u>	<u>119,838,034</u>	<u>(1,392,762)</u>
 Expenditures:				
Current:				
Police	39,060,909	39,183,092	38,342,520	840,572
Fire	28,478,887	28,531,597	28,794,425	(262,828)
911 Communications division	2,958,428	2,958,428	2,842,064	116,364
Fleet maintenance	1,978,752	2,111,127	2,052,312	58,815
Construction and maintenance	2,136,499	2,136,499	2,178,352	(41,853)
Recreation and community services	8,574,255	8,737,517	8,512,001	225,516
Planning and development	532,876	562,476	484,169	78,307
Education and community services	2,152,406	2,194,768	2,174,049	20,719
Law	866,187	867,388	768,888	98,500
Risk management	839,227	839,227	819,238	19,989
Human resources	605,762	617,996	513,118	104,878
City Clerk's office	757,832	783,032	677,643	105,389
Office of Management and Budget	460,787	496,909	494,087	2,822
Office of the Mayor	436,543	442,543	441,278	1,265
Communications and special events	-	108,500	55,944	52,556
Employee retirement	510,844	650,757	636,543	14,214
Library	1,271,599	1,294,085	1,160,581	133,504
Compliance division	367,565	391,772	392,052	(280)
Finance	946,839	946,891	880,172	66,719
Division of licenses	361,034	454,280	421,108	33,172
General government	21,736,754	25,497,703	26,931,263	(1,433,560)
Information systems	<u>1,424,209</u>	<u>1,424,209</u>	<u>1,358,607</u>	<u>65,602</u>
Total expenditures	<u>116,458,194</u>	<u>121,230,796</u>	<u>120,930,414</u>	<u>300,382</u>
 Net change in fund balance	-	-	(1,092,380)	<u>\$ (1,092,380)</u>
 Fund balances - beginning	<u>-</u>	<u>-</u>	<u>13,995,416</u>	
 Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,903,036</u>	

See notes to budgetary comparison schedule.

# CITY OF HIALEAH, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2013

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

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

- a. Prior to September 1, the Mayor submits to the City Council a proposed operating budget for the General Fund for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d. At any time, the Mayor may transfer any unencumbered appropriation balance or portion thereof between classifications of expenditures within an office or department. At the request of the Mayor and within the last 6 months of the fiscal year, the City Council may transfer, by resolution, any unencumbered appropriation balance or portion thereof from one office or department to another. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and shall be subject to future appropriations. The legal level of control is at the department level for the general fund and at the fund level for all other funds.
- e. The reported budgetary data represents the final approved budget after amendments adopted by the City Council. Unencumbered appropriations lapse at fiscal year-end.
- f. The City Council may make supplemental appropriations during the fiscal year. Supplemental appropriations were \$4,772,602 for the general fund, \$89,446 for the Streets Fund, \$858,428 for the Rescue Transportation Fund, \$152,857 for the Fire Prevention Fund, \$38,400 for the E-911 Fund, \$1,498,553 for the Law Enforcement Trust-Federal Fund, \$765,407 for the Law Enforcement Trust- State Fund, \$53,468 for the Affordable Housing Fund, \$28,000 for the Children's Trust Fund, \$14,458 for the Urban Areas Security Initiative Grant, \$81,229 for the Hialeah Circulator Fund, \$158,830 for the City of Hialeah Education Academy Fund, \$79,991 for the 21<sup>st</sup> Century After School Grant, \$289,205 for the Buffer Zone Protection Grant, \$166,699 for the Building Impact Fee Fund, \$67,551 for the Building Department Fund, \$657,149 for the Neighborhood Stabilization Project, \$6,196,651 for the Home Investment Partnership Fund, \$114,295 for the Prevent Childhood Obesity Grant, \$447,774 for the Homeless Prevention Rapid Re-Housing Grant Fund, \$809,167 for the CITT Debt Service Fund, \$701,511 for the Milander Park Construction Fund, \$,087,324 for the Milander Auditorium Fund, \$2,640,668 for the Palm Center Fund, \$774,106 for MDCPW 138<sup>th</sup> Street Fund, \$508,144 for the FDOT 138<sup>th</sup> Street 57-67<sup>th</sup> Ave. Fund, \$339,301 for the GOB Bucky Dent Fund, \$292,898 for the 300 Unit Affordable Housing Project, and \$1,200,000 for the Vocational School Project, during fiscal year ended September 30, 2013.

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



**CITY OF HIALEAH, FLORIDA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 SEPTEMBER 30, 2013

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>
2008	\$ 18,298,037	99%	\$ 263,369	190%
2009	17,861,709	111%	288,006	174%
2010	20,557,338	96%	356,028	140%
2011	21,470,324	105%	315,853	99%
2012	22,203,900	109%	280,405	100%
2013	23,796,966	92%	312,403	100%

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

Valuation date	October 1, 2012	October 1, 2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent open	Level percent of pay, closed
Remaining amortization period	30 years	14 years
Asset valuation method	5-year smoothed market vs actual returns	Smooth market value
Actuarial assumptions:		
Investment rate of return*	8%	6%
Projected salary increases*	3% to 9.0%	8%
* Includes inflation at:	3.5%	4%
Cost of living adjustment	2.0%	N/A

**CITY OF HIALEAH, FLORIDA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 SEPTEMBER 30, 2013

(UNAUDITED)

EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2007	\$ 522,796,029	\$ 595,379,468	\$ 72,583,439	87.8%	\$ 75,461,003	96.2%
10/1/2008	526,091,435	627,530,393	101,438,958	83.8%	77,006,760	131.7%
10/1/2009	531,939,481	661,893,533	129,954,052	80.4%	79,860,936	162.7%
10/1/2010	520,812,767	684,539,088	163,726,321	76.1%	72,614,908	225.5%
10/1/2011	511,757,155	708,197,223	196,440,068	72.3%	62,406,221	314.8%
10/1/2012	507,232,353	734,713,229	227,480,876	69.0%	62,092,146	366.4%

ELECTED OFFICIALS' RETIREMENT SYSTEM

10/1/2007	\$ 4,507,879	\$ 5,044,765	\$ 536,886	89.4%	\$ 1,116,589	48.1%
10/1/2008	4,839,784	5,589,488	749,704	86.6%	1,200,461	62.5%
10/1/2009	5,530,202	6,284,075	753,873	88.0%	1,206,773	62.5%
10/1/2010	6,293,694	6,439,651	145,957	97.7%	1,113,794	13.1%
10/1/2011	6,833,524	7,237,258	403,734	94.4%	1,048,795	38.5%
10/1/2012	7,484,518	7,549,980	65,462	99.1%	1,085,310	6.0%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2006	\$ -	\$ 281,918,000	\$ 281,918,000	0.0%	\$ 74,287,000	379.5%
10/1/2009	-	243,161,545	243,161,545	0.0%	83,673,089	290.6%
10/1/2011	-	309,613,913	309,613,913	0.0%	79,273,518	390.6%

NOTE: Valuations are performed every three years.

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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GENERAL FUND

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**CITY OF HIALEAH, FLORIDA**

GENERAL FUND  
COMPARATIVE BALANCE SHEETS

SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2012)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 9,243,952	\$ 8,028,729
Investments	3,066,585	-
Receivables, net	14,316,975	9,180,396
Due from other funds	23,302,767	22,129,984
Inventories	1,457,058	1,335,708
Prepays	718,000	343,000
Notes receivable	<u>2,239,056</u>	<u>2,132,434</u>
Total assets	<u>54,344,393</u>	<u>43,150,251</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Vouchers payable and accrued liabilities	5,683,834	6,032,729
Short-term borrowing	15,000,000	6,000,000
Compensated absences payable	1,493,521	984,771
Self-insurance claims payable	782,586	878,420
Due to other funds	14,035,226	10,777,928
Deferred revenue	4,338,586	4,242,763
Other liabilities	<u>107,604</u>	<u>238,224</u>
Total liabilities	<u>41,441,357</u>	<u>29,154,835</u>
Fund balances:		
Nonspendable	2,175,058	1,678,708
Committed	105,440	82,338
Unassigned	<u>10,622,538</u>	<u>12,234,370</u>
Total fund balances	<u>12,903,036</u>	<u>13,995,416</u>
Total liabilities and fund balances	<u>\$ 54,344,393</u>	<u>\$ 43,150,251</u>

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

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

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

**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

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### Special Revenue Funds (Continued)

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

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

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

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

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

**Emergency Solution 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.

**Park Grants & Park 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.

**St Improvement – W 49St - SR826 Fund** – This fund was established from contributions received from private companies located around the city in order to improve the main heartland area of the city which is located at West 49 St.

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

(Continued)

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

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

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

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

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

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

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

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

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

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



## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds (Continued)

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

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

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

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

### Debt Service Funds

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Capital Project Funds

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

**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.

**Multi-Purpose Senior Center Fund** – This fund was established for source of assistance for seniors and their families. It was granted by the Department of Elder Affairs- FI Grant.

**Cultural Park Project (GOB) Fund** – This project was established to account for revenues and expenditures received from GOB to remodel a park with different cultural aspects located around the city.

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

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

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

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

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

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Capital Project Funds (Continued)

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

**Road Construction 2012 Bond Fund** – This bond accounts for the construction of various roads around the city. The loan proceeds from FMLC 2012A Bond and the expenses related to this project are accounted for in this fund.

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

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

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

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

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

**Bucky Dent Park Fund** – This fund was established to account for revenues and expenditures received from GOB for the construction of a new electrical pool pump room, and other improvement needed.

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2013

	Streets	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	Tele-comm. Fund	Prevent Childhood Obesity Grant	CDBG	WIA
<b>ASSETS</b>													
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	640,453	854,808	71,954	-	105,540	75,268	-	30,000	18,322	-	2,271	506,988	149,842
Due from other funds	768,797	15,651	-	41,782	53,790	-	2,000	-	29,308	-	149,943	2,316,283	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	752,578	15,547	-	-	-	-	419,396	201,862	-	-	-	-
Total assets	<u>1,409,250</u>	<u>1,623,037</u>	<u>87,501</u>	<u>41,782</u>	<u>159,330</u>	<u>75,268</u>	<u>2,000</u>	<u>449,396</u>	<u>249,492</u>	<u>-</u>	<u>152,214</u>	<u>2,823,271</u>	<u>149,842</u>
<b>LIABILITIES AND FUND BALANCES</b>													
Liabilities:													
Accounts payable and accrued liabilities	65,263	546,369	138,917	-	10,615	-	-	-	24,476	1,354	4,242	217,854	2,973
Due to other funds	2,715	523,410	289,644	-	-	27,498	18	3,836	-	122,742	19,208	-	543,421
Deferred revenues	-	-	-	39,689	-	-	-	-	2,880	-	36,530	2,605,417	-
Total liabilities	<u>67,978</u>	<u>1,069,779</u>	<u>428,561</u>	<u>39,689</u>	<u>10,615</u>	<u>27,498</u>	<u>18</u>	<u>3,836</u>	<u>27,356</u>	<u>124,096</u>	<u>59,980</u>	<u>2,823,271</u>	<u>546,394</u>
Fund balances:													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	1,341,272	553,258	-	2,093	148,715	47,770	1,982	445,560	222,136	-	92,234	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(341,060)	-	-	-	-	-	-	(124,096)	-	-	(396,552)
Total fund balances	<u>1,341,272</u>	<u>553,258</u>	<u>(341,060)</u>	<u>2,093</u>	<u>148,715</u>	<u>47,770</u>	<u>1,982</u>	<u>445,560</u>	<u>222,136</u>	<u>(124,096)</u>	<u>92,234</u>	<u>-</u>	<u>(396,552)</u>
Total liabilities and fund balances	<u>\$ 1,409,250</u>	<u>\$ 1,623,037</u>	<u>\$ 87,501</u>	<u>\$ 41,782</u>	<u>\$ 159,330</u>	<u>\$ 75,268</u>	<u>\$ 2,000</u>	<u>\$ 449,396</u>	<u>\$ 249,492</u>	<u>\$ -</u>	<u>\$ 152,214</u>	<u>\$ 2,823,271</u>	<u>\$ 149,842</u>

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2013**

	Special Revenue															
	Home Investment Partnership	Emergency Solution Grant	Park Grants & Park Impact Fees	St Improvement W 49 St SR Fund	Affordable Housing	S.H.I.P.	City of Hialeah Education Academy	Children's Trust	21st Century After School Grant	Urban Area Security Grants	State Homeland Sec. Grant	Neighborhood Stabilization Project	Hialeah Circulator Fund	Building Better Communities	Streets 3 Cent Optional Gas Tax	Building Department Fund
<b>ASSETS</b>																
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 232,074	\$ -	\$ 187,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	532,091	18,987	180	7,050	-	486,219	8,098	305,090	57,167	197,370	32,470	494,007	386,877	177,562	186,851	-
Due from other funds	-	-	129,225	-	-	-	-	-	1,725	-	40,999	-	84,246	-	1,413,386	340,422
Inventory	-	-	-	-	23,944	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	5,841	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>532,091</b>	<b>18,987</b>	<b>129,405</b>	<b>7,050</b>	<b>256,018</b>	<b>486,219</b>	<b>201,469</b>	<b>305,090</b>	<b>58,892</b>	<b>197,370</b>	<b>73,469</b>	<b>494,007</b>	<b>471,123</b>	<b>177,562</b>	<b>1,600,237</b>	<b>340,422</b>
<b>LIABILITIES AND FUND BALANCES</b>																
<b>Liabilities:</b>																
Accounts payable and accrued liabilities	288,529	18,987	36,726	7,050	80,613	10	110,292	5,533	582	-	565	151,051	64,357	-	18,415	56,980
Due to other funds	243,562	-	-	-	262,096	-	-	299,557	53,442	197,623	3,343	342,956	1,367	177,382	2,201	6,258
Deferred revenues	-	-	23,798	-	-	486,209	-	-	4,868	-	69,561	-	-	-	-	-
<b>Total liabilities</b>	<b>532,091</b>	<b>18,987</b>	<b>60,524</b>	<b>7,050</b>	<b>342,709</b>	<b>486,219</b>	<b>110,292</b>	<b>305,090</b>	<b>58,892</b>	<b>197,623</b>	<b>73,469</b>	<b>494,007</b>	<b>65,724</b>	<b>177,382</b>	<b>20,616</b>	<b>63,238</b>
<b>Fund balances:</b>																
Nonspendable	-	-	-	-	23,944	-	5,841	-	-	-	-	-	-	-	-	-
Restricted	-	-	68,881	-	-	-	85,336	-	-	-	-	-	405,399	180	1,579,621	277,184
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(110,635)	-	-	-	-	(253)	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>68,881</b>	<b>-</b>	<b>(86,691)</b>	<b>-</b>	<b>91,177</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>-</b>	<b>-</b>	<b>405,399</b>	<b>180</b>	<b>1,579,621</b>	<b>277,184</b>
<b>Total liabilities and fund balances</b>	<b>\$ 532,091</b>	<b>\$ 18,987</b>	<b>\$ 129,405</b>	<b>\$ 7,050</b>	<b>\$ 256,018</b>	<b>\$ 486,219</b>	<b>\$ 201,469</b>	<b>\$ 305,090</b>	<b>\$ 58,892</b>	<b>\$ 197,370</b>	<b>\$ 73,469</b>	<b>\$ 494,007</b>	<b>\$ 471,123</b>	<b>\$ 177,562</b>	<b>\$ 1,600,237</b>	<b>\$ 340,422</b>

**CITY OF HIALEAH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2013**

	Debt Service														
	Energy Efficiency And Cons Block Grant	Intersection Cameras Fund	CITT Debt Service Fund	Fire Admin. Debt Service Fund	Parking Garage Construction Fund	Multi-Purpose Senior Center Fund	Cultural Park Project (GOB) Fund	Palm Center Fund	Milander Parking Garage 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
<b>ASSETS</b>															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net	-	-	1,544,972	-	536,577	175,467	358,520	4,284,467	1,880,612	1,435,121	3,739	68,374	-	52,429	92,000
Due from other funds	-	-	34,707	42,836	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	977,962	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	-	-	2,557,641	42,836	536,577	175,467	358,520	4,284,467	1,880,612	1,435,121	3,739	68,374	-	52,429	92,000
<b>LIABILITIES AND FUND BALANCES</b>															
<b>Liabilities:</b>															
Accounts payable and accrued liabilities	-	-	20,662	-	-	51,219	1,295	798,152	3,474	4,000	-	-	-	-	-
Due to other funds	-	186,681	1,850,996	-	540,305	124,248	357,225	4,451,896	1,876,138	1,431,889	3,739	68,374	-	52,429	92,000
Deferred revenues, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	186,681	1,871,658	-	540,305	175,467	358,520	5,250,048	1,879,612	1,435,889	3,739	68,374	-	52,429	92,000
<b>Fund balances:</b>															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	685,983	42,836	-	-	-	-	1,000	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(186,681)	-	-	(3,728)	-	-	(965,581)	-	(768)	-	-	-	-	-
Total fund balances	-	(186,681)	685,983	42,836	(3,728)	-	-	(965,581)	1,000	(768)	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ 2,557,641	\$ 42,836	\$ 536,577	\$ 175,467	\$ 358,520	\$ 4,284,467	\$ 1,880,612	\$ 1,435,121	\$ 3,739	\$ 68,374	\$ -	\$ 52,429	\$ 92,000

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2013

	Capital Projects								Total Non-Major Governmental Funds
	SR 93/Interstate 75 & 138 St. Interchange	Road Construction 2012 Bond	C.E.I.-138 St. 57-76 Ave.	W 53 St from 8-12 Ave	GOB J. Edgar Hall Special Population	GOB Goodlet Park	W. 16th Ave. from 76 to 84th St	W. 29th Ave. from Okee to W. 4th Ave	
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,604
Receivables, net	21,907	-	1,090	19,598	92,301	580,759	63,500	-	16,441,603
Due from other funds	64,186	2,230,974	-	19,598	-	-	-	-	8,273,127
Inventory	-	-	-	-	-	-	-	-	23,944
Prepays	-	-	-	-	-	-	-	-	983,803
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	1,389,383
<b>Total assets</b>	<b>86,093</b>	<b>2,230,974</b>	<b>1,090</b>	<b>39,196</b>	<b>92,301</b>	<b>580,759</b>	<b>63,500</b>	<b>-</b>	<b>27,531,464</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	-	429,128	-	19,598	-	1,053	-	-	69,676
Due to other funds	86,093	99,768	1,090	19,598	92,301	579,706	63,500	-	308,298
Deferred revenues, net	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>86,093</b>	<b>528,896</b>	<b>1,090</b>	<b>39,196</b>	<b>92,301</b>	<b>580,759</b>	<b>63,500</b>	<b>-</b>	<b>21,927,515</b>
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	29,785
Restricted	-	1,702,078	-	-	-	-	-	-	7,703,518
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(2,129,354)
<b>Total fund balances</b>	<b>-</b>	<b>1,702,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,603,949</b>
<b>Total liabilities and fund balances</b>	<b>\$ 86,093</b>	<b>\$ 2,230,974</b>	<b>\$ 1,090</b>	<b>\$ 39,196</b>	<b>\$ 92,301</b>	<b>\$ 580,759</b>	<b>\$ 63,500</b>	<b>\$ -</b>	<b>\$ 27,531,464</b>

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue												
	Streets	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	Tele- comm. Fund	Prevent Childhood Obesity Grant	CDBG	WIA
Revenues:													
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and local shared revenues	2,817,661	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	600,959	143,171	-	-	-	-
Interest	-	-	26	-	-	-	-	-	597	-	-	-	-
Government grants and other revenues	235,324	4,088,035	624,533	-	328,053	311,563	599,000	-	66,611	345,914	223,293	4,707,096	1,732,899
Total revenues	<u>3,052,985</u>	<u>4,088,035</u>	<u>624,559</u>	<u>-</u>	<u>328,053</u>	<u>311,563</u>	<u>599,000</u>	<u>600,959</u>	<u>210,379</u>	<u>345,914</u>	<u>223,293</u>	<u>4,707,096</u>	<u>1,732,899</u>
Expenditures:													
Current:													
General government	296,506	-	-	-	311,944	452,056	25,001	-	-	345,914	-	1,833,386	-
Police	-	-	-	-	-	-	-	477,692	58,251	-	-	-	-
Fire	-	3,812,718	772,735	4,061	-	-	-	-	-	-	-	-	-
Streets	2,110,181	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	-	192,231	-	-
S.H.I.P. expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	2,021,437
Capital outlay	172,928	278,730	-	-	-	16,778	605,529	-	1,264,543	-	-	2,444,630	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	255,000	-
Interest	-	-	-	-	-	-	-	-	-	-	-	174,080	-
Total expenditures	<u>2,579,615</u>	<u>4,091,448</u>	<u>772,735</u>	<u>4,061</u>	<u>311,944</u>	<u>468,834</u>	<u>630,530</u>	<u>477,692</u>	<u>1,322,794</u>	<u>345,914</u>	<u>192,231</u>	<u>4,707,096</u>	<u>2,021,437</u>
Excess (deficiency) of revenues over expenditures	<u>473,370</u>	<u>(3,413)</u>	<u>(148,176)</u>	<u>(4,061)</u>	<u>16,109</u>	<u>(157,271)</u>	<u>(31,530)</u>	<u>123,267</u>	<u>(1,112,415)</u>	<u>-</u>	<u>31,062</u>	<u>-</u>	<u>(288,538)</u>
Other financing sources (uses):													
Transfers in	-	-	-	-	-	-	-	7,098	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(7,098)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,098</u>	<u>(7,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	473,370	(3,413)	(148,176)	(4,061)	16,109	(157,271)	(31,530)	130,365	(1,119,513)	-	31,062	-	(288,538)
Fund balances, beginning	867,902	556,671	(192,884)	6,154	132,606	205,041	33,512	315,195	1,341,649	(124,096)	61,172	-	(108,014)
Fund balances, ending	<u>\$ 1,341,272</u>	<u>\$ 553,258</u>	<u>\$ (341,060)</u>	<u>\$ 2,093</u>	<u>\$ 148,715</u>	<u>\$ 47,770</u>	<u>\$ 1,982</u>	<u>\$ 445,560</u>	<u>\$ 222,136</u>	<u>\$ (124,096)</u>	<u>\$ 92,234</u>	<u>\$ -</u>	<u>\$ (396,552)</u>



**CITY OF HIALEAH, FLORIDA**  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(Continued)  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue																
	Home Investment Partnership	Emergency Solution Grant	Park Grants & Park 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	St Improvement W 49 St SR Fund	State Homeland Sec. Grant	Neighborhood Stabilization Project	SHSGP Fire Grant Fund	Hialeah Circulator Fund	Building Better Communities	Streets 3 Cent Optional Gas Tax	Building Department Fund
Revenues:																	
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,311,856
State and local shared revenues	-	-	-	-	-	2,703,989	-	-	-	-	-	-	-	1,623,687	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	26	-	-	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	2,136,914	193,772	88,129	1,841,666	107,743	252,927	1,037,205	434,511	1,043,189	99,000	378,430	2,359,472	30,079	398,647	177,742	1,209,880	-
<b>Total revenues</b>	<b>2,136,914</b>	<b>193,772</b>	<b>88,129</b>	<b>1,841,666</b>	<b>107,769</b>	<b>2,956,916</b>	<b>1,037,205</b>	<b>434,511</b>	<b>1,043,189</b>	<b>99,000</b>	<b>378,430</b>	<b>2,359,472</b>	<b>30,079</b>	<b>2,022,334</b>	<b>177,742</b>	<b>1,209,880</b>	<b>3,311,856</b>
Expenditures:																	
Current:																	
General government	-	-	38,462	1,176,769	-	-	-	-	-	103,562	-	-	-	1,837,404	-	-	3,198,073
Police	-	-	-	-	-	-	-	-	-	-	101,549	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	113,271	-	-	30,079	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	671,813	-
Grants and human services	553,289	193,772	-	-	-	2,883,107	1,006,910	433,994	-	-	-	62,724	-	-	-	-	-
S.H.I.P. expenses	-	-	-	-	107,769	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,583,625	-	31,319	-	-	135,897	1,480	-	930,171	-	276,881	2,238,872	-	18,020	36,106	35,861	11,625
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	351,006	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	605,573	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,136,914</b>	<b>193,772</b>	<b>69,781</b>	<b>2,133,348</b>	<b>107,769</b>	<b>3,019,004</b>	<b>1,008,390</b>	<b>433,994</b>	<b>1,043,442</b>	<b>103,562</b>	<b>378,430</b>	<b>2,301,596</b>	<b>30,079</b>	<b>1,855,424</b>	<b>36,106</b>	<b>707,674</b>	<b>3,209,698</b>
Excess (deficiency) of revenues over expenditures	-	-	18,348	(291,682)	-	(62,088)	28,815	517	(253)	(4,562)	-	57,876	-	166,910	141,636	502,206	102,158
Other financing sources (uses):																	
Transfers in	-	-	-	-	-	-	-	-	-	4,562	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(26,895)	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,895)</b>	<b>-</b>	<b>-</b>	<b>4,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	18,348	(291,682)	-	(62,088)	1,920	517	(253)	-	-	57,876	-	166,910	141,636	502,206	102,158
Fund balances, beginning	\$ -	\$ -	\$ 50,533	\$ 204,991	\$ -	\$ 153,265	\$ (1,920)	\$ (517)	\$ -	\$ -	\$ -	\$ (57,876)	\$ -	\$ 238,489	\$ (141,456)	\$ 1,077,415	\$ 175,026
Fund balances, ending	\$ -	\$ -	\$ 68,881	\$ (86,691)	\$ -	\$ 91,177	\$ -	\$ -	\$ (253)	\$ -	\$ -	\$ -	\$ -	\$ 405,399	\$ 180	\$ 1,579,621	\$ 277,184

**CITY OF HIALEAH, FLORIDA**  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(Continued)  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Energy Efficiency		Debt Service		Parking Garage Construction Fund	Multi-Purpose Senior Center Fund	Cultural Park Project (GOB) Fund	Palm Center Fund	Milander Parking Garage 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
	And Cons Block Grant	Intersection Cameras Fund	CITT Debt Service Fund	Fire Admin. Debt Service Fund											
<b>Revenues:</b>															
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and local shared revenues	-	-	6,494,746	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	1,286	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government grants and other revenues	344,826	-	-	-	306,202	292,898	358,520	3,184,397	1,501,511	3,564,238	-	-	774,106	-	-
<b>Total revenues</b>	<b>344,826</b>	<b>1,286</b>	<b>6,494,746</b>	<b>-</b>	<b>306,202</b>	<b>292,898</b>	<b>358,520</b>	<b>3,184,397</b>	<b>1,501,511</b>	<b>3,564,238</b>	<b>-</b>	<b>-</b>	<b>774,106</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>															
<b>Current:</b>															
General government	-	-	678,953	-	-	-	-	55,840	-	29,341	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and human services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State housing initiative program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work Investment Act programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	344,826	57,000	-	-	306,202	292,898	358,520	4,094,138	1,501,511	3,535,665	-	-	774,106	-	-
<b>Debt service:</b>															
Principal	-	-	2,830,497	248,195	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	3,531,772	25,047	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>344,826</b>	<b>57,000</b>	<b>7,041,222</b>	<b>273,242</b>	<b>306,202</b>	<b>292,898</b>	<b>358,520</b>	<b>4,149,978</b>	<b>1,501,511</b>	<b>3,565,006</b>	<b>-</b>	<b>-</b>	<b>774,106</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(55,714)</b>	<b>(546,476)</b>	<b>(273,242)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(965,581)</b>	<b>-</b>	<b>(768)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>															
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(55,714)</b>	<b>(546,476)</b>	<b>(273,242)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(965,581)</b>	<b>-</b>	<b>(768)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning	-	(130,967)	1,232,459	316,078	(3,728)	-	-	-	1,000	-	-	-	-	-	-
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ (186,681)</b>	<b>\$ 685,983</b>	<b>\$ 42,836</b>	<b>\$ (3,728)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (965,581)</b>	<b>\$ 1,000</b>	<b>\$ (768)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF HIALEAH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 (Continued)  
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Capital Projects									Total Non-Major Governmental Funds
	SR 93/Interstate 75 & 138 St. Interchange	Road Construction 2012 Bond	C.E.I.-138 St. 57-76 Ave.	W 53st from 8-12 Ave	Hialeah Linear Park 175	GOB J. Edgar Hall Special Population	GOB Goodlet Park	W. 16th Ave. from 76 to 84th St	W. 29th Ave. from Okee to W. 4th Ave	
Revenues:										
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,311,856
State and local shared revenues	-	-	-	-	-	-	-	-	-	13,640,083
Fines and forfeitures	-	-	-	-	-	-	-	-	-	745,416
Interest	-	-	-	-	-	-	-	-	-	649
Government grants and other revenues	88,300	-	-	19,598	223,862	-	1,053	-	8,616	430,738
Total revenues	88,300	-	-	19,598	223,862	-	1,053	-	8,616	430,738
Expenditures:										
Current:										
General government	-	-	-	19,598	-	-	-	-	-	10,402,809
Police	-	-	-	-	-	-	-	-	-	637,492
Fire	-	-	-	-	-	-	-	-	-	4,732,864
Streets	-	-	-	-	-	-	-	-	-	2,781,994
Grants and human services	-	-	-	-	-	-	-	-	-	5,326,027
State housing initiative program	-	-	-	-	-	-	-	-	-	107,769
Work Investment Act programs	-	-	-	-	-	-	-	-	-	2,021,437
Capital outlay	88,300	1,571,106	-	-	223,862	-	1,053	-	8,616	430,738
Debt service:										
Principal	-	31,404,282	-	-	-	-	-	-	-	35,088,980
Interest	-	413,102	-	-	-	-	-	-	-	4,749,574
Bond issuance costs	-	618,913	-	-	-	-	-	-	-	618,913
Total expenditures	88,300	34,007,403	-	19,598	223,862	-	1,053	-	8,616	430,738
Excess (deficiency) of revenues over expenditures	-	(34,007,403)	-	-	-	-	-	-	-	(36,290,899)
Other financing sources (uses):										
Debt proceeds	-	35,709,481	-	-	-	-	-	-	-	35,709,481
Transfers in	-	-	-	-	-	-	-	-	-	11,660
Transfers out	-	-	-	-	-	-	-	-	-	(33,993)
Total other financing sources (uses)	-	35,709,481	-	-	-	-	-	-	-	35,687,148
Net change in fund balance	-	1,702,078	-	-	-	-	-	-	-	(603,751)
Fund balances, beginning	-	-	-	-	-	-	-	-	-	6,207,700
Fund balances, ending	\$ -	\$ 1,702,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,603,949

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2013**

	Streets Transportation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
State and local shared revenues	\$ 2,975,776	\$ 3,059,222	\$ 2,817,661	\$ (241,561)
Government grants and other revenues	-	6,000	235,324	229,324
Total revenues	<u>2,975,776</u>	<u>3,065,222</u>	<u>3,052,985</u>	<u>(12,237)</u>
Other financing sources:				
Appropriation of prior year fund balance	<u>122,680</u>	<u>122,680</u>	-	<u>(122,680)</u>
Total revenues and other financing sources	<u>3,098,456</u>	<u>3,187,902</u>	<u>3,052,985</u>	<u>(134,917)</u>
Expenditures:				
General government	-	-	296,506	(296,506.00)
Streets	<u>3,098,456</u>	<u>3,187,902</u>	<u>2,283,109</u>	<u>904,793</u>
Total expenditures	<u>3,098,456</u>	<u>3,187,902</u>	<u>2,579,615</u>	<u>608,287</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>473,370</u>	<u>\$ 473,370</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>867,902</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,341,272</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2013

	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	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)	\$ 100	\$ 100	\$ 26	\$ (74)
Government grants and other revenues	3,437,000	4,295,428	4,088,035	(207,393)	664,393	817,250	624,533	(192,717)
Total revenues	<u>3,438,500</u>	<u>4,296,928</u>	<u>4,088,035</u>	<u>(208,893)</u>	<u>664,493</u>	<u>817,350</u>	<u>624,559</u>	<u>(192,791)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>3,438,500</u>	<u>4,296,928</u>	<u>4,088,035</u>	<u>(208,893)</u>	<u>664,493</u>	<u>817,350</u>	<u>624,559</u>	<u>(192,791)</u>
Expenditures:								
Fire	3,438,500	4,296,928	4,091,448	205,480	664,493	817,350	772,735	44,615
Total expenditures	<u>3,438,500</u>	<u>4,296,928</u>	<u>4,091,448</u>	<u>205,480</u>	<u>664,493</u>	<u>817,350</u>	<u>772,735</u>	<u>44,615</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(3,413)</u>	<u>\$ (3,413)</u>	<u>-</u>	<u>-</u>	<u>(148,176)</u>	<u>\$ (148,176)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>556,671</u>		<u>-</u>	<u>-</u>	<u>(192,884)</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 553,258</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (341,060)</u>	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2013**

	E-911				E-911 Wireless Communication			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 360,000	\$ 360,000	\$ 328,053	\$ (31,947)	\$ 525,000	\$ 525,000	\$ 311,563	\$ (213,437)
Total revenues	<u>360,000</u>	<u>360,000</u>	<u>328,053</u>	<u>(31,947)</u>	<u>525,000</u>	<u>525,000</u>	<u>311,563</u>	<u>(213,437)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	38,400	-	(38,400)	-	-	-	-
Total other financing sources	<u>-</u>	<u>38,400</u>	<u>-</u>	<u>(38,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>360,000</u>	<u>398,400</u>	<u>328,053</u>	<u>(70,347)</u>	<u>525,000</u>	<u>525,000</u>	<u>311,563</u>	<u>(213,437)</u>
Expenditures:								
General government	360,000	398,400	311,944	86,456	525,000	525,000	468,834	56,166
Total expenditures	<u>360,000</u>	<u>398,400</u>	<u>311,944</u>	<u>86,456</u>	<u>525,000</u>	<u>525,000</u>	<u>468,834</u>	<u>56,166</u>
Net change in fund balance	-	-	16,109	\$ 16,109	-	-	(157,271)	\$ (157,271)
Fund balances - beginning	-	-	132,606		-	-	205,041	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,715</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,770</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2013

	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	\$ -	\$ 546,777	\$ 143,171	\$ (403,606)	\$ -	\$ 765,407	\$ 600,959	\$ (164,448)
Interest	-	1,000	597	(403)	-	-	-	-
Government grants and other revenues	-	-	66,611	66,611	-	-	-	-
Total revenues	-	547,777	210,379	(337,398)	-	765,407	600,959	(164,448)
Other financing sources:								
Appropriation of prior year fund balance	-	950,776	-	(950,776)	-	-	-	-
Transfers in	-	-	(7,098)	(7,098)	-	-	7,098	7,098
Total other financing sources	-	950,776	(7,098)	(957,874)	-	-	7,098	7,098
Total revenues and other financing sources	-	1,498,553	203,281	(1,295,272)	-	765,407	608,057	(157,350)
Expenditures:								
Police	-	1,498,553	1,322,794	175,759	-	765,407	477,692	287,715
Total expenditures	-	1,498,553	1,322,794	175,759	-	765,407	477,692	287,715
Net change in fund balance	-	-	(1,119,513)	\$ (1,119,513)	-	-	130,365	\$ 130,365
Fund balances - beginning	-	-	1,341,649		-	-	315,195	
Fund balances - ending	\$ -	\$ -	\$ 222,136		\$ -	\$ -	\$ 445,560	

**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2013**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	1,831,126	1,863,102	1,841,666	(21,436)	1,012,637	1,040,646	1,037,205	(3,441)
Total revenues	<u>1,831,126</u>	<u>1,863,102</u>	<u>1,841,666</u>	<u>(21,436)</u>	<u>1,012,637</u>	<u>1,040,646</u>	<u>1,037,205</u>	<u>(3,441)</u>
Other financing sources:								
Appropriation of prior year fund balance	250,000	271,492	-	(271,492)	-	-	-	-
Total other financing sources	<u>250,000</u>	<u>271,492</u>	<u>-</u>	<u>(271,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>2,081,126</u>	<u>2,134,594</u>	<u>1,841,666</u>	<u>(292,928)</u>	<u>1,012,637</u>	<u>1,040,646</u>	<u>1,037,205</u>	<u>(3,441)</u>
Expenditures:								
General government	2,081,126	2,134,594	2,133,348	1,246	-	-	-	-
Grants and human services	-	-	-	-	1,012,637	1,040,646	1,035,285	5,361
Total expenditures	<u>2,081,126</u>	<u>2,134,594</u>	<u>2,133,348</u>	<u>1,246</u>	<u>1,012,637</u>	<u>1,040,646</u>	<u>1,035,285</u>	<u>5,361</u>
Net change in fund balance	-	-	(291,682)	\$ (291,682)	-	-	1,920	\$ 1,920
Fund balances - beginning	-	-	204,991		-	-	(1,920)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86,691)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	



**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2013

	Urban Area Security Grants				Streets 3 Cents Optional Gas Tax			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 2,814,033	\$ 2,814,033	\$ 1,043,189	\$ (1,770,844)	\$ 1,058,446	\$ 1,058,446	\$ 1,209,880	\$ 151,434
Total revenues	<u>2,814,033</u>	<u>2,814,033</u>	<u>1,043,189</u>	<u>(1,770,844)</u>	<u>1,058,446</u>	<u>1,058,446</u>	<u>1,209,880</u>	<u>151,434</u>
Other financing sources:								
Appropriation of prior year fund balance	-	14,458	-	(14,458)	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>14,458</u>	<u>-</u>	<u>(14,458)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>2,814,033</u>	<u>2,828,491</u>	<u>1,043,189</u>	<u>(1,785,302)</u>	<u>1,058,446</u>	<u>1,058,446</u>	<u>1,209,880</u>	<u>151,434</u>
Expenditures:								
Fire	2,814,033	2,828,491	1,043,442	1,785,049	-	-	-	-
Streets	-	-	-	-	1,058,446	1,058,446	707,674	350,772
Total expenditures	<u>2,814,033</u>	<u>2,828,491</u>	<u>1,043,442</u>	<u>1,785,049</u>	<u>1,058,446</u>	<u>1,058,446</u>	<u>707,674</u>	<u>350,772</u>
Net change in fund balance	-	-	(253)	\$ (253)	-	-	502,206	\$ 502,206
Fund balances - beginning	-	-	-		-	-	1,077,415	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (253)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,579,621</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ 1,472,524	\$ 1,623,688	\$ 1,623,687	\$ (1)
Government grants and other revenues	<u>599,112</u>	<u>599,112</u>	<u>599,000</u>	<u>(112)</u>	<u>387,649</u>	<u>317,714</u>	<u>398,647</u>	<u>80,933</u>
Total revenues	<u>599,112</u>	<u>599,112</u>	<u>599,000</u>	<u>(112)</u>	<u>1,860,173</u>	<u>1,941,402</u>	<u>2,022,334</u>	<u>80,932</u>
Other financing sources:								
Appropriation of prior year fund balance	<u>268,105</u>	<u>268,105</u>	<u>-</u>	<u>(268,105)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>268,105</u>	<u>268,105</u>	<u>-</u>	<u>(268,105)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>867,217</u>	<u>867,217</u>	<u>599,000</u>	<u>(268,217)</u>	<u>1,860,173</u>	<u>1,941,402</u>	<u>2,022,334</u>	<u>80,932</u>
Expenditures:								
General government	<u>867,217</u>	<u>867,217</u>	<u>630,530</u>	<u>236,687</u>	<u>1,860,173</u>	<u>1,941,402</u>	<u>1,855,424</u>	<u>85,978</u>
Total expenditures	<u>867,217</u>	<u>867,217</u>	<u>630,530</u>	<u>236,687</u>	<u>1,860,173</u>	<u>1,941,402</u>	<u>1,855,424</u>	<u>85,978</u>
Net change in fund balance	-	-	(31,530)	\$ (31,530)	-	-	166,910	\$ 166,910
Fund balances - beginning	-	-	33,512		-	-	238,489	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,982</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,399</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2013

	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	\$ 2,968,000	\$ 2,687,537	\$ 2,703,989	\$ 16,452	\$ -	\$ -	\$ -	\$ -
Government grants and other revenues	<u>155,000</u>	<u>233,000</u>	<u>252,927</u>	<u>19,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,123,000</u>	<u>\$ 2,920,537</u>	<u>2,956,916</u>	<u>36,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Appropriation of prior year fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,408</u>	<u>86,408</u>	<u>-</u>	<u>(86,408)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,408</u>	<u>86,408</u>	<u>-</u>	<u>(86,408)</u>
Total revenues and other financing sources	<u>3,123,000</u>	<u>2,920,537</u>	<u>2,956,916</u>	<u>36,379</u>	<u>86,408</u>	<u>86,408</u>	<u>-</u>	<u>(86,408)</u>
Expenditures:								
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,408</u>	<u>86,408</u>	<u>4,061</u>	<u>82,347</u>
Grants and human services	<u>2,884,170</u>	<u>3,043,000</u>	<u>3,019,004</u>	<u>23,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,884,170</u>	<u>3,043,000</u>	<u>3,019,004</u>	<u>23,996</u>	<u>86,408</u>	<u>86,408</u>	<u>4,061</u>	<u>82,347</u>
Net change in fund balance	238,830	(122,463)	(62,088)	\$ 60,375	-	-	(4,061)	\$ (4,061)
Fund balances - beginning	<u>153,265</u>	<u>153,265</u>	<u>153,265</u>		<u>-</u>	<u>-</u>	<u>6,154</u>	
Fund balances - ending	<u>\$ 392,095</u>	<u>\$ 30,802</u>	<u>\$ 91,177</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,093</u>	

\*\*Note: Balances are as of June 30, 2013.

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2013

	21st Century After School Grant				Buffer Zone Protection Grant			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 395,813	\$ 475,804	\$ 434,511	\$ (41,293)	\$ 71,671	\$ 292,656	\$ 378,430	\$ 85,774
Total revenues	<u>395,813</u>	<u>475,804</u>	<u>434,511</u>	<u>(41,293)</u>	<u>71,671</u>	<u>292,656</u>	<u>378,430</u>	<u>85,774</u>
Other financing sources:								
Appropriation of prior year fund balance	-	-	-	-	29,015	97,235	-	(97,235.00)
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,015.00</u>	<u>97,235</u>	<u>-</u>	<u>(97,235.00)</u>
Total revenues and other financing sources	<u>395,813</u>	<u>475,804</u>	<u>434,511</u>	<u>(41,293)</u>	<u>100,686</u>	<u>389,891</u>	<u>378,430</u>	<u>(11,461)</u>
Expenditures:								
General government	-	-	-	-	100,686	389,891	378,430	11,461
Grants and human services	<u>395,813</u>	<u>475,804</u>	<u>433,994</u>	<u>41,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>395,813</u>	<u>475,804</u>	<u>433,994</u>	<u>41,810</u>	<u>100,686</u>	<u>389,891</u>	<u>378,430</u>	<u>11,461</u>
Net change in fund balance	-	-	517	<u>\$ 517</u>	-	-	-	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(517)</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, 2013

	Park Grants and Impact Fees Fund				Building Department Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 3,232,080	\$ 3,293,643	\$ 3,311,856	\$ 18,213
Government grants and other revenues	-	120,604	88,129	(32,475)	-	-	-	-
Total revenues	<u>-</u>	<u>120,604</u>	<u>88,129</u>	<u>(32,475)</u>	<u>3,232,080</u>	<u>3,293,643</u>	<u>3,311,856</u>	<u>18,213</u>
Other financing sources:								
Appropriation of prior year fund balance	<u>15,000</u>	<u>61,095</u>	-	(61,095)	-	5,988	-	(5,988.00)
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>15,000</u>	<u>61,095</u>	-	(61,095)	-	5,988	-	(5,988.00)
Total revenues and other financing sources	<u>15,000</u>	<u>181,699</u>	<u>88,129</u>	<u>(93,570)</u>	<u>3,232,080</u>	<u>3,299,631</u>	<u>3,311,856</u>	<u>12,225</u>
Expenditures:								
General government	<u>15,000</u>	<u>181,699</u>	<u>69,781</u>	111,918	<u>3,232,080</u>	<u>3,299,631</u>	<u>3,209,698</u>	89,933
Total expenditures	<u>15,000</u>	<u>181,699</u>	<u>69,781</u>	111,918	<u>3,232,080</u>	<u>3,299,631</u>	<u>3,209,698</u>	89,933
Net change in fund balance	-	-	18,348	<u>\$ 18,348</u>	-	-	102,158	<u>\$ 102,158</u>
Fund balances - beginning	-	-	50,533		-	-	175,026	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,881</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,184</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 SPECIAL REVENUE FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Neighborhood Stabilization Project				Home Investment Partnership			
	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	\$ -	\$ 657,149	\$ 2,359,472	\$ 1,702,323	\$ -	\$ 6,196,651	\$ 2,136,914	\$ (4,059,737)
Total revenues	<u>-</u>	<u>657,149</u>	<u>2,359,472</u>	<u>1,702,323</u>	<u>-</u>	<u>\$ 6,196,651</u>	<u>\$ 2,136,914</u>	<u>\$ (4,059,737)</u>
Expenditures:								
Grants and human services	-	657,149	2,301,596	(1,644,447)	-	6,196,651	2,136,914	4,059,737
Total expenditures	<u>-</u>	<u>657,149</u>	<u>2,301,596</u>	<u>(1,644,447)</u>	<u>-</u>	<u>6,196,651</u>	<u>2,136,914</u>	<u>4,059,737</u>
Net change in fund balance	-	-	57,876	<u>\$ 57,876</u>	-	-	-	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(57,876)</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, 2013

	Prevent Childhood Obesity Grant				Emergency Solution Grant			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 111,000	\$ 225,295	\$ 223,293	\$ (2,002)	\$ -	\$ 447,774	\$ 193,772	\$ (254,002)
Total revenues	<u>111,000</u>	<u>225,295</u>	<u>223,293</u>	<u>(2,002)</u>	<u>-</u>	<u>447,774</u>	<u>193,772</u>	<u>(254,002)</u>
Expenditures:								
Grants and human services	111,000	225,295	192,231	33,064	-	447,774	193,772	254,002
Total expenditures	<u>111,000</u>	<u>225,295</u>	<u>192,231</u>	<u>33,064</u>	<u>-</u>	<u>447,774</u>	<u>193,772</u>	<u>254,002</u>
Net change in fund balance	-	-	31,062	<u>\$ 31,062</u>	-	-	-	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	61,172		<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,234</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, 2013**

	State Homeland Security Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenues:				
Fines and forfeitures	\$ 235,215	\$ 235,215	\$ 30,079	\$ (205,136)
Total revenues	<u>235,215</u>	<u>235,215</u>	<u>30,079</u>	<u>(205,136)</u>
Expenditures:				
Public safety	<u>235,215</u>	<u>235,215</u>	<u>30,079</u>	<u>205,136</u>
Total expenditures	<u>235,215</u>	<u>235,215</u>	<u>30,079</u>	<u>205,136</u>
Net change in fund balance	-	-	-	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	



**CITY OF HIALEAH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**FUND BALANCE-BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	CITT Debt Service Fund			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State and local shared revenues	\$ 6,160,213	\$ 6,494,746	\$ 6,494,746	\$ -
Total revenues	<u>6,160,213</u>	<u>6,494,746</u>	<u>6,494,746</u>	<u>-</u>
Other financing sources:				
Appropriation of prior year fund balance	<u>52,976</u>	<u>527,610</u>	-	<u>(527,610)</u>
Total other financing sources	<u>52,976</u>	<u>527,610</u>	-	<u>(527,610)</u>
Total revenues and other financing sources	<u>6,213,189</u>	<u>7,022,356</u>	<u>6,494,746</u>	<u>(527,610)</u>
Expenditures:				
Streets	<u>6,213,189</u>	<u>7,022,356</u>	<u>6,362,269</u>	<u>660,087</u>
Total expenditures	<u>6,213,189</u>	<u>7,022,356</u>	<u>7,041,222</u>	<u>(18,866)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(546,476)</u>	<u>\$ (546,476)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>1,232,459</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685,983</u>	

**CITY OF HIALEAH, FLORIDA**  
SCHEDULE OF REVENUES, EXPENDITURES AND  
FUND BALANCE-BUDGET AND ACTUAL  
CAPITAL PROJECT FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Milander Parking Garage Fund				Parking Garage Construction Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 800,000	\$ 1,501,511	\$ 1,501,511	\$ -	\$ 1,445,272	\$ 1,445,272	\$ 306,202	\$ (1,139,070)
Total revenues	<u>800,000</u>	<u>1,501,511</u>	<u>1,501,511</u>	<u>-</u>	<u>1,445,272</u>	<u>1,445,272</u>	<u>306,202</u>	<u>(1,139,070)</u>
Expenditures:								
Capital Outlay	<u>800,000</u>	<u>1,501,511</u>	<u>1,501,511</u>	<u>-</u>	<u>1,445,272</u>	<u>1,445,272</u>	<u>306,202</u>	<u>1,139,070</u>
Total expenditures	<u>800,000</u>	<u>1,501,511</u>	<u>1,501,511</u>	<u>-</u>	<u>1,445,272</u>	<u>1,445,272</u>	<u>306,202</u>	<u>1,139,070</u>
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	1,000		-	-	(3,728)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,728)</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

	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	\$ 2,600,000	\$ 2,839,518	\$ 3,564,238	\$ 724,720	\$ 4,500,000	\$ 5,300,000	\$ 3,184,397	\$ (2,115,603)
Total revenues	<u>2,600,000</u>	<u>2,839,518</u>	<u>3,564,238</u>	<u>724,720</u>	<u>4,500,000</u>	<u>5,300,000</u>	<u>3,184,397</u>	<u>(2,115,603)</u>
Other financing sources:								
Appropriation of prior year fund balance	-	847,806	-	(847,806)	-	1,840,668	-	(1,840,668)
Total other financing sources	<u>-</u>	<u>847,806</u>	<u>-</u>	<u>(847,806)</u>	<u>-</u>	<u>1,840,668</u>	<u>-</u>	<u>(1,840,668)</u>
Total revenues and other financing sources	<u>2,600,000</u>	<u>3,687,324</u>	<u>3,564,238</u>	<u>(123,086)</u>	<u>4,500,000</u>	<u>7,140,668</u>	<u>3,184,397</u>	<u>(3,956,271)</u>
Expenditures:								
Capital Outlay	2,600,000	3,687,324	3,535,665	151,659	4,500,000	7,140,668	4,094,138	3,046,530
Total expenditures	<u>2,600,000</u>	<u>3,687,324</u>	<u>3,565,006</u>	<u>122,318</u>	<u>4,500,000</u>	<u>7,140,668</u>	<u>4,149,978</u>	<u>2,990,690</u>
Net change in fund balance	-	-	(768)	\$ (768)	-	-	(965,581)	\$ (965,581)
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (768)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (965,581)</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

	MDCPW 138th Street				FDOT 138th Street 57-67th Ave.			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ -	\$ 774,106	\$ 774,106	\$ -	\$ -	\$ 508,144	\$ -	\$ (508,144)
Total revenues	-	774,106	774,106	-	-	508,144	-	(508,144)
Expenditures:								
Capital Outlay	-	774,106	774,106	-	-	508,144	-	508,144
Debt service	-	-	-	-	-	-	-	-
Total expenditures	-	774,106	774,106	-	-	508,144	-	508,144
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, 2013

	GOB Bucky Dent				Multi- Purpose Senior Center Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues:								
Government grants and other revenues	\$ 100,000	\$ 199,484	\$ 430,738	\$ 231,254	\$ -	\$ 292,898	\$ 292,898	\$ -
Total revenues	<u>100,000</u>	<u>199,484</u>	<u>430,738</u>	<u>231,254</u>	<u>-</u>	<u>292,898</u>	<u>292,898</u>	<u>-</u>
Other financing sources:								
Appropriation of prior year fund balance	-	239,817	-	(239,817)	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>239,817</u>	<u>-</u>	<u>(239,817)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>100,000</u>	<u>439,301</u>	<u>430,738</u>	<u>(8,563)</u>	<u>-</u>	<u>292,898</u>	<u>292,898</u>	<u>-</u>
Expenditures:								
Capital outlay	100,000	439,301	430,738	8,563	-	292,898	292,898	-
Total expenditures	<u>100,000</u>	<u>439,301</u>	<u>430,738</u>	<u>8,563</u>	<u>-</u>	<u>292,898</u>	<u>292,898</u>	<u>-</u>
Net change in fund balance	-	-	-	\$ -	-	-	-	\$ -
Fund balances - beginning	-	-	-		-	-	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Cultural Park Project Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Government grants and other revenues	\$ -	\$ 1,200,000	\$ 358,520	\$ (841,480)
Total revenues	<u>-</u>	<u>1,200,000</u>	<u>358,520</u>	<u>(841,480)</u>
Expenditures:				
Capital outlay	-	1,200,000	358,520	841,480
Total expenditures	<u>-</u>	<u>1,200,000</u>	<u>358,520</u>	<u>841,480</u>
Net change in fund balance	-	-	-	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**CITY OF HIALEAH, FLORIDA**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 FUND BALANCE-BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

SR 93/Interstate 75 & 138 St. Interchange				Variance with Final Budget Positive (Negative)
Budgeted Amounts				
	Original	Final	Actual	
Revenues:				
Government grants and other revenues	\$ -	\$ 88,300	\$ 88,300	\$ -
Total revenues	-	88,300	88,300	-
Expenditures:				
Capital outlay	-	88,300	88,300	-
Total expenditures	-	88,300	88,300	-
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, 2013**

	GOB Goodlet Park			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Government grants and other revenues	\$ -	\$ 22,530	\$ 1,053	\$ (21,477)
Total revenues	<u>-</u>	<u>22,530</u>	<u>1,053</u>	<u>(21,477)</u>
Expenditures:				
Capital outlay	-	22,530	1,053	21,477
Total expenditures	<u>-</u>	<u>22,530</u>	<u>1,053</u>	<u>21,477</u>
Net change in fund balance	-	-	-	<u>\$ -</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	



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## FIDUCIARY FUNDS

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**CITY OF HIALEAH, FLORIDA**

FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2013

	Employees' Retirement <u>System</u>	Elected Officials' Retirement <u>System</u>	Excess Benefit <u>Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 33,403,481	\$ 208,424	\$ -	\$ 33,611,905
Securities lending cash collateral	<u>99,716,308</u>	<u>-</u>	<u>-</u>	<u>99,716,308</u>
Receivables:				
Accrued interest	1,112,866	-	-	1,112,866
Accrued dividends	345,726	-	-	345,726
Other receivables	191,016	-	-	191,016
Contributions	892,509	-	-	892,509
Investments sold	<u>934,300</u>	<u>-</u>	<u>-</u>	<u>934,300</u>
Total receivables	<u>3,476,417</u>	<u>-</u>	<u>-</u>	<u>3,476,417</u>
Investments, at fair value:				
U.S. Treasury bonds and notes	41,545,334	-	-	41,545,334
U.S. Government securities	12,281,629	-	-	12,281,629
Asset backed securities	10,432,396	-	-	10,432,396
Mortgage backed securities	49,342,556	-	-	49,342,556
Real estate investment trusts	12,869,400	-	-	12,869,400
Corporate bonds and notes	80,323,066	-	-	80,323,066
Municipal bonds	956,060	-	-	956,060
Limited partnerships	993,252	-	-	993,252
Mutual funds	9,929,594	8,995,890	-	18,925,484
Common stocks	<u>341,750,745</u>	<u>-</u>	<u>-</u>	<u>341,750,745</u>
Total investments	<u>560,424,032</u>	<u>8,995,890</u>	<u>-</u>	<u>569,419,922</u>
Loans to members	<u>9,861,175</u>	<u>-</u>	<u>-</u>	<u>9,861,175</u>
Total assets	<u>706,881,413</u>	<u>9,204,314</u>	<u>-</u>	<u>716,085,727</u>
 <u>LIABILITIES AND NET POSITION</u>				
Obligations under securities lending	99,716,308	-	-	99,716,308
Due to retired participants	38,605,207	-	-	38,605,207
Investments purchased	2,013,027	-	-	2,013,027
Accounts payable and accrued liabilities	146,333	336,096	-	482,429
DROP payable	<u>9,325,968</u>	<u>-</u>	<u>-</u>	<u>9,325,968</u>
Total liabilities	<u>149,806,843</u>	<u>336,096</u>	<u>-</u>	<u>150,142,939</u>
Net position restricted for pension benefits	<u>\$ 557,074,570</u>	<u>\$ 8,868,218</u>	<u>\$ -</u>	<u>\$ 565,942,788</u>

**CITY OF HIALEAH, FLORIDA**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Employees' Retirement <u>System</u>	Elected Officials' Retirement <u>System</u>	Excess Benefit <u>Fund</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 21,397,207	\$ 312,403	\$ 134,120	\$ 21,843,730
Employee	5,299,726	-	-	5,299,726
State	461,877	-	-	461,877
Total contributions	<u>27,158,810</u>	<u>312,403</u>	<u>134,120</u>	<u>27,605,333</u>
Investment income:				
Net appreciation				
in fair value of investments	57,278,793	562,904	-	57,841,697
Investment earnings	13,255,643	234,434	-	13,490,077
	<u>70,534,436</u>	<u>797,338</u>	<u>-</u>	<u>71,331,774</u>
Less investment expenses	1,230,397	44,555	-	1,274,952
Net investment income	<u>69,304,039</u>	<u>752,783</u>	<u>-</u>	<u>70,056,822</u>
Total additions	<u>96,462,849</u>	<u>1,065,186</u>	<u>134,120</u>	<u>97,662,155</u>
<b>DEDUCTIONS</b>				
Pension benefits	45,349,135	179,542	134,120	45,662,797
Refunds of contributions	8,635,105	-	-	8,635,105
DROP benefits	3,664,000	-	-	3,664,000
Total deductions	<u>57,648,240</u>	<u>179,542</u>	<u>134,120</u>	<u>57,961,902</u>
Net increase	38,814,609	885,644	-	39,700,253
Net position restricted for pension benefits:				
Beginning	<u>518,259,961</u>	<u>7,982,574</u>	<u>-</u>	<u>526,242,535</u>
Ending	<u>\$ 557,074,570</u>	<u>\$ 8,868,218</u>	<u>\$ -</u>	<u>\$ 565,942,788</u>

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## STATISTICAL SECTION

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## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:</i>	<b>113-116</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	<b>117-120</b>
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	<b>121-123</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	<b>124-125</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	<b>126-128</b>

**CITY OF HIALEAH, FLORIDA**

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 139,547,580	\$ 146,261,556	\$ 157,977,858	\$ 183,501,680	\$ 200,996,079	\$ 203,538,055	\$ 211,733,799	\$ 212,133,537	\$ 194,882,428	\$ 211,571,226
Restricted	29,348,182	9,328,761	1,723,358	14,206,203	7,778,905	6,277,482	6,144,155	12,466,327	4,187,495	7,703,518
Unrestricted	(64,551,849)	(37,031,548)	(31,280,078)	(53,760,487)	(73,598,339)	(86,739,623)	(106,165,039)	(133,288,201)	(138,778,621)	(157,186,806)
Total governmental activities net position	<u>104,343,913</u>	<u>118,558,769</u>	<u>128,421,138</u>	<u>143,947,396</u>	<u>135,176,645</u>	<u>123,075,914</u>	<u>111,712,915</u>	<u>91,311,663</u>	<u>60,291,302</u>	<u>62,087,938</u>
<b>Business-type activities:</b>										
Net investment in capital assets	64,691,989	68,886,789	106,282,295	79,156,300	88,351,287	103,874,020	123,881,159	75,538,974	121,429,175	116,770,648
Restricted	7,387,298	7,473,034	7,606,961	21,446,086	-	-	-	40,562,646	5,213,862	-
Unrestricted	43,176,594	34,327,360	3,112,053	26,479,228	46,322,656	37,501,753	30,323,471	30,136,654	44,149,697	45,934,610
Total business-type activities net position	<u>115,255,881</u>	<u>110,687,183</u>	<u>117,001,309</u>	<u>127,081,614</u>	<u>134,673,943</u>	<u>141,375,773</u>	<u>154,204,630</u>	<u>146,238,274</u>	<u>170,792,734</u>	<u>162,705,258</u>
<b>Total government:</b>										
Net investment in capital assets	204,239,569	215,148,345	264,260,153	262,657,980	289,347,366	307,412,075	335,614,958	287,672,511	316,311,603	328,341,874
Restricted	36,735,480	16,801,795	9,330,319	35,652,289	7,778,905	6,277,482	6,144,155	53,028,973	9,401,357	7,703,518
Unrestricted	(21,375,255)	(2,704,188)	(28,168,025)	(27,281,259)	(27,275,683)	(49,237,870)	(75,841,568)	(103,151,547)	(94,628,924)	(111,252,196)
Total government net position	<u>\$ 219,599,794</u>	<u>\$ 229,245,952</u>	<u>\$ 245,422,447</u>	<u>\$ 271,029,010</u>	<u>\$ 269,850,588</u>	<u>\$ 264,451,687</u>	<u>\$ 265,917,545</u>	<u>\$ 237,549,937</u>	<u>\$ 231,084,036</u>	<u>\$ 224,793,196</u>

**CITY OF HIALEAH, FLORIDA**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 51,746,450	\$ 55,582,787	\$ 65,290,102	\$ 65,326,837	\$ 69,140,040	\$ 74,384,843	\$ 68,871,742	\$ 66,589,887	\$ 66,408,608	\$ 68,219,791
Police	34,840,112	38,558,035	37,743,976	42,209,396	47,982,487	46,859,988	46,206,703	47,628,629	43,670,286	43,377,962
Fire	24,501,409	27,400,080	28,371,023	32,354,377	38,058,400	38,524,121	40,660,842	43,122,832	39,712,334	39,443,585
Streets	11,404,971	12,140,825	13,049,483	12,593,306	14,561,927	13,865,386	14,581,951	15,865,763	12,935,254	11,985,507
Recreation and community services	11,201,682	11,838,894	12,357,830	13,128,189	16,045,320	13,262,701	10,852,844	10,765,871	10,441,684	10,665,547
Interest on long-term debt	3,791,259	4,464,526	5,187,625	5,491,719	5,559,726	5,421,745	5,155,341	5,155,170	3,081,789	4,538,607
Total governmental activities	137,485,883	149,985,147	162,000,039	171,103,824	191,347,900	192,318,784	186,329,422	188,228,152	176,249,956	178,230,999
<b>Business-type activities:</b>										
Water & sewer	37,448,005	39,891,188	37,231,951	36,259,160	38,888,103	39,571,242	43,158,697	45,302,229	52,462,058	45,991,989
Solid waste	14,157,722	15,720,554	15,144,955	14,715,629	15,349,165	14,743,134	15,047,591	15,832,635	15,415,099	18,232,547
Hialeah circulator	1,630,465	1,762,968	2,039,987	1,901,689	2,214,548	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	4,818,638	4,672,609
Total business-type activities	53,236,192	57,374,710	54,416,892	52,876,478	56,451,816	54,314,376	58,206,288	61,134,864	72,695,795	68,897,145
Total government expenses	\$ 190,722,075	\$ 207,359,857	\$ 216,416,931	\$ 223,980,302	\$ 247,799,716	\$ 246,633,160	\$ 244,535,710	\$ 249,363,016	\$ 248,945,751	\$ 247,128,144
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 14,232,618	\$ 14,562,835	\$ 18,884,163	\$ 10,990,136	\$ 15,978,981	\$ 16,545,856	\$ 13,747,204	\$ 15,711,906	\$ 17,233,277	\$ 20,356,002
Police	1,645,080	2,130,207	1,780,920	2,063,068	2,217,049	2,625,878	1,574,179	1,467,723	1,058,390	889,365
Fire	-	-	-	3,428,353	3,674,530	4,113,359	4,731,510	3,779,318	4,762,900	4,489,584
Streets	-	-	-	28,973	-	-	-	3,589,564	3,697,364	-
Recreation and community services	-	-	-	1,743,647	1,601,966	1,265,892	1,049,507	1,118,475	2,042,914	655,795
Operating grants and contributions	22,854,144	26,739,915	34,698,127	11,346,564	8,534,749	15,049,192	12,701,522	24,069,595	22,096,593	21,651,822
Capital grants and contributions	-	-	-	22,174,756	14,978,580	13,323,168	31,827,725	15,486,278	27,170,059	26,000,214
Total governmental activities program revenue:	38,731,842	43,432,957	55,363,210	51,775,497	46,985,855	52,923,345	69,221,211	65,330,659	74,364,133	74,252,218
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water & sewer	42,850,159	40,940,748	42,901,913	41,236,360	42,211,672	42,822,010	45,036,544	45,036,544	48,361,859	49,939,574
Solid waste	13,481,909	12,531,995	12,492,877	12,853,239	13,526,608	13,676,979	13,997,390	13,997,390	14,952,300	15,002,838
Hialeah circulator	1,856,442	2,325,368	1,924,770	1,947,693	1,897,338	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	3,550,573	3,633,314
Operating grants and contributions	302,726	597,541	457,207	-	-	-	-	-	-	-
Capital grants and contributions	84,210	308,954	356,111	3,557,718	4,413,317	3,119,117	9,004,831	9,004,831	11,668,560	538,297
Total business-type activities program revenue:	58,575,446	56,704,606	58,132,878	59,595,010	62,048,935	59,618,106	68,038,765	68,038,765	68,033,292	69,114,023
Total program revenues	\$ 97,307,288	\$ 100,137,563	\$ 113,496,088	\$ 111,370,507	\$ 109,034,790	\$ 112,541,451	\$ 137,259,976	\$ 133,369,424	\$ 142,397,425	\$ 143,366,241
<b>Net (expense) revenue:</b>										
Governmental activities	\$ (98,754,041)	\$ (106,552,190)	\$ (106,636,829)	\$ (119,328,327)	\$ (144,362,045)	\$ (139,395,439)	\$ (117,108,211)	\$ (122,897,493)	\$ (101,885,823)	\$ (103,978,781)
Business-type activities	5,339,254	(670,104)	3,715,986	6,718,532	5,597,119	5,303,730	9,832,477	6,903,901	(4,662,503)	216,878
Total net expense	\$ (93,414,787)	\$ (107,222,294)	\$ (102,920,843)	\$ (112,609,795)	\$ (138,764,926)	\$ (134,091,709)	\$ (107,275,734)	\$ (115,993,592)	\$ (106,548,326)	\$ (103,761,903)
<b>General revenues:</b>										
<b>Governmental activities:</b>										
<b>Taxes:</b>										
Property taxes	\$ 46,352,850	\$ 48,983,038	\$ 54,405,056	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595	\$ 44,867,987	\$ 41,687,822
Utility taxes	22,585,048	23,268,653	24,007,854	24,769,893	21,696,763	22,580,807	22,275,529	22,212,359	22,181,374	21,909,541
Franchise fees on gross receipts	-	-	-	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381	10,277,964
Intergovernmental revenue	30,952,329	36,963,680	35,372,486	34,202,926	32,202,844	26,285,985	19,773,241	21,521,902	21,875,813	23,733,372
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	163,973
Unrestricted interest	835,245	1,532,057	2,413,802	2,402,998	992,459	172,565	49,530	22,944	6,254	14,745
Transfers	-	397,600	-	-	-	391,068	(1,576,750)	-	-	-
Total governmental activities	100,725,472	111,145,028	116,199,198	134,854,585	135,591,294	126,699,379	109,435,567	102,807,954	99,409,809	97,787,417
<b>Business-type activities:</b>										
Unrealized loss on investments	-	-	-	-	-	-	-	-	-	(401,464)
Unrestricted interest	869,218	1,520,798	2,598,140	3,361,773	1,995,210	1,929,614	1,419,630	720,906	672,616	85,110
Transfers	-	(397,600)	-	-	-	(391,068)	1,576,750	-	-	-
Total business-type activities	869,218	1,123,198	2,598,140	3,361,773	1,995,210	1,538,546	2,996,380	720,906	672,616	(316,354)
Total general revenues	\$ 101,594,690	\$ 112,268,226	\$ 118,797,338	\$ 138,216,358	\$ 137,586,504	\$ 128,237,925	\$ 112,431,947	\$ 103,528,860	\$ 100,082,425	\$ 97,471,063
<b>Change in net position:</b>										
Governmental activities	\$ 1,971,431	\$ 4,592,838	\$ 9,562,369	\$ 15,526,258	\$ (8,770,751)	\$ (12,696,060)	\$ (7,672,644)	\$ (20,089,539)	\$ (2,476,014)	\$ (6,191,364)
Business-type activities	6,208,472	453,094	6,314,126	10,080,305	7,592,329	6,842,276	12,828,857	7,624,807	(3,989,887)	(99,476)
Total change in net position	\$ 8,179,903	\$ 5,045,932	\$ 15,876,495	\$ 25,606,563	\$ (1,178,422)	\$ (5,853,784)	\$ 5,156,213	\$ (12,464,732)	\$ (6,465,901)	\$ (6,290,840)

Note: The Hialeah Circulator Fund was converted to Special Revenue Fund in fiscal-year 2009 from an Enterprise Fund. Conversely, in fiscal-year 2012 the Stormwater Fund was converted from a Special Revenue Fund to an Enterprise Fund, see Note 7.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:										
Reserved	\$ 1,236,079	\$ 2,121,649	\$ 2,742,507	\$ 5,927,352	\$ 3,466,345	\$ 2,325,307	\$ 1,625,608	\$ -	\$ -	\$ -
Unreserved	26,263,043	30,041,079	30,307,855	23,768,425	25,120,247	21,738,986	19,058,565	-	-	-
Nonspendable	*	-	-	-	-	-	-	1,429,186	1,678,708	2,175,058
Restricted	*	-	-	-	-	-	-	-	-	-
Committed	*	-	-	-	-	-	-	192,686	82,338	105,440
Unassigned	*	-	-	-	-	-	-	12,368,373	12,234,370	10,622,538
Total general fund	<u>\$ 27,499,122</u>	<u>\$ 32,162,728</u>	<u>\$ 33,050,362</u>	<u>\$ 29,695,777</u>	<u>\$ 28,586,592</u>	<u>\$ 24,064,293</u>	<u>\$ 20,684,173</u>	<u>\$ 13,990,245</u>	<u>\$ 13,995,416</u>	<u>\$ 12,903,036</u>
All other governmental funds:										
Reserved										
Encumbrances	\$ 3,674,875	\$ 10,177,921	\$ 3,351,691	\$ 4,345,683	\$ 831,483	\$ 294,643	\$ 84,917	\$ -	\$ -	\$ -
Inventories	-	-	-	-	-	-	28,702	-	-	-
Public safety	3,077,777	2,472,715	2,260,634	2,717,111	2,243,527	1,173,854	954,844	-	-	-
Capital projects	3,462,645	9,328,761	10,314,057	7,802,592	5,017,981	4,560,605	3,902,174	-	-	-
Debt service	-	-	665,696	686,500	517,397	543,023	1,287,137	-	-	-
Unreserved										
Undesignated, reported in:										
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Special revenue funds	4,173,689	2,101,096	3,384,753	797,136	(2,513,140)	3,268,881	3,121,877	-	-	-
Nonspendable	*	-	-	-	-	-	-	43,221	1,002,607	29,785
Restricted	*	-	-	-	-	-	-	12,466,327	4,187,495	7,703,518
Committed	*	-	-	-	-	-	-	174,865	997,467	-
Unassigned	*	-	-	-	-	-	-	(618,391)	20,131	(2,129,354)
Total all other governmental funds	<u>\$ 14,388,986</u>	<u>\$ 24,080,493</u>	<u>\$ 19,976,831</u>	<u>\$ 16,349,022</u>	<u>\$ 6,097,248</u>	<u>\$ 9,841,006</u>	<u>\$ 9,379,651</u>	<u>\$ 12,066,022</u>	<u>\$ 6,207,700</u>	<u>\$ 5,603,949</u>

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



**CITY OF HIALEAH, FLORIDA**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Ad valorem taxes	\$ 46,352,850	\$ 48,983,038	\$ 54,289,694	\$ 61,549,502	\$ 68,833,515	\$ 65,666,056	\$ 58,548,370	\$ 48,550,595	\$ 44,867,987	\$ 41,687,822
Utility taxes	22,585,048	23,268,651	23,752,852	24,769,883	25,523,938	26,185,078	25,865,093	25,909,723	22,181,374	21,909,541
Franchise fees	8,863,712	9,062,308	11,098,497	11,929,276	11,865,713	11,602,898	10,365,647	10,500,154	10,478,381	10,277,964
Licenses and permits	5,368,906	5,500,527	7,785,664	6,774,381	6,988,328	6,767,212	6,458,977	7,051,641	7,629,552	8,236,427
State and local shared revenues	30,952,329	36,963,680	35,372,486	34,277,457	32,376,196	31,721,302	30,518,499	33,595,019	34,760,063	37,373,455
Fines and forfeitures	1,645,081	2,130,206	1,780,919	2,001,490	2,217,049	2,067,047	1,465,851	1,860,247	3,350,685	1,942,897
Interest	835,246	1,461,075	2,594,270	2,402,998	992,459	172,565	49,530	22,944	6,254	14,745
Government grants and other revenues	22,854,146	26,739,917	34,813,492	41,541,262	33,779,960	34,772,591	46,869,457	40,648,290	50,301,393	50,432,811
<b>Total revenues</b>	<u>139,457,318</u>	<u>154,109,402</u>	<u>171,487,874</u>	<u>185,246,249</u>	<u>182,577,148</u>	<u>178,954,749</u>	<u>180,141,424</u>	<u>168,138,613</u>	<u>173,575,689</u>	<u>171,875,662</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	29,350,162	30,382,986	43,422,682	32,294,210	32,505,934	31,914,072	30,178,666	27,517,406	32,464,271	35,476,738
Police	33,922,021	35,631,207	37,491,043	40,605,970	42,039,964	41,726,150	42,215,617	41,846,335	40,470,429	38,871,981
Fire	23,708,883	25,134,687	27,735,665	30,821,396	33,991,275	34,770,078	34,668,940	35,432,307	34,244,222	33,527,289
911 communications	-	-	-	-	-	2,334,640	2,784,860	3,067,095	2,877,722	2,842,064
Streets	4,936,659	5,153,437	5,581,116	5,539,443	5,494,218	4,051,787	4,589,071	4,286,467	3,144,097	2,781,994
Grants and human services	603,935	1,117,650	1,064,881	2,446,509	2,146,882	2,773,003	5,968,055	6,923,729	5,170,883	5,326,027
State housing initiative programs	1,280,397	1,690,485	686,690	1,388,171	1,017,306	960,403	997,212	1,133,537	664,604	107,769
Work investment act programs	1,838,914	1,843,001	2,121,473	2,131,368	2,209,604	2,247,265	2,444,219	2,044,010	2,295,878	2,021,437
City Clerk's office	1,364,631	1,217,191	1,295,503	1,112,082	1,315,761	905,065	1,164,135	813,123	1,074,523	676,279
Office of Management and Budget	358,042	499,740	596,364	753,186	668,269	621,505	498,549	576,663	551,784	494,087
Office of the Mayor	497,118	559,109	675,196	714,702	655,965	662,240	637,840	532,856	416,047	441,278
Communications and special events	-	-	-	941,837	1,016,370	841,146	801,972	747,618	-	47,427
Employee retirement	484,357	467,835	483,995	455,229	519,634	489,769	537,162	463,361	501,114	636,543
Library	1,769,335	1,854,187	2,067,074	1,743,219	1,896,684	1,700,898	1,514,939	1,364,642	1,158,889	1,124,518
Compliance division	417,126	469,331	544,655	535,830	563,559	555,821	510,496	447,585	310,669	392,052
Finance	697,412	738,228	778,099	890,882	907,045	929,122	942,757	879,174	932,222	880,172
Business tax division	361,965	352,958	386,085	397,628	478,074	553,528	431,087	286,569	248,847	392,421
Information technology	528,572	841,477	887,225	1,109,924	1,446,964	1,676,906	1,439,308	1,608,553	1,405,939	1,358,607
Fleet maintenance	1,945,836	2,046,240	2,291,796	2,107,047	2,361,705	2,555,219	2,281,377	1,966,394	1,984,209	2,052,285
Construction and maintenance	2,088,170	2,292,005	2,656,957	2,876,541	3,123,798	4,464,077	3,268,194	3,268,194	2,169,116	2,178,352
Parks and recreation	10,270,811	10,114,055	11,313,187	10,399,244	9,991,115	10,096,913	8,940,825	8,402,552	8,480,480	8,504,481
Planning and zoning	1,962,264	2,199,219	2,630,981	3,135,389	2,939,020	2,506,832	2,368,498	1,909,454	476,241	484,169
Education and community services	-	-	-	1,675,303	1,969,595	2,056,599	1,856,244	1,750,844	2,166,341	2,171,059
Law	752,522	797,968	889,820	965,169	988,913	960,676	895,422	730,159	805,255	768,888
Risk management	344,802	401,699	432,882	578,003	716,475	732,041	991,704	877,824	976,285	819,238
Human resources	591,529	868,676	905,862	838,335	693,341	821,708	782,972	752,723	572,277	513,118
Other expenditures	-	-	-	-	-	-	-	-	-	-
<b>Debt service:</b>										
Principal	2,307,898	2,577,312	515,987	3,113,294	3,111,594	4,909,511	5,591,347	33,809,421	4,364,337	36,744,137
Interest	3,848,268	4,365,428	6,799,067	5,512,378	5,580,385	5,442,404	5,064,354	5,007,310	3,408,154	4,932,024
<b>Debt issuance cost</b>										
Capital outlay	38,657,443	44,547,773	30,479,617	42,096,354	33,261,658	19,259,020	22,198,239	14,650,952	22,198,021	23,867,900
<b>Total expenditures</b>	<u>164,889,072</u>	<u>178,163,884</u>	<u>184,733,902</u>	<u>197,178,643</u>	<u>193,611,107</u>	<u>183,518,398</u>	<u>186,943,971</u>	<u>203,086,857</u>	<u>175,532,826</u>	<u>211,065,247</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(25,431,754)</u>	<u>(24,054,482)</u>	<u>(13,246,028)</u>	<u>(11,932,394)</u>	<u>(11,033,959)</u>	<u>(4,563,649)</u>	<u>(6,802,547)</u>	<u>(34,948,244)</u>	<u>(1,957,137)</u>	<u>(39,189,585)</u>
<b>Other financing sources (uses):</b>										
Premium on debt	-	-	-	-	-	-	-	-	-	-
Transfers in	561,490	2,211,137	4,388,554	6,475,276	1,714,930	3,419,660	1,397,618	67,768	3,258,319	38,555
Transfers out	(561,490)	(1,813,537)	(4,388,554)	(6,475,276)	(1,714,930)	(3,100,661)	(1,397,618)	(67,768)	(7,477,992)	(38,555)
Payment to refunded bond escrow agent	-	-	-	-	(2,610,000)	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	2,283,000	-	-	-	-	-
Proceeds from sale of long term asset	-	-	-	-	-	-	4,800,000	-	-	163,973
Issuance of debt	-	29,996,745	10,030,000	4,950,000	-	3,466,113	459,788	31,252,400	323,659	37,329,484
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>30,394,345</u>	<u>10,030,000</u>	<u>4,950,000</u>	<u>(327,000)</u>	<u>3,785,112</u>	<u>5,259,788</u>	<u>31,252,400</u>	<u>(3,896,014)</u>	<u>37,493,454</u>
<b>Net change in fund balances</b>	<u>\$ (25,431,754)</u>	<u>\$ 6,339,863</u>	<u>\$ (3,216,028)</u>	<u>\$ (6,982,394)</u>	<u>\$ (11,360,959)</u>	<u>\$ (778,537)</u>	<u>\$ (1,542,759)</u>	<u>\$ (3,695,844)</u>	<u>\$ (5,853,151)</u>	<u>\$ (1,696,131)</u>
<b>Debt service as a percentage of non-capital expenditures</b>	4.88%	5.20%	4.74%	5.56%	5.42%	6.30%	6.47%	20.60%	5.07%	22.34%

**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>
2004	5,926,022,316	584,659,729	4,687,473	6,515,369,518	7.1000
2005	6,670,557,535	588,805,658	4,649,909	7,264,013,102	6.8000
2006	7,907,932,115	619,146,007	5,884,955	8,532,963,077	6.8000
2007	9,001,150,803	625,028,036	6,671,929	9,632,850,768	6.5400
2008	10,126,361,853	554,764,657	7,711,059	10,688,837,569	6.5400
2009	8,940,547,673	538,044,784	10,027,214	9,488,619,671	6.5400
2010	7,222,367,199	520,988,608	7,357,864	7,750,713,671	6.5400
2011	6,744,572,176	531,432,543	10,363,835	7,286,368,554	6.5400
2012	6,695,064,915	523,612,469	5,972,673	7,224,650,057	6.5400
2013	6,416,539,571	549,698,400	5,474,876	6,971,712,847	6.3018

*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

City of Hialeah		Overlapping Rates (1)										Total Direct and Overlapping Rates
Fiscal Year	Operating Millage	Miami-Dade										
		Miami-Dade County			County School Board			Water Management District	Special District	Children's Trust	Everglades C.P.	
		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage					
2004	7.1000	5.9350	0.2850	6.2200	8.0900	0.5970	8.6870	0.5970	0.0385	0.4442	0.1000	23.1867
2005	6.8000	5.8350	0.2850	6.1200	7.9470	0.4910	8.4380	0.5970	0.0385	0.4288	0.1000	22.5223
2006	6.8000	5.6150	0.2850	5.9000	7.6910	0.4140	8.1050	0.5970	0.0385	0.4223	0.1000	21.9628
2007	6.5400	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0345	0.4223	0.0894	20.4334
2008	6.5400	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0345	0.4212	0.0894	20.5396
2009	6.5400	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0345	0.5000	0.0894	20.8164
2010	6.5400	5.4275	0.4450	5.8725	7.8640	0.3850	8.2490	0.5346	0.0345	0.5000	0.0894	21.8200
2011	6.5400	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0345	0.5000	0.0624	20.6058
2012	6.5400	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0345	0.5000	0.0613	20.4899
2013	6.3018	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0345	0.5000	0.0587	20.3498

*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 2013**

<u>Taxpayer</u>	Net Assessed <u>Value</u>	<u>Rank</u>	Percent of Total City Net <u>Assessed Value</u>
Florida Power & Light CO	\$ 167,979,087	1	2.33%
Palm Springs Mile Associates LTD	119,507,811	2	1.65%
Westland Mall LLC	79,419,378	3	1.10%
Lifemark Hospitals Inc.	58,493,200	4	0.81%
Centergate at Gratigny LLC	39,666,716	5	0.55%
SC Westland Promenade Ltd Prtshp	31,048,097	6	0.43%
Hialeah Speedway Limited	29,350,386	7	0.41%
United Parcel Service Inc.	25,792,569	8	0.36%
Palmetto General Hospital #329	25,563,662	9	0.35%
Tenet Hialeah Healthsystems Inc	23,650,000	10	0.33%
	<u>\$ 600,470,906</u>		<u>8.32%</u>

*Note: Information is not available for fiscal year 2003 comparison.*

*Source: Miami-Dade County Property Appraisers Office.*

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

Fiscal Year Ended <u>September 30,</u>	Total Taxes Levied for <u>Fiscal Year</u>	Levied Taxes Collected within the Fiscal Year		Delinquent <u>Tax Collections</u>	Total Tax Collections	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2004	49,178,630	46,172,254	93.89%	180,596	46,352,850	94.25%
2005	51,892,970	48,596,777	93.65%	386,261	48,983,038	94.39%
2006	58,024,149	53,351,595	91.95%	423,624	53,775,219	92.68%
2007	65,503,385	60,909,886	92.99%	299,605	61,209,491	93.44%
2008	72,108,007	67,599,293	93.75%	779,007	68,378,300	94.83%
2009	69,904,998	66,521,182	95.16%	810,759	67,331,941	96.32%
2010	62,055,573	55,475,555	89.40%	2,465,365	57,940,920	93.37%
2011	48,499,075	46,209,687	95.28%	2,008,135	48,217,821	99.42%
2012	47,652,850	43,747,005	91.80%	1,120,983	44,867,987	94.16%
2013	45,528,300	40,894,173	89.82%	793,648	41,687,821	91.56%

Source: City of Hialeah Office of Management & Budget.

**CITY OF HIALEAH, FLORIDA**

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Governmental Activities				Business-Type Activities					Total	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Notes Payable	Capital Leases	Mortgage Payable	Revenue Bonds	Notes Payable	Revolving Loan	Capital Leases	Water Purchase Agreement			
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	465,000	1,185,000	2,158,254	-	352,832	119,064,024	1.43%	514
2008	2,223,591	109,035,000	113,992	91,761	-	-	2,047,309	-	176,416	113,688,069	1.38%	490
2009	2,047,751	107,553,325	334,426	85,444	-	-	1,875,810	-	-	111,896,756	1.55%	490
2010	1,864,063	102,418,870	527,519	117,969	-	-	1,705,629	-	-	106,634,050	1.48%	471
2011	1,672,177	100,102,352	596,872	117,969	-	-	52,070,567	-	-	154,559,937	2.14%	678
2012	1,471,927	88,242,884	143,267	-	-	57,668,324	1,910,149	-	-	89,858,078	1.26%	391
2013	-	80,177,567	72,425	-	-	66,412,167	1,791,969	-	-	80,249,992	1.05%	346

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

*(1) See the Schedule of Demographic and Economic Statistics on page 124 for personal income and population data.*

**CITY OF HIALEAH, FLORIDA**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2013

(amounts expressed in thousands)

<u>Government Unit</u>	2013		
	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to the City of Hialeah</u>
Miami-Dade County School Board	\$ 139,740	3.59%	\$ 5,017
Miami-Dade County	<u>1,179,986</u>	3.77%	<u>44,485</u>
Subtotal, Overlapping Debt	1,319,726		49,502
City of Hialeah Direct Debt	<u>95,787</u>	100%	<u>95,787</u>
Total Direct and Overlapping Debt	<u>\$ 1,415,513</u>		<u>\$ 145,289</u>

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

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

**CITY OF HIALEAH, FLORIDA**

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	State of Florida Loan						Rescue Transportation 2007 Revenue Bond			
	Utility Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Rescue Transportation Fees (a)	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2004	43,711,215	34,017,403	9,693,812	3,230,000	709,250	2.46	2,059,811	145,000	177,295	6.39
2005	42,439,031	36,554,800	5,884,231	3,435,000	528,471	1.48	1,827,090	155,000	169,755	5.63
2006	42,901,913	36,984,771	5,917,142	3,615,000	337,265	1.50	1,968,192	160,000	161,540	6.12
2007	41,236,360	36,154,466	5,081,894	1,585,000	138,400	2.95	2,394,917	170,000	152,900	7.42
2008	46,070,878	38,241,216	7,829,662	1,185,000	65,175	6.26	2,602,700	59,409	75,876	19.24
2009	40,702,131	39,699,976	1,002,155	-	-	N/A	2,763,685	175,840	94,730	10.21
2010	56,463,162	46,051,730	10,411,432	-	-	N/A	3,324,801	183,688	86,882	12.29
2011	47,536,277	48,531,832	(995,555)	-	-	N/A	2,956,713	270,570	78,674	8.47
2012	48,361,859	45,883,620	2,478,239	310,000	2,401,538	0.91	3,658,191	200,250	70,320	13.52
2013	49,265,671	41,497,509	7,768,162	320,000	2,392,088	2.86	4,051,551	-	-	N/A

Source: City of Hialeah Finance Department

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

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

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



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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (Amounts Expressed in Thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2004	233,566	7,830,300	33,525	39	30,254	6.6%
2005	230,225	7,850,903	34,101	39	29,370	5.9%
2006	230,407	7,996,966	34,708	39	29,885	5.1%
2007	231,500	8,352,752	36,081	39	30,105	5.8%
2008	232,155	8,224,091	35,425	38	31,226	8.9%
2009	228,157	7,230,067	31,689	42	29,370	14.5%
2010	226,419	7,183,822	31,728	41	29,685	15.9%
2011	227,962	7,227,763	31,706	38	34,194	12.6%
2012	229,969	7,151,116	31,096	41	38,794	9.2%
2013	231,941	7,606,737	32,796	43	41,300	10.3%

*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>2013</u>			<u>2004</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>
Palmetto General Hospital	1,648	1	1.74%	1,815	1	2.03%
City of Hialeah	1,279	2	1.35%	1,345	2	1.50%
United Parcel Service	1,162	3	1.22%	1,310	3	1.46%
Hialeah Hospital	1,075	4	1.13%	1,305	4	1.46%
Winn Dixie Super Markets	1,031	5	1.09%	1,279	5	1.43%
Publix Super Markets	827	6	0.87%	697	6	0.78%
Palm Springs Hospital	618	7	0.65%	607	7	0.68%
Sedano's Super Markets	547	8	0.58%	388	8	0.43%
Yellow Stone Group	414	9	0.44%	374	9	0.42%
Bank of America	391	10	0.41%	366	10	0.41%
Coulter Electronic	-	-	-	-	-	-
Gator Industries	-	-	-	-	-	-
Interamerican Transport Equipment Co.	-	-	-	-	-	-
Piba Industries Inc.	-	-	-	-	-	-
<b>Total</b>	<u><u>8,992</u></u>		<u><u>9.47%</u></u>	<u><u>9,486</u></u>		<u><u>10.60%</u></u>

Source: Hialeah Dade Development, Inc.

## CITY OF HIALEAH, FLORIDA

### FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

#### LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Number of employees:										
Mayor's office	9	9	9	10	12	12	10	8	5	3
Communications & special events	-	-	8	11	11	11	8	1	-	-
Information systems	10	10	13	19	14	14	14	14	12	12
Community development:										
Planning and zoning	38	41	15	13	13	13	8	10	9	7
Building	-	-	26	31	31	31	17	19	22	19
License	8	9	9	8	10	10	7	5	8	8
Code compliance	10	12	12	12	9	10	7	7	9	9
Office of Management & Budget	12	11	10	13	17	16	15	12	20	3
City Clerk's office	10	10	8	8	11	10	8	3	5	4
Law	15	14	14	14	13	13	10	11	10	10
Risk management	10	10	8	15	13	13	14	14	3	3
Police:										
Police officers	388	371	372	372	358	365	312	327	303	290
Civilians	152	157	131	151	150	150	121	105	75	56
Fire:										
Firefighters	284	281	262	288	262	265	241	199	254	245
Civilians	51	51	51	59	58	58	55	44	35	19
911 Communications	-	-	-	-	-	-	43	47	44	38
Education & community services	-	-	15	28	30	33	32	27	35	29
Library	32	32	28	31	29	30	24	17	15	15
Recreation and community services	116	109	94	93	92	92	81	76	79	71
Streets	36	34	33	30	30	32	23	34	19	17
Stormwater	23	21	18	17	18	20	13	13	9	9
Fleet	52	50	46	47	48	48	31	33	35	37
Circulator	2	2	7	7	7	7	5	5	-	-
Construction and maintenance	51	52	52	54	53	58	30	30	36	39
Solid waste	142	135	122	126	115	113	85	74	68	62
Human resources	11	11	12	10	10	10	9	7	8	8
Finance	16	16	15	17	15	15	14	16	13	19
Retirement	5	3	4	5	5	5	3	3	4	4
Grants and human services	44	43	50	43	42	40	38	35	33	32
Water and sewer	61	57	57	57	58	59	52	50	60	55
Water division	45	44	40	39	38	40	32	30	32	32
Sewer division	36	32	31	30	30	31	24	19	19	17
Total number of employees	<u>1,669</u>	<u>1,627</u>	<u>1,572</u>	<u>1,658</u>	<u>1,602</u>	<u>1,624</u>	<u>1,386</u>	<u>1,295</u>	<u>1,279</u>	<u>1,172</u>

Source: City of Hialeah Human Resources Department

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

**CITY OF HIALEAH, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public safety										
Police:										
Police calls for service	263,558	260,108	224,546	222,425	223,101	260,108	259,556	203,401	215,200	215,200
Parking violations	8,518	19,533	11,514	12,325	11,925	19,533	18,775	2,915	3,510	3,510
Traffic violations	68,853	69,701	74,446	75,251	76,135	88,550	91,051	73,423	77,900	77,900
Fire:										
Number of calls answered	30,931	32,332	31,338	33,658	35,009	32,350	34,425	32,992	33,755	33,755
Inspections	4,403	10,396	13,035	17,947	22,921	10,851	11,825	11,136	12,235	12,235
Planning and development:										
Business permits issued	10,102	10,228	10,530	12,487	9,852	9,215	9,185	9,185	8,716	8,716
Occupational licenses issued	16,536	17,211	17,648	18,101	18,325	18,058	17,225	17,225	1,581	1,581
Streets:										
Street resurfacing (miles)	22.2	14.8	8.2	6.9	6.1	7.8	8.1	7.4	10.1	10.1
Potholes repaired	499	516	580	462	471	420	310	310	295	295
Culture and recreation:										
Library cards issued	13,956	15,959	16,756	16,288	14,321	32,162	18,325	18,325	2,359	2,359
Registrations for library programs	11,795	112,433	118,054	119,645	122,398	112,433	110,663	110,663	56,642	56,642
Community center admissions	216,511	175,605	184,385	192,874	195,457	136,427	141,332	141,332	145,100	145,100
Athletic field permits issued	34	47	60	72	85	47	41	41	65	65
Water and sewer:										
Active accounts - water and sewer	54,337	54,331	55,265	54,640	54,400	54,580	53,996	54,576	53,809	53,809
Average daily water consumption (thousands of gallons)	22,300	23,800	23,606	21,325	20,015	22,422	23,100	22,094	18,439	18,439
Average daily sewage treatment (thousands of gallons)	28,900	30,100	24,026	25,178	24,985	21,767	19,899	23,171	17,127	17,127
New connections	3,921	3,629	6,910	4,698	4,355	4,225	4,468	4,931	5,368	5,368
Water main breaks	164	163	251	225	192	115	102	177	193	193
Solid waste:										
Residential accounts	36,002	35,492	35,567	35,621	36,780	34,951	35,037	35,591	35,591	35,591
Commercial accounts	473	415	422	443	452	443	468	446	449	449
Refuse collected (tons/day)	246.7	267.4	251.4	231.9	241.5	398.8	405.3	358.0	365.0	365.0
Recyclables collected (tons/day)	9.5	9.6	7.2	7.3	7.4	12.7	13.5	14.2	14.9	14.9

Sources: Various City departments

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

## CITY OF HIALEAH, FLORIDA

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

#### LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government:										
General government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	4	4	4	5	5	5	5	5	5	5
Patrol units	177	177	191	282	315	378	386	398	402	229
Fire:										
Fire stations	7	7	7	8	8	8	8	8	8	8
Fire apparatus vehicles	12	12	12	12	13	13	15	15	15	14
Emergency rescue vehicles	6	7	8	9	10	10	10	10	12	14
Streets:										
Miles of streets	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1	493.1	450.6
Culture and recreation:										
Parks	27	27	27	27	27	27	27	27	27	27
Parks acreage	223.5	223.5	255.0	255.0	255.0	223.5	223.5	223.5	223.5	223.5
Community center	3	3	3	3	3	3	3	3	3	3
Swimming pools	7	7	7	7	7	7	7	7	7	7
Tennis courts	27	25	23	23	21	26	26	26	26	26
Water & sewer:										
Water & sewer buildings	1	1	1	1	1	1	1	1	2	2
Water mains (miles)	486	487	487	490	490	492	492	492	492	492
Fire hydrants	2,741	2,750	2,750	2,766	2,766	2,772	2,772	2,772	2,772	2,772
Storm sewers (miles)	77.4	84.3	84.3	88.2	88.2	88.2	88.2	88.2	88.2	88.2
Solid waste:										
Collection trucks	36	36	38	37	35	34	38	38	38	7

Sources: Various City departments

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## COMPLIANCE SECTION

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CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida

June 30, 2014





CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

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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 City of Hialeah, Florida (the "City"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 30, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated June 30, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- 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 findings and recommendations made in the preceding annual financial audit report. In conjunction with our audit all findings and recommendations made in the preceding annual financial audit report have been corrected except as noted in the accompanying schedule of findings and questioned costs.
- 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 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. In connection with our audit, our recommendations are included in the accompanying schedule of findings and questioned costs.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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 this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida

June 30, 2014



CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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

**Report on Compliance for Each Major Federal Program and State Project**

We have audited City of Hialeah, Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of City of Hialeah, Florida's (the "City") major federal programs and state projects for the year ended September 30, 2013. City of Hialeah, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state 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 on compliance for each major federal program and state projects. However, our audit does not provide a legal determination of City's compliance.

***Opinion on Each Major Federal Program and State Project***

In our opinion, City of Hialeah, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

**Report on Internal Control over Compliance**

Management of City of Hialeah, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal

program and state project 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

#### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Alberni Caballero & Company, LLP*

Alberni Caballero & Company, LLP  
Coral Gables, Florida

June 30, 2014

**CITY OF HIALEAH, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

<u>Federal Agency/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
<b><i>U.S. Department of Housing and Urban Development</i></b>			
Community Development Block Grants/Entitlement Grants	14.218	B-10MC-12-0008	1,092,501
Community Development Block Grants/Entitlement Grants	14.218	B-11MC-12-0008	3,614,595
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-12-0009	513,534
Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-12-0009	<u>1,788,063</u>
			<u>7,008,693</u>
HOME Investment Partnership	14.239	M-07-MC-12-0207	255,351
HOME Investment Partnership	14.239	M-08-MC-12-0207	134,751
HOME Investment Partnership	14.239	M-09-MC-12-0207	95,681
HOME Investment Partnership	14.239	M-10-MC-12-0207	1,300,964
HOME Investment Partnership	14.239	M-11-MC-12-0207	<u>350,166</u>
			<u>2,136,913</u>
Emergency Shelter Grant	14.231	S-11-MC-12-0005	6,200
Emergency Shelter Grant	14.231	S-12-MC-12-0005	<u>187,572</u>
			<u>193,772</u>
<b><i>Total U.S. Department of Housing and Urban Development</i></b>			<u>9,339,378</u>
<b><i>U.S. Department of Justice</i></b>			
Community Oriented Policing Services	16.710	2009-CKWX-0572	92,942
Community Oriented Policing Services	16.710	2010-CKWX-0079	115,727
Equitable Sharing Funds	16.922	N/A	1,329,894
Edward Byrne Memorial Grant Program	16.738	2012-DJ-BX-2995	<u>68,212</u>
			<u>1,606,775</u>
<b><i>U.S. Department of Homeland Security</i></b>			
Assistance to Firefighters Grant	97.044	EMW-2012-FO-00720	<u>222,984</u>
			<u>222,984</u>
<b><i>Total U.S. Department of Homeland Security</i></b>			<u>222,984</u>
<b><i>Subtotal Direct Programs</i></b>			
			<u>11,169,137</u>
<b><i>U.S. Department of Agriculture</i></b>			
<u><i>Indirect Programs-Passed through the Florida Department of Health:</i></u>			
Child and Adult Care Food Program	10.558	A-3269	<u>18,917</u>
			<u>18,917</u>
<b><i>Total U.S. Department of Agriculture</i></b>			
<b><i>U.S. Department of Transportation</i></b>			
<u><i>Indirect Programs-Passed through the Florida Department of Transportation:</i></u>			
Highway Planning and Construction	20.205**	APL71	<u>8,616</u>
			<u>8,616</u>
<b><i>Total U.S. Department of Transportation</i></b>			
Pass-Through Program from:			
Monroe County Sheriff's Office			
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G12MI0001A	<u>28,185</u>
			<u>28,185</u>
<b><i>Total Executive Office of the President</i></b>			<u>28,185</u>

N/A - Not Applicable

\*\*ARRA Funded

(Continued)

**CITY OF HIALEAH, FLORIDA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

<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			
WIA Adult Program	17.258	WS-CCPY*12-03-00	90,568
WIA Adult Program	17.258	WS-CCPY*12-03-2-00	201,655
WIA Adult Program	17.258	WS-CCPY*13-03-00	<u>83,582</u>
			<u>375,805</u>
WIA Dislocated Worker Formula Grants	17.278	WS-CCPY*12-03-00	147,372
WIA Dislocated Worker Formula Grants	17.278	WS-CCPY*12-03-2-00	294,159
WIA Dislocated Worker Formula Grants	17.278	WS-CCPY*13-03-00	<u>126,873</u>
			<u>568,404</u>
<b>Total WIA Cluster</b>			<u>944,210</u>
Unemployment Insurance	17.225	WS-CCPY*12-03-00	25,341
Unemployment Insurance	17.225	WS-CCPY*12-03-2-00	49,022
Unemployment Insurance	17.225	WS-CCPY*13-03-00	<u>23,219</u>
			<u>97,583</u>
<b>Total U.S. Department of Labor- Through the South Florida Workforce Investment Board</b>			<u>1,041,792</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
Temporary Assistance for Needy Families	93.558	WS-CCPY*12-03-00	153,126
Temporary Assistance for Needy Families	93.558	WS-CCPY*12-03-2-00	335,630
Temporary Assistance for Needy Families	93.558	WS-CCPY*13-03-00	<u>84,610</u>
<b>Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board</b>			<u>573,366</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
Refugee and Entrant Assistance_Targeted Assistance Grants	93.584	RET-DP-PY*12-05-02	<u>56,947</u>
<b>Total U.S. Department of Health and Human Services- Through the South Florida Workforce Investment Board</b>			<u>56,947</u>
Pass- Through Program from:			
South Florida Workforce Investment Board			
Supplemental Nutrition Assistance Program	10.551	WS-CCPY*12-03-00	23,411
Supplemental Nutrition Assistance Program	10.551	WS-CCPY*12-03-2-00	24,043
Supplemental Nutrition Assistance Program	10.551	WS-CCPY*13-03-00	<u>13,339</u>
<b>Total U.S. Department of Agriculture- Through the South Florida Workforce Investment Board</b>			<u>60,793</u>
Pass- Through Program from:			
State of Florida Department of Education			
21st Century Community Learning Centers	84.287	13B-2443A-3CCC1	387,824
21st Century Community Learning Centers	84.287	13B-2444A-4CCC1	<u>44,969</u>
<b>Total U.S. Department of Education - Through the State of Florida Department of Education</b>			<u>432,793</u>
Pass-Through Program from:			
The Florida Department of Law Enforcement			
Edward Byrne Memorial Grant	16.738	2013-JAGC-DADE-25-C4-19	<u>18,364</u>
<b>Total U.S. Department of Homeland Security - Through the Florida Department of Law Enforcement</b>			<u>18,364</u>
Pass-Through Program from:			
The Florida Division of Emergency Management			
Metropolitan Medical Response (MMRS)	97.067	12-DS-A3-11-23-02-354	317,419
Metropolitan Medical Response (MMRS)	97.067	12-DS-25-11-23-02-402	281,581
Urban Areas Security Initiatives (UASI)	97.067	11-DS-32-11-23-02-233	<u>1,043,189</u>
<b>Total U.S. Department of Homeland Security - Through the Florida Division of Emergency Management</b>			<u>1,642,189</u>
Pass-Through Program from:			
State of Florida Office of the Attorney General			
Victims of Crimes Act (VOCA)	16.575	V12272	<u>44,786</u>
<b>Total U.S. Department of Justice - Through the State of Florida Office of the Attorney General</b>			<u>44,786</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 15,095,885</u>

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, 2013

<u>State Agency/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>State Grant Number</u>	<u>Expenditures</u>
<b>Florida Housing Finance Corporation</b>			
State Housing Initiative Partnership Program	52.901	N/A	13,355
State Housing Initiative Partnership Program	52.901	N/A	<u>94,413</u>
<b>Total Florida Housing Finance Corporation</b>			<u>107,768</u>
<b>Florida Department of State - Division of Libraries and Information Services</b>			
State Aid to Libraries	45.030	12-ST-32	<u>39,806</u>
<b>Total Florida Department of State - Division of Libraries and Information Services</b>			<u>39,806</u>
<b>Florida Department of Elder Affairs</b>			
Alliance for Aging - Meals for the Elderly	65.009	2012-2013 LSP-KL-1234	194,664
Alliance for Aging - Meals for the Elderly	65.009	2013-2014 LSP-KL-1334	120,475
Multi-Purpose Senior Center	65.009	XQ932	<u>292,897</u>
<b>Total Florida Department of Elder Affairs</b>			<u>608,036</u>
<b>Florida Department of Health</b>			
Pass-Through Program from Miami Dade County: Emergency Medical Services	64.005	C0013	<u>4,060</u>
<b>Total Florida Department of Health</b>			<u>4,060</u>
<b>Florida Department of Transportation</b>			
Highway Improvement Project - State Funded	20.205	APR 89	<u>88,300</u>
<b>Total Florida Department of Transportation</b>			<u>88,300</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 847,970</u>

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

# CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

### 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>\$355,522</u>

### NOTE 3. CONTINGENCY

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



# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

### PRIOR YEAR COMMENTS AND STATUS

#### OTHER MATTERS

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

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

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

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

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

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

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

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### OTHER MATTERS (Continued)

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

**Current Year Status:** During the year, the City passed a resolution to establish a fund balance/net position policy to (1) to establish a minimum unassigned fund balance reserve equal to 10% of the General Fund's budget, (2) to establish a plan to achieve the minimum unassigned fund balance reserve by adding a designated amount to the budget to cover the deficiency, if any, over a period not to exceed five (5) fiscal years, (3) to establish that Appropriation from the minimum unassigned fund balance reserve, once met, shall require the approval of the City Council upon recommendation of the City Mayor. As of September 30, 2013, the General Fund's unassigned fund balance of \$10,622,538 represents 9.12% and 8.76% of the General Funds fiscal year 2012-2013 original and amended budgets. The unassigned general fund balance also represents 9.66% of the 2013-2014 adopted general fund budget. Further, the City's finance department submitted quarterly reports to Council during FY 2013, with the exception of September 30, 2013, in which the CAFR will be submitted in lieu of the aforementioned quarterly reports. **This recommendation will not be repeated.**

# CITY OF HIALEAH, FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

### PRIOR YEAR COMMENTS AND STATUS (Continued)

#### OTHER MATTERS (Continued)

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

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

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

**Current Year Status:** The Solid Waste fund had an operating loss of \$3,229,709 for the fiscal year ended September 30, 2013 compared to operating losses of \$393,367, \$1,056,952, \$1,050,201, \$1,282,867 and \$1,822,557 for the fiscal years ended September 30, 2012, 2011, 2010, 2009 and 2008; respectively. **This recommendation will be repeated.**

**View of Responsible Officials and Planned Corrective Actions:** Current year operating loss for Solid Waste fund of \$3.2 million was due to an increase in health and workers' compensation expenses which increased by \$1 and 1.2 million, respectively. The City is self-insured for general liability, automobile, workers' compensation and health. As such, the City is required to establish loss reserves as reported by an actuarial review using historical and recent claim settlement trends (see note 12). The increase in workers' compensation of \$1.2 million was due to an increase in loss reserves based on the actuarial report; however, this change does not require the use of current financial resources and is a non-cash transaction. In addition, OPEB and depreciation expense for the current fiscal year in the amount of \$300 and \$695 thousand, respectively, reported in the statement of revenues, expenses and changes in net position do not require the use of current financial resources and are non-cash transactions. Furthermore, the City has entered into an agreement with an outside consultant to conduct a detail analysis of the City's Solid Waste System and develop a study on various options and alternatives, including the possibility of privatizing the Solid Waste System using a collection franchise agreement, as is common in much of the State of Florida. Management is confident that with continued improvements in fiscal year 2014 and by the planned outsourcing of the recycling program and waste pick-up services; this will bring efficiencies and eliminate the current deficit in the Solid Waste fund. As of September 30, 2013, the analyses were being finalized and the assessments of the privatization study were very optimistic and the City was proceeding with the development of a request for proposal.

### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

### STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None.

# CITY OF HIALEAH, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2013

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

#### Financial Statements

Type of auditor's report issued:	<i>Unmodified Opinion</i>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiencies identified not considered to be material weakness?	_____ yes <u> X </u> None reported
Non-compliance material to financial statements noted?	_____ yes <u> X </u> 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 <u> X </u> no
Significant deficiencies identified not considered to be material weakness?	_____ Yes <u> X </u> None reported

Type of auditor's report issued on compliance for major federal awards programs and state financial assistance projects:	<i>Unmodified Opinion</i>
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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 <u> X </u> no
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Identification of major federal awards programs assistance projects and state financial assistance projects:

<u>Federal Awards Program</u>	<u>Federal CFDA No.</u>
Community Development Block Grant/Entitlement Grants	14.218
Equitable Sharing Program	16.922

<u>State Assistance Projects</u>	<u>State CFSA No.</u>
Alliance for Aging-Meals for the Elderly/Multi-Purpose Senior Center	65.009

Dollar threshold used to distinguish between Type A and Type B programs:		Federal	\$452,859
		State	\$254,391

Auditee qualified as low risk auditee for audit of federal awards programs?	_____ <u> X </u> yes    _____ no
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**CITY OF HIALEAH, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Continued)

**SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES**

See repeat comment 2007-7

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

None.

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

None.