

CITY OF HIALEAH, FLORIDA

**Annual Report of Financial Information and Operating Data for the
Fiscal Year Ended September 30, 2020**

FLORIDA MUNICIPAL LOAN COUNCIL

Revenue Bonds, Series 2011D (City of Hialeah Series)

Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series)

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INTRODUCTION

The City is the obligor with respect to two issues of outstanding bonds issued by the Florida Municipal Loan Council ("FMLC"): Revenue Bonds, Series 2011D (City of Hialeah Series), issued in May, 2011, and Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series), issued in November, 2012. The City entered into Continuing Disclosure Agreements with respect to both issues of bonds among the underwriters of the bonds, FMLC, as the issuer of the bonds, and the City, as obligor. In the Agreements, the City covenanted to provide audited financial statements, annual reports of financial information and operating data, material events notices and notices of failure to file to FMLC, acting as dissemination agent, for submission to the MSRB through its EMMA portal. The City has provided to FMLC its Comprehensive Annual Financial Report for the Fiscal Year Ended September, 30, 2020, which has been submitted to the MSRB.

With respect to the annual report of financial information and operating data for-the Revenue Bonds, Series 2011D (City of Hialeah Series), and the Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series), the City hereby submits its Annual Report of Financial Information and Operating Data for the Fiscal Year Ended September 30, 2020, that is due on or before June 30, 2021.

The City issued its Taxable Special Obligation Revenue Bonds, Series 2015A, and Special Obligation Refunding Bonds, Series 2015B (together the "Series 2015 Bonds") on December 2, 2015. The City will provide, simultaneously with this annual report of financial information and operating data, a separate annual report of financial information and operating data with respect to the Series 2015 Bonds to the MSRB.

Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series)

The 2011D Bonds were issued by FMLC to make a loan to the City, as borrower, pursuant to a loan agreement for the purposes of funding certain capital improvements in and for the City, including the City's portion of the cost of a water treatment plant, to be co-owned by the City and Miami-Dade County, and paying the costs and expenses related to the issuance of the 2011D Bonds. To secure payments due under the loan agreement, the City pledged its Pledged Revenues pursuant to the provisions of Ordinance No. 2010-40 of the City enacted on June 22, 2010. Pledged Revenues mean the Gross Revenues of the City's water and sewer system after deduction of the costs of operation and maintenance of the system and credits applied in accordance with the Ordinance, all moneys, including the investments thereof, in the funds and accounts established under the Ordinance except the rebate fund, the revenue fund to the extent moneys therein are required to pay the cost of operation and maintenance of the System and the reserve account to the extent that monies therein are pledged solely to pay the debt service for the loan.

The Continuing Disclosure Agreement among the City, as obligor, FMLC, as issuer, and the underwriter of the 2011D Bonds requires that (1) historical revenues and expenditures; (2) total number of water and wastewater accounts; (3) purchased water costs; (4) costs of wastewater treatment; (5) water and wastewater rates; and (6) capital facilities fees and rates, as such terms are described in the official statement for the 2011D Bonds, be included in the annual report of financial information and operating data for each fiscal year.

Florida Municipal Council Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series)

The 2012A Bonds were issued by FMLC to make a loan to the City pursuant to a loan agreement for the purposes of refunding the City's loan relating to Revenue Bonds, Series 2003, financing the cost of a road, parking lot, landscaping and drainage improvements and other capital projects of the City, and paying the costs and expenses of issuing the 2012A Bonds. Pursuant to the loan agreement, the City agreed to make payments in such amounts and at such times as shall be sufficient to pay the principal of, premium, if any, and interest on the loan to FMLC when due. The payments correlate to the debt service on the 2012D Bonds. The City also agreed to make certain other payments for the costs of issuance of the 2012A Bonds. The City, in the loan agreement, agreed to appropriate in its annual budget, by amendment, if required, and to pay when due, as promptly as money becomes available, amounts of non-ad valorem revenues of the City sufficient to satisfy the loan repayment obligations of the City. Non-ad valorem means all revenues and taxes of the City derived from any source whatsoever, other than ad valorem taxation or real and personal property, which are legally available for loan repayments.

The Continuing Disclosure Agreement among the City, as obligor, FMLC, as issuer, and the underwriter for the 2012A Bonds requires that the financial information in the official statement, specifically (1) the anti-dilution test; (2) historical non-ad valorem revenues; and (3) the breakdown of non-ad valorem revenues, be updated and included in the annual report of financial information and operating data for each fiscal year.

HISTORICAL REVENUES AND EXPENDITURES

City of Hialeah Water and Sewer
Historical Revenues and Expenditures
For Fiscal Years Ended 2016 through 2020

	Audited	Audited	Audited	Audited	Audited
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenues:					
Metered Water Sales	\$ 20,623,705	\$ 20,861,409	\$ 21,254,038	\$ 22,331,340	\$ 23,760,813
Sanitary Sewer Service	39,306,298	40,959,153	42,192,176	43,613,005	47,886,981
Other (1)	<u>5,615,709</u>	<u>4,647,665</u>	<u>6,941,981</u>	<u>7,082,173</u>	<u>3,917,418</u>
Total Operating Revenues	<u>65,545,712</u>	<u>66,468,227</u>	<u>70,388,195</u>	<u>73,026,518</u>	<u>75,565,212</u>
Operating Expenses:					
Operating, Administrative and Maintenance	61,234,204	64,211,402	65,297,816	63,089,442	73,777,112
Depreciation	<u>6,783,277</u>	<u>4,945,137</u>	<u>5,445,720</u>	<u>5,746,288</u>	<u>5,826,393</u>
Total Operating Expenses	<u>68,017,481</u>	<u>69,156,539</u>	<u>70,743,536</u>	<u>68,835,730</u>	<u>79,603,505</u>
Operating Income (Loss)	<u>(2,471,769)</u>	<u>(2,688,312)</u>	<u>(355,341)</u>	<u>4,190,788</u>	<u>(4,038,293)</u>
Non-Operating Revenues (Expenses):					
Unrealized Gain (Loss) on Investments	185,370	(121,594)	(215,998)	492,097	1,131,107
Gain on Disposal of Capital Assets	-	-	19,450	-	-
Interest Income	2,392,231	543,642	334,043	2,118,618	490,851
Interest Expense	<u>(2,429,172)</u>	<u>(2,411,423)</u>	<u>(2,336,091)</u>	<u>(2,300,982)</u>	<u>(2,254,290)</u>
Net Non-Operating Revenues (Expenses)	<u>148,429</u>	<u>(1,989,375)</u>	<u>(2,198,596)</u>	<u>309,733</u>	<u>(632,332)</u>
Income (Loss) Before Contributions	(2,323,340)	(4,677,687)	(2,553,937)	4,500,521	(4,670,625)
Capital Contributions	<u>429,279</u>	<u>591,188</u>	<u>33,168</u>	<u>9,781</u>	<u>191,881</u>
Change in Net Position	(1,894,061)	(4,086,499)	(2,520,769)	4,510,302	(4,478,744)
Net Position - Beginning (as restated)	<u>146,662,138</u>	<u>151,481,205</u> (2)	<u>124,907,931</u> (3)	<u>122,387,162</u>	<u>126,897,464</u>
Net Position - Ending	<u>\$ 144,768,077</u>	<u>\$ 147,394,706</u>	<u>\$ 122,387,162</u>	<u>\$ 126,897,464</u>	<u>\$ 122,418,720</u>

NOTES:

(1) Other revenue includes miscellaneous charges (reconnection and new account fees, late charges, etc.)

(2) Net position beginning balance, as of October 1, 2016, was restated in order to properly reflect capital assets and accumulated depreciation. Specific information can be found in the City's Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2017, in Note 19, page 81. Such information is hereby incorporated by reference.

(3) Net position beginning balance, as of October 1, 2017, was restated in order to eliminate the prior year net OPEB liability and record the opening OPEB liability as a result of the implementation of GASB Statement No. 75 in the amount of \$22.5 million. Specific information can be found in the City's Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2018, in Note 19, page 89. Such information is hereby incorporated by reference.

Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal Years 2016 through 2020.

TOTAL NUMBER OF ACCOUNTS

City of Hialeah

Department of Water and Sewers

Total Number of Accounts 2016-2020

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
# of residential accounts	54,721	54,896	55,100	56,502	57,319
# of commercial accounts	1,296	1,293	1,297	1,323	1,311
	<u>56,017</u>	<u>56,189</u>	<u>56,397</u>	<u>57,825</u>	<u>58,630</u>

PURCHASED WATER COSTS

City of Hialeah - Department of Water and Sewers

Water Flows as Billed by Water and Sewer Department for Fiscal Years 2016-2020

2015-2016		2016-2017		2017-2018		2018-2019		2019-2020	
Month	Gallons\Month	Month	Gallons\Month	Month	Gallons\Month	Month	Gallons\Month	Month	Gallons\Month
October-15	679,486,464	October-16	506,768,000	October-17	523,635,000	October-18	545,567,000	October-19	523,530,750
November-15	596,881,504	November-16	593,584,000	November-17	571,423,000	November-18	609,231,000	November-19	535,044,750
December-15	490,379,000	December-16	527,278,000	December-17	513,088,000	December-18	543,353,000	December-19	517,553,000
January-16	646,936,592	January-17	784,382,000	January-18	565,041,000	January-19	479,049,000	January-20	468,847,000
February-16	522,121,000	February-17	560,874,000	February-18	635,047,000	February-19	498,700,000	February-20	519,811,000
March-16	519,590,000	March-17	476,498,000	March-18	490,885,000	March-19	444,903,000	March-20	441,257,000
April-16	495,508,000	April-17	590,618,000	April-18	633,944,000	April-19	493,935,000	April-20	502,928,000
May-16	625,694,000	May-17	596,789,000	May-18	531,169,000	May-19	539,766,000	May-20	511,197,000
June-16	557,453,000	June-17	641,447,000	June-18	561,336,000	June-19	569,782,000	June-20	515,418,000
July-16	566,932,748	July-17	546,259,000	July-18	441,735,000	July-19	534,685,000	July-20	525,708,750
August-16	552,349,000	August-17	627,801,000	August-18	539,803,000	August-19	590,757,000	August-20	541,383,002
September-16	604,062,000	September-17	588,152,000	September-18	559,343,000	September-19	525,902,000	September-20	543,409,000
TOTAL	<u><u>6,857,393,308</u></u>	TOTAL	<u><u>7,040,450,000</u></u>	TOTAL	<u><u>6,566,449,000</u></u>	TOTAL	<u><u>6,375,630,000</u></u>	TOTAL	<u><u>6,146,087,252</u></u>
	18.787		19.289		17.990		17.467		16.839

City of Hialeah - Department of Water and Sewers

Purchased Water Costs (I) 2016-2020

Year	Cost	Comment
2016	\$9,325,379	True-Up and WASD Credit
2017	\$11,900,551	True-Up and WASD Credit
2018	\$10,341,329	True-Up and WASD Credit
2019	\$9,865,693	True-Up and WASD Credit
2020	\$11,868,739	True-Up and WASD Credit

COST OF WASTEWATER TREATMENT

City of Hialeah - Department of Water and Sewers
Sewer Flows as Billed by Water and Sewer Department for Fiscal Years 2016-2020

2015-2016		2016-2017		2017-2018		2018-2019		2019-2020	
Month	Gallons/Month	Month	Gallons/Month	Month	Gallons/Month	Month	Gallons/Month	Month	Gallons/Month
October-15	615,286,900	October-16	613,470,900	October-17	1,209,677,900	October-18	725,041,400	October-19	811,679,200
November-15	628,179,900	November-16	845,509,400	November-17	740,212,600	November-18	668,899,800	November-19	772,364,400
December-15	938,715,500	December-16	725,673,500	December-17	696,462,500	December-18	610,126,000	December-19	712,128,200
January-16	739,478,000	January-17	765,338,500	January-18	814,300,000	January-19	701,858,400	January-20	1,036,438,000
February-16	875,607,900	February-17	615,297,700	February-18	684,872,300	February-19	868,029,100	February-20	997,782,800
March-16	815,203,800	March-17	705,766,500	March-18	662,161,500	March-19	629,565,300	March-20	774,351,100
April-16	642,985,900	April-17	655,963,700	April-18	593,865,900	April-19	716,981,500	April-20	740,996,600
May-16	702,433,400	May-17	713,401,300	May-18	864,751,300	May-19	686,776,800	May-20	927,314,200
June-16	772,542,100	June-17	933,664,400	June-18	622,889,100	June-19	996,798,900	June-20	1,161,200,300
July-16	656,166,000	July-17	775,626,600	July-18	894,695,000	July-19	743,299,600	July-20	823,634,700
August-16	830,840,600	August-17	919,615,200	August-18	658,059,800	August-19	978,763,300	August-20	872,133,800
September-16	<u>725,925,700</u>	September-17	<u>933,999,600</u>	September-18	<u>701,622,900</u>	September-19	<u>667,945,800</u>	September-20	<u>1,005,774,000</u>
TOTAL	<u>8,943,365,700</u>	TOTAL	<u>9,203,327,300</u>	TOTAL	<u>9,143,570,800</u>	TOTAL	<u>8,994,085,900</u>	TOTAL	<u>10,635,797,300</u>
	24.502		25.215		25.051		24.641		29.139

The table below sets forth the cost for treatment of wastewater generated within the service area of the Borrower for the fiscal years ending September 30, 2016 through 2020.

Purchased Sewer Costs (I) 2016-2020

Year	Cost	Comment
2016	\$25,277,995	True-Up and WASD Credit
2017	\$28,264,565	True-Up and WASD Credit
2018	\$26,558,224	True-Up and WASD Credit
2019	\$24,503,450	True-Up and WASD Credit
2020	\$34,213,353	True-Up and WASD Credit

WASTE AND WASTEWATER RATES

Monthly Charges

	FY 2015-2016		FY 2016-2017		FY 2017-2018		FY 2018-2019		FY 2019-2020	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
Readiness to Serve Charge	\$4.83	\$4.99	\$4.88	\$5.33	\$4.97	\$5.43	\$5.11	\$5.59	\$5.22	\$5.71
Gallorage Charge (per 100 gls)										
0-5,000	\$0.222	\$0.501	\$0.225	\$0.535	\$0.242	\$0.572	\$0.265	\$0.627	\$0.282	\$0.689
5,001 - 10,000	\$0.240	\$0.540	\$0.242	\$0.576	\$0.261	\$0.615	\$0.286	\$0.674	\$0.305	\$0.741
10,001 - 20,000	\$0.252	\$0.558	\$0.254	\$0.595	\$0.273	\$0.636	\$0.299	\$0.697	\$0.319	\$0.766
20,001 - 40,000	\$0.275	\$0.637	\$0.278	\$0.680	\$0.299	\$0.727	\$0.328	\$0.796	\$0.350	\$0.875
40,001 - 50,000	\$0.286	\$0.637	\$0.289	\$0.680	\$0.311	\$0.727	\$0.341	\$0.796	\$0.364	\$0.875
50,001 - 100,000	\$0.298	\$0.643	\$0.301	\$0.686	\$0.324	\$0.733	\$0.355	\$0.803	\$0.378	\$0.882
Over 100,000	\$0.298	\$0.643	\$0.301	\$0.686	\$0.324	\$0.733	\$0.355	\$0.803	\$0.378	\$0.882

Bi-monthly Charges

	FY 2015-2016		FY 2016-2017		FY 2017-2018		FY 2018-2019		FY 2019-2020	
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
Readiness to Serve Charge	\$9.66	\$9.76	\$9.76	\$10.42	\$9.95	\$10.62	\$10.24	\$10.93	\$10.47	\$11.17
Gallorage Charge (per 100 gls)										
0-5,000	\$0.222	\$0.501	\$0.225	\$0.535	\$0.242	\$0.572	\$0.265	\$0.627	\$0.282	\$0.689
5,001 - 10,000	\$0.222	\$0.501	\$0.225	\$0.535	\$0.242	\$0.572	\$0.265	\$0.627	\$0.282	\$0.689
10,001 - 20,000	\$0.240	\$0.540	\$0.242	\$0.576	\$0.261	\$0.615	\$0.286	\$0.674	\$0.305	\$0.741
20,001 - 40,000	\$0.261	\$0.583	\$0.263	\$0.622	\$0.283	\$0.665	\$0.310	\$0.729	\$0.330	\$0.801
40,001 - 50,000	\$0.268	\$0.637	\$0.271	\$0.680	\$0.292	\$0.727	\$0.320	\$0.796	\$0.341	\$0.875
50,001 - 100,000	\$0.275	\$0.643	\$0.278	\$0.686	\$0.299	\$0.733	\$0.328	\$0.803	\$0.350	\$0.882
Over 100,000	\$0.298	\$0.643	\$0.301	\$0.686	\$0.324	\$0.733	\$0.355	\$0.803	\$0.378	\$0.882

CAPITAL FACILITIES FEE RATES

City of Hialeah
 Department of Water and Sewers
 Schedule of Current Water and Wastewater Capital Facilities Fees

CURRENT FEES - Per Gallon	<u>Water</u> <u>Impact Fee</u>	<u>Sewer</u> <u>Impact Fee</u>
All Customer Classifications		
Per Gallon - Water Transmission & Distribution	\$0.71	-
Per Gallon - RO Water Treatment	\$7.79	-
Per Gallon - Sewer Collection	-	\$2.76
Total Proposed Impact Fee Per Gallon - System Wide	<u>\$8.50</u>	<u>\$2.76</u>
Total Proposed Impact Fee (1) Per ERC - System Wide	<u><u>\$2,975.00</u></u>	<u><u>\$966.00</u></u> (2)

(1) One ERC = 350 Gallons Per Day (GPD)

(2) [\$8.50 x 350 = \$2,975.00] [\$2.76 x 350 = \$966.00]

ANTI-DILUTION TEST

City of Hialeah Non-Ad Valorem Revenues Anti-Dilution Test as of September 30, 2016

Revenues

	<u>FY2015</u>	<u>FY2016</u>	<u>Prior Two-Year Average</u>
Total Governmental Revenues	\$ 173,295,939	\$ 179,565,538	\$ 176,430,739
Less: Ad Valorem Revenues	(43,735,370)	(47,012,819)	(45,374,095)
Total Governmental Non-Ad Valorem Revenues	129,560,569	132,552,719	131,056,644
Less: Restricted Funds (Other Governmental Funds)	(46,075,049)	(49,770,898)	(47,922,974)
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	83,485,520	82,781,821	83,133,671
Plus: Debt Service Funds (1)	7,187,018	6,416,452	6,801,735
Adjusted Non-Ad Valorem Revenues	<u>\$ 90,672,538</u>	<u>\$ 89,198,273</u>	<u>\$ 89,935,406</u>

Expenditures

Essential Expenditures			
Public Safety	\$ 96,831,686	\$ 98,650,716	\$ 97,741,201
General Government	5,055,587	4,648,426	4,852,007
Total Essential Expenditures	101,887,273	103,299,142	102,593,208
Less: Ad Valorem Revenues available to pay			
Essential Expenditures	(43,735,370)	(47,012,819)	(45,374,095)
Adjusted Essential Expenditures	<u>\$ 58,151,903</u>	<u>\$ 56,286,323</u>	<u>\$ 57,219,113</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 32,520,635</u>	<u>\$ 32,911,950</u>	<u>\$ 32,716,293</u>

Adjustments

Ad Valorem Revenues Restricted for Debt Service	-	-	-
Debt Proceeds	-	-	-

Test 1 - Prior Two Year average of Non-Ad Valorem Revenues covers projected MADS by 150%

	<u>2015-2016</u>	
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 32,716,293	
Maximum Annual Non-Ad Valorem Debt Service	\$ 7,757,723	
Coverage	421.7%	

Test 2 - Projected MADS does not exceed 20% of the prior two-year average of Total Governmental Fund Revenues less Ad Valorem Revenues restricted for debt service and debt proceeds

	<u>2015-2016</u>	
Maximum Annual Non-Ad Valorem Debt Service	\$ 7,757,723	
Two-Year Average Net Total Governmental Funds	\$ 131,056,644	
Coverage	5.92%	

(1) The Debt Service Funds are part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and a portion of utility franchise fees. Amounts in the Debt Service Funds are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

Source: City of Hialeah Finance Department

City of Hialeah Non-Ad Valorem Revenues Anti-Dilution Test
as of September 30, 2017

Revenues

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Prior Two-Year Average</u>
Total Governmental Revenues	\$ 179,565,538	\$ 185,325,086	\$ 182,445,312
Less: Ad Valorem Revenues	<u>(47,012,819)</u>	<u>(51,435,680)</u>	<u>(49,224,250)</u>
Total Governmental Non-Ad Valorem Revenues	132,552,719	133,889,406	133,221,063
Less: Restricted Funds (Other Governmental Funds)	<u>(49,770,898)</u>	<u>(50,340,586)</u>	<u>(50,055,742)</u>
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	82,781,821	83,548,820	83,165,321
Plus: Debt Service Funds (1)	<u>6,416,452</u>	<u>4,822,358</u>	<u>5,619,405</u>
Adjusted Non-Ad Valorem Revenues	<u>\$ 89,198,273</u>	<u>\$ 88,371,178</u>	<u>\$ 88,784,726</u>

Expenditures

Essential Expenditures			
Public Safety	\$ 98,650,716	\$ 100,610,220	\$ 99,630,468
General Government	<u>4,648,426</u>	<u>4,504,305</u>	<u>4,576,366</u>
Total Essential Expenditures	103,299,142	105,114,525	104,206,834
Less: Ad Valorem Revenues available to pay			
Essential Expenditures	<u>(47,012,819)</u>	<u>(51,435,680)</u>	<u>(49,224,250)</u>
Adjusted Essential Expenditures	<u>\$ 56,286,323</u>	<u>\$ 53,678,845</u>	<u>\$ 54,982,584</u>
 Net Non-Ad Valorem Revenues available for Debt Service	 <u>\$ 32,911,950</u>	 <u>\$ 34,692,333</u>	 <u>\$ 33,802,142</u>

Adjustments

Ad Valorem Revenues Restricted for Debt Service	-	-	-
Debt Proceeds	-	-	-

Test 1 - Prior Two Year average of Non-Ad Valorem Revenues covers projected MADS by 150%

	<u>2016-2017</u>
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 33,802,142
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,809,933
Coverage	383.7%

Test 2 - Projected MADS does not exceed 20% of the prior two-year average of Total Governmental Fund Revenues less Ad Valorem Revenues restricted for debt service and debt proceeds

	<u>2016-2017</u>
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,809,933
Two-Year Average Net Total Governmental Funds	\$ 133,221,063
Coverage	6.61%

(1) The Debt Service Funds are part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and a portion of utility franchise fees. Amounts in the Debt Service Funds are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

Source: City of Hialeah Finance Department

City of Hialeah Non-Ad Valorem Revenues Anti-Dilution Test
as of September 30, 2018

Revenues

	FY 2017	FY 2018	Prior Two-Year Average
Total Governmental Revenues	\$ 185,325,086	\$ 200,193,785	\$ 192,759,436
Less: Ad Valorem Revenues	<u>(51,435,680)</u>	<u>(57,462,494)</u>	<u>(54,449,087)</u>
Total Governmental Non-Ad Valorem Revenues	133,889,406	142,731,291	138,310,349
Less: Restricted Funds (Other Governmental Funds)	<u>(50,340,586)</u>	<u>(55,405,780)</u>	<u>(52,873,183)</u>
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	83,548,820	87,325,511	85,437,166
Plus: Debt Service Funds (1)	<u>4,822,358</u>	<u>7,432,089</u>	<u>6,127,224</u>
Adjusted Non-Ad Valorem Revenues	<u>\$ 88,371,178</u>	<u>\$ 94,757,600</u>	<u>\$ 91,564,389</u>

Expenditures

Essential Expenditures			
Public Safety	\$ 100,610,220	\$ 105,646,865	\$ 103,128,543
General Government	<u>4,504,305</u>	<u>4,181,192</u>	<u>4,342,749</u>
Total Essential Expenditures	105,114,525	109,828,057	107,471,291
Less: Ad Valorem Revenues available to pay			
Essential Expenditures	<u>(51,435,680)</u>	<u>(57,462,494)</u>	<u>(54,449,087)</u>
Adjusted Essential Expenditures	<u>\$ 53,678,845</u>	<u>\$ 52,365,563</u>	<u>\$ 53,022,204</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 34,692,333</u>	<u>\$ 42,392,037</u>	<u>\$ 38,542,185</u>

Adjustments

Ad Valorem Revenues Restricted for Debt Service	-	-	-
Debt Proceeds	-	-	-

Test 1 - Prior Two Year average of Non-Ad Valorem Revenues covers projected MADS by 150%

	<u>2017-2018</u>
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 38,542,185
Maximum Annual Non-Ad Valorem Debt Service	\$ 10,050,741
Coverage	383.5%

Test 2 - Projected MADS does not exceed 20% of the prior two-year average of Total Governmental Fund Revenues less Ad Valorem Revenues restricted for debt service and debt proceeds

	<u>2017-2018</u>
Maximum Annual Non-Ad Valorem Debt Service	\$ 10,050,741
Two-Year Average Net Total Governmental Funds	\$ 138,310,349
Coverage	7.27%

(1) The Debt Service Funds are part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and a portion of utility franchise fees. Amounts in the Debt Service Funds are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

Source: City of Hialeah Finance Department

City of Hialeah Non-Ad Valorem Revenues Anti-Dilution Test
as of September 30, 2019

Revenues

	<u>FY 2018</u>	<u>FY 2019</u>	<u>Prior Two-Year Average</u>
Total Governmental Revenues	\$ 200,193,785	\$ 213,929,822	\$ 207,061,804
Less: Ad Valorem Revenues	<u>(57,462,494)</u>	<u>(62,743,620)</u>	<u>(60,103,057)</u>
Total Governmental Non-Ad Valorem Revenues	142,731,291	151,186,202	146,958,747
Less: Restricted Funds (Other Governmental Funds)	<u>(55,405,780)</u>	<u>(61,612,168)</u>	<u>(58,508,974)</u>
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	87,325,511	89,574,034	88,449,773
Plus: Debt Service Funds (1)	<u>7,432,089</u>	<u>8,054,333</u>	<u>7,743,211</u>
Adjusted Non-Ad Valorem Revenues	<u>\$ 94,757,600</u>	<u>\$ 97,628,367</u>	<u>\$ 96,192,984</u>

Expenditures

Essential Expenditures			
Public Safety	\$ 105,646,865	\$ 110,291,694	\$ 107,969,280
General Government	<u>4,181,192</u>	<u>4,360,947</u>	<u>4,271,070</u>
Total Essential Expenditures	109,828,057	114,652,641	112,240,349
Less: Ad Valorem Revenues available to pay			
Essential Expenditures	<u>(57,462,494)</u>	<u>(62,743,620)</u>	<u>(60,103,057)</u>
Adjusted Essential Expenditures	<u>\$ 52,365,563</u>	<u>\$ 51,909,021</u>	<u>\$ 52,137,292</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 42,392,037</u>	<u>\$ 45,719,346</u>	<u>\$ 44,055,692</u>

Adjustments

Ad Valorem Revenues Restricted for Debt Service	-	-	-
Debt Proceeds	-	-	-

Test 1 - Prior Two Year average of Non-Ad Valorem Revenues covers projected MADS by 150%

	<u>2018-2019</u>
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 44,055,692
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,041,657
Coverage	547.8%

Test 2 - Projected MADS does not exceed 20% of the prior two-year average of Total Governmental Fund Revenues less Ad Valorem Revenues restricted for debt service and debt proceeds

	<u>2018-2019</u>
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,041,657
Two-Year Average Net Total Governmental Funds	\$ 146,958,747
Coverage	5.47%

(1) The Debt Service Funds are part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and a portion of utility franchise fees. Amounts in the Debt Service Funds are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

Source: City of Hialeah Finance Department

City of Hialeah Non-Ad Valorem Revenues Anti-Dilution Test
as of September 30, 2020

Revenues

	<u>FY 2019</u>	<u>FY 2020</u>	<u>Prior Two-Year Average</u>
Total Governmental Revenues	\$ 213,929,822	\$ 226,049,071	\$ 219,989,447
Less: Ad Valorem Revenues	<u>(62,743,620)</u>	<u>(68,425,226)</u>	<u>(65,584,423)</u>
Total Governmental Non-Ad Valorem Revenues	151,186,202	157,623,845	154,405,024
Less: Restricted Funds (Other Governmental Funds)	<u>(61,612,168)</u>	<u>(73,301,556)</u>	<u>(67,456,862)</u>
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	89,574,034	84,322,289	86,948,162
Plus: Debt Service Funds (1)	<u>8,054,333</u>	<u>6,990,355</u>	<u>7,522,344</u>
Adjusted Non-Ad Valorem Revenues	<u>\$ 97,628,367</u>	<u>\$ 91,312,644</u>	<u>\$ 94,470,506</u>

Expenditures

Essential Expenditures			
Public Safety	\$ 110,291,694	\$ 113,010,791	\$ 111,651,243
General Government	<u>4,360,947</u>	<u>4,790,476</u>	<u>4,575,712</u>
Total Essential Expenditures	114,652,641	117,801,267	116,226,954
Less: Ad Valorem Revenues available to pay			
Essential Expenditures	<u>(62,743,620)</u>	<u>(68,425,226)</u>	<u>(65,584,423)</u>
Adjusted Essential Expenditures	<u>\$ 51,909,021</u>	<u>\$ 49,376,041</u>	<u>\$ 50,642,531</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 45,719,346</u>	<u>\$ 41,936,603</u>	<u>\$ 43,827,975</u>

Adjustments

Ad Valorem Revenues Restricted for Debt Service	-	-	-
Debt Proceeds	-	-	-

Test 1 - Prior Two Year average of Non-Ad Valorem Revenues covers projected MADS by 150%

	<u>2019-2020</u>
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 43,827,975
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,101,660
Coverage	541.0%

Test 2 - Projected MADS does not exceed 20% of the prior two-year average of Total Governmental Fund Revenues less Ad Valorem Revenues restricted for debt service and debt proceeds

	<u>2019-2020</u>
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,101,660
Two-Year Average Net Total Governmental Funds	\$ 154,405,024
Coverage	5.25%

(1) The Debt Service Funds are part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and a portion of utility franchise fees. Amounts in the Debt Service Funds are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

Source: City of Hialeah Finance Department

HISTORICAL NON-AD VALOREM REVENUES

City of Hialeah Historical Non-Ad Valorem Revenues
Fiscal Years 2016 through 2020

Revenues

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Total Governmental Revenues	\$ 179,565,538	\$ 185,325,086	\$ 200,193,785	\$ 213,929,822	\$ 226,049,071
Less: Ad Valorem Revenues	<u>(47,012,819)</u>	<u>(51,435,680)</u>	<u>(57,462,494)</u>	<u>(62,743,620)</u>	<u>(68,425,226)</u>
Total Governmental Non-Ad Valorem Revenues	132,552,719	133,889,406	142,731,291	151,186,202	157,623,845
Less: Restricted Funds (Other Governmental Funds)	<u>(49,770,898)</u>	<u>(50,340,586)</u>	<u>(55,405,780)</u>	<u>(61,612,168)</u>	<u>(73,301,556)</u>
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	82,781,821	83,548,820	87,325,511	89,574,034	84,322,289
Plus: Debt Service Funds (1)	<u>6,416,452</u>	<u>4,822,358</u>	<u>7,432,089</u>	<u>8,054,333</u>	<u>6,990,355</u>
Adjusted Non-Ad Valorem Revenues	<u>\$ 89,198,273</u>	<u>\$ 88,371,178</u>	<u>\$ 94,757,600</u>	<u>\$ 97,628,367</u>	<u>\$ 91,312,644</u>

Expenditures

Essential Expenditures					
Public Safety	\$ 98,650,716	\$ 100,610,220	\$ 105,646,865	\$ 110,291,694	\$ 113,010,791
General Government	<u>4,648,426</u>	<u>4,504,305</u>	<u>4,181,192</u>	<u>4,360,947</u>	<u>4,790,476</u>
Total Essential Expenditures	103,299,142	105,114,525	109,828,057	114,652,641	117,801,267
Less: Ad Valorem Revenues available to pay Essential Expenditures	<u>(47,012,819)</u>	<u>(51,435,680)</u>	<u>(57,462,494)</u>	<u>(62,743,620)</u>	<u>(68,425,226)</u>
Adjusted Essential Expenditures	<u>\$ 56,286,323</u>	<u>\$ 53,678,845</u>	<u>\$ 52,365,563</u>	<u>\$ 51,909,021</u>	<u>\$ 49,376,041</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 32,911,950</u>	<u>\$ 34,692,333</u>	<u>\$ 42,392,037</u>	<u>\$ 45,719,346</u>	<u>\$ 41,936,603</u>

Existing Coverage

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Maximum Annual Non-Ad Valorem Debt Service	\$ 7,757,723	\$ 8,809,933	\$ 10,050,741	\$ 8,041,657	\$ 8,101,660
Legally Available Non-Ad Valorem Revenues after MADS	\$ 25,154,227	\$ 25,882,400	\$ 32,341,296	\$ 37,677,689	\$ 33,834,943
Existing Coverage	5.92%	6.61%	7.27%	5.47%	5.25%

(1) The Debt Service Funds are part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and a portion of utility franchise fees. Amounts in the Debt Service Funds are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

Source: City of Hialeah Finance Department

BREAKDOWN OF NON-AD VALOREM REVENUES

City of Hialeah - Historical Non-Ad Valorem Revenues Breakdown
Fiscal Years 2016 through 2020

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Governmental Non-Ad Valorem					
Taxes					
Utility Taxes	\$ 22,087,571	\$ 22,345,725	\$ 17,506,943	\$ 17,675,152	\$ 17,615,578
Communications Services Taxes	-	-	5,376,872	4,784,060	4,684,289
Franchise Fees	<u>15,182,525</u>	<u>15,091,649</u>	<u>15,102,349</u>	<u>14,932,618</u>	<u>13,197,756</u>
Total Taxes	<u>37,270,096</u>	<u>37,437,374</u>	<u>37,986,164</u>	<u>37,391,830</u>	<u>35,497,623</u>
Charges for services (3)	-	-	<u>1,865,566</u>	<u>1,758,977</u>	<u>1,084,504</u>
Licenses and Permits					
Occupational Licenses	5,734,067	6,091,636	6,649,024	6,850,322	6,269,369
Building Permits	-	-	-	-	-
Planning and Zoning	<u>886,763</u>	<u>852,188</u>	<u>965,471</u>	<u>1,199,474</u>	<u>1,030,045</u>
Total Licenses and Permits	<u>6,620,830</u>	<u>6,943,824</u>	<u>7,614,495</u>	<u>8,049,796</u>	<u>7,299,414</u>
Intergovernmental					
Intergovernmental (3)	-	-	4,808,360	5,129,227	9,483,647
Half Cent Sales Tax	17,719,796	17,682,684	18,622,139	18,774,092	16,183,294
State Revenue Sharing	9,657,202	10,227,112	10,393,175	10,709,193	9,775,984
Other	<u>310,194</u>	<u>290,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Intergovernmental	<u>27,687,192</u>	<u>28,200,503</u>	<u>33,823,674</u>	<u>34,612,512</u>	<u>35,442,925</u>
Government Grant and Other Revenues					
Fines and Forfeitures	1,529,267	1,327,759	2,223,699	3,218,408	2,170,546
Investment income	9,489	-	204,699	601,021	233,238
Government Grant and Other Revenues	9,664,947	9,639,360	-	-	-
Other Revenues (3)	-	-	<u>3,607,214</u>	<u>3,941,490</u>	<u>2,594,039</u>
Total Government Grant and Other Revenues	<u>11,203,703</u>	<u>10,967,119</u>	<u>6,035,612</u>	<u>7,760,919</u>	<u>4,997,823</u>
Total Governmental Non-Ad Valorem	\$ 82,781,821	\$ 83,548,820	\$ 87,325,511	\$ 89,574,034	\$ 84,322,289
Other Governmental Funds Non-Ad Valorem					
Taxes					
Franchise Fees	\$ 541,256	\$ 1,088,561	\$ 1,088,561	\$ 1,088,561	\$ 2,218,349
Total Taxes	<u>541,256</u>	<u>1,088,561</u>	<u>1,088,561</u>	<u>1,088,561</u>	<u>2,218,349</u>
Charges for services (3)	-	-	<u>6,961,785</u>	<u>7,408,879</u>	<u>6,545,046</u>
Licenses and Permits					
Building Permits (1)	<u>9,749,893</u>	<u>9,217,996</u>	<u>9,944,945</u>	<u>11,749,209</u>	<u>12,203,233</u>
Impact fees (3)	-	-	<u>970,464</u>	<u>3,231,644</u>	<u>3,445,036</u>
Intergovernmental					
Intergovernmental (3)	-	-	22,073,788	21,006,870	33,841,031
Local Option Gas Tax	3,855,005	4,097,737	4,022,467	4,624,893	3,726,235
Miami Dade County Half Sales Tax - Transit	1,848,632	1,568,895	2,142,447	2,408,510	2,530,711
Miami Dade County Half Sales Tax (2)	5,875,196	3,733,797	5,843,528	8,622,943	7,164,618
Other	<u>6,874,983</u>	<u>8,005,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Intergovernmental	<u>18,453,816</u>	<u>17,406,286</u>	<u>34,082,230</u>	<u>36,663,216</u>	<u>47,262,595</u>
Other Revenues					
Fines and Forfeitures	775,513	409,967	314,466	845,544	1,203,087
Interest	108	-	19,708	39,819	222,772
Government Grant and Other Revenues	20,250,312	22,217,776	-	-	-
Other Revenues (4)	-	-	<u>2,023,621</u>	<u>585,296</u>	<u>201,438</u>
Total Government Grant and Other Revenues	<u>21,025,933</u>	<u>22,627,743</u>	<u>2,357,795</u>	<u>1,470,659</u>	<u>1,627,297</u>
Total Other Governmental Funds Non-Ad Valorem	\$ 49,770,898	\$ 50,340,586	\$ 55,405,780	\$ 61,612,168	\$ 73,301,556

(1) The Building Department was converted to a Special Revenue Fund in fiscal year 2012; consequently, in fiscal year 2016 forward it is not reflected under a category of the General Fund, instead it is reflected under the category of Other Governmental Funds in the Comprehensive Annual Financial Reports for the respective years.

(2) Revenues in Other Governmental Funds are restricted and typically are not available to pay debt service on the City's Non-Ad Valorem bonds; however, the Debt Service Fund is part of the City's Other Governmental Funds and consists of the City's share of the Miami-Dade County Half-Cent Sales Tax and amounts in the Debt Service Fund are available to pay and have been used to pay debt service on the City's Non-Ad Valorem bonds.

(3) New revenue categories were created as of September 30, 2018 for presentation purposes.

Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal Years 2016 through 2020.

BANK LOANS

The City has entered into loan agreements with banks and federal and state agencies and issued promissory notes to such entities in order to evidence the repayment obligations to the lenders.

Specific information concerning the loans can be found in the City's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2020, in Notes to Basic Financial Statements — Note 12, beginning on page 59. Such information is hereby incorporated by reference.

CERTAIN MATTERS

1. The City has adopted written policies and procedures with respect to continuing disclosure and, to provide an additional resource for investors, has updated its website to include (i) the official statements for the Series 2011D Bonds, the Series 2012A Bonds and the Series 2015 Bonds; (ii) the continuing disclosure agreements executed in connection with the issuance of the Series 2011D Bonds, the Series 2012A Bonds and the Series 2015 Bonds; and (iii) the annual reports of financial information and operating data filed with the Municipal Securities Rulemaking Board with respect to the Series 2011D and, Series 2012A Bonds and the Series 2015 Bonds.

2. The City has been sued by the Trustees of the Board of a union-sponsored health plan that enrolls City retirees, among others, and individual retirees. The City Code provides that the City will pay the cost of health insurance coverage for City retirees under certain conditions and limitations. The Plaintiffs contend that the City has underpaid. The suit seeks back payments and an adjustment going forward. The Plaintiff has demanded damages in the approximate amount of \$1.2 million. The Court has set the matter for trial by the presiding judge for October 2021. It is probable that a final disposition of the matter will occur by summary judgment prior to trial upon a hearing of the parties' cross motions for summary judgment. As of the date of this disclosure, although the amount of loss cannot be reasonably estimated, an unfavorable outcome is reasonably possible.

On December 4, 2014, the City received a notice of claim for compensation pursuant to the Bert J. Harris, Jr., Private Property Rights Protection Act (the "Harris Act"), alleging that the City's failure to designate a zoning classification for the property in question and its denial of the landowners vested right in continuing heavy industrial uses on the property have inordinately burdened the property reducing its fair market value in an estimated amount of \$5.7 million based on the initial appraisal submitted by the claimant as required by the Harris Act. Since annexation, the City adopted a comprehensive land use plan for the area allowing for less intense, light industrial uses. The Harris Act requires the notice and a 6-month settlement period preceding the filing of an action. The 6-month settlement period has expired, and the parties have failed to reach settlement. A complaint in the State Circuit Court for Miami-Dade County was filed on October 4, 2019 and amended on January 9, 2020. The City's position is that Plaintiff cannot establish a legal right to the uses claimed such that any action the City may have taken impinged upon the Plaintiff's right to those uses or impaired the property's value. Alternatively, the City's position is that the claim is time barred. The City intends to vigorously defend this case.

This Annual Report of Financial Information and Operating Data for the Fiscal Year Ended September 30, 2020 is submitted pursuant to continuing disclosure agreements executed by the City, as obligor, in connection with the issuance of the Series 2011D Bonds and the Series 2012A Bonds.

Dated: June 25, 2021

CITY OF HIALEAH, FLORIDA

C. Chiocca

By:

Christopher Chiocca, CPA

Title: Finance Director