

CITY OF HIALEAH, FLORIDA

**Annual Report of Financial Information and Operating Data for the
Fiscal Year Ended September 30, 2015**

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, 2015, 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, 2015, that is due on or before June 30, 2016.

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 2011 through 2015						
	Audited	Audited	Audited	Audited	Audited	
	2011	2012	2013	2014	2015	
Operating Revenues:						
Metered Water Sales	\$ 17,398,156	\$ 18,125,568	\$ 18,501,165	\$ 18,677,889	\$ 20,075,735	
Sanitary Sewer Service	27,772,698	27,916,944	28,918,354	32,203,573	35,065,166	
Other (1)	<u>1,538,725</u>	<u>2,319,347</u>	<u>2,520,055</u>	<u>4,024,330</u>	<u>4,566,624</u>	
Total Operating Revenues	<u>46,709,579</u>	<u>48,361,859</u>	<u>49,939,574</u>	<u>54,905,792</u>	<u>59,707,525</u>	
Operating Expenses:						
Operating, Administrative and Maintenance	41,026,418	45,883,620 (2)	38,457,478 (2)	44,349,977	48,109,924	
Depreciation	<u>4,225,315</u>	<u>4,726,581</u>	<u>5,057,708</u>	<u>5,390,323</u>	<u>6,595,101</u>	
Total Operating Expenses	<u>45,251,733</u>	<u>50,610,201</u>	<u>43,515,186</u>	<u>49,740,300</u>	<u>54,705,025</u>	
Operating Income (Loss)	<u>1,457,846</u>	<u>(2,248,342)</u>	<u>6,424,388</u>	<u>5,165,492</u>	<u>5,002,500</u>	
Non-Operating Revenues (Expenses):						
Unrealized Loss on Investments	-	-	(401,464)	414,486	504,463	
Interest Income	720,906	672,616	85,110	475,934	669,909	
Interest Expense	<u>(50,496)</u>	<u>(1,851,857)</u>	<u>(2,476,803)</u>	<u>(49,456)</u>	<u>(2,424,611)</u>	
Net Non-Operating Revenues (Expenses)	<u>670,410</u>	<u>(1,179,241)</u>	<u>(2,793,157)</u>	<u>840,964</u>	<u>(1,250,239)</u>	
Income (Loss) Before Contributions	2,128,256	(3,427,583)	3,631,231	6,006,455	3,752,261	
Capital Contributions	<u>831,849</u>	<u>1,168,560</u>	<u>538,297</u>	<u>502,578</u>	<u>172,378</u>	
Change in Net Position	2,960,105	(2,259,023)	4,169,528	6,509,033	3,924,639	
Net Position - Beginning (as restated)	<u>148,092,938</u>	<u>151,053,043</u>	<u>148,794,020</u>	<u>155,958,673</u> (3)	<u>142,737,499</u> (4)	
Net Position - Ending	<u>\$ 151,053,043</u>	<u>\$ 148,794,020</u>	<u>\$ 152,963,548</u>	<u>\$ 162,467,706</u>	<u>\$ 146,662,138</u>	
NOTES:						
(1) Other revenue includes miscellaneous charges (reconnection and new account fees, late charges, etc.)						
(2) The Borrower attributes the increase in operating expenses in fiscal year 2012 and a subsequent decrease in operating expenses in fiscal year 2013 due to an error in the reading from one of the three meters of entry to the City from Miami Dade Water & Sewer. Consequently, there was an overcharge in fiscal year 2012 and subsequently in fiscal year 2013 a credit to the City from Miami Dade Water & Sewer of approximately \$6 Million for the error in billing.						
(3) Net position beginning balance, as of October 1, 2013, was restated in order to capitalized interest payments that were expensed during the construction phase of the RO Plant; and to write-off capitalized loan costs as a result of the implementation of GASB Statement No. 65 in the amounts of \$3.87 million and \$878 thousand, respectively. Specific information can be found in the City's Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014, in Note 19, page 78. Such information is hereby incorporated by reference.						
(4) Net position beginning balance, as of October 1, 2014, was restated in order to record the opening net pension liability as a result of the implementation of GASB Statement No. 68 in the amount of \$19.7 million. Specific information can be found in the City's Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2015, in Note 19, page 84. Such information is hereby incorporated by reference.						
<i>Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal Years 2011 through 2015.</i>						

TOTAL NUMBER OF ACCOUNTS

City of Hialeah					
Department of Water and Sewers					
Total Number of Accounts 2011-2015					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
# of residential accounts	53,249	53,081	53,287	54,112	53,592
# of commercial accounts	1,274	1,311	1,267	1,289	1,291
	54,523	54,392	54,554	55,401	55,401

PURCHASED WATER COSTS

City of Hialeah - Department of Water and Sewers											
Water Flows as Billed by Water and Sewer Department for Fiscal Year 2011-2015											
2010-2011		2011-2012		2012-2013		2013-2014		2014-2015			
Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth
October-10	630,224,082	October-11	648,817,280	October-12	616,487,544	October-13	642,998,503	October-14	644,490,315		
November-10	672,248,092	November-11	732,424,835	November-12	682,689,932	November-13	705,985,356	November-14	625,193,023		
December-10	612,725,929	December-11	685,630,212	December-12	727,815,016	December-13	506,473,812	December-14	633,053,574		
January-11	587,038,136	January-12	637,588,143	January-13	583,012,236	January-14	769,283,952	January-15	706,360,555		
February-11	583,504,760	February-12	746,156,893	February-13	563,274,328	February-14	641,892,716	February-15	619,208,282		
March-11	607,577,339	March-12	583,988,200	March-13	606,661,808	March-14	572,660,128	March-15	574,526,521		
April-11	552,106,986	April-12	658,480,000	April-13	613,634,410	April-14	596,833,084	April-15	639,442,583		
May-11	603,201,080	May-12	587,050,000	May-13	718,999,670	May-14	625,013,108	May-15	676,882,477		
June-11	661,817,353	June-12	694,230,000	June-13	561,173,002	June-14	569,346,216	June-15	579,662,721		
July-11	650,209,370	July-12	639,390,000	July-13	628,577,209	July-14	505,390,532	July-15	671,010,376		
August-11	742,576,460	August-12	641,230,000	August-13	700,615,449	August-14	598,722,968	August-15	585,650,728		
September-11	586,027,932	September-12	715,600,000	September-13	617,386,936	September-14	550,433,396	September-15	651,166,284		
TOTAL	7,489,257,518	TOTAL	7,970,585,563	TOTAL	7,620,037,540	TOTAL	7,285,033,771	TOTAL	7,606,647,436		
Average Daily Flow (millions)	20.519		21.837		20.878		19.959		20.840		

City of Hialeah - Department of Water and Sewers			
Purchased Water Costs(I) 2005-2015			
Year	Cost	Comment	
2005	\$6,253,142		
2006	\$8,357,785		
2007	\$8,008,789		
2008	\$7,865,286		
2009	\$10,562,803		
2010	\$14,800,846	True-Up and WASD Credit	
2011	\$14,347,823	True-Up and WASD Credit	
2012	\$13,194,324	True-Up and WASD Credit	
2013	\$8,460,021	True-Up and WASD Credit	
2014	\$8,870,782	True-Up and WASD Credit	
2015	\$8,681,103	True-Up and WASD Credit	

City of Hialeah - Department of Water and Sewers											
Sewer Flows as Billed by Water and Sewer Department for Fiscal Year 2011-2015											
2010-2011		2011-2012		2012-2013		2013-2014		2014-2015			
Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth	Month	GallonsIMonth
October-10	638,499,400	October-11	720,111,100	October-12	722,043,800	October-13	722,110,100	October-14	716,338,200		
November-10	427,707,100	November-11	766,609,500	November-12	553,485,600	November-13	561,680,600	November-14	594,672,900		
December-10	426,546,100	December-11	385,286,300	December-12	487,545,900	December-13	616,903,600	December-14	651,012,300		
January-11	518,212,000	January-12	591,888,500	January-13	613,680,300	January-14	703,745,700	January-15	575,226,500		
February-11	453,376,200	February-12	524,205,700	February-13	484,506,700	February-14	486,022,900	February-15	531,222,200		
March-11	533,849,200	March-12	560,025,600	March-13	447,481,500	March-14	486,358,000	March-15	543,135,900		
April-11	428,101,600	April-12	446,303,100	April-13	637,138,000	April-14	583,496,000	April-15	595,359,500		
May-11	427,035,700	May-12	616,987,100	May-13	554,097,700	May-14	537,786,000	May-15	550,269,000		
June-11	465,075,400	June-12	495,343,700	June-13	587,971,300	June-14	451,939,000	June-15	600,350,700		
July-11	498,291,600	July-12	473,181,500	July-13	626,526,400	July-14	690,242,000	July-15	551,081,200		
August-11	653,184,900	August-12	707,735,600	August-13	698,866,800	August-14	665,946,400	August-15	538,902,400		
September-11	614,586,100	September-12	714,622,300	September-13	634,152,000	September-14	596,039,200	September-15	721,376,600		
TOTAL	6,084,465,300	TOTAL	7,002,300,000	TOTAL	7,047,496,000	TOTAL	7,102,269,500	TOTAL	7,168,947,400		
Average Daily Flow (millions)	16.670		19.184		19.308		19.458		19.641		

COST OF WASTEWATER TREATMENT

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, 2005 through 2015. As can be seen, these numbers have decreased over the past five years, which the Borrower attributes to a reduction in infiltration and inflow:

Purchased Sewer Costs(l) 2005-2015				
Year	Cost			
2005	\$18,811,904			
2006	\$15,277,538			
2007	\$13,380,413			
2008	\$14,187,552			
2009	\$11,160,592			
2010	\$13,242,060			
2011	\$13,868,197			
2012	\$16,869,318			
2013	\$13,538,085			
2014	\$16,929,302			
2015	\$19,701,628			

WASTE AND WASTEWATER RATES

Monthly Charges											
	Prior Rates		FY 2010-2011		FY 2011-2012,12-13		FY 2013-2014		FY 2014-2015		
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	
Readiness to Serve Charge	\$3.98	\$4.50	\$4.42	\$4.57	\$4.58	\$4.74	\$4.65	\$4.81	\$4.76	\$4.92	
Gallonge Charge (per 100 gls)											
0-5,000	\$0.168	\$0.335	\$0.187	\$0.340	\$0.199	\$0.361	\$0.202	\$0.417	\$0.219	\$0.454	
5,001 - 10,000	\$0.182	\$0.360	\$0.202	\$0.366	\$0.215	\$0.388	\$0.218	\$0.449	\$0.236	\$0.489	
10,001 - 20,000	\$0.191	\$0.372	\$0.212	\$0.378	\$0.226	\$0.401	\$0.229	\$0.464	\$0.248	\$0.505	
20,001 - 40,000	\$0.207	\$0.426	\$0.230	\$0.432	\$0.245	\$0.458	\$0.249	\$0.530	\$0.277	\$0.577	
40,001 - 50,000	\$0.207	\$0.426	\$0.230	\$0.432	\$0.245	\$0.458	\$0.249	\$0.530	\$0.277	\$0.577	
50,001 - 100,000	\$0.225	\$0.428	\$0.250	\$0.435	\$0.267	\$0.461	\$0.271	\$0.534	\$0.294	\$0.582	
Over	\$0.225	\$0.428	\$0.251	\$0.435	\$0.267	\$0.461	\$0.271	\$0.534	\$0.294	\$0.582	
Bi-monthly Charges											
	Prior Rates		FY 2010-2011		FY 2011-2012,12-13		FY 2013-2014		FY 2014-2015		
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	
Readiness to Serve Charge	\$7.96	\$8.80	\$8.85	\$8.94	\$9.17	\$9.26	\$9.31	\$9.40	\$9.52	\$9.62	
Gallonge Charge (per 100 gls)											
0-5,000	\$0.168	\$0.335	\$0.187	\$0.340	\$0.199	\$0.361	\$0.202	\$0.417	\$0.219	\$0.454	
5,001 - 10,000	\$0.168	\$0.335	\$0.187	\$0.340	\$0.199	\$0.361	\$0.202	\$0.417	\$0.219	\$0.454	
10,001 - 20,000	\$0.182	\$0.360	\$0.202	\$0.366	\$0.215	\$0.388	\$0.218	\$0.449	\$0.236	\$0.489	
20,001 - 40,000	\$0.196	\$0.389	\$0.218	\$0.395	\$0.233	\$0.419	\$0.237	\$0.485	\$0.277	\$0.528	
40,001 - 50,000	\$0.207	\$0.426	\$0.230	\$0.432	\$0.245	\$0.458	\$0.249	\$0.530	\$0.277	\$0.577	
50,001 - 100,000	\$0.207	\$0.428	\$0.230	\$0.435	\$0.245	\$0.461	\$0.249	\$0.534	\$0.271	\$0.582	
Over	\$0.225	\$0.428	\$0.250	\$0.435	\$0.267	\$0.461	\$0.271	\$0.534	\$0.294	\$0.582	

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		Water	Sewer
		<u>Impact Fee</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>\$2,975.00</u>	<u>\$966.00</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, 2013				
<u>Revenues</u>				
	FY 2012	FY 2013	Prior Two-Year Average	
Total Governmental Revenues	\$ 173,575,689	\$ 171,875,662	\$ 172,725,676	
Less: Ad Valorem Revenues	(44,867,987)	(41,687,822)	(43,277,905)	
Total Governmental Non-Ad Valorem Revenues	128,707,702	130,187,840	129,447,771	
Less: Restricted Funds (Other Governmental Funds)	(55,877,469)	(53,848,496)	(54,862,983)	
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	72,830,233	76,339,344	74,584,789	
Plus: Debt Service Fund (1)	6,198,347	6,494,746	6,346,547	
Adjusted Non-Ad Valorem Revenues	<u>\$ 79,028,580</u>	<u>\$ 82,834,090</u>	<u>\$ 80,931,335</u>	
<u>Expenditures</u>				
Essential Expenditures				
Public Safety	\$ 72,067,674	\$ 69,929,229	\$ 70,998,452	
General Government	23,821,995	25,015,678	24,418,837	
Total Essential Expenditures	95,889,669	94,944,907	95,417,288	
Less: Ad Valorem Revenues available to pay				
Essential Expenditures	(44,867,987)	(41,687,822)	(43,277,905)	
Adjusted Essential Expenditures	<u>\$ 51,021,682</u>	<u>\$ 53,257,085</u>	<u>\$ 52,139,384</u>	
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 28,006,898</u>	<u>\$ 29,577,005</u>	<u>\$ 28,791,952</u>	
<u>Adjustments</u>				
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>2012-2013</u>			
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 28,791,952			
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,655,783			
Coverage	332.6%			
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>2012-2013</u>			
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,655,783			
Two-Year Average Net Total Governmental Funds	\$ 124,209,240			
Coverage	6.97%			
<p>(1) 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. 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.</p>				
<p>Source: City of Hialeah Finance Department</p>				

City of Hialeah Non-Ad Valorem Revenues Anti-Dilution Test
as of September 30, 2014

<u>Revenues</u>			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>Prior Two-Year Average</u>
Total Governmental Revenues	\$ 171,875,662	\$ 162,948,361	\$ 167,412,012
Less: Ad Valorem Revenues	(41,687,822)	(41,424,198)	(41,556,010)
Total Governmental Non-Ad Valorem Revenues	130,187,840	121,524,163	125,856,002
Less: Restricted Funds (Other Governmental Funds)	(53,848,496)	(41,885,288)	(47,866,892)
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	76,339,344	79,638,875	77,989,110
Plus: Debt Service Fund (1)	6,494,746	6,765,759	6,630,253
Adjusted Non-Ad Valorem Revenues	<u>\$ 82,834,090</u>	<u>\$ 86,404,634</u>	<u>\$ 84,619,362</u>
<u>Expenditures</u>			
Essential Expenditures			
Public Safety	\$ 69,929,229	\$ 78,528,317	\$ 74,228,773
General Government	25,015,678	26,520,903	25,768,291
Total Essential Expenditures	94,944,907	105,049,220	99,997,064
Less: Ad Valorem Revenues available to pay			
Essential Expenditures	(41,687,822)	(41,424,198)	(41,556,010)
Adjusted Essential Expenditures	<u>\$ 53,257,085</u>	<u>\$ 63,625,022</u>	<u>\$ 58,441,054</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 29,577,005</u>	<u>\$ 22,779,612</u>	<u>\$ 26,178,309</u>
<u>Adjustments</u>			
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>2013-2014</u>		
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 26,178,309		
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,614,641		
Coverage	303.9%		
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>2013-2014</u>		
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,614,641		
Two-Year Average Net Total Governmental Funds	\$ 125,856,002		
Coverage	6.84%		
(1) 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. 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.			
Source: City of Hialeah Finance Department			

City of Hialeah Non-Ad Valorem Revenues Anti-Dilution Test
as of September 30, 2015

	<u>FY 2014</u>	<u>FY 2015</u>	<u>Prior Two-Year Average</u>
<u>Revenues</u>			
Total Governmental Revenues	\$ 162,948,361	\$ 173,295,939	\$ 168,122,150
Less: Ad Valorem Revenues	<u>(41,424,198)</u>	<u>(43,735,370)</u>	<u>(42,579,784)</u>
Total Governmental Non-Ad Valorem Revenues	121,524,163	129,560,569	125,542,366
Less: Restricted Funds (Other Governmental Funds)	<u>(41,885,288)</u>	<u>(46,075,049)</u>	<u>(43,980,169)</u>
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	79,638,875	83,485,520	81,562,198
Plus: Debt Service Fund (1)	<u>6,765,759</u>	<u>7,187,018</u>	<u>6,976,389</u>
Adjusted Non-Ad Valorem Revenues	<u>\$ 86,404,634</u>	<u>\$ 90,672,538</u>	<u>\$ 88,538,586</u>
<u>Expenditures</u>			
Essential Expenditures			
Public Safety	\$ 78,528,317	\$ 96,831,686	\$ 87,680,002
General Government	<u>26,520,903</u>	<u>5,055,587</u>	<u>15,788,245</u>
Total Essential Expenditures	105,049,220	101,887,273	103,468,247
Less: Ad Valorem Revenues available to pay			
Essential Expenditures	<u>(41,424,198)</u>	<u>(43,735,370)</u>	<u>(42,579,784)</u>
Adjusted Essential Expenditures	<u>\$ 63,625,022</u>	<u>\$ 58,151,903</u>	<u>\$ 60,888,463</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 22,779,612</u>	<u>\$ 32,520,635</u>	<u>\$ 27,650,124</u>
<u>Adjustments</u>			
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>2014-2015</u>		
Average Net Non-Ad Valorem Revenues available for Debt Service	\$ 27,650,124		
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,510,723		
Coverage	324.9%		
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>2014-2015</u>		
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,510,723		
Two-Year Average Net Total Governmental Funds	\$ 125,542,366		
Coverage	6.78%		
(1) 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. 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.			
Source: City of Hialeah Finance Department			

HISTORICAL NON-AD VALOREM REVENUES

City of Hialeah Historical Non-Ad Valorem Revenues					
Fiscal Years 2011 through 2015					
<u>Revenues</u>					
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Total Governmental Revenues	\$ 168,138,613	\$ 173,575,689	\$ 171,875,662	\$ 162,948,361	\$ 173,295,939
Less: Ad Valorem Revenues	(48,550,595)	(44,867,987)	(41,687,822)	(41,424,198)	(43,735,370)
Total Governmental Non-Ad Valorem Revenues	119,588,018	128,707,702	130,187,840	121,524,163	129,560,569
Less: Restricted Funds (Other Governmental Funds)	(47,847,712)	(55,877,469)	(53,848,496)	(41,885,288)	(46,075,049)
Total Governmental Non-Ad Valorem Revenues net of Restricted Funds	71,740,306	72,830,233	76,339,344	79,638,875	83,485,520
Plus: Debt Service Fund (1)	5,704,274	6,198,347	6,494,746	6,765,759	7,187,018
Adjusted Non-Ad Valorem Revenues	<u>\$ 77,444,580</u>	<u>\$ 79,028,580</u>	<u>\$ 82,834,090</u>	<u>\$ 86,404,634</u>	<u>\$ 90,672,538</u>
<u>Expenditures</u>					
Essential Expenditures					
Public Safety	\$ 76,302,357	\$ 72,067,674	\$ 69,929,229	\$ 78,528,317	\$ 96,831,686
General Government	22,998,342	23,821,995	25,015,678	26,520,903	5,055,587
Total Essential Expenditures	99,300,699	95,889,669	94,944,907	105,049,220	101,887,273
Less: Ad Valorem Revenues available to pay					
Essential Expenditures	(48,550,595)	(44,867,987)	(41,687,822)	(41,424,198)	(43,735,370)
Adjusted Essential Expenditures	<u>\$ 50,750,104</u>	<u>\$ 51,021,682</u>	<u>\$ 53,257,085</u>	<u>\$ 63,625,022</u>	<u>\$ 58,151,903</u>
Net Non-Ad Valorem Revenues available for Debt Service	<u>\$ 26,694,476</u>	<u>\$ 28,006,898</u>	<u>\$ 29,577,005</u>	<u>\$ 22,779,612</u>	<u>\$ 32,520,635</u>
<u>Existing Coverage</u>					
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Maximum Annual Non-Ad Valorem Debt Service	\$ 8,592,342	\$ 8,575,391	\$ 8,655,783	\$ 8,614,641	\$ 8,510,723
Legally Available Non-Ad Valorem Revenues after MADS	\$ 18,102,134	\$ 19,431,507	\$ 20,921,222	\$ 14,164,971	\$ 24,009,912
Existing Coverage	4.93%	6.86%	6.97%	6.84%	6.95%
(1) 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. 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.					
<i>Source: City of Hialeah Finance Department</i>					

BREAKDOWN OF NON-AD VALOREM REVENUES

City of Hialeah - Historical Non-Ad Valorem Revenues Breakdown					
Fiscal Years 2011 through 2015					
<u>Revenues</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Governmental Non-Ad Valorem					
Taxes					
Utility Taxes	\$ 22,212,359	\$ 22,181,374	\$ 21,909,541	\$ 22,487,398	\$ 22,248,582
Franchise Fees	10,500,154	10,478,381	10,277,964	15,370,782	16,584,895
Total Taxes	32,712,513	32,659,755	32,187,505	37,858,180	38,833,477
Licenses and Permits					
Occupational Licenses	4,446,579	4,400,029	3,976,835	4,492,832	4,281,144
Building Permits	2,467,725	-	-	-	-
Planning and Zoning	137,337	271,586	247,344	360,718	411,945
Total Licenses and Permits	7,051,641	4,671,615	4,224,179	4,853,550	4,693,089
Intergovernmental					
Half Cent Sales Tax	14,057,818	14,614,902	15,582,457	16,355,645	17,228,030
State Revenue Sharing	7,295,957	6,968,429	7,907,098	8,527,350	9,392,611
Other	168,127	262,318	944,209	210,976	318,462
Total Intergovernmental	21,521,902	21,845,649	24,433,764	25,093,971	26,939,103
Government Grant and Other Revenues					
Fines and Forfeitures	1,300,881	1,512,411	1,197,481	1,328,469	1,396,354
Interest	17,159	4,776	14,096	7,498	17,487
Government Grant and Other Revenues	9,136,210	12,136,027	14,282,319	10,516,737	11,606,010
Total Government Grant and Other Revenues	10,454,250	13,653,214	15,493,896	11,852,704	13,019,851
Total Governmental Non-Ad Valorem	\$ 71,740,306	\$ 72,830,233	\$ 76,339,344	\$ 79,658,405	\$ 83,485,520
Other Governmental Funds Non-Ad Valorem					
Taxes					
Utility Taxes (1)	\$ 3,697,364	\$ -	\$ -	\$ -	\$ -
Licenses and Permits					
Building Permits (2)	-	2,988,101	3,311,856	4,463,322	4,819,891
Intergovernmental					
Local Option Gas Tax	3,819,928	3,468,225	3,884,413	3,720,800	3,922,383
Miami Dade County Half Sales Tax - Transit	1,424,818	1,558,337	1,623,687	1,691,440	1,796,754
Miami Dade County Half Sales Tax (3)	5,704,274	6,198,347	6,494,745	6,765,759	7,187,018
Other	1,124,097	1,659,341	1,637,238	2,839,691	3,137,656
Total Intergovernmental	12,073,117	12,884,250	13,640,083	15,017,690	16,043,811
Government Grant and Other Revenues					
Fines and Forfeitures	559,366	1,838,274	745,416	696,538	934,838
Interest	5,785	1,478	649	102	169
Government Grant and Other Revenues	31,512,080	38,165,366	36,150,492	21,707,636	24,276,340
Total Government Grant and Other Revenues	32,077,231	40,005,118	36,896,557	22,404,276	25,211,347
Total Other Governmental Funds Non-Ad Valorem	\$ 47,847,712	\$ 55,877,469	\$ 53,848,496	\$ 41,885,288	\$ 46,075,049
<p>(1) The Stormwater Utility Fund was converted to an Enterprise Fund in fiscal year 2012; consequently, in fiscal years 2012 and 2013 it is not reflected under the category of Other Governmental Funds in the Comprehensive Annual Financial Reports for the respective years.</p> <p>(2) The Building Department was converted to a Special Revenue Fund in fiscal year 2012; consequently, in fiscal years 2012 and 2013 it is not reflected under the 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.</p> <p>(3) 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.</p>					
<p>Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal Years 2011 through 2015.</p>					

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. The notes payable are as follows:

Capital Improvement Revenue Refunding Bond, Series 2012, November 19, 2012

Bank of America Promissory Note, August 20, 2011

Revolving Loan, May, 2001, State of Florida Department of Environmental Protection

Affordable Housing Note, Series 2011, March 23, 2011

Specific information concerning the loans can be found in the City's Comprehensive Annual Financial Reports for the Fiscal Year Ended September 30, 2015, in Notes to Basic Financial Statements — Note 11, beginning on page 54. Such information is hereby incorporated by reference.

CERTAIN MATTERS

1. The City failed to timely file financial information and operating data with respect to (i) the outstanding Florida Municipal Loan Council Revenue Bonds, Series 2011D (City of Hialeah Series) for which the City is the obligor for the fiscal years 2011 through 2013, respectively, that were due on June 26-27, 2012, 2013 and 2014, respectively; and (ii) the outstanding Florida Municipal Loan Council Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series) for which the City is the obligor for the fiscal years 2012 and 2013 that were due on June 27, 2013 and 2014, respectively. The City did not file failure to provide notices in a timely manner for each failure. On January 14, 2015, the City filed a notice of failure to file and an Annual Report of Financial Information and Operating Data containing the information and data with the Municipal Securities Rulemaking Board for the years in which the filings were not made.

The City filed its Comprehensive Annual Financial Reports late for fiscal years 2013 (3 days) and 2014 (5 days). The City failed to timely file notices of certain rating changes due to changes in the rating of the bond insurer.

The City voluntarily participated in the Municipalities Continuing Disclosure Cooperation Initiative (MCDC) of the Securities and Exchange Commission, a voluntary self-disclosure program, to self-report that the City did not disclose an item related to the Series 2011D Bonds in the official statement for the Series 2012A Bonds.

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, Series 2012A Bonds and the Series 2015 Bonds.

2. The City and Miami-Dade County (MDC), as parties to a joint participation agreement, contracted with GS Inima USA Construction Corporation (the “Company”) for the design, construction and operation of a reverse osmosis water treatment plant. The City has not accepted the plant at this time. The Company has asserted claims against the City of \$4,006,980 and the City has claims against the company of approximately \$4,100,000 in delayed claims. The parties are in settlement discussions.

3. In 2013, the City Council adopted Resolution 2013-129 approving a transfer of assets between its general fund and its water and sewer fund as part of its efforts to privatize the collection of residential waste. On June 9, 2015, the Council approved an amended resolution authorizing an interfund loan from the water and sewer fund of the Public Works Department to the solid waste fund of the Public Works Department. Reference is hereby made to Footnote 8 in the City’s Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015, and such information is hereby incorporated herein by reference.

This Annual Report of Financial Information and Operating Data for the Fiscal Year Ended September 30, 2015 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 29, 2016

CITY OF HIALEAH, FLORIDA

C. Chiocca

By:

Christopher Chiocca, CPA

Title: Finance Director