

CITY OF HIALEAH, FLORIDA

**Annual Report of Financial Information and Operating Data
for the Fiscal Year Ended September 30, 2017**

**Taxable Special Obligation
Revenue Bonds
Series 2015A**

**Special Obligation
Refunding Revenue Bonds
Series 2015B**

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INTRODUCTION

The City issued its Taxable Special Obligation Revenue Bonds, Series 2015A, and its Special Obligation Refunding Revenue Bonds, Series 2015B (collectively, the "Series 2015 Bonds") on December 2, 2015. The City entered into a Continuing Disclosure Agreement with respect to the Series 2015 Bonds, dated December 2, 2015. In the Agreement, the City covenanted to provide audited financial statements; and annual reports of financial information and operating data; not later than the 270th day following the end of each Fiscal Year commencing with the Fiscal Year ending September 30, 2015, and material events notices and notices of failure to file to the MSRB through its EMMA portal.

The City submitted its Comprehensive Annual Financial Report to the MSRB on June 27, 2018.

With respect to the Series 2015 Bonds, the City hereby submits its Annual Report of Financial Information and Operating Data for the Fiscal Year Ended September 30, 2017, that was due on or before June 30, 2018.

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 (the "2011D Bonds"), and Refunding and Improvement Revenue Bonds, Series 2012A (City of Hialeah Series), issued in November, 2012 (the "Series 2012A Bonds"). 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, 2017, which has been submitted to the MSRB.

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 2011D Bonds and the Series 2012A Bonds to FMLC, acting as dissemination agent, for submission to the MSRB.

THE SERIES 2015 BONDS

The Series 2015A Bonds were issued by the City on December 2, 2015, to provide funds to (i) finance a portion of the annual required contribution for Fiscal Year 2015 and Fiscal Year 2016 with respect to the contributory defined benefit retirement plan known as the Employees' Retirement System sponsored and administered by the City that covers substantially all employees of the City, and (ii) pay a portion of the costs associated with the issuance of the Series 2015A Bonds, including the municipal bond issuance premium.

The Series 2015B Bonds were issued by the City on December 2, 2015, to provide funds to (i) pay the outstanding amount of a loan pursuant to a loan agreement between the City and the Florida Municipal Loan Council ("FMLC"), dated February 1, 2005, and such funds were used by FMLC to refund all of that portion of the outstanding FMLC Revenue Bonds, Series 2005A, attributable to the City and for which the City was the obligor, and (ii) pay a portion of the costs associated with the issuance of the Series 2015B Bonds, including the municipal bond insurance premium.

The Series 2015 Bonds are special limited obligations of the City payable exclusively from the Pledged Revenues, defined in the Bond Ordinance as the Franchise Fee Revenues and any funds on deposit in any bank account created under the Bond Ordinance. To the extent that the Pledged Revenues are not adequate to pay the Bond Service Requirement, the City, in the Bond Ordinance, covenanted to budget, appropriate and deposit Non-Ad Valorem Revenues in an amount equal to such deficiency into the Sinking Fund for the applicable Fiscal Year.

The City entered into a Continuing Disclosure Agreement with the participating underwriters, dated as of December 2, 2015, with respect to the Series 2015 Bonds. In the Agreement, the City covenanted to provide audited financial statements, annual reports of financial information and operating data, annual actuarial valuation of the Employees' Retirement System, material events notices and notices of failure to file to the Municipal Securities Rulemaking Board ("MSRB") through the Board's EMMA portal.

The City also agreed in the Continuing Disclosure Agreement that, to the extent such information is not otherwise included as part of the annual report of financial information and operating data, updated information from that set forth in the official statement for the Series 2015 Bonds, dated November 20, 2015, under the caption "Security for the Series 2015 Bonds".

The City has submitted its audited Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2017 to the MSRB, through the FMLC, on June 27, 2018.

FRANCHISE FEE REVENUES AND PRO FORMA COVERAGE

The following is a record of the Franchise Fee Revenues collected by the City for the last five fiscal years and pro forma debt revenue coverage from such Franchise Fee Revenues as if the Series 2015 Bonds had been outstanding during that period.

<u>Fiscal Year</u>	<u>Franchise Fee Revenues</u>	<u>Maximum Bond (1) Service Requirement</u>	<u>Pro Forma (2) Coverage</u>
2013	\$ 9,828,418	\$ 3,939,977	2.49 X
2014	10,627,308	3,939,977	2.70 X
2015	10,692,680	3,939,977	2.71 X
2016	10,352,230	3,939,977	2.63 X
2017	10,615,985	3,939,977	2.69 X

(1) Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal Years 2013 through 2017 financial statements. Includes only those franchise fee revenues attributable to the Electric Franchise Ordinance and pledged to the Series 2015 Bonds.

(2) Maximum Bond Service Requirement assumes that the Series 2015 Bonds were outstanding in Fiscal Years 2013 through 2017.

CITY OF HIALEAH, FLORIDA

HISTORICAL GENERAL FUND NON-AD VALOREM REVENUES

FISCAL YEAR ENDED SEPTEMBER 30, 2013 THROUGH 2017

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
General Fund Non-Ad Valorem Taxes					
Utility Taxes - Electricity	\$ 12,254,172	\$ 13,440,089	\$ 13,489,474	\$ 13,763,988	\$ 14,139,043
Communications Services Taxes	7,084,188	6,163,911	5,892,013	5,591,472	5,456,504
Utility Taxes - Water & Sewer	2,076,221	2,426,059	2,441,664	2,269,952	2,221,260
Utility Taxes - Gas	494,960	457,339	425,431	462,159	528,918
Franchise Fees - Electricity (1)	9,828,418	10,627,308	10,692,680	9,810,974	9,527,424
Franchise Fees - Gas	314,808	331,182	289,552	211,639	279,799
Franchise Fees - Water & Sewer (2)	-	4,271,702	5,456,117	5,010,365	5,140,307
Franchise Fees - Bus Bench	134,738	140,590	146,546	149,547	144,119
Total General Fund Non-Ad Valorem Taxes	<u>32,187,505</u>	<u>37,858,180</u>	<u>38,833,477</u>	<u>37,270,096</u>	<u>37,437,374</u>
Licenses and Permits					
Business Tax Licenses	3,976,835	4,492,486	4,281,144	5,734,067	6,091,636
Building Permits (3)	-	-	-	-	-
Planning and Zoning	247,344	360,718	411,945	886,763	852,188
Total Licenses and Permits	<u>4,224,179</u>	<u>4,853,204</u>	<u>4,693,089</u>	<u>6,620,830</u>	<u>6,943,824</u>
Intergovernmental Revenues					
Half Cent Sales Tax	15,582,457	16,355,645	17,228,030	17,719,796	17,682,684
State Revenue Sharing	7,907,098	8,527,350	9,392,611	9,657,202	10,227,112
Other	944,209	211,322	318,462	310,194	290,707
Total Intergovernmental Revenues	<u>24,433,764</u>	<u>25,094,317</u>	<u>26,939,103</u>	<u>27,687,192</u>	<u>28,200,503</u>
Government Grant and Other Revenues					
Fines and Forfeitures	1,197,481	1,328,469	1,396,354	1,529,267	1,327,759
Interest	14,096	7,498	17,487	9,489	-
Government Grants and Other Revenues (4)	14,282,319	10,516,737	11,606,010	9,123,691	9,639,360
Total Government Grants and Other Revenues	<u>15,493,896</u>	<u>11,852,704</u>	<u>13,019,851</u>	<u>10,662,447</u>	<u>10,967,119</u>
 Total General Fund Non-Ad Valorem Revenues	 <u>\$ 76,339,344</u>	 <u>\$ 79,658,405</u>	 <u>\$ 83,485,520</u>	 <u>\$ 82,240,565</u>	 <u>\$ 83,548,820</u>

(1) Pledged Revenues securing the Series 2015 Bonds.

(2) Pursuant to Ordinance No. 2013-82 as amended by Ordinance No. 2015-68, the City adopted a water and wastewater payment in lieu of franchise fee applicable to all sales of water and wastewater service by the City equal to between 7.5 percent and 10 percent of the bi-monthly rates, fees and charges (including base facility and consumption rates) from the sale of water and wastewater service to customers of the City's water and wastewater system. The City's water and wastewater utility is required to budget and transfer to the City's General Fund this payment in lieu of franchise fee on a monthly basis.

(3) The Building Department was converted to a Special Revenue Fund in fiscal year 2012; consequently, in fiscal years 2013 through 2017 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.

(4) This category reflects charges for various services provided by the City to residents, property owners, other City departments, and grants received from other governments. Among these revenues are fees for parks and recreation, education and community services (including library fees), fees for police services (other than fines and forfeitures) and cost allocation fees charged to other special revenue, enterprise and general fund activities of the City incurred by the general fund in their support.

Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal Years 2013 through 2017 financial statements.

The table above is only an indication of the relative amounts of Non-Ad Valorem Revenues of the City which may be available, if necessary, for the payment of principal of and interest on the Series 2015 Bonds and other general governmental expenditures. The ability of the City to appropriate Non-Ad Valorem Revenues in sufficient amounts to pay the principal of and the interest on the Series 2015 Bonds is subject to a variety of factors, including the City's satisfaction of funding requirements for obligations having an express lien on or pledge of such revenues and after satisfaction of funding requirements for essential governmental services of the City. No representation is being made by the City that any particular Non-Ad Valorem Revenues will be available in future years, or if available, will be budgeted to pay debt service on the Series 2015 Bonds.

Continued consistent receipt of Non-Ad Valorem Revenues is dependent upon a variety of factors, including annexation and/or de-annexation policies by the City or greater growth in the unincorporated areas of the County as compared to the City which could have an adverse effect on Non-Ad Valorem Revenues. The amounts and availability of any of the Non-Ad Valorem Revenues to the City are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the Non-Ad Valorem Revenues are allocated. In addition, the amount of certain of the Non-Ad Valorem Revenues collected by the City is directly related to the general economy of the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of Non-Ad Valorem Revenues or covenant to budget and appropriate legally available Non-Ad Valorem Revenues of the City to future obligations that it issues. In the case of a specific pledge, such Non-Ad Valorem Revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2015 Bonds.

Selected Information Regarding the City's General Fund

The following table reflects historical financial information for the City's General Fund (the City's main operating fund) for the past five Fiscal Years (2013 through 2017), as audited by an independent certified public accountant.

CITY OF HIALEAH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2013 THROUGH 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Ad valorem taxes	\$ 41,687,822	\$ 41,424,199	\$ 43,735,370	\$ 47,012,819	\$ 51,435,680
Utility taxes	14,825,353	16,323,487	16,356,569	16,496,099	16,889,221
Communication services tax	7,084,188	6,163,911	5,892,013	5,591,472	5,456,504
Franchise fees (1) (2)	10,277,964	15,370,782	16,584,895	15,182,525	15,091,649
Licenses and permits (3)	4,924,571	4,853,204	4,693,089	6,620,830	6,943,824
State and local shared revenues	23,733,372	25,094,317	26,939,103	27,687,192	28,200,503
Fines and forfeitures	1,197,481	1,328,469	1,396,354	1,529,267	1,327,759
Interest	14,096	7,498	17,487	9,489	-
Government grants and other revenues	14,282,319	10,516,737	11,606,010	9,664,947	9,639,360
Total revenues	<u>118,027,166</u>	<u>121,082,604</u>	<u>127,220,890</u>	<u>129,794,640</u>	<u>134,984,500</u>
Expenditures:					
Current:					
General government	25,015,678	26,520,903	5,055,587	4,648,426	4,504,305
Police	38,292,740	39,772,491	51,375,766	49,833,506	49,037,521
Fire	28,794,425	30,648,389	36,511,575	39,847,423	41,585,861
911 communications	2,842,064	3,432,867	3,692,776	3,894,582	4,391,285
City Clerk's office	676,279	992,671	1,071,420	1,233,250	962,794
Office of Management and Budget	494,087	461,476	560,939	388,095	402,949
Office of the Mayor	441,278	557,105	699,883	646,944	588,766
Communications and special events	47,427	221,436	304,392	387,083	523,637
Employee retirement	636,543	632,686	604,903	596,528	834,417
Library	1,124,518	1,241,652	1,495,749	1,560,224	1,379,576
Code compliance	392,052	447,571	658,107	644,566	642,804
Finance	880,172	1,032,730	1,352,174	1,417,428	1,486,450
Business tax division	392,421	429,010	589,707	807,971	951,992
Information technology	1,358,607	1,532,664	1,615,686	1,871,939	1,845,314
Fleet maintenance	2,052,285	2,286,994	3,321,279	3,060,804	3,117,172
Construction and maintenance	2,178,352	2,034,254	2,909,965	3,053,215	2,981,198
Parks and recreation	8,504,481	8,442,246	9,712,104	10,015,340	10,368,912
Planning and zoning	484,169	528,781	695,584	716,244	657,440
Education and community services	2,171,059	2,451,185	2,589,164	2,851,902	2,802,476
Law	768,888	1,231,716	1,291,022	1,311,626	1,150,714
Risk management	819,238	847,325	428,350	322,813	318,996
Human resources	513,118	731,129	700,530	763,201	735,666
Debt service:					
Principal	1,655,157	153,393	442,753	18,689,453	281,400
Interest	182,450	60,311	18,440	836,842	-
Debt issuance costs	12,000	-	-	-	-
Capital outlay	196,364	958,573	633,069	803,412	886,608
Total expenditures	<u>120,925,852</u>	<u>127,649,558</u>	<u>128,330,924</u>	<u>150,202,817</u>	<u>132,438,253</u>
(Deficiency) of revenues over expenditures before other financing sources (uses)	<u>(2,898,686)</u>	<u>(6,566,954)</u>	<u>(1,110,034)</u>	<u>(20,408,177)</u>	<u>2,546,247</u>
Other financing sources (uses):					
Proceeds from disposal of capital assets	163,973	4,076,089	55,529	69,910	77,140
Issuance of debt	1,620,000	-	-	44,190,612	-
Transfers in	26,895	15,033,705	-	-	-
Transfers out	(4,562)	(4,747,653)	(2,147,066)	(776,762)	(611,165)
Total other financing sources (uses)	<u>1,806,306</u>	<u>14,362,141</u>	<u>(2,091,537)</u>	<u>43,483,760</u>	<u>(534,025)</u>
Net change in fund balances	(1,092,380)	7,795,187	(3,201,571)	23,075,583	2,012,222
Fund balances - beginning (4)	13,995,416	9,770,362	17,565,549	14,363,978	37,439,569
Fund balances - ending	<u>\$ 12,903,036</u>	<u>\$ 17,565,549</u>	<u>\$ 14,363,978</u>	<u>\$ 37,439,561</u>	<u>\$ 39,451,791</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
GENERAL FUND, CONTINUED**

- (1) Only the portion of the franchise fees associated with the Electric Franchise Ordinance are pledged as security to the Series 2015 Bonds.

- (2) Pursuant to Ordinance No. 2013-82 as amended by Ordinance No. 2015-68, the City adopted a water and wastewater payment in lieu of franchise fee applicable to all sales of water and wastewater service by the City equal to between 7.5 percent and 10 percent of the bi-monthly rates, fees and charges (including base facility and consumption rates) from the sale of water and wastewater service to customers of the City's water and wastewater system. The City's water and wastewater utility is required to budget and transfer to the City's General Fund this payment in lieu of franchise fee on a monthly basis.

- (3) The Building Department was converted to a Special Revenue Fund in fiscal year 2012; consequently, in fiscal years 2012 through 2016 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.

- (4) In fiscal year 2014 it was determined that the October 1, 2013 beginning net position and liabilities for the government activities were to be restated to decrease beginning net position and increase liabilities in the government activities by \$3,132,674 for the underfunded portion of the City's contribution to the pension plan as of September 30, 2013.

Source: City of Hialeah Finance Department, derived from Comprehensive Annual Financial Report for Fiscal Years 2013 through 2017 financial statements.

ACTUARIAL VALUATION OF EMPLOYEES' RETIREMENT SYSTEM

The City's Employees Retirement System Actuarial Valuation as of October 1, 2017 – Contributions Applicable to the Fiscal Year Ended September 30, 2019, was filed with the MSRB on June 7, 2018.

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, 2017, in Notes to Basic Financial Statements — Note 12, beginning on page 56. Such information is hereby incorporated by reference.

CERTAIN MATTERS

1. The official statement for the City's Revenue Bonds, Series 2015, issued on December 2, 2015, included an unaudited Statement of Revenues, Expenditures and Changes in Fund Balance on pages 27-28. The Expenditures set forth therein are at variance with the Expenditures set forth in the City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2015, by approximately \$3.7 million or 3%. The unaudited Statement was prepared in July, 2015 and the Expenditures were annualized through September 30, 2015. The variance occurred because many Expenditures increased by immaterial amounts; an additional \$1.4 million in retirement expense for accrued interest was incurred because the City's contribution to the Employees' Retirement Plan was delayed until December, 2015, and the City's billings for its self-funded health insurance were approximately \$500,000 more than expected.

The City is working on a long term approach to remain current on all future retirement contributions as required by law, which included the hiring of a financial advisor to develop a five year revenue and expenditure forecast. The City is bargaining for reform to its pension plan with two employee bargaining unions in calendar year 2018 and, if successful, these changes will substantially lower its yearly contribution. The City reached an agreement with the AFSCME Local 161 bargaining union subsequent to September 30, 2017.

2. 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 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 Bonds, the Series 2012A Bonds and the Series 2015 Bonds.

3. 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 July 15, 2013, the Union filed an action in the Eleventh Judicial Circuit Court in Miami-Dade County against the City seeking to enforce the PERC Order of March 2011 requesting that the Court make the Union members whole for the economic changes and other benefits imposed by the City Council in 2010 and for attorney's fees and costs. On July 20, 2015, the Court ruled in favor of the Union. In August 2015, based on the agreement of the parties, the entry of judgment was ordered stayed for a period of 120 days to allow the parties an opportunity to explore settlement. The stay was extended until the parties reached a settlement on July 18, 2016. The settlement did not include former employees who had worked during the relevant period of time but who had retired prior to July 20, 2015. The trial court approved the settlement and dismissed the matter with prejudice on August 26, 2016 and again on August 29, 2016. At least 29 former employees sought to intervene. The trial court denied the former employees' motion to intervene. The intervenors appealed the trial court's final order on September 26, 2016. On June 6, 2018, the Third District Court of Appeals issued an opinion affirming the trial court's order rejecting the former employees' motion to intervene and motion to vacate the dismissal of the enforcement action. On June 22, 2018 the Third District Court of Appeals issued a mandate making its June 6th opinion final. The intervenors have thirty days in which to appeal the mandate.

The City and Miami-Dade County, 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. Construction was completed, and the City has accepted the plant. The Company and the City have agreed to hold back a portion of the final payment amount (retainage) due to the Company to cover the anticipated cost of completing remaining punch-list items. The plant is fully operational producing 7.5 MGD distributed equally between Miami- Dade County and the City.

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, but the parties continue to explore settlement. As of September 30, 2017, no action has been filed in this matter.

In October 2005, the City was impacted by Hurricane Wilma. The City sought federal funds assistance to pay for expenditures associated with debris removal, emergency protective measures and restoration efforts as a result of the damage caused by the hurricane in the approximate amount of \$11.2 million. In August 2009, the U.S. Office of Inspector General began an audit of the costs claimed by the City to be related to Wilma to determine whether federal funds had been accounted for and expended according to federal regulations and guidelines. The audit was completed and the results reported to the Regional FEMA Administrator in June 2010. The auditor recommended disallowing approximately \$2.5 million. FEMA concurred with the findings and notified the Florida Division of Emergency Management of its determination on June 22, 2012. In turn, the State of Florida notified the City in July 2012. The City has filed five separate appeals to the determination by FEMA. FEMA has not made a final determination on any of the City's appeals. Notwithstanding, because of FEMA's immediate withdrawal policy, the Florida Division of Emergency Management has requested that the City pay the amount of overpayment of \$2,667,958.48. The City has not made any payments to the State on this account and has not entered into a repayment plan pending the determination of the City's appeals.

The City has also been notified of the disallowance of \$110,106.70 in claims submitted for reimbursement by the Florida Division of Emergency Management related to debris removal and restoration activities attributed to the impact of Hurricane Katrina in August 2005. The City has not made any payments to the State on this account and has not entered into a repayment plan.

This Annual Report of Financial Information and Operating Data for the Fiscal Year Ended September 30, 2017 is submitted pursuant to Continuing Disclosure Agreement executed by the City in connection with the issuance of the Series 2015 Bonds.

Dated: June 27, 2018

CITY OF HIALEAH, FLORIDA

C. Chiocca

By:

Christopher Chiocca, CPA

Title: Finance Director